

May 18, 2026

**SECURITIES AND EXCHANGE COMMISSION**

7907 Makati Avenue  
Salcedo Village  
Barangay Bel-Air  
Makati City

Attention : **Director Oliver O. Leonardo Jr.**  
Markets and Securities and Regulation Department

Re : Preliminary Information Statement

Gentlemen :

In connection with the Annual Stockholders' Meeting ("ASM") of Dagupan Electric Corporation ("DECORP" or the "Company") on June 19, 2026, and in compliance with SRC Rule 20, we are submitting the Preliminary Information Statement.

The Preliminary Information Statement contains the following attachments:

1. Notice of Agenda of the Annual Stockholders' Meeting with details and rationale of each agenda item;
2. Qualifications of the Board of Directors and Officers;
3. Management Report containing the Business Development and Business of the Company;
4. Management Discussion and Analysis;
5. Proof of Notice of the 2025 ASM, Minutes of the 2025 ASM, and the list of Stockholders who attended the 2025 ASM;
6. Audited Financial Statements for the year ended 2025;
7. Independent Directors' Certification; and
8. Certification that no director or officer of the Company is connected with any government agency or instrumentalities.

Very truly yours,

*Rene Llames*  
**Rene L. Llames**  
President and CEO



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## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

### TO ALL STOCKHOLDERS Dagupan Electric Corporation (DECORP)

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting of DAGUPAN ELECTRIC CORPORATION ("DECORP" or the "Corporation") will be conducted virtually on 19 June 2026 (Friday) at 2:00 PM, at which the following matters shall be taken up:

- I. Call to Order; - The formal opening of the session by the Chair to establish the start of official proceedings.
- II. Proof of Notice of Meeting; - Verification that all stockholders were properly notified as required by the By-Laws and SEC rules, ensuring the validity of the meeting.
- III. Certification of Quorum; - To confirm that the minimum number of voting shares is present, virtually in person or by proxy, to legally transact business.
- IV. Approval of the Minutes of the Annual Stockholders' Meeting held on 16 July 2025; - To provide a formal record of previous actions and ensure that the proceedings of the last annual meeting were accurately captured.
- V. Presentation of the President's Report; - A formal report providing stockholders with a comprehensive overview of the Corporation's operational performance and strategic direction during the previous year.
- VI. Ratification of the Audited Financial Statements for the year ended 31 December 2025; - Stockholder confirmation of the company's financial health as verified by independent auditors, complying with financial reporting standards.
- VII. Election of the Members of the Board of Directors, including two (2) Independent Directors, to serve for 2026-2027; - This is the exercise of the stockholders' fundamental right to choose the 2026-2027 leadership of the Corporation, which includes the election of Independent Directors to meet SEC governance requirements for publicly-held or public utility corporations.
- VIII. Appointment of the External Auditor; - This is to ensure the continued integrity of the company's financial reporting through the selection of an independent firm to audit the upcoming fiscal year.
- IX. Other Matters; - This is reserved for incidental questions or items not requiring a formal vote that stockholders may wish to bring to the Board's attention.

**X. Adjournment. - The official closing of the meeting once all items on the agenda have been addressed.**

We have elected to conduct the meeting remotely for practical reasons and to implement redundant safety measures considering lingering health risks. Stockholders may attend and participate in the meeting only by remote communication, voting in absentia and/or appointing the Chairman of the meeting as their proxy. The procedure and requirements for registration for attending via remote communication and voting in absentia shall be explained in a subsequent email communication.

Only Stockholders of Record as of 5:00 pm of 31 March 2026 shall be entitled to vote at this meeting. Votes cast remotely or *in absentia* should be received by the Corporation on or before 12 June 2026.

Stockholders who wish to vote by proxy shall submit the same on or before 12 June 2026 to the Office of the Corporate Secretary, through Atty. Erwin Mark A. Gavino or Ms. Lilian D. Saralde, located at Veria I Building, 62 West Avenue, Quezon City, Metro Manila, or by email to [corpsec@decorp.com.ph](mailto:corpsec@decorp.com.ph). A subsequent email shall be transmitted regarding Proxy Forms. A proxy submitted by a corporation should be accompanied by a Corporate Secretary's certificate quoting the board resolution designating a corporate officer to execute the proxy. In addition to the above requirement for corporations, a proxy form given by a broker or custodian bank in respect of shares of stock carried by such broker or custodian bank for the account of the beneficial owner must be accompanied by a certificate under oath stating that the broker or custodian bank has obtained the written consent of the account holder.

**PLEASE NOTE THAT THE CORPORATION IS NOT SOLICITING PROXIES**

The nomination and election of the members of the Board of Directors should be in accordance with the nomination forms, procedures and requirements adopted by the Board of Directors. Any stockholder may obtain the required nomination form from, and must submit his nominations to, the Corporate Secretary at Veria I Building, 62 West Avenue, Quezon City, Metro Manila, not later than 12 June 2026.

All nominations shall be in writing duly signed by the nominating stockholders or their duly authorized (in writing) representatives, with the written acceptance and conformity of their nominee. The nomination must indicate whether the nominees are intended to be independent directors. Further, all nominations should include (i) the curriculum vitae of the nominee, (ii) a statement that the nominee has all the qualifications and none of the disqualifications, (iii) information on the relationship of the nominee to the stockholder submitting the nomination, and (iv) all relevant information about the nominee's qualifications, such as the nominee's age, educational attainment, full disclosure of work and/or business experience and/or affiliations. The directors and independent directors shall be elected from among DECORP's stockholders. All nominees for directors and independent directors must possess the minimum requirements/qualifications and none of

the disqualifications prescribed by the Securities and Exchange Commission and in DECORP's By Laws and Manual on Corporate Governance.

The Corporation's Information Statement, Management Report, and 2025 Audited Financial Statements will be made available in the company website at <https://www.dagupanelectric.com> no later than 28 May 2026. Pursuant to SEC Memorandum Circular No. 6, Series of 2020, please be informed that there will be a visual and audio recording of the meeting.

Please be guided accordingly.

  
**ERWIN MARK A. GAVINO**  
Corporate Secretary

**PROXY**

The undersigned stockholder of **DAGUPAN ELECTRIC CORPORATION** (the “Company”) hereby appoints \_\_\_\_\_ or in his/her absence, the Chairman of the meeting, as attorney-in-fact and proxy, to represent and vote all shares registered in the stockholder’s name at the annual meeting of stockholders of the Company on 19 June 2026 and at any of the adjournments thereof for the purpose of acting on the following matters

- |   |   |
|---|---|
| <p>1. Approval of Minutes of the 19 June 2026 Stockholders Meeting</p> <p style="padding-left: 40px;"><input type="checkbox"/>For      <input type="checkbox"/>Against      <input type="checkbox"/>Abstain</p>   | <p>4. Appointment of Diaz Murillo Dalupan and Company as External Auditor</p> <p style="padding-left: 40px;"><input type="checkbox"/>For      <input type="checkbox"/>Against      <input type="checkbox"/>Abstain</p>                        |
| <p>2. Approval and ratification of the 2025 Audited Financial Statements</p> <p style="padding-left: 40px;"><input type="checkbox"/>For      <input type="checkbox"/>Against      <input type="checkbox"/>Abstain</p>   | <p>5. At his discretion, the proxy named above is authorized to vote upon such other matters as may properly be raised at the meeting</p> <p style="padding-left: 40px;"><input type="checkbox"/>For      <input type="checkbox"/>Against</p> |
| <p>3. Election of Directors</p> <p style="padding-left: 40px;"><input type="checkbox"/> Distribute all my votes equally among the seven (7) nominees</p> <p style="padding-left: 40px;"><input type="checkbox"/> Abstain</p> <p style="padding-left: 40px;"><input type="checkbox"/> Allocate my votes for each nominee as follows:</p> |   |

<u>Nominee</u>	<u>Number of Votes</u>
Angelique Maxime L. Llames-James	_____
Rene Bernard L. Llames	_____
Deon Peter James	_____
Cynthia Irene L. Llames	_____
Jose Maria A. Abaya	_____
<b>Independent Directors</b>	
Geromin T. Nepomuceno Jr.	_____
Ranulfo M. Ocampo	_____

\_\_\_\_\_  
Printed Name of Stockholder

\_\_\_\_\_  
Signature of Stockholder/Authorized Signatory

\_\_\_\_\_  
Date

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 20-IS**

**INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE**

**GENERAL INSTRUCTIONS**

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 20-IS**

**INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:  
 Preliminary Information Statement  
 Definitive Information Statement
2. Name of Registrant as specified in its charter: DAGUPAN ELECTRIC CORPORATION
3. DAGUPAN CITY, PANGASINAN, PHILIPPINES  
Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number: 18890
5. BIR Tax Identification Code: 000-202-524-000
6. AB FERNANDEZ ST., DAGUPAN CITY, PANGASINAN, PHILIPPINES  
2400  
Address of principal office, Postal Code
7. Registrant's telephone number, including area code: (632) 8374 3039
8. Date: 19 JUNE 2026; Time: 2:00 PM; Place of Meeting: MEETING WILL BE CONDUCTED VIRTUALLY USING GOOGLE MEET PLATFORM  
Date, time and place of the meeting of security holders

- 9. Approximate date on which the Information Statement is first to be sent or given to security holders: 28 May 2026
- 10. In case of Proxy Solicitations: N/A
- 11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding</u>
<b><u>COMMON SHARES</u></b>	<b><u>14,662,000</u></b>

- 12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes \_\_\_\_\_ No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

**NOT APPLICABLE**

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

**A. General Information**

Item 1. Date, Time, and Place of Meeting of Shareholders

Date of Meeting : 19 June 2026

Time of Meeting : 2:00 PM

Place of Meeting : Virtually from the Corporation's Office at AB Fernandez West, Dagupan City

Complete Mailing Address:

Dagupan Electric Corporation  
Veria I Building, 62 West Avenue  
Quezon City

The Information Statement shall be sent to security holders on or before 28 May 2026. This Information Statement and the Management Report shall also be uploaded to the Company website for downloading by interested parties.

- a) On 24 April 2026, the Corporation informed the Securities and Exchange Commission (SEC) via the filing of the requisite Form 17-C of the resolution made by the Board of Directors of the Corporation during the meeting held on 21 April 2026 approving the postponement of the schedule of the Annual Stockholders' Meeting to 19 June 2026.

The postponement of the Annual Stockholders' Meeting was approved by the Board of Directors of the Corporation due to the need for more time for the Corporation to prepare the required submissions with the SEC leading up to the Annual Stockholders' Meeting.

- b) The Corporation shall be using an alternative mode of distributing copies via publication of the Notice of Meeting and posting on the Corporation's website of the Information Statement, Management Report, and such other documents in connection with the holding of the Annual Stockholders' Meeting.

#### Item 2. Dissenters' Right of Appraisal

There are no matters or proposed corporate actions included in the Agenda of the 2026 Annual Stockholders' Meeting (2026 ASM) that may give rise to a possible exercise by security holders of their appraisal rights as provided under Title X of Republic Act (RA) No. 11232, or the Revised Corporation Code of the Philippines

Generally, the stockholders of the company have the right to dissent and demand payment of the fair value of the shares in the following instances:

- (a) In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- (b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in this Code;
- (c) In case of merger or consolidation; and
- (d) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation

The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken. Failure to make the demand within such period shall be deemed a waiver of the appraisal right.

If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholders' shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If, within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made. No payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment.

**Item 3. Interest of Certain Persons or Opposition to Matters to be Acted Upon**

The directors and executive officers do not have any substantial interest, direct or indirect, in any matter to be acted upon in the stockholders' meeting, other than election to office.

The registrant has not received any written information from any of the directors that intends to oppose any action to be taken by the registrant at the meeting.

**B. Control and Compensation Information**

**Item 4. Voting Securities and Principal Holders Thereof**

a.) Class of Voting Shares as of 26 May 2026:

Nationality	Class of Voting Shares	Number of Shares	Percentage
Filipino	Common	13,858,708	94.52%
Non-Filipino	Common	803,292	5.48%
Total No. of Shares Entitled to Vote		14,662,000	100.00%

Every stockholder shall be entitled to one (1) vote for each share of stock held as of the established record date.

b.) Record Date

All common stockholders of record as of 31 March 2026 are entitled to notice of and to vote at DECORP's 2026 ASM.

c.) Election of Directors and Cumulative Voting Rights

As of 26 May 2026, the total number of shares outstanding and entitled to vote in the annual stockholders' meeting is 14,662,000 common shares. Each share is entitled to (1) one vote in accordance with the By-laws of the Company.

The record date for purposes of determining the stockholders entitled to notice of and to vote at the annual stockholders' meeting is 31 March 2026.

A stockholder may vote such number of shares for as many persons as there are directors to be elected. He may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares, or he may

distribute them on the same principle among as many candidates as he shall see fit: *Provided*; That the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the whole number of directors to be elected. The stockholder must be a stockholder of record as of 31 March 2026 in order that he may exercise cumulative voting rights. There are no conditions precedent to the exercise of the stockholders' cumulative voting right.

d.) Security Ownership of Certain Record and Beneficial Ownership and Management  
The security ownership of certain records and beneficial owners of more than 5% of the voting shares as of 26 May 2026:

Title of Class of Shares	Name and address of Record Owner and Relationship with Issuer	Name and Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	Rene Bernard L. Llames <sup>1</sup> 103 Mother Ignacia Ave., Quezon City Stockholder	Same as the record owner	Filipino / American	3,606,006	24.59%
Common	Cynthia Irene L. Llames 103 Mother Ignacia Ave., Quezon City Stockholder	Same as the record owner	Filipino	3,606,004	24.59%
Common	Angelique Maxime L. Llames-James 103 Mother Ignacia Ave., Quezon City Stockholder	Same as the record owner	Filipino	3,606,003	24.59%
Common	Deon Peter James 103 Mother Ignacia Ave., Quezon City Stockholder	Same as the record owner	South African	803.292	5.48%
Common	DGC Holding Corporation Suite 501 OMM-CITRA Bldg. San Miguel Avenue, Ortigas Center, Pasig City	Jacob Milton C. Divino Erwin Mark A. Gavino	Filipino	760,000	5.18%

<sup>1</sup> A dual citizen by birth

The securities owned beneficially, directly or indirectly, by directors and executive officers:

<b>Title of Class of Shares</b>	<b>Name of Owners and Position</b>	<b>No. of Shares and Nature of Ownership (Direct and/or Indirect)</b>	<b>Citizenship</b>	<b>Percent of Class</b>
Common	Angelique Maxime L. Llames-James Chairperson of the Board	3,606,003 Direct	Filipino	24.59%
Common	Rene Bernard L. Llames <sup>1</sup> President and CEO	3,606,006 Direct	Filipino / American	24.59%
Common	Cynthia Irene L. Llames Treasurer	3,606,004 Direct	Filipino	24.59%
Common	Deon Peter James Director	803,292 Direct	South African	5.48%
Common	Jose Maria A. Abaya Director	378,310 Direct	Filipino	2.58%
Common	Ranulfo M. Ocampo Independent Director	84,071 Direct	Filipino	0.57%
Common	Geromin T. Nepomuceno Jr. Independent Director	1 Direct	Filipino	0%

<sup>1</sup> A dual citizen by birth

As of **26 May 2026**, the securities owned beneficially by the nominees for election to the Board of Directors ("BOD") are as follows:

<b>Title of Class of Shares</b>	<b>Name of Owners and Position</b>	<b>No. of Shares and Nature of Ownership (Direct and/or Indirect)</b>	<b>Citizenship</b>	<b>Percent of Class</b>
Common	Angelique Maxime L. Llames-James	3,606,003 Direct	Filipino	24.59%
Common	Rene Bernard L. Llames <sup>1</sup> President and CEO	3,606,006 Direct	Filipino / American	24.59%
Common	Cynthia Irene L. Llames Treasurer	3,606,004 Direct	Filipino	24.59%
Common	Deon Peter James Director	803,292 Direct	South African	5.48%
Common	Jose Maria A. Abaya Director	378,310 Direct	Filipino	2.58%

Common	Ranulfo M. Ocampo Independent Director	84,071 Direct	Filipino	0.57%
Common	Geromin T. Nepomuceno Jr. Independent Director	1 Direct	Filipino	0%

<sup>1</sup> A dual citizen by birth

1. Voting Trust Holders of Five Percent (5%) or More of Common Equity

There are no voting trust holders in respect of more than five percent (5%) of the Company's voting shares.

2. Changes in Control

There are no arrangements that may result in change in control of the Company during the period covered by this report.

Item 5. Directors, Executive Officers, and Key Officers

The following are the incumbent Directors, nominees for election as directors, and Executive Officers of DECORP and their respective age, citizenship, current positions, periods of service and business experiences during the past five (5) years:

Directors

**ANGELIQUE MAXIME L. LLAMES-JAMES**

Filipino, 54 years old

Chairperson, Board of Directors

**Vice President**

Director since 1996

Membership in the Board of Non-Listed Companies

- Veria Realty, Inc., Chairperson and President
- Veria Holdings Corporation, Director
- DECORP Solar Inc., Director

Ms. Angelique Maxime L. Llames-James has served as the Chairperson of the Board of Dagupan Electric Corporation since 2022. When she joined the Company in 1996, she was elected as a member of the Board of Directors and appointed as Assistant to the President until 2022. In 2023, in addition to being the Chairperson, she also became the Vice President of the Company.

As a Board Member and Assistant to the President from 1996 to 2022, she was among those who oversee and direct the business operations, set policies, and approve business decisions.

**RENE BERNARD L. LLAMES**

Filipino/American, 65 years old

Director since 2022

President and Chief Executive Officer (CEO)

Membership in the Board of Non-Listed Companies

- Veria Realty, Inc., Treasurer
- Veria Holdings Corporation, Director
- DECORP Solar Inc., Director

Mr. Rene Bernard L. Llames, with a Ph.D. in Electrical Engineering, has served as a member of the Board of Directors of the Company since 2002. In addition to being a director, he was also the Treasurer of the Company until he was elected as its CEO in 2021 and later became the President and CEO in 2022. Mr. Llames has also acted as the Management Information System (“MIS”) Manager of the Company since 2002.

**DEON PETER JAMES**

South African, 66 years old  
Director since 2004

Membership in the Board of Non-Listed Companies and other Organizations

- Veria Holdings Corporation, Director
- DECORP Solar Inc., Director
- Private Electric Power Operators Association, Director
- Cagayan Electric Power and Light Corporation, Director

Mr. Deon James, a Mechanical Engineer by profession, is a member of the Board of Directors of the Company. He has been serving as a director since 2004. As a member of the Board of the Company, he among other directors, is responsible for the governance, oversight, and major decision-making, representing the interests of the shareholders and stakeholders.

Mr. James worked for an electric utility company in South Africa as Generation Power Station Engineering Manager and Distribution Regional Engineering Manager from 1994 to 2003.

Mr. James became a director of the Philippine Electricity Market Corporation (“PEMC”) from 2004 to 2019.

**CYNTHIA IRENE L. LLAMES**

Filipino, 59 years old  
Treasurer  
Director since 2002

Membership in the Board of Non-Listed Companies and other Organizations

- Veria Realty, Inc., Corporate Secretary
- Veria Holdings Corporation, Director

Ms. Cynthia Irene L. Llames, an Electrical Engineer by profession, is the Treasurer of the Company. She was elected to the position of Treasurer in 2022. She joined the Company in 1987 as Purchasing Specialist handling the requirements of the MIS Department. In 2002, she was appointed as Corporate Secretary of the Company until 2021.

**GEROMIN T. NEPOMUCENO, JR.**

Filipino, 69 years old  
Independent Director

**Membership in the Board of Non-Listed Companies and other Organizations**

- Angeles Industrial Park, Inc., Chairman
- Crismin Reaty Corporation, Chairman
- M.S.N Foods Inc., Chairman
- Angeles Ice Plant, Inc., President
- Clark Electric Distribution Corp., Director
- Angeles Power, Inc., Director and Treasurer
- TGN Realty, Inc., Director and Treasurer
- Teresa Waterworks, Inc., Director and Treasurer
- J Ten Equities, Inc., Director and Treasurer
- Holy Angel University, Trustee
- JDN Sons, Inc., Director
- Wespan Development Corporation, Director

**Membership in the Board of Publicly-Listed Company**

- **Raslag Corp, Vice Chairman and Treasurer**

Geromin “Gerry” T. Nepomuceno, Jr. was recently elected as an independent director in DECORP. Gerry is a graduate of Bachelor of Science in Mechanical Engineering from De La Salle University and is a licensed mechanical engineer. He holds a Master’s Degree in Business Management from the Asian Institute of Management.

He has been the Chairman of the Board of Angeles Electric Corporation (“AEC”), a distribution utility recently registered with the SEC, since December 2019. He has vast experience in the electric power industry having been the President of AEC from 2001 to 2019, and the Treasurer and Director of Angeles Power, Inc. from 1993 up to the present. Gerry is an active member of the Executive Committee of the Board of Trustees of Holy Angel University where he became the interim President from 2014 to 2015.

**JOSE MARIA A. ABAYA**

Filipino, 53 years old  
Director

**Membership in the Board of Non-Listed Companies and other Organizations**

- Olongapo Electricity Distribution Company, Director and President
- Cepalco Energy Services, Chairman
- Mindanao Energy Systems, Inc., Director
- Bubunawan Power Company, Inc., Director
- Minergy Power Corporaiton, Director

Mr. Jose Maria A. Abaya has been a member of the Board of Directors of the Company since 2015.

Mr. Abaya has served as Director for Cagayan Electric Power & Light Company, Inc. since July 2010, and was elected as the Chairman of the Board in October 2020. He has also been serving as Director and President of Olongapo Electricity Distribution Company, Inc. since September 2012, as Chairman of Cepalco Energy Services since July 2015, as Director of Mindanao Energy Systems, Inc. since May 2008, as Director of Bubunawan Power Company, Inc. since January 2011, and Minergy Power Corporation since May 2013.

**ATTY. RANULFO M. OCAMPO**

Filipino, 65 years old  
Independent Director

Atty. Ranulfo M. Ocampo, a practicing lawyer, is a member of the Board of Director of DECORP. He has been a Director since 2015. He is an independent director of the Company.

Atty. Ocampo has been the President of the Private Electric Power Operators Association since 2006. He also became a member of the National Renewable Energy Board representing the private electric distribution utilities from December 2010 to June 2016.

**Executive Officers and Other Key Personnel**

**ERWIN MARK A. GAVINO**

Filipino, 57 years old  
Corporate Secretary

Atty. Erwin A. Gavino is the Corporate Secretary of the Company. He was appointed as Corporate Secretary in 2022. He is also the legal consultant of the Company since 2004.

Atty. Gavino is a practicing lawyer and is the Managing Partner of Divino & Gavino Law Offices. He is also a member of the Board of Directors of companies engaged in varied business lines, including: Spiderhook Capital Inc., Spiderhook Corporate Governance Inc., Metro Kitchens Innovations, Inc., and Altus Capital Corporation.

**RANDY F. CASTILAN**

Filipino, 51 years old  
Chief Operating Officer (COO)

Randy Castilan has been the COO of the Company in 2024. He joined the Company in 2001 as Legal Associate and became the Human Resources Manager in 2015 until 2024.

As the COO, Mr. Castilan is primarily responsible for overseeing the reliable and efficient distribution of electricity to customers.

**JOSEPH F. CARINO**

Filipino, 53 years old

**Network Operations Manager**

Mr. Joseph F. Carino, a registered Electrical Engineer, has been the Network Operations Manager of the Company since 2019. He joined the Company in 1997 as Cadet Engineer. In 2008, he became the Planning and Design Section Head of the Company until he was promoted to Network Operations Manager in 2019.

As the Network Operations Manager, he oversees the safe and reliable operation of the electric distribution network, including substations, transformers, power lines, and related infrastructure.

**GEMMA M. RECEL**

Filipino, 50 years old

Retail Services Manager

Ms. Gemma M. Recel has been the Retail Services Manager of the Company since January 2023. She joined the Company in 1999 as an accounting assistant. From 2005 to 2022, she held a variety of supervisory positions, serving as the Section Supervisor for the Controls and Standards Section, Application and Customer Assistance Section, Data Management Section, and the Customer Accounting Section.

As the Retail Service Manager, she oversees the efficient operations of the retail business segment, which include customer acquisition, customer management, metering service provision, power supply and service provision, account management, and receivables management.

**LILIAN D. SARALDE**

Filipino, 53 years old

Finance Manager and Compliance Officer

Ms. Lilian D. Saralde, a Certified Public Accountant, has been the Finance Manager of the Company since March 2004. She joined the Company in 2004 as Accounting Supervisor and in the same year became the Finance Manager. She is also the Regulatory Compliance Officer and WESM Compliance Officer since 2008 and 2021, respectively.

Ms. Saralde, as Finance Manager, oversees the Company's financial operations, including budgeting, financial planning, and regulatory compliance.

**ROCHELLE B. BAUTISTA**

Filipino, 38 years old

Human Resources Manager

Rochelle B. Bautista has been recently appointed as the Human Resources Manager. She joined the Company in May 2017 as Human Resources Officer, where she supervised recruitment, learning and development, and organizational development.

Ms. Bautista, as Human Resource Manager, oversees the workforce planning, recruitment, development, and retention strategies.

**EMMANUEL V. CABARIO**

Filipino, 45 years old

Logistics Manager

Emmanuel V. Cabario, a Registered Electrical Engineer, has been recently appointed as the Logistics Manager. He joined the Company in 2005, starting as a Line Inspector. He progressed to a Cadet Engineer then later on the Construction Section Engineer. In 2017, he became the Health, Environment, Safety, Security, and Quality Section Head until he was appointed as Logistics Manager.

As Logistics Manager, Mr. Cabario, oversees the company's Material Supply Chain management, encompassing procurement, delivery, warehousing, and stocks management.

*Term of Office*

Pursuant to the Company's Amended By-Laws, the directors are elected at the annual meeting of the stockholders for a term of one year and shall serve until the election and acceptance of their duly qualified successors. Any vacancies may be filled by the remaining members of the Board of Directors by a majority vote constituting a quorum, and the Director or Directors so chosen shall serve for the unexpired term.

*Nominees*

The candidates for directors for the ensuing year are:

1. Angelique Maxime L. Llames-James
2. Rene Bernard L. Llames
3. Cynthia Irene L. Llames
4. Deon Peter James
5. Jose Maria A. Abaya
6. Geromin T. Nepomuceno Jr.
7. Ranulfo M. Ocampo

The nominees for independent directors are as follows:

Name of Nominee	Relationship	Date of First Appointment
Ranulfo M. Ocampo	None	2015
Geromin T. Nepomuceno Jr.	None	December 21, 2023

*Nomination of Atty. Ranulfo M. Ocampo for an eleventh term as Independent Director*  
Atty. Ranulfo M. Ocampo has served ten terms as Independent Director of the Corporation. However, Atty. Ocampo informed the Corporation of his willingness to serve for an additional term. During the regular meeting of the Board held on 14 May 2025, the Board of Directors resolved to accept Atty. Ocampo as a nominee for Independent Director for an additional term in consideration of his unique and specialized expertise, having several decades of experience in the distribution utility industry, his proven independence, his invaluable contributions to both governance and

the strategic development of the Corporation, and the critical need for continuity at this time for the Corporation which has now become a registered issuer of securities — especially within the complex and public-interest context of a public utility corporation. These considerations collectively constitute compelling meritorious justifications for his continued service. Atty. Ocampo provides unique value to the Corporation's performance and governance, particularly as a public utility. His willingness to serve another term at this critical time is in line with the Corporation's commitment to corporate governance best practices, allowing the Corporation time to properly establish a strong nomination process and proactive succession planning for future independent directors.

*Attendance of Directors in Board and Committee Meetings*

All the members of the Board of Directors attended all the meetings of the Board of Directors in 2025 held on: 8 January 2025, 12 February 2025, 5 March 2025, 14 May 2025, 16 July 2025, 23 September 2025, 7 November 2025, and 9 December 2025.

The Committees of the Corporation did not conduct meetings in year 2025.

*Significant Employees*

The Company considers the contribution of every employee important to the fulfillment of its goals.

*Family Relationships*

The Company's Chairperson, Angelique Maxime L. Llames-James, President and CEO, Rene L. Llames, and Treasurer, Ms. Cynthia Irene L. Llames are brothers and sisters.

The Company's Director, Deon Peter James, is related to the Chairperson, Ms. Angelique Maxime L. Llames-James, by virtue of marriage.

Aside from the foregoing, there are no other family relationships between other directors, executive officers, or other persons nominated or chosen by the Company to become directors or executive officers.

a.) *Involvement of the Directors and Officers in Certain Legal Proceedings*

To the knowledge and information of the Company, none of its directors or its executive officers have been involved in any of the following during the past five (5) years:

- i. Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer at the time of the bankruptcy or within two years prior to that time;
- ii. Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- iii. Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting

his/her involvement in any type of business, securities, commodities or banking activities; and

- iv. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

*Certain Relationships and Related Transactions*

Except with respect to the Related Party Transactions as discussed in Note 16 to the Audited Financial Statements as at December 31, 2025 and 2024 and for each of the three (3) years in the period ended December 31, 2025, there was no transaction during the last three (3) years involving DECORP in which any of its directors or executive officers, any nominee for election as director, or security holder owning more than 10% of DECORP's total outstanding shares and members of their immediate family had a material interest

b.) Parent Company

- i. List all parents of the registrant showing the basis of control and as to each parent, the percentage of voting securities owned or other basis of control by its immediate parent, if any.

Not applicable.

- ii. Resignation or Refusal to Stand for Re-election by Members of the Board of Directors

No director has resigned or declined to stand for re-election to the Board since the date of the Company's last ASM because of disagreement with the Company on matters relating to its operations, policies, and practices.

**Item 6. Compensation of Directors and Executive Officers**

The summary of the annual compensation of directors and executive officers for the past two (2) years and the estimated compensation for the year 2026.

<b>Name and Position</b>	<b>Year Covered</b>	<b>Salary</b>	<b>Bonus</b>	<b>Other Annual Compensation</b>
Angelique Maxime L. Llames-James Chairperson of the Board and Vice President	2024	4,250,000	1,126,000	47,600
	2025	4,962,600	1,396,800	49,742
	2026	5,163,240	1,521,520	51,732
Rene Bernard L. Llames President and CEO	2024	4,250,000	1,126,000	16,200
	2025	5,003,750	1,319,050	16,929
	2026	5,216,640	1,521,520	16,929
Cynthia Irene L. Llames Treasurer	2024	1,192,500	195,000	44,750
	2025	1,451,400	250,800	46,764
	2026	1,451,400	250,800	46,764

Deon Peter James Director	2024	3,187,500	844,500	16,200
	2025	3,756,750	1,047,600	16,200
	2026	3,912,480	1,141,140	16,200

The corporate officers of the Company, as identified in its Amended By-Laws approved by the Securities and Exchange Commission (SEC) on 12 September 2012, are as follows: the President, the Vice-President, the Treasurer, and the Chief Executive Officer.

#### *Compensation of Directors*

##### *Standard Arrangements*

The directors receive a per diem of Fifteen Thousand Pesos (₱15,000.00) for each meeting attended.

Pursuant to the Company's Manual on Corporate Governance, which was approved by the Company on 02 October 2023, the Company shall have three (3) committees namely, the Corporate Governance Committee, Board Risk Oversight Committee, and Audit Committee. The Committee chairpersons and committee members shall be entitled to a per diem of Ten Thousand Pesos (₱10,000.00) for each meeting attended.

No other compensation, in any form, is paid to the directors for the services they provide as directors of the Company.

The total per diems received by each director for the years 2024 and 2025 are shown below:

Name	Position	2024	2025
Angelique Maxime L. Llames-James	Chairperson of the Board	45,000	60,000
Rene L. Llames	Director	45,000	60,000
Cynthia Irene L. Llames	Director	45,000	60,000
Deon Peter James	Director	45,000	60,000
Jose Maria A. Abaya	Director	45,000	60,000
Ranulfo M. Ocampo	Independent Director	45,000	60,000
Geromin T. Nepomuceno Jr.	Independent Director	45,000	60,000

#### *Employment Contracts and Termination of Employment and Change-in-Control Arrangement*

There is no compensatory plan or arrangement between the Company and any executive officers in case of resignation or any other termination of employment or from a change in the management or control of the Company.

#### *Warrants and Options Outstanding*

To date, the Company has not granted any stock options to its directors or officers

#### **Item 7. Independent Public Accountant**

The accounting firm of Diaz Murillo Dalupan and Company (DMD) has been DECORP's Independent Accountant for the last 24 years. Mr. Alexis B. Abella is

DECORP's audit partner beginning the audit of the 2023 financial statements. DMD is being recommended for re-appointment as external auditor for the current year.

Based on the representations of DMD, they comply with Paragraph (3)(b)(ix) of Part I of the Revised Securities Regulation Code Rule 68 on long association of personnel (including partner rotation) with an audit client as prescribed in the Code of Ethics for Professional Accountants in the Philippines as adopted by the Board of Accountancy and the Philippine Regulatory Commission and such other standards as maybe adopted by the Commission.

#### Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no changes in and disagreements with accountants on accounting and financial disclosure

#### *The External Auditors*

The shareholders of DECORP have reappointed DMD as its external auditors for the year ended December 31, 2025 during the annual stockholders' meeting on 16 July 2025. The signing partner of DMD for DECORP is Mr. Alexes B. Abella.

The aggregate fees, exclusive of out-of-pocket expenses and value added tax (VAT), billed by DMD for the audit of the Company's financial statements for 2025 with comparative figures for 2024 and 2023 are as follows:

	2023	2024	2025
Audit of Financial Statements, Annual Report in accordance with the requirements of the Business Separation and Unbundling Plan of the ERC, and Universal Charge Report as required by PSALM	465,000	580,000	495,000

Except for the abovementioned services, the independent auditors provided no other type of services to the Company.

Describe disagreements, if there were any, with the former accountant on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to the satisfaction of the former accountant, would have caused it to make reference to the subject matter of the disagreement(s) in connection with this report.

Not applicable

If there were any disagreements as described above, the registrant shall request the former accountant to furnish the registrant with a letter addressed to the Commission stating whether it agrees with the statements made by the registrant and, if not, stating the respects in which it does not agree. The registrant shall file the former accountant's letter as an exhibit to the report or registration statement containing this disclosure

Not applicable

DMD representatives are not expected to be present during the ASM. However, should representatives of DMD attend, they shall have an opportunity to make a statement and respond thereafter to appropriate questions that may arise during the stockholders' meeting.

**Item 8. Compensation Plans**

There are no actions to be taken up in the meeting with respect to any compensation plan.

**C. Issuance and Exchange of Securities**

**Item 9. Authorization or Issuance of Securities Other than for Exchange**

There are no matters or actions to be acted upon in the Meeting with respect to authorization or issuance of any securities.

**Item 10. Modification or Exchange of Securities**

There are no matters or actions to be acted upon in the meeting with respect to the issuance or authorization for the issuance of one class of securities in exchange for outstanding securities of another class

**Item 11. Financial and Other Information**

There are no matters or actions to be acted upon in the meeting with respect to the authorization or issuance of securities other than for exchange and modification or exchange of securities.

**Item 12. Mergers, Consolidations, Acquisitions and Similar Matters**

There are no matters or actions to be acted upon in the meeting with respect to any transaction involving (i) merger or consolidation of DECORP into or with any other person or of any other person into or with DECORP (ii) acquisition by DECORP or any of its security holders of securities of another person, (iii) acquisition by DECORP of any other business or of the asset thereof, (iv) sale or other transfer of all or any substantial part of the assets of DECORP or (v) liquidation or dissolution of DECORP.

**Item 13. Acquisition or Disposition of Property**

There are no matters or actions to be acted upon in the meeting with respect to any acquisition or disposition of any property requiring the approval of stockholders.

**Item 14. Restatement of Accounts**

There are no matters or actions to be acted upon in the meeting with respect to any restatement of any asset, capital, or surplus account of DECORP.

**D. OTHER MATTERS**

**Item 15. Action with Respect to Reports**

The approval of the following will be considered and acted upon at the meeting:

1. Minutes of the Annual Stockholders' Meeting held on 16 July 2025

- Approval of the Minutes of the Annual Stockholders' Meeting held on 16 July 2025. In compliance with SEC Memorandum Circular No. 11-2024, the draft of the Minutes of the Annual Stockholders' Meeting held on 16 July 2025, were signed and posted on the Corporation's website following the conclusion of said meeting. Upon formal approval by the stockholders during the upcoming meeting on 19 June 2026, the final approved version of th Minutes will be assigned and uploaded to the website within five business days.
  - Presentation of the President's Report
  - Approval of the Amendment to the Articles of the Incorporation and By-laws
  - Ratification of the Audited Financial Statements for the year ended 31 December 2024
  - Election of the Members of the Board of Directors, including two (2) Independent Directors, to serve 2025-2026
  - Appointment of the External Auditor
2. Presentation of the President's Report
  3. Approval of the Amendments to the Articles of Incorporation and By-laws
  4. Ratification of the Audited Financial Statements for the year ended 31 December 2024
  5. Election of the Members of the Board of Directors, including two (2) Independent Directors, to serve 20256-2026
  6. Appointment of External Auditor

Appended to this Information Statement as Annex D is the aforementioned Minutes of the Annual Stockholders' Meeting of the Company held on 16 July 2025, which reflect the proceedings during the meeting in accordance with Section 49 of the Revised Corporation Code. The list of stockholders who attended said meeting is incorporated in the minutes.

**Item 16. Matters not required to be submitted**

There are no matters or actions to be acted upon in the meeting that will not require the vote of the stockholders as of the record date.

**Item 17. Amendment of Charter, By-Laws or Other Documents**

There are no matters or actions to be acted upon in the meeting with respect to any matter relative to the amendment the Charter, By-Laws or other documents

**Item 18. Other Proposed Action**

There are no other proposed actions to be acted upon in the meeting that will require the vote of the stockholders as of the record date.

**Item 19. Voting Procedures**

**(a) Vote required for approval.**

The approval of the Minutes of the 2025 Annual Meeting, the approval of the audited financial statements for the year ended 2025, the election of the Directors, and the appointment of the external auditor for 2026, shall be decided by a majority vote of the stockholders present in person or by proxy and entitled to vote thereat, a quorum being present.

A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

In the election of the members of the Board of Directors, the candidates garnering the seven (7) highest number of votes shall be declared elected as directors of the Company to serve as such for the year 2026-2027.

(b) Method by which votes will be counted.

A stockholder may vote by appointing the Company's Chairman as proxy. After validation, the stockholder will receive an email with instructions regarding the ballot. The ballots submitted shall then be counted by the Corporate Secretary. The results of the voting shall be announced during the meeting.

#### Item 20. Participation of Stockholders by Remote Communication

Stockholders may participate in the meeting exclusively through remote communication, by voting *in absentia*, or by appointing the Chairman of the meeting as their proxy. Following successful registration, the Corporation will transmit detailed instructions to the email address provided in the stockholder's registration form. These instructions will outline the procedures for attending the meeting via remote communication and accessing the live stream. For purposes of establishing a quorum, the Corporation will include only those stockholders who have successfully registered in the system, along with those who have cast their votes *in absentia* or by proxy

Stockholders may send any questions and/or comments relating to the agenda on or 12 June 2026 to [corpsec@decorp.com.ph](mailto:corpsec@decorp.com.ph). Questions or comments received on or before 12 June 2026 may be responded to during the meeting. Any questions not answered during the meeting may be answered *via* email.

Stockholders who register and participate in the meeting are hereby deemed to have given their consent to the collection, use, storing, disclosure, transfer, sharing and general processing of their personal data by the Corporation, and by any other relevant third party for the purpose of voting for the Annual Stockholders' Meeting and for all other purposes for which the stockholder can cast his/her/its vote as a stockholder of the Company.

## **PART II. INFORMATION REQUIRED IN A PROXY FORM**

The Proxy Form shall include the following matters:

- Approval of the Minutes of the 2025 Annual Meeting
- Ratification of the 2025 Audited Financial Statements
- Election of Directors
- Appointment of the external auditor

**PART III. SIGNATURE PAGE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of San Juan on 26 May 2026.

By:

  
**ERWIN MARK A. GAVINO**  
Corporate Secretary

## MANAGEMENT REPORT

### 1. Financial Statements

The Company's Audited Financial Statements and Supplementary Information as of and for the year ended 31 December 2025 and the Unaudited Interim Financial Statements as of and for the period ended 31 March 2026 are attached as Annexes C and B, respectively.

### 2. Management's Discussion and Analysis

The discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's Audited Financial Statements as of and for the year ended 31 December 2025, attached as Annex C, and the Unaudited Interim Financial Statements as of and for the period ended 31 March 2026, attached as Annex B.

The Management's Discussion and Analysis (MDA) for the comparative years 2025, 2024, and 2023, are provided in the Company's SEC Form 17-A, 2025 Annual Report, under Item No. 6. While the MDA as of and for the period ended 31 March 2026 is discussed in the Company's SEC Form 17-Q, Quarterly Report, under Item 2. The MDA as of and for the year ended 31 December 2025 and as of and for the period ended 31 March 2026 are attached hereto as Annexes A and B, respectively

#### A. Key Performance Indicators (KPIs)

The following are the relevant key performance indicators of the Company as of and for the period ended 31 December 2025, 2024, 2023, and for the interim period ended 31 March 2026:

	March 31	December 31		
	2026	2025	2024	2023
Return on Equity <i>(Net Profit divided by Total Equity) x 100</i>	0.76%	6%	7%	8%
Return on Assets <i>(Net Profit divided by Average Assets) x 100</i>	0.60%	5%	6%	6%
Debt to Equity Ratio <i>Total Liabilities divided by Total Equity</i>	0.27	0.27	0.30	0.39
Current Ratio <i>Total Current Assets divided by Total Current Liabilities</i>	4.79	4.90	4.30	2.55
Average Collection Period	52 days	57 days	50 days	57 days

<i>Average Accounts Receivable divided by Average Sales per day (Sale of Electricity divided 365 days)</i>				
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The above KPIs are included in the Company’s SEC Form 17-A, Annual Report as of and for the year ended 31 December 2025 and the Company’s SEC Form 17-Q, Quarterly Report for the interim period ended 31 March 2026.

**B. Key Variable and Other Qualitative and Quantitative Factors**

The liquidity risks discussed below were included in the Company’s SEC Form 17-A, Annual Report as of and for the year ended 31 December 2025 and the Company’s SEC Form 17-Q, Quarterly Report for the interim period ended 31 March 2026.

**Liquidity Risks**

The Company considers the following elements to constitute a risk to its capacity to fulfill its commitments when they become due: a typhoon or other occurrence that would constitute a force majeure, non-payment or delays in the payment by its customers, and unexpected economic disruption.

The Company monitors and maintains a level of funds deemed adequate by management to finance the Company’s operations and mitigate the effects of cash flows. Any excess funds are placed with reputable banks to generate interest income. As of 31 December 2025, the Company’s financial liabilities have contractual maturities as follows:

	<b>Due within one year</b>	<b>Due beyond one year</b>
Trade payables	₱ 251,278,350	₱ -
Other payables*	366,948,399	
Customers’ deposits	184,354,840	339,701,607
	<b>₱ 653,828,610</b>	<b>₱ 339,701,607</b>

*\*Excluding statutory payables and other liabilities to government agencies amounting to ₱49,643,725 in 2024 and ₱72,875,864 in 2023*

As of 31 March 2026, the Company’s financial liabilities have contractual maturities as follows:

	<b>Due within one year</b>	<b>Due beyond one year</b>
Trade payables	₱280,929,423	
Other payables*	363,733,844	
Customers’ deposits	188,760,146	341,566,292
	<b>661,410,415</b>	<b>341,566,292</b>

### **Other Qualitative and Quantitative Factors**

The Company does not foresee that it will have any cashflow or liquidity problems within the next twelve (12) months from the date of this report.

The Company is not aware of any event that will trigger direct or contingent financial obligations that are material to the Company, including default or acceleration of any obligations.

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

The Company is not in default or breach of any note, loan, lease, or other indebtedness or financing arrangement requiring it to make payments.

The Company is not aware of any trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales, revenues, income from continuing operations.

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

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

### **3. Description of the Business**

Dagupan Electric Corporation (the “Parent Company”) was incorporated in the Philippines on May 30, 1961. On May 20, 2008, the Securities and Exchange Commission (SEC) approved the amendment of the Articles of the Incorporation of the Parent Company extending its corporate life for another 50 years from May 20, 2011.

The Parent Company is a private electric distribution utility holding a congressional franchise under R.A. 9969 to construct, operate, and maintain a distribution system for the conveyance of electric power to the end-users in the City of Dagupan, the Municipalities of Calasiao, Sta. Barbara, San Fabian, San Jacinto, and Manaoag, and Barangays Bolingit and Cruz in the City of San Carlos, all in the province of Pangasinan, for a period of twenty-five (25) years from February 2010. A Certificate of Public Convenience and Necessity (CPCN) was issued by the ERC to the Company on 21 June 2011 for the operation of electric service within its franchise areas.

The Parent Company has an authorized capital stock of One Billion Five Hundred Million Pesos (₱ 1,500,000,000.00), divided into 15,000,000 common shares with a par value of One Hundred Pesos (₱ 100.00).

On December 27, 2023, the SEC rendered effective the Parent Company’s application for the registration of Fourteen Million Six Hundred Sixty-Two Thousand (14,662,000) common shares, of which Two Million Two Hundred Thousand (2,200,000) shares were issued and offered for

sale to the public by way of an initial public offering at an offer price of Five Hundred Thirty-Three Pesos (₱ 533.00) per share. As of February 2, 2024, the Two Million Two Hundred Thousand (2,200,000) common shares offered to the public were fully subscribed and paid.

### **Description of Subsidiary**

DECORP Renewables Inc., a 99.14%-owned subsidiary of the Parent Company was incorporated on June 4, 2025 to develop, operate and manage renewable projects that generate sustainable power from renewable sources such as but not limited to solar, wind, hydro, and biomass, with the aim of reducing carbon emissions, advancing energy efficiency, and promoting environmental sustainability. Its registered principal address is Room 201, Veria I Building, 62 West Avenue, West Triangle, Quezon City.

The Parent Company has a franchise area of 349.33 km<sup>2</sup> or 6.5% of total Pangasinan land area and currently services five (5) consumer classes consisting of: Residential, General Retail, General Power, Bulk Power, and Street Lights.

As of 31 March 2026, the Company provides the electricity requirements of around 147,047 end-users within its franchise areas.

The Parent Company is not dependent on any one or group of customers for at least 20% of its distribution revenues. The loss of a single customer or a few customers will not have a material adverse effect on DECORP.

The Parent Company has three (3) power suppliers, namely GNPowder Mariveles Energy Center Ltd. Co. (“GMEC”), Energy Development Corporation (“EDC”), and OneManoagSolar Corporation (“OMSC”) (formerly Sun Asia Energy, Inc.). Below are the details of DECORP’s power supply contracts:

<b>Supplier</b>	<b>Contracted Capacity</b>	<b>Duration of Contract</b>
GMEC	30 MW	26 February 2014 – 25 February 2029
EDC	20 MW	26 December 2022 – 25 December 2032
OMSC	20 MW	26 September 2022 – 25 September 2047

The Parent Company is dependent on the above-named suppliers for its supply of electric power because it can only procure from other suppliers once approved by the ERC.

The Parent Company also procures its electricity from the Wholesale Electricity Spot Market (“WESM”) where it has been a direct member since 26 November 2009.

The Parent Company has an existing contract with the NGCP for transmission and metering services to expire on 25 July 2026. The Company is dependent on NGCP for its transmission and metering services because it is the sole provider thereof.

The Parent Company is not limited or dependent with any other supplier of materials and services.

The Parent Company has a related party transaction, specifically a Lease Agreement with Veria Realty, Inc., an entity under a common ownership with some shareholders of the Company for the lease of office spaces. The total rental fee is ₱1,154,052 for the three-month ended 31 March 2026.

The related party transactions as of and for the year ended 31 December 2025 are disclosed in Note 16 of the 2025 Audited Financial Statements, while the balance as of and for the period ended 31 March 2026 is presented in Note 16 of the Unaudited Interim Financial Statements

## **MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATION**

The following discussion and analysis of the consolidated financial position and results of operations of Dagupan Electric Corporation (DÉCORP) and its should be read in conjunction with the audited financial statements as at December 31, 2025 and 2024 and for the years ended December 31, 2024, 2023, and 2022. The financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS) Accounting Standards. The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations which have been approved by the Financial and Sustainability reporting Standards Council (FSRSC).

The financial information appearing in this report and in the accompanying audited financial statements is presented in Philippine Peso. All values are rounded to the nearest million pesos except earnings per share.

### **Financial Highlights and Key Performance Indicators**

(Amounts in million, except earnings per share and operational data)

#### **Condensed Statements of Financial Position**

	<b>As at December 31</b>		<b>Increase (Decrease)</b>	
	<b>2025</b>	<b>2024</b>	<b>Amount</b>	<b>%</b>
	Total assets	₱7,325.51	₱7,325.51	₱156.77
Current assets	3,180.98	3,180.98	136.79	4
Cash and cash equivalents	2,179.84	2,179.84	316.59	15
Equity attributable to equity holders of the parent company	5,867.49	5,642.36		4
Non-current liabilities	934.17	942.80	-8.63	-1
Current liabilities	680.67	740.35	-59.68	-8
Total liabilities	1,614.83	1,683.15	-68.32	-4

#### **Condensed Statements of Income**

	<b>For the Years Ended December 31</b>			<b>% Change</b>	
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2025 vs.</b>	<b>2024 vs.</b>
				<b>2024</b>	<b>2023</b>
Revenues	₱3,969.57	₱4,207.21	₱4,044.64	-6	4
Operating expenses	3,562.48	3,753.56	3,571.87	-5	5
Other income, net of expenses	71.45	66.11	41.83	8	58
Income before income tax	478.54	519.75	514.59	-8	1
Net income	349.57	375.69	372.04	-7	1
Net income attributable to equity holders of the parent	349.59				
Earnings per share (EPS)	23.84	25.62	29.85	-7	-14

### Condensed Statements of Cash Flows

	<b>For the Years Ended December 31</b>			<b>% Change</b>	
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2024 vs.</b>	<b>2023 vs.</b>
				<b>2023</b>	<b>2022</b>
Net cash provided by operating activities	₱572.52	₱508.74	₱796.86	-36	144
Net cash provided by (used in) investing activities	-108.43	-239.57	-131.93	82	-194
Net cash provided (used in) financing activities	147.50	1,023.77	-1,600.00	-164	

### Operational Data

	<b>For the Years Ended December 31</b>			<b>% Change</b>	
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2025 vs.</b>	<b>2024 vs.</b>
				<b>2024</b>	<b>2023</b>
Number of customers					
Residential	132,182	128,241	125,181	3	2
Commercial	13,785	13,331	12,925	3	3
Industrial	36	36	33		9
Streetlight	49	53	55	-8	-4
Electricity Sales (in GWh)	503	492	444	2	11
System Loss (in percentage)	6.83	6.95	6.77		

### Key Performance Indicators

		<b>For the Years Ended December 31</b>		
		<b>2025</b>	<b>2024</b>	<b>2023</b>
Debt to equity	Total liabilities / Total equity	.28	.30	.39
Current ratio	Current assets/Current Liabilities	4.87	4.30	2.55
Net profit margin	(Net income / Revenues) x 100	9%	9%	9%
Return on equity	(Net income / Average shareholders' equity) x 100	6%	7%	8%
Return on assets	(Net income / Average total assets) x 100	5%	6%	6%

### **2025 compared with 2024**

#### **Results of Operations**

The consolidated results of operations of DECORP and its subsidiary for the years ended December 31, 2025 and 2024 are discussed below:

#### Condensed Statements of Income

	<b>For the Years Ended December 31</b>		<b>Increase (Decrease)</b>	
	<b>2025</b>	<b>2024</b>	<b>Amount</b>	<b>%</b>
Revenues	₱3,969.57	₱4,207.21	-237.64	-6
Operating expenses	3,562.48	3,753.56	-191.08	-5
Other income, net of expenses	71.45	66.11	5.34	8
Income before income tax	478.54	519.75	-41.21	-8
Net income	349.56	375.69	-26.13	-7
Earnings per share (EPS)	23.84	25.62	-1.78	-7

#### **Revenues**

For the year ended December 31, 2025, revenues amounted to ₱3,969.57 million, 6% lower or ₱237.50 million lower than 2024 level.

<b>2025</b>	<b>2024</b>	<b>Increase (Decrease)</b>
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	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Generation	₱2,258.09	57	₱2,595.45	62	-337.36	-13
Transmission	508.46	13	379.93	9	128.53	34
System Loss	214.34	5	228.42	5	-14.08	-6
Distribution	947.18	24	929.55	22	17.63	2
Other pass-through charges	-3.21		36.64	1	-39.85	-109
Other revenues	44.84	1	37.21	1	7.63	21
<b>Total</b>	<b>₱3,969.57</b>	<b>100</b>	<b>₱4,207.21</b>	<b>100</b>	<b>-₱237.50</b>	<b>-6</b>

Pass-through revenues consisting of generation, transmission, system loss, and other related revenues, which are revenue neutral to the Company, comprised 75% of the total revenues, decreased by 8%, or ₱262.76 million. The decrease in pass-through revenues mainly due to the reduction in the cost of producing power in 2025.

Distribution-related revenues increased by 2%, equivalent to ₱17.63 million, compared to the previous reporting period. This growth was primarily driven by an increase in kilowatt-hour (kWh) sales, indicating higher electricity consumption and sustained demand from consumers within the distribution area.

The following is a summary of customer volume and electricity sales categorized by customer type for the years ending December 31, 2025 and 2024:

<b>Customer Type</b>	<b>No. of Customers</b>		<b>Electricity Sales (in GWh)</b>		<b>% Change</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>No. of Customers</b>	<b>Electricity Sales</b>
Residential	132,182	128,241	267	260	3	2
Commercial	13,785	13,331	153	149	3	2
Industrial	36	36	78	78	0	0
Streetlights	49	53	4	4	-7	0
<b>Total</b>	<b>146,052</b>	<b>141,661</b>	<b>502</b>	<b>492</b>	<b>3</b>	<b>2</b>

DECORP’s energy sales reached 502 GWh in 2025, reflecting a 2% increase from the 492 GWh recorded in 2024.

The residential customer segment accounted for the largest share of DECORP’s energy sales mix, at 53%, followed by the commercial and industrial segments at 30% and 16%, respectively, while the streetlights made up the remaining 1%.

The energy consumption of the residential segment grew by 2%, or from 260 GWh in 2024 to 267 GWh in 2025. This rise is attributed to the continued use of cooling systems by residential customers during the warm and dry conditions experienced in 2025. The increase was driven by the sustained use of cooling systems among residential customers amid persistently warm weather conditions in 2025. Despite the conclusion of the El Niño phenomenon earlier in the year, above-average temperatures, particularly in Northern Luzon, continued to contribute to higher electricity consumption.

Electricity sales in the commercial segment were 153 GWh, reflecting a 2% increase from the 149 GWh in 2024. The growth was attributable to additional retail stores and office facilities, supported by the resurgence of on-site operations within educational institutions, dining establishments, and various other commercial domains.

### Costs and Expenses

The costs and expenses of DECORP for the year ended December 31, 2024 amounted to ₱3,753.56 million in 2024, an increase of 5% or ₱181.69 million from ₱3,571.87 million in 2023. The costs and expenses are detailed in the table below:

	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Purchased power	₱3,003.36	84.3	₱3,165.23	84.3	-161.87	-5.1
Depreciation	208.48	5.9	207.25	5.5	1.23	.59
Salaries, wages, and employee benefits	174.79	4.9	167.62	4.5	7.17	4.3
Taxes other than income tax	54.21	1.5	67.77	1.8	13.56	20
Outside services	52.19	1.5	44.67	1.2	7.52	16
Repairs and maintenance	18.14	0.5	18.62	0.5	0.48	2.6

Others	51.31	1.4	82.40	2.2	31.09	38
<b>Total</b>	<b>₱3,562.48</b>	<b>100</b>	<b>₱3,753.56</b>	<b>100</b>	<b>191.08</b>	<b>5</b>

The cost of purchased power went down by 5.1% or ₱161.87 million from ₱3,165.23 million in 2024 to ₱3,003.36 million in 2025, in line with the fluctuations in the pass-through revenues. The decrease in pass-through revenues mainly due to the reduction in the cost of producing power in 2025.

Depreciation was ₱208.48 million in 2025, higher by ₱1.23 million or .59% from the ₱207.25 million in 2024. This change is attributable to additional capital assets during the year.

Taxes other than income tax increased by 20%, equivalent to ₱13.56 million, due to the change in the method of recognizing real property and local franchise taxes, where charges are considered revenues and payments or remittances were recorded as expenses.

The expenses for outside services were higher by 16%, equivalent to ₱7.52 million, mainly due to the increase in the volume and the associated costs related to both bill distribution and meter readings, including maintenance work on the line distribution network carried out by third-party contractors.

The increase in repairs and maintenance expenses can be attributed to the higher in-house maintenance requirements within the distribution network, particularly in areas associated with the recently acquired distribution assets in San Fabian previously managed by another distribution utility. It also includes higher software maintenance

Other expenses consist of professional fees, office supplies, rent, training, and other expenses.

## Statements of Financial Position

	December 31		Increase (Decrease)	
	2025	2024	Amount	%
<b>ASSETS</b>				
<b>Noncurrent Assets</b>				
Utility plant and equipment	₱3,903	₱3,879	₱24	0.6
Other property and equipment	78	86	-8	-9
FVOCI	152	152	-	-

Deferred tax assets	31	28	3	11
	<b>4,164</b>	<b>4,145</b>	<b>19</b>	<b>2</b>
<b>Current Assets</b>				
Cash and cash equivalents	2,496	2,180	316	14
Trade and other receivables	615	635	-20	-3
Financial assets at FVPL	67	184	-117	64
Inventories	103	116	-13	11
Prepayments and other current assets	35	66	-31	-47
	<b>3,318</b>	<b>3,181</b>	<b>137</b>	<b>45</b>
<b>TOTAL ASSETS</b>	<b>₱7,482</b>	<b>₱7,326</b>	<b>₱156</b>	<b>47</b>

## EQUITY AND LIABILITIES

### EQUITY

Capital stock	₱1,466	₱1,466	₱0	0
Additional paid-in capital	1,142	1,142	0	0
Revaluation reserve	1,411	1,481	-70	-5
Remeasurement gain (loss) on retirement benefits	3	3	-	
Retained earnings				
Appropriated				
Unappropriated	1,845	1,551	294	19
Equity attributable to equity holders of the Parent Company	<b>5,868</b>			
Non-controlling interests	<b>(.39)</b>			
	<b>5,867</b>	<b>5,642</b>	<b>225</b>	<b>4</b>

### LIABILITIES

Current liabilities				
Trade and other payables	665	703	-38	5
Dividends payable	-	-	-	-

Income tax payable	25	37	-12	-32
	<b>680</b>	<b>740</b>	<b>60</b>	<b>8</b>
Noncurrent liabilities				
Customers' deposit	340	338	2	1
Deferred tax liabilities	493	519	-26	-4
Retirement benefits obligation	101	86	15	18
	<b>934</b>	<b>943</b>	<b>-9</b>	<b>0.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>₱7,482</b>	<b>₱7,326</b>	<b>₱156</b>	<b>25</b>

### Changes in Financial Position

Utility plant and equipment rose from ₱3,879 million in 2025 to ₱3,903 million in 2024, an increase of 0.6% or ₱24 million. In contrast, other property and equipment decreased from ₱86 million to ₱78 million, a decline of 9%, which may reflect normal depreciation and asset disposals. The capital expenditures were incurred for the expansion of distribution assets and the upgrade and rehabilitation of existing electrical facilities to support the operations of DECORP. These additional expenditures were partially offset by depreciation amounting to ₱208.48 million.

Cash and cash equivalents went up by 14% or ₱316 million from 2,180 million in 2024 to ₱2,496 million in 2025. The growth was due to the additional ₱653 million derived from DECORP's operational activities.

The year-end trade and other receivables primarily reflect the December billing cycle. The decrease in receivables was attributable to the lower retail rate in December 2025 compared to December 2024.

The capital stock remained unchanged at ₱1,466 million, indicating no new share issuance during the period. Similarly, additional paid-in capital stayed constant at ₱1,142 million, further confirming that there were no capital restructuring activities in 2025. A negative balance of .39 million was attributed to non-controlling interest, reducing the total equity to around ₱5,867 million.

### 2024 compared with 2023

#### Results of Operations

The results of operations for the years ended December 31, 2024 and 2023 are discussed below:

#### Condensed Statements of Income

	For the Years Ended December 31	Increase (Decrease)
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	2024	2023	Amount	%
Revenues	₱4,207.21	₱4,044.64	163	4
Operating expenses	3,753.56	3,571.87	182	5
Other income, net of expenses	66.11	41.83	24	57
Income before income tax	519.75	514.59	5	49
Net income	375.69	372.04	4	1
Earnings per share (EPS)	25.62	29.85	-4	-13

## Revenues

Revenues of DECORP consist of: 1. pass-through charges or generation, transmission, system loss, and other related revenues; 2. distribution wheeling charges, which include distribution, supply, and metering; and 3. other charges such as service reconnection and pole attachment rental.

Revenues in 2024 were at ₱4,207.21 million, which is ₱162.57 million or 4% higher than in 2023, due to higher distributed energy and higher pass-through transmission charges. The details of the revenues are as follows:

	2024		2023		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Generation	₱2,595.45	62	₱2,643.33	65	-47.88	-2
Transmission	379.93	9	290.93	7	89	31
System Loss	228.42	5	214.37	5	14.05	7
Distribution	929.55	22	836.74	21	92.81	11
Other pass-through charges	36.64	1	33.59	1	3.05	9
Other revenues	37.21	1	25.68	1	11.53	45
Total	₱4,207.21	100	₱4,044.64	100	₱162.56	4

The generation charge, which accounted for 62% of the total revenues of DECORP, dropped by 2%. The cost of producing electricity decreased as a result of the improvement in the supply situation in Luzon and the decline in global coal prices, leading to lower cost of power sourced from the Wholesale Electricity Spot Market (WESM) and GNPowder Mariveles, a coal-fired power plant generation company.

The transmission charge, which was 9% of the total revenues, increased by 31% due to higher ancillary service charges from additional capacity sourced by the National Grid Corporation of the Philippines (NGCP).

DECORP's average retail rate was ₱9.57 per kwh and ₱10.15 per kWh in 2024 and 2023, respectively. The decline in selling rate was due to lower generation charges that negated the increase in transmission and other charges.

The following is a summary of customer volume and electricity sales categorized by customer type for the years ending December 31, 2024 and 2023:

Customer Type	No. of Customers		Electricity Sales (in GWh)		% Change	
	2024	2023	2024	2023	No. of Customers	Electricity Sales
Residential	128,241	125,181	260	230	2	13
Commercial	13,331	12,925	149	139	3	7
Industrial	36	33	78	71	9	9
Streetlights	53	55	4	4	-4	-
Total	141,661	138,194	492	443	3	11

DECORP's energy sales reached 492 GWh in 2024, reflecting an 11% increase from the 443 GWh recorded in 2023.

The residential customer segment accounted for the largest share of DECORP's energy sales mix, at 53%, followed by the commercial and industrial segments at 30% and 16%, respectively, while the streetlights made up the remaining 1%.

The energy consumption of the residential segment grew by 13%, or from 230 GWh in 2023 to 260 GWh in 2024. This rise is attributed to the extended use of cooling systems by residential customers, driven by the El Niño phenomenon that lasted until mid-2024. This phenomenon resulted in a warmer-than-average season, especially in Northern Luzon, making it the warmest year on record.

Electricity sales in the commercial segment were 149 GWh, reflecting a 7% increase from the 139 GWh in 2023. The growth was attributable to additional retail stores and office facilities, supported by the resurgence of on-site operations within educational institutions, dining establishments, and various other commercial domains.

The industrial segment's sales went up by 9%, from 71 GWh in 2022 to 78 GWh in 2023, due to additional customers, which includes a home improvement construction supply and retailer, a grocery and retail warehouse, and schools.

### Costs and Expenses

The costs and expenses of DECORP for the year ended December 31, 2024 amounted to ₱3,753.56 million in 2024, an increase of 5% or ₱181.69 million from ₱3,571.87 million in 2023. The costs and expenses are detailed in the table below:

	2024		2023		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Purchased power	₱3,165.23	84.3	₱3,076.63	86	88.60	3
Depreciation	207.25	6	201.06	6	6.19	3

Salaries, wages, and employee benefits	167.62	4	157.56	4.4	10.06	6
Taxes other than income tax	67.77	2	23.95	0.6	43.82	183
Outside services	44.67	1.2	35.23	0.9	9.44	27
Repairs and maintenance	18.62	0.4	17.86	0.5	0.76	4
Others	82.40	2.1	59.58	1.6	22.82	38
<b>Total</b>	<b>₱3,753.56</b>	<b>100</b>	<b>₱3,571.87</b>	<b>100</b>	<b>181.69</b>	<b>5</b>

The cost of purchased power went up by 3% or ₱88.60 million from ₱3,076.63 million in 2023 to ₱3,165.23 million in 2024, in line with the fluctuations in the pass-through revenues. The increase was due to higher volume purchased and transmission charges partially mitigated by the decline in the average generation cost.

Depreciation was ₱207.25 million in 2024, higher by ₱6.19 million or 3% from the ₱201.06 million in 2023. This change is attributable to the completed projects during the year.

Taxes other than income tax increased by 183%, equivalent to ₱43.82 million, due to the change in the method of recognizing real property and local franchise taxes, where charges are considered revenues and payments or remittances were recorded as expenses.

The expenses for outside services were higher by 27%, equivalent to ₱9.44 million, mainly due to the increase in the volume and the associated costs related to both bill distribution and meter readings, including maintenance work on the line distribution network carried out by third-party contractors.

The increase in repairs and maintenance expenses can be attributed to the higher in-house maintenance requirements within the distribution network, particularly in areas associated with the recently acquired distribution assets in San Fabian previously managed by another distribution utility. It also includes higher software maintenance

Other expenses consist of professional fees, office supplies, rent, training, and other expenses.

## Statements of Financial Position

	December 31		Increase (Decrease)	
	2024	2023	Amount	%
<b>ASSETS</b>				
<b>Noncurrent Assets</b>				
Utility plant and equipment	₱3,879	₱3,847	₱32	1
Other property and equipment	86	85	1	1
FVOCI	152	152	-	-

Deferred tax assets	28	26	2	8
	<b>4,145</b>	<b>4,110</b>	<b>35</b>	<b>1</b>
<b>Current Assets</b>				
Cash and cash equivalents	2,180	887	1,293	146
Trade and other receivables	635	518	116	22
Financial assets at FVPL	184	175	9	5
Inventories	116	83	34	41
Prepayments and other current assets	66	77	-11	-14
	<b>3,181</b>	<b>1,740</b>	<b>1,441</b>	<b>83</b>
<b>TOTAL ASSETS</b>	<b>₱7,326</b>	<b>₱5,850</b>	<b>₱1,476</b>	<b>25</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Capital stock	₱1,466	₱1,246	₱220	18
Additional paid-in capital	1,142	189	953	504
Revaluation reserve	1,481	1,550	-69	-4
Remeasurement gain (loss) on retirement benefits	3	3	-	
Retained earnings				
Appropriated		400	-400	-100
Unappropriated	1,551	832	719	86
	<b>5,642</b>	<b>4,220</b>	<b>1,422</b>	<b>34</b>
<b>LIABILITIES</b>				
Current liabilities				
Trade and other payables	703	636	67	11
Dividends payable	-	-	-	-
Income tax payable	37	46	-9	-20
	<b>740</b>	<b>682</b>	<b>58</b>	<b>8</b>
Noncurrent liabilities				
Customers' deposit	338	335	3	1
Deferred tax liabilities	519	539	-21	-4
Retirement benefits obligation	86	73	13	18
	<b>943</b>	<b>947</b>	<b>-5</b>	<b>0.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>₱7,326</b>	<b>₱5,850</b>	<b>₱1,476</b>	<b>25</b>

### Changes in Financial Position

Utility plant and equipment and others closed at ₱3,965 million in 2024, a net increase of 1% or ₱33 million from ₱3,932 million in 2023. The capital expenditures amounted to ₱239.88 million for the expansion of distribution assets and the upgrade and rehabilitation of the existing electrical facilities, including the purchase of service vehicles and trucks to support the operation of DECORP. The additional expenditures were offset by the depreciation of ₱207.25 million

Cash and cash equivalents went up by 146% or ₱1,293 million from ₱887 million in 2023 to ₱2,180 million in 2024. The growth was due to the additional ₱635 million derived from DECORP's operational activities and ₱1,024 million from its financing activities, which include the proceeds from DECORP's initial public offering approved by the Securities and Exchange Commission (SEC) on December 27, 2023. The proceeds will be used for capital projects and

investment of the Company detailed in its Prospectus dated 22 December 2023, pages 23 to 32, attached in this report as Exhibit A-1

The year-end trade and other receivables primarily reflect the December billing cycle. The increase in receivables was attributable to the higher retail rate in December 2024 compared to December 2023.

The capital stock increased by 18%, or ₱220 million from ₱1,246 million in 2023 to ₱1,466 million in 2024. The additional paid-in capital also went up by 504%, or ₱953 million from ₱189 million in 2023 to ₱1,142 million in 2024. The increase in capital stock was due to the shares issued to the public by way of an initial public offering, in which the SEC rendered the application of registration of shares effective on December 27, 2023. The excess of the proceeds from the issuance of shares over the par value was credited to additional paid-in capital.

## **2023 compared with 2022**

### **Results of Operations**

The results of operations for the years ended December 31, 2023 and 2022 are discussed below:

### **Condensed Statements of Income**

	<b>For the Years Ended December 31</b>		<b>Increase (Decrease)</b>	
	<b>2023</b>	<b>2022</b>	<b>Amount</b>	<b>%</b>
Revenues	₱4,045	₱4,678	-633	-13
Operating expenses	3,572	4,367	-795	-18
Other income, net of expenses	42	34	8	23
Income before income tax	515	345	170	49
Net income	372	241	131	54
Earnings per share (EPS)	29.85	19.37	10.48	54

### **Revenues**

Revenues in 2023 went down by 13% or ₱633 million from the ₱4,678 million in 2022 to ₱4,045 million in 2023. The decrease was due to the lower costs of energy and transmission services, which outweighed the increase in the volume of energy distributed. The following are the details of revenues:

	<b>2023</b>		<b>2022</b>		<b>Increase (Decrease)</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Generation	₱2,643	65	₱3,188	68	-₱645	-20
Transmission	291	7	394	8	-103	-26
System Loss	214	5	263	6	-49	-18
Distribution	837	21	793	17	44	6
Other pass-through charges	34	1	8	0.1	25	302

Other revenues	26	1	32	0.7	-6	-20
<b>Total</b>	<b>₱4,045</b>	<b>100</b>	<b>₱4,678</b>	<b>100</b>	<b>-₱633</b>	<b>-13</b>

In 2023, the Company's generation revenues, which accounted for 65% of its total revenues, went down by 20%. The addition of geothermal and solar power plants in DECORP's power suppliers' portfolio during a period marked by high global coal prices and supply constraints notably mitigated its generation charge.

The transmission revenues, accounting for 7% of the total revenues, also decreased by 26%. The reduction in the cost of transmission services was due to the lower ancillary service charges of NGCP.

DECORP's average retail rate was ₱10.15 per kWh and ₱12.57 per kWh in 2023 and 2022, respectively. The decline in selling rate was due to lower generation and transmission charges, which offset the increase in the volume of energy distributed.

The customer volume and energy sales for the years ended December 31, 2023 and 2022 are as follows:

Customer Type	No. of Customers		Electricity Sales (in GWh)		% Change	
	2023	2022	2023	2022	No. of Customers	Electricity Sales
Residential	125,181	122,754	230	220	2	4.5
Commercial	12,925	12,604	139	129	3	7.8
Industrial	33	30	71	64	10	11
Streetlights	55	57	4	4	-4	-
<b>Total</b>	<b>138,194</b>	<b>135,445</b>	<b>444</b>	<b>417</b>	<b>2</b>	<b>6.5</b>

The Company's energy sales rose to 444 GWh in 2023, a 6.5% increase from 417 GWh in 2022.

In 2023, the energy sales mix slightly shifted. The residential segment contributed 52% to total sales, down from 53% in 2022. The commercial segment remained steady at 31%, while sales to the industrial segment increased from 15% to 16%. Streetlights accounted for 1% of the total energy sales.

Sales to residential customers closed at 230 GWh in 2023, a 4.5% increase from the 220 GWh in 2022. The increase is attributable to a higher volume of customers in addition to more frequent use of cooling systems in households as a result of the El Niño phenomenon.

Sales to the commercial segment had a notable increase of 7.8%, rising from 129 GWh in 2022 to 139 GWh in 2023. This growth was largely driven by increased demand in the real estate and educational sectors, as schools and other businesses resumed face-to-face classes and onsite activities.

The energy consumption within the industrial segment rose by 11% as the volume of customers under this group also increased by 10%

### Costs and Expenses

The costs and expenses of DECORP for the year ended December 31, 2023 amounted to ₱3,751.87 million in 2023, a decrease of 18% or ₱795.37 million from ₱4,367.24 million in 2022. The costs and expenses are detailed in the table below:

	2023		2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Purchased power	₱3,076.63	86	3,865.89	89	-789.26	-20
Depreciation	201.06	6	185.36	4	15.70	8.5
Salaries, wages, and employee benefits	157.56	4.4	153.08	3.5	4.48	2.9
Taxes other than income tax	23.95	0.6	52.44	1.2	-28.5	54
Outside services	35.23	0.9	35.93	0.8	-.70	-1.9
Repairs and maintenance	17.86	0.5	16.81	0.4	1.05	6
Others	59.58	1.6	57.73	1.3	1.85	3
<b>Total</b>	<b>₱3,571.87</b>	<b>100</b>	<b>4,367.24</b>	<b>100</b>	<b>-795.37</b>	<b>-18</b>

The cost of power decreased by 20%, equivalent to ₱789.26 million, bringing the total down from ₱3,865.89 million in 2022 to ₱3,076.63 million in 2023. The decline aligns with the fluctuation in the pass-through revenues, particularly in generation charges. The lower average generation costs and transmission services offset the increase in the volume of purchased energy.

Depreciation was higher by 8.5%, or ₱15.70 million, from the ₱185.36 million in 2022 to ₱201.06 million in 2023, due to the completed projects during the year

Taxes other than income tax include payments for registration fees, regulatory supervision fees, licenses, business permits, local franchise taxes, real property taxes, and other related taxes paid to the national and local governments except income tax. This account decreased by ₱28.5 million, or 54%, due to the timing of real property tax recognition. A payment of this tax intended for 2023 was recognized as an expense at the time it was paid in 2022.

Outside Services comprise payments to third-party contractors for the issuance of billing statements and notices, bill collection, meter reading, meter connection, disconnection, security services, tree trimming, and distribution line maintenance. This account decreased by ₱0.70 million or 2% due to the reduction in services availed for disconnection of delinquent accounts.

The costs of repairs and maintenance were higher by ₱1.05 million, or 6%, due to the higher maintenance costs of technological upgrades and infrastructure improvements.

Other expenses consist of professional fees, office supplies, rent, training, and other expenses.

## Statements of Financial Position

	December 31		Increase (Decrease)	
	2023	2022	Amount	%
<b>ASSETS</b>				
<b>Noncurrent Assets</b>				
Utility plant and equipment	₱3,847	₱3,813	₱34	1
Other property and equipment	85	93	-8	-8
FVOCI	152	152	-	-
Deferred tax assets	26	24	2	8
	<b>4,110</b>	<b>4,082</b>	<b>28</b>	<b>0.7</b>
<b>Current Assets</b>				
Cash and cash equivalents	887	1,822	-935	-51
Trade and other receivables	518	755	-237	-31
Financial assets at FVPL	175	270	-95	-35
Inventories	83	97	-14	-14
Prepayments and other current assets	77	58	19	33
	<b>1,740</b>	<b>3,002</b>	<b>-1,262</b>	<b>-42</b>
<b>TOTAL ASSETS</b>	<b>₱5,850</b>	<b>7,084</b>	<b>-₱1,234</b>	<b>-17</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Capital stock	₱1,246	₱1,246		
Additional paid-in capital	189	189		
Revaluation reserve	1,550	1,619	-69	-4
Remeasurement gain (loss) on retirement benefits	3	-6	9	-150
Retained earnings				
Appropriated	400	400	-	-
Unappropriated	832	1,968	-1,136	-58
	<b>4,220</b>	<b>5,416</b>	<b>1,422</b>	<b>-22</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	636	701	-65	-9
Dividends payable	-	-	-	-
Income tax payable	46	-	46	-
	<b>682</b>	<b>701</b>	<b>-19</b>	<b>-3</b>
<b>Noncurrent liabilities</b>				
Customers' deposit	335	334	1	0.3
Deferred tax liabilities	539	561	-22	-4
Retirement benefits obligation	73	73	-	-
	<b>947</b>	<b>967</b>	<b>-20</b>	<b>-2</b>

<b>TOTAL EQUITY AND LIABILITIES</b>	<b>₱5,850</b>	<b>7,084</b>	<b>-₱1,234</b>	<b>-17</b>
-------------------------------------	---------------	--------------	----------------	------------

Utility, plant and equipment was higher by 1%, or an equivalent net amount of ₱34 million, from ₱3,813 million in 2022 to ₱3,813 million in 2023, taking into account depreciation. The capital investment in 2023 was ₱214 million, which was used for the continuous expansion of the distribution assets to accommodate the growth in customers, construction of 69 kV lines, and various land and building improvements.

Cash and cash equivalents decreased by ₱935 million or 51%, attributable to the net cash provided by the operating activities of the Company amounting to ₱797 million, reduced by its investment activities amounting to ₱132 million and payment of dividends amounting to ₱1.6 billion.

Trade and other receivables decreased by ₱237 million or 31% compared to the 31 December 2022 balance. The decline attributed to the significant reduction in the cost of generation charge, which accounts for 60% of the receivables billed to customers.

Prepayments and other current assets increased by ₱19 million or 33% due to the payment of real property tax intended for 2023 in 2022.

On June 16, 2023, the Company approved the declaration of cash dividends amounting to ₱1,600 million to stockholders of record as of June 15, 2023, payable on various dates until September 29, 2023. As of December 31, 2023, the Company paid in full the cash dividends amounting to ₱1,600 million.

The unappropriated retained earnings decreased by ₱1,136 million or 58% due to the declaration and payment of cash dividends.

The total non-current liabilities decreased by ₱19.9 million or 2.07%, which can be attributed to the reduction in deferred tax liabilities related to the realized revaluation of appraisal increase through depreciation.

## LEGAL PROCEEDINGS

Within the past five (5) years, there has been no bankruptcy petition filed by or against any business of which any of the foregoing named directors or executive officers have been a general partner or executive officer at the time of the bankruptcy or within two (2) years prior to that time.

None of the foregoing directors or executive officers have been convicted by final judgment in any criminal proceeding nor involved in any pending criminal proceeding, whether domestic or foreign in the past five (5) years up to the latest date.

None of the foregoing directors or executive officers have been subject to any order, judgment, or decree by any domestic or foreign court of competent jurisdiction, permanently or temporarily barring, suspending, or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities in the past five (5) years up to the latest date.

None of the foregoing directors or executive officers have been found by a domestic or foreign court or tribunal of competent jurisdiction in a civil action, domestic or foreign Exchange, or other market or self-regulatory organization to have violated a securities or commodities law or regulation in the past five (5) years up to the latest date.

## MARKET INFORMATION

### Market Price of and Dividends on Issuer’s Common Equity and Related Stockholders’ Matters

#### A. Market Price of and Dividends on Issuer’s Common Equity and Related Stockholders’ Matters

##### 1) Market Information

###### a) Principal Market

The shares of the Company are not traded in any stock exchange.

##### 2) Holders

As of 31 March 2026, the Company has a total of Fourteen Million Six Hundred Sixty-Two Thousand (14,662,000) issued and outstanding common shares divided among fifty-five stockholders.

The following are the top twenty (20) stockholders of the Company

##### Top 20 Stockholders

	<b>Stockholders</b>	<b>Nationality</b>	<b>Number of Shares</b>	<b>%</b>
1.	Rene Bernard L. Llames	Filipino <sup>1</sup>	3,606,006	24.59
2.	Angelique Maxime L. Llames-James	Filipino	3,606,003	24.59
3.	Cynthia Irene L. Llames	Filipino	3,606,004	24.59
4.	Deon Peter James	Non-Filipino	803,292	5.48
5.	DGC Holding Corporation	Filipino	760,000	5.18
6.	Vivencio M. Romero Jr.	Filipino	378,310	2.58
7.	Jose Maria A. Abaya	Filipino	378,310	2.58
8.	ME-KA Corporation	Filipino	229,000	1.56
9.	ETM Incorporated	Filipino	215,000	1.47
10.	Ranulfo M. Ocampo	Filipino	84,071	.57
11.	Sterwyn Paul B. De Guzman	Filipino	50,000	.34
12.	Russel P. Dela Cruz	Filipino	50,000	.34
13.	Randy J. Legaspi	Filipino	50,000	.34
14.	Randy F, Castilan	Filipino	50,000	.34
15.	Miriam G. San Pedro	Filipino	50,000	.34
16.	Gemma M. Recel	Filipino	50,000	.34
17.	Emmanuel V. Cabario	Filipino	50,000	.34
18.	Christopher Grajo	Filipino	50,000	.34
19.	Benjomer D. Galang	Filipino	50,000	.34
20.	Cipriano D. Launico III	Filipino	39,600	.30

	<b>Sub-total</b>		<b>14,155,596</b>	<b>96.55</b>
	Other Stockholders		506,404	3.45
	<b>Total Shares</b>		<b>14,662,000</b>	<b>100</b>
	<b>Issued and Outstanding</b>		<b>14,662,000</b>	<b>100</b>

### 3) Dividends

On 29 September 2023, the Company adopted a dividend policy pursuant to which stockholders may be entitled to receive, upon declaration by the Company's Board of Directors, dividends equivalent to approximately thirty to fifty percent (30 – 50%) of the prior year's net income after tax, primarily in cash, based on the Company's net income after tax, subject to the availability of the unrestricted retained earnings and except: (i) when justified by definite corporate expansion projects or programs approved by the Board of Directors; (ii) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without their consent, and such consent has not yet been secured; or (iii) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation such as when there is a need for special reserve for probable contingencies.

However, the Board of Directors, in its discretion, may decide to declare dividends to be payable in properties or shares.

The Company will conduct a periodic review of the available unrestricted balance of retained earnings for purposes of earmarking surplus profit for future capital expenditures or for distributing the same as special cash or stock dividends.

The Board of Directors may, at any time, modify the dividend policy or declare special dividends, depending on capital expenditure plans and/or any terms of financing facilities entered into to fund current and future operations and projects.

Under the Revised Corporation Code, the Company may not make any distribution of dividends other than out of its unrestricted retained earnings.

The Board of Directors will review the amount of dividends periodically in light of the following factors:

1. The Company's earnings, cash flow, return on equity and retained earnings;
2. The Company's results and financial condition at the end of the year in respect of which the dividend is to be paid and its expected financial performance;
3. The Company's projected levels of capital expenditures and other investment programs;
4. Restrictions on payments of dividends that may be imposed on it by any future financing arrangements and current or prospective debt service requirements; and
5. Such other factors as the Board of Directors deems appropriate.

The declaration of dividends shall also take into account the need to maintain a level of capitalization that is commercially sound and sufficient to ensure that the Company can operate on a stand-alone basis.

**a) Dividends Declared**

The Company’s Board of Directors approved the declaration of cash dividends in 2025, 2024 and 2023, as shown below:

<b>Year</b>	<b>Rate Per Share</b>	<b>Record Date</b>	<b>Payment Date</b>
2025	₱10.06	December 31, 2024	July 30, 2025
2024	₱11.94	December 31, 2023	September 2, 2024
2023	₱128.39	June 15, 2023	June 30, 2023, July 31, 2023, August 30, 2023, and September 30, 2023

**b) Appropriated Retained Earnings**

On 20 December 2023, the BOD approved the reversal of Four Hundred Million Pesos (₱ 400,000,000.00) appropriation for 2023 projects and approved the appropriation of Four Hundred Million (₱ 400,000,000.00) for 2024 projects.

On 4 December 2024, the BOD approved the reversal of ₱400,000,000 appropriated for capital expenditures from 2023 unrestricted retained earnings

**4. Sale of Unregistered or Exempt Transactions**

The Company has no recent sale of unregistered or exempt securities from 2022 to 31 March 2026

**B. Description of the Issuer’s Security**

The Company has an authorized capital stock of One Billion Five Hundred Million Pesos (₱1,500,000,000.00) divided into Fifteen Million (15,000,000) common shares with a par value of One Hundred Pesos (₱100.00) each. Out of its total authorized capital stock, One Billion Four Hundred Sixty-Six Million Two Hundred Thousand Pesos (₱1,466,200,000) divided into Fourteen Million Six Hundred Sixty Two Thousand (14,662,000) common shares with a par value of one hundred pesos (₱100.00) each are presently issued and outstanding. The issued share capital of the Company is fully paid-up and is not being traded in any exchange. The Company’s shares have not been previously offered to the public. No shares are subject to outstanding options or warrants to purchase.

The Company has no debt securities, stock options, securities subject to redemption or call, warrants and other securities other than the common shares described above.

## CORPORATE GOVERNANCE

The Company has always been dedicated in upholding a sound corporate governance even before adopting its Manual on Corporate Governance (the “Manual”).

The Company, with the intention of strengthening its corporate governance standards to be comparable with or exceed the leading standards adopted the Manual on 02 October 2023 in compliance with SEC Memorandum Circular No. 24, Series of 2019.

### **Board Composition**

The Board consists of seven (7) members, each elected by the common stockholders during the Annual Stockholders’ Meeting (ASM). The Board members hold office for one (1) year until their successors are duly elected and qualified in accordance with the amended by-laws of the Company. The Company’s Board is a combination of executive and non-executive that are possessed with qualifications and stature that enable them to effectively participate in the deliberations of the Board.

The Board includes two (2) independent directors selected based on the independence criteria as set forth under the SEC’s revised Securities Regulation Code and implementing rules and regulations, and the Company’s Manual of Corporate Governance (MCG).

### **Board Committees**

The Board, to enhance its effectiveness in fulfilling its oversight responsibilities and aid in ensuring compliance with the principles of good corporate governance, shall establish and maintain the following board committees: 1.) the Corporate Governance Committee; 2.) the Board Risk Oversight Committee; and 3.) the Audit Committee

### **Board Assessment**

The Board shall conduct an annual assessment of its performance, including the performance of the Chairman, individual members and committees. The Corporate Governance Committee shall oversee the assessment/evaluation process.

Every three (3) years, as far as practicable, the assessment may be supported by an external facilitator. The external facilitator can be any independent third party such as, but not limited to, a consulting firm, academic institution or professional organization appointed by the Board.

The Board assessment system shall provide a criteria and process to determine the performance of the Board, individual directors and committees. The system shall allow for a feedback mechanism from shareholders.

## **Compliance Measures**

The Compliance Officer plays a pivotal role in ensuring that the Company adheres to all applicable laws and regulations, and that it operates within its boundaries while upholding the highest ethical standards. Duties and responsibilities are as follows:

1. Design, implement, and oversee the Company's compliance programs and policies to ensure adherence to all relevant laws and regulations.
2. Conduct regular risk assessments to identify potential compliance risks and develop strategies to mitigate them.
3. Stay updated on changes in laws, regulations, and industry standards that could impact the Company's operations.
4. Prepare and present compliance reports to the Board and report on compliance issues, investigations, and corrective actions taken.
5. Conduct or oversee internal investigations into alleged compliance violations, including fraud, misconduct, or breaches of policies and procedures.
6. Coordinate with external auditors and regulatory authorities during compliance audits and inspections.
7. Oversee and promote the Company's code of conduct and ethics policies.
8. Foster a culture of compliance within the Company and promote ethical behavior and accountability at all levels.

## **Deviation from Corporate Governance Practices**

The Company is still in the process of establishing policies and procedures required under its Corporate Governance Manual, nonetheless, there are no major deviations noted.

## **Improvement of Corporate Governance Practices**

The Company has continually worked to improve its corporate governance system so that it complies with the national regulatory agencies and best practices.

The Board sees corporate governance as a crucial component of the Company's corporate identity. The Company is thus committed to a process of continual improvement, guided by best practices and the evolving needs of shareholders and stakeholders. Governance practices will continue to contribute to the long-term success and sustainability of the Company.

The Board remains dedicated to upholding a culture of accountability, ethical conduct, and responsible leadership.

## **SEC FORM 17-A 2025 ANNUAL REPORT**

A copy of the SEC Form 17-A Report for the Year Ended 31 December 2025 (SEC Form 17-A 2025 Annual Report) of Dagupan Electric Corporation will be provided without charge to any person upon written request addressed to:

**ATTY. ERWIN MARK A. GAVINO**  
**THE OFFICE OF THE CORPORATE SECRETARY**  
Dagupan Electric Corporation  
Veria I Building, 62 West Avenue  
Quezon City

The SEC Form 17-A 2025 Annual Report will also be posted at Dagupan Electric Corporation's website at <https://www.dagupanelectric.com>.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete, and correct. This report is signed in Pasig City on 18 May 2026.

**DAGUPAN ELECTRIC CORPORATION**

By:

  
**ERWIN MARK A. GAVINO**  
Corporate Secretary

## SEC FORM 17-Q REPORT

A copy of the SEC Form 17-Q Report for the quarter ending 31 March 2026 (SEC Form 17-Q 2026 Q1 Report) of Dagupan Electric Corporation will be provided without charge to any person upon written request addressed to:

**ATTY. ERWIN MARK A. GAVINO**  
**THE OFFICE OF THE CORPORATE SECRETARY**  
Dagupan Electric Corporation  
Veria I Building, 62 West Avenue  
Quezon City

The SEC Form 17-Q 2026 Q1 Report will also be posted at Dagupan Electric Corporation's website at <https://www.dagupanelectric.com>.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete, and correct. This report is signed in the Pasig City on 18 May 2026.

**DAGUPAN ELECTRIC CORPORATION**

By:

  
**ERWIN MARK A. GAVINO**  
Corporate Secretary



# SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City  
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



**The following document has been received:**

**Receiving:** DONNA ENCARNADO

**Receipt Date and Time:** May 13, 2026 07:49:28 PM

## Company Information

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**SEC Registration No.:** 0000018890

**Company Name:** DAGUPAN ELECTRIC CORPORATION

**Industry Classification:** E40100

**Company Type:** Stock Corporation

## Document Information

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**Document ID:** OST105132026811369562

**Document Type:** Notice of Inability to File AR or QR

**Document Code:** SEC\_Form\_17-L

**Period Covered:** March 31, 2026

**Submission Type:** As needed

**Remarks:** None

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

# COVER SHEET

for

## NOTIFICATION OF INABILITY TO FILE OR ANY PORTION OF SEC FORM 17-A OR 17-Q

SEC Registration Number

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### COMPANY NAME

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### PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

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Form Type

17	-	L		
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Department requiring the report

S	E	C		
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Secondary License Type, If Applicable

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### COMPANY INFORMATION

Company's email Address

[decorp@decorp.com.ph](mailto:decorp@decorp.com.ph)

Company's Telephone Number

(632) 8374 3034

Mobile Number

9285066639

No. of Stockholders

54

Annual Meeting (Month / Day)

Every 3rd Tuesday of April

Fiscal Year (Month / Day)

31-Dec

### CONTACT PERSON INFORMATION

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

Name of Contact Person

Lilian D. Saralde

Email Address

[lds@decorp.com.ph](mailto:lds@decorp.com.ph)

Telephone Number/s

(632) 8374 3039

Mobile Number

9285066639

### CONTACT PERSON'S ADDRESS

VERIA I Bldg., 62 West Avenue, Quezon City

**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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-L

NOTIFICATION OF INABILITY TO FILE ALL OR ANY PORTION OF SEC FORM 17-A OR 17-Q

Check One:

Form 17-A [ ] Form 17-Q [✓]

Period-Ended Date of required filing March 31, 2026

Date of this report May 13, 2026

Nothing in this Form shall be construed to imply that the Commission has verified any information contained herein.

If this notification relates to a portion or portions of the filing checked above, identify the item(s) to which the notification relates: SEC FORM 17-Q

1. SEC Identification Number 18890 2. BIR Tax Identification No. 000-202-524

3. DAGUPAN ELECTRIC CORPORATION  
Exact name of issuer as specified in its charter

4. DAGUPAN CITY, PANGASINAN, PHILIPPINES  
Province, country or other jurisdiction of incorporation

5. Industry Classification Code:  (SEC Use Only)

6. AB FERNANDEZ ST., DAGUPAN CITY 2400  
Address of principal office Postal Code

7. (632) 83743039  
Issuer's telephone number, including area code

8. NOT APPLICABLE  
Former name, former address, and former fiscal year, if changed since last report.

9. Are any of the issuer's securities listed on a Stock Exchange?

Yes [ ] No [✓]

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

.....

### Part I - Representations

If the subject report could not be filed without unreasonable effort or expense and the issuer seeks relief pursuant to SRC Rule 17-1, the following should be completed. (Check box if appropriate)

(a) The reasons described in reasonable detail in Part II of this Form could not be estimated without unreasonable effort or expense. [ ]

(b) The subject annual report on SEC Form 17-A, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report on SEC Form 17-Q, or portion thereof, will be filed on or before the fifth day following the prescribed due date. [✓]

(c) The accountant's statement or other exhibit required by paragraph 3 of SRC Rule 17-1 has been attached if applicable. [ ]

### Part II - Narrative

State below in reasonable detail the reasons why SEC Form 17-A or SEC Form 17-Q, or portion thereof, could not be filed within the prescribed period. (Attach additional sheets if needed)

The request to file the 17-Q beyond the prescribed period is to allow us sufficient time to complete the report for the first quarter of 2026.

### Part III - Other Information

(a) Name, address and telephone number, including area code, and position/title of person to contact in regard to this notification

Lilian D. Saralde  
Compliance Officer  
Veria I Building, 62 West Avenue, Quezon City  
Tel No. (632) 8374 3039

(b) Have all other periodic reports required under Section 17 of the Code and under Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months, or for such shorter period that the issuer was required to file such report(s), been filed? If the answer is no, identify the report(s).

Yes [✓] No [ ] Reports:

(c) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

Yes [ ] No [✓]

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

**SIGNATURE**

Pursuant to the requirements of the SRC Rule 17-1, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**DAGUPAN ELECTRIC CORPORATION**

Registrant's full name as contained in charter

*Rene Llames*

**RENE L. LLAMES**

President and CEO

Date: May 13, 2026



# SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City  
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



**The following document has been received:**

**Receiving:** ICTD ERMD

**Receipt Date and Time:** May 15, 2026 09:03:42 AM

## Company Information

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**SEC Registration No.:** 0000018890

**Company Name:** DAGUPAN ELECTRIC CORPORATION

**Industry Classification:** E40100

**Company Type:** Stock Corporation

## Document Information

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**Document ID:** OST105152026811379842

**Document Type:** Financial Statement

**Document Code:** FS

**Period Covered:** December 31, 2025

**Submission Type:** Annual

**Remarks:** None

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



## File Upload



**All files successfully uploaded**

**Transaction Code:**

**AFS-0-2R4PXY4N067879JFEPSZQ3RM30AD59GGH7**

**Submission Date/Time:**

**May 15, 2026 08:26 AM**

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## AFS-0-2R4PXY4N067879JFEPSZQ3RM30AD59GGH7

Upload Date	Document Type	File Name	File Size (MB)	Page Count	PDF file?
May 15, 2026 8:26:37 AM	AFS	EAFS000202524AFSTY122025.pdf	5.784841	67	✓
May 15, 2026 8:26:36 AM	OTHER	EAFS000202524OTHTY122025.pdf	4.456858	18	✓
May 15, 2026 8:26:37 AM	ITR	EAFS000202524ITRTY122025.pdf	2.764168	6	✓

[← Back](#)

# COVER SHEET

**for**  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

1	8	8	9	0					
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**COMPANY NAME**

D	A	G	U	P	A	N	E	L	E	C	T	R	I	C	C	O	R	P	O	R	A	T	I	O	N

**PRINCIPAL OFFICE** (No. / Street / Barangay / City / Town / Province)

A	.	B	.	F	E	R	N	A	N	D	E	Z	S	T	.	D	A	G	U	P	A	N		
C	I	T	Y	2	4	0	0																	

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

S	E	C	
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**COMPANY INFORMATION**

<p style="text-align: center; font-size: small;">Company's email Address</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">decorp@decorp.com.ph</div>	<p style="text-align: center; font-size: small;">Company's Telephone Number</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">632-374-2314</div>	<p style="text-align: center; font-size: small;">Mobile Number</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">0928-506-6639</div>
<p style="text-align: center; font-size: small;">No. of Stockholders</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">54</div>	<p style="text-align: center; font-size: small;">Annual Meeting (Month/Day)</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">3rd Tuesday of April</div>	<p style="text-align: center; font-size: small;">Fiscal Year (Month/Day)</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">12/31</div>

**CONTACT PERSON INFORMATION**

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

<p style="text-align: center; font-size: small;">Name of Contact Person</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">RENE L. LLAMES</div>	<p style="text-align: center; font-size: small;">Email Address</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">NA</div>	<p style="text-align: center; font-size: small;">Telephone Number/s</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">632-374-2314</div>	<p style="text-align: center; font-size: small;">Mobile Number</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">NA</div>
--	---	--	---

**CONTACT PERSON'S ADDRESS**

3/F VERIA 1 BUILDING, 62 WEST AVENUE, QUEZON CITY 1104

**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.

***Dagupan Electric Corporation and a  
Subsidiary***

*Financial Statements  
December 31, 2025, 2024 and 2023*

*and*

*Independent Auditors' Report*

**DAGUPAN ELECTRIC CORPORATION**  
**INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES**

- Notarized Statement of Management’s Responsibility for Consolidated Financial Statements
- Report of Independent Auditors
- Consolidated Statement of Financial Position as at December 31, 2025 (With Comparative Figures as at December 31, 2024)
- Consolidated Statement of Comprehensive Income for the Year Ended December 31, 2025 (With Comparative Figures for the Years Ended December 31, 2024 and 2023)
- Consolidated Statement of Changes in Equity for the Year Ended December 31, 2025 (With Comparative Figures for the Years Ended December 31, 2024 and 2023)
- Consolidated Statement of Cash Flows for the Year Ended December 31, 2025 (With Comparative Figures for the Years Ended December 31, 2024 and 2023)
- Notes to Consolidated Financial Statements
- Report of Independent Auditors on Supplementary Schedules
- Supplementary Schedules
  - Schedule A. Financial Assets
  - Schedule B. Amounts Receivable From Directors, Officers, Employees Related Parties and Principal Stockholders (Other than Related Parties)
  - Schedule C. Amounts Receivable From Related Parties which are Eliminated during the Consolidation of Financial Statements
  - Schedule D. Long-term Debt
  - Schedule E. Indebtedness to Related Parties\*
  - Schedule F. Guarantees of Securities of Other Issuers\*
  - Schedule G. Capital Stock
- Supplementary Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration
- Supplementary Schedule on Financial Soundness Indicators
- Supplementary Schedule of External Auditor Fee – Related Information

*\*These schedules have been omitted because they are not applicable*



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR CONSOLIDATED FINANCIAL STATEMENTS**

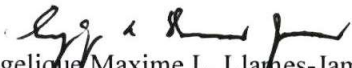
The management of **Dagupan Electric Corporation** (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, 2024, and 2023 and notes to consolidated financial statements, including the schedules attached therein, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

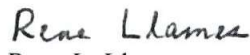
In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.


The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

**Diaz Murillo Dalupan and Company**, the independent auditors appointed by the stockholders, have audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing (PSA), and in their reports to the stockholders, have expressed its opinion on the fairness of presentation upon completion of such audit.


  
Angelique Maxime L. Llamas-James  
Chairperson

  
Rene L. Llamas  
President and CEO

  
Lilian D. Saralde  
Finance Manager

Signed this May 14, 2026

**SUBSCRIBED AND SWORN TO BEFORE ME  
THIS MAY 14 2026 AT QUEZON CITY**

  
**ATTY. BRIAN G. PEKAS**  
NOTARY PUBLIC FOR QUEZON CITY  
ADM. MATTER NO. NP-171 VALID UNTIL DEC. 31, 2026  
ROLL OF ATTORNEY NO. 66393/TIN 289-467-753  
IBP NO. 37680, DECEMBER 16, 2025, QUEZON CITY  
MCLC NO. VIII-0013054, VALID UNTIL 14/APR/2028  
PTR NO. 10438501, JANUARY 5, 2026, MARIKINA CITY  
603 EDSA DIAMOND FINANCE, CUBAO, Q.C.

Doc. No. 054  
Page No. 012  
Address: 62 West Avenue, Dagupan City 2400, Pangasinan, Philippines  
Book No. 2751  
Series of 7204

**Independent Auditors' Report**

The Board of Directors and Stockholders  
**DAGUPAN ELECTRIC CORPORATION AND A SUBSIDIARY**  
AB Fernandez St., Dagupan City  
Province of Pangasinan

*Opinion*

We have audited the consolidated financial statements of **Dagupan Electric Corporation** (the "Parent Company") and its subsidiary (collectively referred to as the "Group") which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

*Basis for Opinion*

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with The Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements of public interest entities in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Global Reach, Global Quality**

Head Office : 7th Floor, Don Jacinto Building, De la Rosa corner Salcedo Sts., Legaspi Village, Makati City 1229 Philippines • Phone: +63(2) 8894 5892 / 8844 9421 / Fax: +63(2) 8818 1872  
Cebu Office : Unit 504 Cebu Holdings Building, Cebu Business Park, Mabolo, Cebu City 6000 Philippines • Phone: +63(32) 415 8108 - 10 / Fax: +63(32) 232 6029  
Davao Office : 3rd Floor Building B Plaza De Luisa, Ramon Magsaysay Avenue, Davao City 8000 Philippines • Phone/Fax: +63(82) 222 6636  
Palawan Office : 2F MRC Building, Pineda Road, Brgy. San Pedro, Puerto Princesa City, Palawan 5300 Philippines • Phone +63(48) 716 1580  
Website : [www.dmdcpa.com.ph](http://www.dmdcpa.com.ph)

### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

**Diaz Murillo Dalupan and Company**

Tax Identification No. 003-294-822

BOA/PRC No. 0234, effective until June 23, 2026

SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022, and valid for five years covering the audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001911-000-2025, effective until March 11, 2028



Alexes B. Abella

Partner

CPA Certificate No. 96749

Tax Identification No. 201-766-994

SEC Accreditation No. 96749, Group A, issued on August 12, 2021, and valid for five years covering the audit of 2021 to 2025 financial statements

PTR No. 10771459, January 11, 2026, Makati City

BIR Accreditation No. 08-001911-004-2025, effective until March 11, 2028

May 14, 2026

**DAGUPAN ELECTRIC CORPORATION AND A SUBSIDIARY**  
**Consolidated Statements of Financial Position**

	<b>December 31</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b> (As Restated - Note 21)
<b>ASSETS</b>			
<b>Noncurrent Assets</b>			
Utility plant and equipment - note 4	<b>₱3,903,272,803</b>	₱3,878,693,425	₱3,846,754,440
Other property and equipment - note 5	<b>77,701,463</b>	85,820,987	85,133,271
Financial asset at fair value through other comprehensive income (FVOCI) - note 6	<b>152,000,000</b>	152,000,000	152,000,000
Deferred tax assets - note 21	<b>31,533,386</b>	28,005,805	25,974,360
	<b>4,164,507,652</b>	4,144,520,217	4,109,862,071
<b>Current Assets</b>			
Cash and cash equivalents - note 7	<b>2,496,427,452</b>	2,179,835,214	886,889,217
Trade and other receivables (net) - note 8	<b>610,407,131</b>	634,507,090	518,273,759
Financial assets at fair value through profit or loss (FVPL) - note 9	<b>67,293,451</b>	184,270,387	175,202,414
Inventories - note 10	<b>103,447,214</b>	116,360,969	82,676,821
Prepayments and other current assets - note 11	<b>35,818,193</b>	66,010,338	76,741,108
	<b>3,313,393,441</b>	3,180,983,998	1,739,783,319
<b>TOTAL ASSETS</b>	<b>₱7,477,901,093</b>	₱7,325,504,215	₱5,849,645,390
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Capital stock - note 15	<b>₱1,466,200,000</b>	₱1,466,200,000	₱1,246,200,000
Additional paid-in capital - note 15	<b>1,141,724,320</b>	1,141,724,320	189,124,320
Revaluation reserve - notes 4 and 5	<b>1,427,084,216</b>	1,496,194,882	1,565,305,548
Remeasurement gain on retirement benefits - note 18	<b>2,962,764</b>	2,962,764	2,962,764
Retained earnings - note 14	<b>1,845,200,562</b>	1,550,957,608	1,231,949,018
Equity attributable to equity holders of the Parent Company	<b>5,883,171,862</b>	5,658,039,574	4,235,541,650
Non-controlling interests	<b>(38,687)</b>	-	-
	<b>5,883,133,175</b>	5,658,039,574	4,235,541,650
<b>Current Liabilities</b>			
Trade and other payables - note 12	<b>651,186,918</b>	703,472,335	636,270,081
Income tax payable	<b>25,099,678</b>	36,880,605	46,152,716
	<b>676,286,596</b>	740,352,940	682,422,797
<b>Noncurrent Liabilities</b>			
Customers' deposits - note 13	<b>339,701,607</b>	337,846,798	334,924,529
Deferred tax liability - note 21	<b>477,700,457</b>	503,004,339	523,774,234
Retirement benefits obligation - note 18	<b>101,079,258</b>	86,260,564	72,982,180
	<b>918,481,322</b>	927,111,701	931,680,943
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>₱7,477,901,093</b>	₱7,325,504,215	₱5,849,645,390

*(The accompanying notes are an integral part of these consolidated financial statements.)*

**DAGUPAN ELECTRIC CORPORATION AND A SUBSIDIARY**  
**Consolidated Statements of Comprehensive Income**

	<b>Years Ended December 31</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>REVENUES</b> - note 17	<b>₱3,969,568,366</b>	₱4,207,205,636	₱4,044,639,397
<b>OPERATING EXPENSES</b>			
Purchased power - note 22	3,003,361,857	3,165,229,972	3,076,631,467
Operations and maintenance - note 19	296,434,975	313,306,750	270,232,453
Depreciation - notes 4 and 5	208,482,629	207,254,971	201,061,732
Taxes other than income tax - note 19	54,205,193	67,767,335	23,948,304
	<b>3,562,484,654</b>	3,753,559,028	3,571,873,956
<b>INCOME FROM OPERATIONS</b>	<b>407,083,712</b>	453,646,608	472,765,441
<b>OTHER INCOME</b> (Net) - note 20	<b>71,451,863</b>	66,107,568	41,829,226
<b>INCOME BEFORE INCOME TAX</b>	<b>478,535,575</b>	519,754,176	514,594,667
<b>PROVISION FOR INCOME TAX</b> - note 21	<b>128,979,137</b>	144,064,178	142,551,266
<b>NET INCOME</b>	<b>349,556,438</b>	375,689,998	372,043,401
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Not to be reclassified to profit or loss in the subsequent periods</i>			
Remeasurement gain on retirement benefits, net of tax - note 18	-	-	8,833,111
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱349,556,438</b>	₱375,689,998	₱380,876,512
<b>Total Comprehensive Income Attributable to:</b>			
Equity holders of the Parent Company	₱349,595,125	₱-	₱-
Non-controlling interest	(38,687)	-	-
	<b>₱349,556,438</b>	<b>₱-</b>	<b>₱-</b>
<b>Earnings Per Share Attributable to</b>			
<b>Equity Holders of the Parent Company</b> - note 23	<b>₱23.84</b>	₱25.62	₱29.85

*(The accompanying notes are an integral part of these consolidated financial statements.)*

**DAGUPAN ELECTRIC CORPORATION AND A SUBSIDIARY**  
**Consolidated Statements of Changes in Equity**  
**For the Years Ended December 31, 2025, 2024 and 2023**

	Equity Attributable to Equity Holders of the Parent Company							Total Equity	
	Capital Stock - note 15	Additional Paid- in Capital	Revaluation Reserve - notes 4 and 5	Gain (Loss) on Retirement Benefits - note 18	Appropriated Retained Earnings - note 14	Unappropriated Retained Earnings	Equity Attributable to Equity Holders of the Parent Company		Non- controlling Interests
Balance at January 1, 2023, as previously stated	₱1,246,200,000	₱189,124,320	₱1,618,731,957	(₱5,870,347)	₱400,000,000	₱1,967,758,063	₱5,415,943,993	₱-	₱5,415,943,993
Prior period adjustment - note 21	-	-	15,684,257	-	-	-	15,684,257	-	15,684,257
Balance at January 1, 2023, as restated	1,246,200,000	189,124,320	1,634,416,214	(5,870,347)	400,000,000	1,967,758,063	5,431,628,250	-	5,431,628,250
Comprehensive income:									
Net income	-	-	-	-	-	372,043,401	372,043,401	-	372,043,401
Other comprehensive income, net of tax	-	-	-	8,833,111	-	-	8,833,111	-	8,833,111
Total comprehensive income for the year	-	-	-	8,833,111	-	372,043,401	380,876,512	-	380,876,512
Transaction with owners of the Parent Company:									
Cash dividend declared	-	-	-	-	-	(1,600,000,000)	(1,600,000,000)	-	(1,600,000,000)
Others:									
Depreciation on appraisal increase transferred to unappropriated retained earnings	-	-	(92,147,554)	-	-	92,147,554	-	-	-
Income tax effect on the revaluation increment charged to operations through additional depreciation charges	-	-	23,036,888	-	-	-	23,036,888	-	23,036,888
Transfer to unappropriated retained earnings	-	-	-	-	(400,000,000)	400,000,000	-	-	-
Appropriation of retained earnings	-	-	-	-	400,000,000	(400,000,000)	-	-	-
Total others	-	-	(69,110,666)	-	-	92,147,554	23,036,888	-	23,036,888
Balance at December 31, 2023	₱1,246,200,000	₱189,124,320	₱1,565,305,548	₱2,962,764	₱400,000,000	₱831,949,018	₱4,235,541,650	₱-	₱4,235,541,650
<b>Balance at January 1, 2024</b>	<b>₱1,246,200,000</b>	<b>₱189,124,320</b>	<b>₱1,565,305,548</b>	<b>₱2,962,764</b>	<b>₱400,000,000</b>	<b>₱831,949,018</b>	<b>₱4,235,541,650</b>	<b>₱-</b>	<b>₱4,235,541,650</b>
Comprehensive income:									
Net income	-	-	-	-	-	375,689,998	375,689,998	-	375,689,998
Transactions with owners of the Parent Company:									
Issuance of capital stock through public offering	220,000,000	952,600,000	-	-	-	-	1,172,600,000	-	1,172,600,000
Cash dividend declared	-	-	-	-	-	(148,828,962)	(148,828,962)	-	(148,828,962)
Total transaction with owners of the Parent Company	220,000,000	952,600,000	-	-	-	(148,828,962)	1,023,771,038	-	1,023,771,038
Others:									
Depreciation on appraisal increase transferred to unappropriated retained earnings	-	-	(92,147,554)	-	-	92,147,554	-	-	-
Income tax effect on the revaluation increment charged to operations through additional depreciation charges	-	-	23,036,888	-	-	-	23,036,888	-	23,036,888
Transfer to unappropriated retained earnings	-	-	-	-	(400,000,000)	400,000,000	-	-	-
Total others	-	-	(69,110,666)	-	-	492,147,554	23,036,888	-	23,036,888
<b>Balance at December 31, 2024</b>	<b>₱1,466,200,000</b>	<b>₱1,141,724,320</b>	<b>₱1,496,194,882</b>	<b>₱2,962,764</b>	<b>₱-</b>	<b>₱1,550,957,608</b>	<b>₱5,658,039,574</b>	<b>₱-</b>	<b>₱5,658,039,574</b>

**DAGUPAN ELECTRIC CORPORATION AND A SUBSIDIARY**  
**Consolidated Statements of Changes in Equity**  
**For the Years Ended December 31, 2025, 2024 and 2023**

	Equity Attributable to Equity Holders of the Parent Company					Equity Attributable to Equity Holders of the Parent Company	Non- controlling Interests	Total Equity
	Capital Stock - note 15	Additional Paid- in Capital	Revaluation Reserve - notes 4 and 5	Gain (Loss) on Retirement Benefits - note 18	Appropriated Retained Earnings - note 14			
<b>Balance at January 1, 2025</b>	<b>₱1,466,200,000</b>	<b>₱1,141,724,320</b>	<b>₱1,496,194,882</b>	<b>₱2,962,764</b>	<b>₱-</b>	<b>₱1,550,957,608</b>	<b>₱-</b>	<b>₱5,658,039,574</b>
Comprehensive income:								
Net income (loss)	-	-	-	-	-	349,595,125	(38,687)	349,556,438
Transaction with owners of the Parent Company:								
Cash dividend declared	-	-	-	-	-	(147,499,725)	-	(147,499,725)
Others:								
Depreciation on appraisal increase transferred to unappropriated retained earnings	-	-	(92,147,554)	-	-	92,147,554	-	-
Income tax effect on the revaluation increment charged to operations through additional depreciation charges	-	-	23,036,888	-	-	-	-	23,036,888
Total others	-	-	(69,110,666)	-	-	92,147,554	-	23,036,888
<b>Balance at December 31, 2025</b>	<b>₱1,466,200,000</b>	<b>₱1,141,724,320</b>	<b>₱1,427,084,216</b>	<b>₱2,962,764</b>	<b>₱-</b>	<b>₱1,845,200,562</b>	<b>(₱38,687)</b>	<b>₱5,883,133,175</b>

*(The accompanying notes are an integral part of these consolidated financial statements.)*

**DAGUPAN ELECTRIC CORPORATION AND A SUBSIDIARY**  
**Consolidated Statements of Cash Flows**

	<b>Years Ended December 31</b>		
	2025	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	₱478,535,575	₱519,754,176	₱514,594,669
Adjustments for:			
Depreciation - notes 4 and 5	208,482,629	207,254,971	201,061,732
Retirement benefit expense - note 18	14,818,694	15,918,363	12,386,259
Provision for ECL - note 8	1,644,623	2,631,403	-
Unrealized fair value (gain) loss on financial assets at FVPL - note 9	466,210	(9,067,973)	-
Realized fair value gain on financial assets at FVPL - note 9	(2,933,624)	-	-
Interest expense - note 13	158,158	163,563	169,492
Interest income - notes 7 and 9	(57,413,696)	(49,104,663)	(34,336,988)
Dividend income - note 6	(5,124,000)	(5,336,000)	(5,632,000)
Franchise tax	-	24,907,976	4,026,762
Gain on sale of transportation equipment - note 5	-	(312,500)	-
Operating income before working capital changes	638,634,569	706,809,316	692,269,926
Decrease (increase) in:			
Trade and other receivables	22,455,336	(118,864,734)	236,643,889
Inventories	12,913,755	(33,684,148)	14,294,600
Prepayments and other current assets	30,192,145	10,730,770	(19,114,350)
Increase (decrease) in:			
Trade and other payables	(52,285,417)	67,202,254	(64,923,368)
Customers' deposits	1,854,809	2,922,269	1,121,578
Cash generated from operations	653,765,197	635,115,727	860,292,275
Interest and dividend received - notes 6, 7 and 9	62,537,696	54,440,663	39,968,988
Contributions to retirement plan - note 18	-	(2,639,979)	(328,528)
Franchise tax paid - note 12	-	(24,907,976)	(4,026,762)
Income tax paid	(146,554,639)	(153,100,741)	(98,879,505)
Interest paid - note 13	(158,158)	(163,563)	(169,492)
Net cash provided by operating activities	569,590,096	508,744,131	796,856,976
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment - notes 4 and 5	(224,942,483)	(239,881,672)	(226,935,231)
Proceeds from disposal of financial assets at FVPL - note 9	119,444,350	-	95,000,000
Proceeds from sale of transportation equipment - note 5	-	312,500	-
Net cash used in investing activities	(105,498,133)	(239,569,172)	(131,935,231)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of shares - note 15	-	1,172,600,000	-
Cash dividend paid - note 14	(147,499,725)	(148,828,962)	(1,600,000,000)
Net cash provided by (used in) investing activities	(147,499,725)	1,023,771,038	(1,600,000,000)
<b>NET INCREASE (DECREASE)</b>			
<b>IN CASH AND CASH EQUIVALENTS</b>	<b>316,592,238</b>	<b>1,292,945,997</b>	<b>(935,078,255)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>2,179,835,214</b>	<b>886,889,217</b>	<b>1,821,967,472</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR - note 7</b>	<b>₱2,496,427,452</b>	<b>₱2,179,835,214</b>	<b>₱886,889,217</b>

*(The accompanying notes are an integral part of these consolidated financial statements.)*

**DAGUPAN ELECTRIC CORPORATION**  
**Notes to Consolidated Financial Statements**

As at and for the Years Ended December 31, 2025, 2024 and 2023

**1. CORPORATE INFORMATION**

Dagupan Electric Corporation (the “Parent Company”) was incorporated in the Philippines on May 30, 1961. On May 20, 2008, the Securities and Exchange Commission (SEC) approved the amendment of the Articles of Incorporation of the Parent Company extending its corporate life for another 50 years from May 20, 2011. The Parent Company is majority owned by a group of Filipino individuals.

The Parent Company is engaged in the distribution of electricity and is granted with a legislative franchise to operate and provide service in certain areas in the province of Pangasinan by virtue of Republic Act (R.A.) No. 9969, enacted by the Congress of the Philippines on February 6, 2010, entitled “An Act Amending R.A. No. 3221, Granting a Franchise to Dagupan Electric Corporation to Construct, Operate and Maintain a Distribution System for the Conveyance of Electric Power to the End-Users in the City of Dagupan, the Municipalities of Calasiao, Sta. Barbara, San Fabian, San Jacinto and Manaoag, and Barangays Bolingit and Cruz in the City of San Carlos, all in the Province of Pangasinan, and Renewing/ Extending the Term of the Franchise to Another Twenty-Five (25) Years from the Date of the Approval of this Act”. The Act became effective on February 27, 2010.

As a distribution utility, the Parent Company is subject to the regulations and rate-making policies of the Energy Regulatory Commission (ERC). Billings of the Parent Company to customers are itemized or “unbundled” into a number of bill components that reflect the various activities and costs incurred in electricity distribution. The adjustment to each bill component is governed by mechanisms promulgated and enforced by the ERC (see Note 17).

Pursuant to Section 43(t) of R.A. 9136 and Rule 3, Section 4(m) of the IRR, the Parent Company offered and sold to the public 15% of its common shares following the SEC’s approval of the Parent Company’s registration of its shares for public offering on December 27, 2023 (see Note 27).

The registered principal address of the Parent Company is AB Fernandez St., Dagupan City, Province of Pangasinan.

Consolidated Subsidiary

The consolidated financial statements include the accounts of the Parent Company and DECORP Renewables Inc. (the “Subsidiary”), collectively referred to as “the Group”.

DECORP Renewables Inc., a 99.14%-owned subsidiary of the Parent Company was incorporated on June 4, 2025 to develop, operate and manage renewable energy projects that generate sustainable power from renewable sources such as but not limited to solar, wind, hydro, and biomass, with the aim of reducing carbon emissions, advancing energy efficiency, and promoting environmental sustainability. Its registered principal address is Room 201, Veria I Building, 62 West Avenue, West Triangle, Quezon City.

The consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on May 14, 2026.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies that have been used in the preparation of the consolidated financial statements are summarized below. The policies have been consistently applied to all the years presented, unless otherwise stated.

### Statement of Compliance

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations which have been approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by SEC.

### Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis except for utility, plant and equipment and other property and equipment which are stated at revalued amount and financial assets at fair value through profit or loss (FVPL) and financial assets at fair value through other comprehensive income (FVOCI).

The consolidated financial statements are presented in Philippine peso (₱), the Group's functional currency. All amounts are rounded to the nearest peso except when otherwise indicated.

### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary. Control is achieved when the Group has (a) power over the investee, (b) is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. The Group reassesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of these three elements of control.

When the Group has less than a majority of the voting or similar rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including (a) the contractual arrangement with the other vote holders of the investee (b) rights arising from other contractual arrangements; and (c) the Group's voting rights and potential voting rights.

The Subsidiary is consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continues to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of the Subsidiary are included in the consolidated financial statements from the date the Parent Company gains control until the date when the Parent Company ceases to control the Subsidiary.

Profit or loss and each component of other comprehensive income are attributable to equity holders of the Parent of the Group and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of the Subsidiary are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. All intergroup balances and transactions including intercompany profits and losses are eliminated in full in the consolidation.

Non-controlling interest represents the portion of profit or loss and net assets not owned by the Parent Company and are presented in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to equity holders of the Parent Company. The non-controlling stockholder's share in losses of the subsidiary is limited to the investment made. Any additional losses are for the account of the Parent Company.

If the Parent Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interests and other components of equity while any resultant gain or loss is recognized in profit or loss.

#### Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial years except for the amended PFRS below which is mandatorily effective for annual periods beginning on or after January 1, 2025.

*Lack of Exchangeability (Amendments to PAS 21)*. The amendment introduces requirements to assess when a currency is exchangeable into another currency and when it is not. The amendment requires an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency. The amendment is effective for annual periods beginning on or after January 1, 2025, with earlier application permitted. The amendment does not have a material impact on the consolidated financial statements.

#### New accounting standards and amendments to existing standards effective subsequent to January 1, 2025

Standards issued but not yet effective up to the date of the consolidated financial statements are listed below. These amendments to standards issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

*Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 and PFRS 7)*. The amendments address matters identified during the post-implementation review of the classification and measurement requirements of *PFRS 9, Financial Instruments*.

The amendments include:

- a) derecognition of financial liability settled through electronic transfer - The amendments to the application guidance of PFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.
- b) classification of financial assets - The amendments provide guidance on how an entity can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement, enhance the description of the term 'non-recourse', and clarify the characteristics of contractually linked instruments that distinguish them from other transactions.
- c) disclosures - The requirements in PFRS 7 are amended for disclosures that an entity provides in respect of investments in equity instruments designated at fair value through other comprehensive income. The amendments also require the disclosure of contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in basic lending risks and costs.

The amendments also include amendments to *PFRS 19, Subsidiaries without Public Accountability: Disclosures*, which limit the disclosure requirements for qualifying subsidiaries.

The amendments are effective for reporting periods beginning on or after January 1, 2026, with earlier application permitted.

#### *Annual Improvements to PFRS Accounting Standards – Volume 11*

- *Hedge accounting by a first-time adopter (Amendment to PFRS 1 First-time Adoption of International Financial Reporting Standards)*. The amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of PFRS 1 and requirements for hedge accounting in PFRS 9 Financial Instruments.
- *Gain or loss on derecognition (Amendment to PFRS 7 Financial Instruments: Disclosures)*. The amendment addresses a potential confusion in paragraph B38 of PFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when PFRS 13 Fair Value Measurement was issued.
- *Disclosure of deferred difference between fair value and transaction price (Amendment to PFRS 7 Financial Instruments: Implementation Guidance)*. The amendment addresses an inconsistency between paragraph 28 of PFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of PFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.
- *Introduction and credit risk disclosures (Amendment to PFRS 7 Financial Instruments: Implementation Guidance)*. The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7 and by simplifying some explanations.

- *Lessee derecognition of lease liabilities (Amendment to PFRS 9 Financial Instruments)*. The amendment addresses a potential lack of clarity in the application of the requirements in PFRS 9 to account for an extinguishment of a lessee's lease liability that arises because paragraph 2.1(b)(ii) of PFRS 9 includes a cross-reference to paragraph 3.3.1, but not also to paragraph 3.3.3 of PFRS 9.
- *Transaction price (Amendment to PFRS 9 Financial Instruments)*. The amendment addresses a potential confusion arising from a reference in Appendix A to PFRS 9 to the definition of 'transaction price' in PFRS 15 Revenue from Contracts with Customers while term 'transaction price' is used in particular paragraphs of PFRS 9 with a meaning that is not necessarily consistent with the definition of that term in PFRS 15.
- *Determination of a 'de facto agent' (Amendment to PFRS 10 Consolidated Financial Statements)*. The amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of PFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.
- *Cost method (Amendment to PAS 7 Statement of Cash Flows)*. The amendment addresses a potential confusion in applying paragraph 37 of PAS 7 that arises from the use of the term 'cost method' that is no longer defined in PFRS Accounting Standards.

The amendments and improvements are effective for annual periods beginning on or after January 1, 2026, with earlier application permitted. The Group is still in the process of assessing the impact of the amendments and improvements.

*PFRS 18, Presentation and Disclosure in Financial Statements*. This standard supersedes *PAS 1, Presentation of Financial Statements*, and sets out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income, and expenses. The standard requires an entity to clearly identify the financial statements, which must be distinguished from other information in the same published document, as well as each primary financial statement, and the notes to the financial statements. In addition, the following information must be displayed prominently and repeated as necessary:

- the name of the reporting entity and any change in the name
- whether the financial statements are a group of entities or an individual entity
- information about the reporting period
- the presentation currency (as defined by *PAS 21, The Effects of Changes in Foreign Exchange Rates*)
- the level of rounding used (e.g., thousands, millions).

Retrospective application of the standard is mandatory for annual reporting periods starting from January 1, 2027 onwards, but earlier application is permitted.

PFRS 18 supersedes PAS 1, carrying forward many of the requirements in PAS 1 unchanged and complementing them with new requirements with movements on certain paragraphs into PAS 8 and PFRS 7. Furthermore, there were minor amendments to PAS 7 and PAS 33 earnings per share. The new standard introduces new requirements to:

- present specified categories and defined subtotals in the statements of profit or loss

- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

The amendment is effective for annual periods beginning on or after January 1, 2027, with earlier application permitted. The amendments to PAS 7 and PAS 33, as well as the revised PAS 8 and PFRS 7, become effective when an entity applies PFRS 18. The management anticipates that the application of these amendments may have an impact on the consolidated financial statements in future periods.

The Group continues to assess the impact of the above new, amended, and improved accounting standards and interpretations that are effective subsequent to January 1, 2025, on its consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

#### Material Accounting Policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are as follows:

##### Utility Plant and Equipment and Other Property and Equipment

The Group's utility plant and equipment and other property and equipment (fixed assets) are initially measured at cost. The initial cost comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to profit or loss in the period when the costs are incurred. Land is stated at cost less any impairment in value.

Subsequently, fixed assets are carried at revalued amounts which are the fair values at the date of revaluation, as determined by independent appraisers, less subsequent accumulated depreciation and any accumulated impairment losses. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The appraisal was performed by an independent firm of appraisers and the significant assumptions used by the appraiser are disclosed in Notes 4 and 5.

If the assets' carrying amount is increased as a result of a revaluation, the increase is recognized in other comprehensive income and accumulated in equity under the heading "Revaluation reserve". However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. If the assets' carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading "Revaluation reserve". Annually, an amount from the revaluation reserve is transferred to retained earnings for the depreciation relating to the revaluation.

Revaluations are performed to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. The Group engages an independent appraiser to perform revaluation of its utility plant and equipment and other property and equipment every five years, or earlier if there were circumstances that would affect the valuation of the fixed assets significantly.

Depreciation is computed on a straight-line method over the following estimated useful lives:

	Number of Years
Utility plant and equipment:	
Buildings and improvements	30
Distribution	25-45
Tools and equipment	10
Other property and equipment:	
Office furniture and equipment	5-10
Transportation equipment	5-10

Construction in progress represents properties under construction and is stated at cost. This includes the cost of construction, applicable borrowing cost and other direct costs. The account is not depreciated until such time that the assets are completed and available for use. A fixed asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The depreciation method, residual values and estimated useful lives of utility plant and equipment and other property and equipment are reviewed and adjusted, if appropriate, at each reporting date.

An item of utility plant and equipment and other property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising on the retirement and disposal of an item of utility plant and equipment and other property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement or disposal. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

#### Impairment of Non-financial Assets

The Group assesses the utility plant and equipment and other property and equipment at each reporting date whether there is an indication that the asset may be impaired. All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less cost to sell, and value in use, based on an internal evaluation of discounted cash flow. Impairment loss is charged to the assets in the cash-generating unit.

All fixed assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

### Financial Instruments

#### *a. Initial recognition, measurement and classification of financial instruments*

The Group recognizes financial assets and financial liabilities in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

With the exception of trade receivables that do not contain a significant financing component, financial assets and financial liabilities are recognized initially at fair value including transaction costs, except for those financial assets and liabilities at FVPL where the transaction costs are charged to expense in the period incurred. Trade receivables that do not contain a significant financing component are recognized initially at their transaction price. The Group classifies its financial assets as subsequently measured at amortized cost, FVOCI and FVPL.

The classification of debt instruments at amortized cost or at FVOCI depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing the financial assets. The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, debt instruments may be designated at FVPL on initial recognition if doing so eliminates or significantly reduces the measurement or recognition inconsistency and produce more relevant information.

Upon initial recognition, the Group may make an irrevocable election to present in other comprehensive income changes in the fair value of an equity investment that is not held for trading. The classification is determined on an instrument-by-instrument basis.

The Group classifies its financial liabilities as subsequently measured at amortized cost using the effective interest method or at FVPL.

#### *Financial Assets at Amortized Cost*

Financial assets are measured at amortized when both of the following conditions are met:

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

After initial measurement, financial assets at amortized cost are subsequently measured using the effective interest method less allowance for impairment. Gains and losses are recognized in the consolidated statements of comprehensive income when the financial assets at amortized cost are derecognized, modified or impaired. These financial assets are included in current assets if maturity is within 12 months from the end of reporting period. Otherwise, these are classified as noncurrent assets.

The Group's financial assets at amortized cost comprise cash and cash equivalents, trade and other receivables and security deposits under prepayments and other current assets (see Notes 7, 8 and 11).

Trade receivables are amounts due from the Group's customers for the power supplied to the customers and other related services performed in the ordinary course of business.

#### *Financial Assets at FVPL*

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, debt instruments may be designated at FVPL on initial recognition if doing so eliminates or significantly reduces the measurement or recognition inconsistency and produce more relevant information. Financial assets at FVPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the profit or loss.

As at December 31, 2025 and 2024, the financial assets at FVPL include unit investment trust funds and mutual funds that are not considered equity instruments designated at FVOCI and do not meet the amortized cost criteria (see Note 9).

#### *Equity Instruments Designated at FVOCI*

Upon initial recognition, the Group may make an irrevocable election to present in other comprehensive income changes in the fair value of an equity instrument that is not held for trading. The classification is determined on an instrument-by-instrument basis.

When the equity instrument is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss but is transferred to retained earnings. Equity instruments designated at FVOCI are not subject to impairment assessment. These financial assets are classified as noncurrent assets.

As at December 31, 2025 and 2024, the Group's equity instruments at FVOCI consist of investment in unquoted equity shares of a private company (see Note 6).

*b. Determination of Fair Value*

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value of an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group's financial assets at FVPL, which consist of unit investment trust funds and mutual funds and financial assets at FVOCI, are measured at fair value. Fair value disclosures are presented in Note 26.

*"Day 1" Difference*

When the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the statements of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statements of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference amount.

*Financial Liabilities at Amortized Cost*

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading, or designated as at FVPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Financial liabilities at amortized cost include trade and other payables (except statutory payables) and customers' deposits (see Notes 12 and 13).

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Other payables include non-trade payable and accrued expenses.

Customers' deposits are recognized upon receipt from customers and are measured at fair value of the consideration received. This is composed of bill, pole attachment and cost of line extension (COLE) deposit that serves as guarantee of customers. The customers' deposits are measured subsequently at amortized cost after the initial recognition. The customers' deposits are derecognized upon return to customers in accordance with regulations and contracts entered by the parties. Customers' deposits are classified as current liabilities if return to customers is due within one year or less; otherwise, these are presented as noncurrent liabilities.

*c. Impairment of Financial Assets*

The Group recognizes allowance for estimated credit losses (ECL) for all debt instruments that are measured at amortized cost or at FVOCI and trade and other receivables. ECLs are a probability-weighted estimate of credit losses over the expected life of the financial asset. Credit losses are the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group assesses at each end of the reporting period whether the credit risk on a financial asset has increased significantly since initial recognition. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to the lifetime ECLs. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to 12-month ECLs. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting period.

For trade receivables, the Group applies a simplified approach in calculating ECLs. The Group recognizes a loss allowance based on lifetime ECLs at the end of each reporting period. The ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, including time value of money where appropriate.

When the credit risk on financial instruments for which lifetime ECLs have been recognized subsequently improves, and the requirement for recognizing lifetime ECLs is no longer met, the loss allowance is measured at an amount equal to 12-month ECL at the current reporting period, except for assets for which a simplified approach was used.

The Group recognizes impairment loss (reversals) in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

#### *Significant Increase in Credit Risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the end of reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of reporting period. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### *Definition of Default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### *Credit-impaired Financial Assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes 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 lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower concessions that the lenders would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

*Write-off Policy*

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written-off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

*d. Derecognition**Financial Asset*

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 right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset and has entered into a "pass-through" arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

*Financial Liability*

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 as 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 recognized in profit or loss.

*e. Offsetting of Financial Instruments*

Financial assets and liabilities are offset and the net amount is reported in the 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.

### Inventories

Inventories, which consist of materials and supplies, are initially measured at cost and subsequently stated at the lower of cost and net realizable value (NRV). Costs incurred in bringing materials and supplies to their present location and condition are determined on the first-in first-out method. NRV is the current replacement cost of the asset.

When the inventories are sold, the carrying amount of inventories is recognized as an expense in which the related revenue is recognized.

### Prepayments and Other Current Assets

Prepayments are expenses paid in advance and recorded as asset before they are utilized. Prepayments are apportioned over the period covered by the payment and charged to the appropriate account in profit or loss when incurred. Prepayments that are expected to be realized for not more than 12 months after the end of the reporting period are classified as current asset; otherwise, these are classified as other noncurrent asset.

Other current assets represent advanced payment for the purchase of transmission lines and rental deposits. This is recognized in the consolidated statements of financial position upon payment and is measured at cost.

Input value added tax (VAT) is stated at cost less any impairment in value. Input VAT is the indirect tax paid by the Group on the local purchase of goods or services from a VAT-registered person. Input VAT is deducted from the output VAT in arriving at the VAT due and payable. When the output tax exceeds the input tax, the difference is recognized as a current liability in the consolidated statements of financial position. When the input tax exceeds the output tax, the excess is carried over to the next reporting period and is recognized as an asset presented as Input VAT in the consolidated statements of financial position. Allowance for unrecoverable input VAT, if any, is maintained by the Group at a level considered adequate to provide for potential uncollectible portion of the claims.

### Equity

#### *(a) Capital stock*

Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as deduction from the proceeds, net of tax. The excess of proceeds from the issuance of shares over the par value is credited to additional paid-in capital.

#### *(b) Additional paid-in capital*

Additional paid-in capital is the result of the Parent Company's declaration of property dividend out of treasury shares and the excess of the offer price over par value of the shares issued to the public by way of an initial public offering, in which the SEC rendered the application for registration of shares effective December 27, 2023.

#### *(c) Retained earnings*

Retained earnings represent accumulated earnings of the Group less dividends declared.

Dividend is recognized as liability and deducted from retained earnings when declared and approved by BOD while stock dividend is deducted from retained earnings when approved by the BOD.

### Revenue Recognition

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or as an agent. The Group concluded that it is acting as principal in its revenue arrangements. The Group recognizes revenue from the following sources:

#### *Revenue from sale of electricity*

Revenue is recognized upon supply of power to the customers and is stated at amount invoiced to customers, inclusive of pass-through components, and net of VAT, discounts and/or rebates. In addition, the following specific recognition criteria must be met before revenue is recognized:

- Power has been distributed to customers whose consumptions are measured by the Parent Company approved metering devices.
- Revenue estimation based on the average of historical consumption on cases of failure to read measuring devices due to unforeseen events and other valid causes.
- Recognition coincides with the period of the power bill issued to customers.

The Uniform Filing Requirements (UFR) on the rate unbundling released by the ERC on October 30, 2001 specified the following bill components: generation charge, transmission charge, system loss charge, distribution charge, supply charge, metering charge and interclass and lifeline subsidies. National value added tax and local franchise taxes, universal charges and Feed-in Tariff Allowance (FIT-All) are also separately indicated in the customers' billing statements. VAT and local franchise taxes (which are billed and collected merely on behalf of the national and local government), universal charges and FIT-All [which are billed and collected merely on behalf of Power Sector Assets and Liabilities Management Corporation (PSALM) and National Transmission Corporation (TransCo), respectively] do not form part of the Parent Company's revenues. The Parent Company's revenues are adjusted for over/under recoveries of pass-through charges.

#### *Pole rental income*

Rental income is accounted for on a straight-line basis over the lease term.

#### *Interest income*

Interest income is recognized as the interest accrues taking into account the effective yield of the asset.

#### *Other income*

Other income is recognized when earned.

### Expense Recognition

Expenses are recognized in the consolidated statements of comprehensive income on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statements of financial position as an asset.

### Leases

#### *Group as lessee*

The Group entered into operating lease arrangements on its office space. The leases do not transfer to the Group substantially all the risks and benefits of ownership of the assets. Lease payments are recognized in profit or loss on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

#### *Group as lessor*

The Group leased out its poles under operating lease agreements. Under the lease agreements, the Group does not transfer substantially all the risk and benefits of ownership of the assets. Rental income from the lease is recognized in profit or loss on a straight-line basis over the lease term.

Direct cost incurred in negotiating an operating lease is added to the carrying amount of the leased asset and is recognized over the lease term on the same basis as rental income. Contingent rent is recognized as revenue in the period earned.

### Related Party Relationships and Transactions

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Parties are considered 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. Related parties may be individuals or corporate entities.

In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely the legal form.

### Current and Deferred Income Tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### Retirement Benefits

#### *Short-term employee benefits*

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before 12 months after the end of the reporting period. Short-term benefits given by the Group to its employees include salaries and wages, fringe benefits, 13th month pay, Social Security System (SSS), Philhealth and Home Development Mutual Fund (HDMF) contributions.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

#### *Retirement benefits obligation*

Pension benefits are provided to employees through a defined benefit plan. The retirement plan is generally funded through payments to a trustee bank determined by periodic actuarial calculations. Typically, defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan asset, if any.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The defined benefit cost comprises of the service cost, net interest on the defined benefit liability or asset and the remeasurement of net defined benefit liability or asset. Service cost which includes current service cost, past service cost and gains or losses on non-routine settlements is recognized as expense in profit or loss. Past service cost is recognized when plan amendment or curtailment occurs. Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurement comprising actuarial gains and losses and return on plan asset (excluding net interest on defined benefit liability) is recognized immediately in other comprehensive income in the period in which they arise. Remeasurement is not reclassified to profit or loss in subsequent periods. Remeasurement recognized in other comprehensive income account. The difference between the interest income component of net interest and the actual return on plan asset is recognized in other comprehensive income.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets or if no maturity, the expected period until the settlement of the related obligation. The Group's right to be reimbursed of some or all of the expenditures required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

#### *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

#### Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) 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 of 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 a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Group expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount can be estimated reliably. The expense relating to any provision is presented in the statements of comprehensive income, net of any reimbursement.

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

#### Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the year attributable to the common shareholders of the Group by the weighted average number of common shares outstanding during the year, after considering the retroactive effect of stock dividend, if any.

#### Events after the Reporting Date

Post year-end events that provide additional information about the Group's 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 consolidated financial statements when material.

### **3. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of the consolidated financial statements in compliance with PFRS Accounting Standards requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances at the end of the reporting period. Actual results could differ materially from such estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Material Accounting Judgments

##### *Business Model Assessment*

Classification and measurement of financial assets depend on the results of the business model and solely for payments of principal and interest test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Group monitors financial assets measured at amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes are required during the years presented.

#### *Customers' Deposits*

In applying PFRS 9 on customers' deposits, the Group has made a judgment that the timing and related amounts of future cash flows relating to such deposits cannot reasonably and reliably be estimated for purposes of alternative valuation techniques in establishing their fair values.

#### Key Sources of Estimation Uncertainty

##### *Assessment for ECL on trade and other receivables*

The Group recognizes a loss allowance based on lifetime ECLs at the end of each reporting period. The ECLs on these financial assets are estimated using a provision matrix based on the credit risk profile of its customers and historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, including time value of money where appropriate. All terminated accounts, net of the related customers' deposits, are provided full allowance.

Allowance for impairment losses on trade and other receivables amounted to ₱14,515,757 as at December 31, 2025 and 2024. The carrying amount of trade and other receivables amounted to ₱610,407,131 and ₱634,507,090 as at December 31, 2025 and 2024, respectively (see Note 8).

##### *NRV of Inventories*

Inventories consist of material and supplies used in the power distribution and service segments. The cost of inventories is written down whenever the NRV of inventories becomes lower than the cost due to damage, physical deterioration, obsolescence, and change in price levels or other causes. The lower of cost or NRV of inventories is reviewed on a periodic basis. Inventories identified to be obsolete and unusable are written off and charged as expenses in the consolidated statements of comprehensive income.

The carrying amount of inventories amounted to ₱103,447,214 and ₱116,360,969 as at December 31, 2025 and 2024, respectively (see Note 10).

##### *Estimating useful lives of fixed assets*

The useful life of each of the assets included in the Group's utility plant and equipment and other property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal and other limits on the use of the asset.

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. A reduction in the estimated useful lives of utility plant and equipment and other property and equipment would increase recorded operating expenses and decrease the carrying value of utility plant and equipment and other property and equipment.

Utility plant and equipment, net of accumulated depreciation of ₱2,548,067,891 and ₱2,360,581,456, amounted to ₱3,903,272,803 and ₱3,878,693,425 as at December 31, 2025 and 2024, respectively (see Note 4).

Other property and equipment, net of accumulated depreciation of ₱302,640,227 and ₱281,644,033, amounted to ₱77,701,463 and ₱85,820,987 as at December 31, 2025 and 2024, respectively (see Note 5).

#### *Determining fair value of fixed assets*

The fair value of the fixed assets was determined by an independent firm of appraisers. In conducting the appraisal, the independent firm of appraiser used different methods and approaches in determining the fair value of fixed assets, which are disclosed in Note 4.

The fair value of utility plant and equipment amounted to ₱3,903,272,803 and ₱3,878,693,425 as at December 31, 2025 and 2024, respectively (see Note 4).

The fair value of other property and equipment amounted to ₱77,701,463 and ₱85,820,987 as at December 31, 2025 and 2024, respectively (see Note 5).

#### *Impairment of non-financial assets*

PFRS Accounting Standards requires that an impairment review be performed when certain impairment indicators are present. Determining the fair value of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Management has determined that there are no events or circumstances that may indicate that the carrying amounts of the assets are not recoverable as at December 31, 2025 and 2024.

#### *Determining fair value of financial assets at FVPL*

The financial assets at FVPL of the Group are composed of unit investment trust funds and investment in mutual funds, which are carried at fair value. This requires judgment and estimates. The fair value of these financial assets was determined based on net asset value per share as published by various unit investment trust fund and mutual fund companies. The inputs are obtained from observable market data and are based on quotes obtained from counterparties.

The fair value of the financial assets at FVPL amounted to ₱67,293,451 and ₱184,270,387 as at December 31, 2025 and 2024, respectively (see Note 9).

*Revenue recognition*

The Group's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenues and receivables. The Group recognizes revenues based on actual electricity delivered to customers. Estimates are made on cases where there is failure to measure consumption due to unforeseen events. The measurement is based on the average historical load profiles of affected customers. The timing of recognition corresponds to the billing period disclosed in the power bill issued to customers. Management believes that such use of estimates will not result in material adjustments to revenue in future periods.

Revenue amounted to ₱3,969,568,366, ₱4,207,205,636, and ₱4,044,639,397 in 2025, 2024 and 2023, respectively (see Note 17).

*Retirement benefits obligation*

The determination of the Group's retirement benefits obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 18 and include, among others, discount rates and salary increase rate. In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with consideration to maturities corresponding to the expected duration of the defined benefits obligation. The assumptions are sensitive to changes due to complex valuation and its long-term nature. All assumptions are reviewed at each reporting date.

Retirement benefits obligation amounted to ₱101,079,258 and ₱86,260,564 as at December 31, 2025 and 2024, respectively (see Note 18).

#### 4. UTILITY PLANT AND EQUIPMENT

The reconciliation of this account is as follows:

##### December 31, 2025

	Amount in thousands					
	Distribution	Tools and equipment	Land	Buildings and improvements	Construction in progress	Total
<b>Cost</b>						
Net carrying amount, January 1, 2025	₱1,648,887	₱8,281	₱82,003	₱53,108	₱83,368	₱1,875,647
Additions	141,225	2,320	-	472	68,049	212,066
Depreciation	(93,586)	(1,818)	-	(4,244)	-	(99,648)
Net carrying amount, December 31, 2025	1,696,526	8,783	82,003	49,336	151,417	1,988,065
<b>Appraisal increase (decrease in value)</b>						
Net carrying amount, January 1, 2025	1,579,785	(5,872)	411,893	17,240	-	2,003,046
Depreciation	(87,256)	-	-	(582)	-	(87,838)
Net carrying amount, December 31, 2025	1,492,529	(5,872)	411,893	16,658	-	1,915,208
	₱3,189,055	₱2,911	₱493,896	₱65,994	₱151,417	₱3,903,273
<b>Cost</b>						
Accumulated depreciation	(1,389,138)	(31,615)	-	(55,609)	-	(1,476,362)
Net carrying amount, December 31, 2025	1,696,526	8,783	82,003	49,336	151,417	1,988,065
<b>Appraisal increase (decrease in value)</b>						
Accumulated depreciation	(1,030,717)	(3,852)	-	(31,091)	-	(1,065,660)
Net carrying amount, December 31, 2025	1,492,529	(5,872)	411,893	16,658	-	1,915,208
	₱3,189,055	₱2,911	₱493,896	₱65,994	₱151,417	₱3,903,273

##### December 31, 2024

	Amount in thousands					
	Distribution	Tools and equipment	Land	Buildings and improvements	Construction in progress	Total
<b>Cost</b>						
Net carrying amount, January 1, 2024	₱1,585,655	₱8,544	₱56,203	₱55,492	₱49,976	₱1,755,870
Additions	156,750	1,433	25,800	849	34,473	219,305
Depreciation	(93,518)	(1,696)	-	(4,314)	-	(99,528)
Reclassification	-	-	-	1,081	(1,081)	-
Net carrying amount, December 31, 2024	1,648,887	8,281	82,003	53,108	83,368	1,875,647
<b>Appraisal increase (decrease in value)</b>						
Net carrying amount, January 1, 2024	1,667,041	(5,872)	411,893	17,822	-	2,090,884
Depreciation	(87,256)	-	-	(582)	-	(87,838)
Net carrying amount, December 31, 2024	1,579,785	(5,872)	411,893	17,240	-	2,003,046
	₱3,228,672	₱2,409	₱493,896	₱70,348	₱83,368	₱3,878,693
<b>Cost</b>						
Accumulated depreciation	(1,295,552)	(29,797)	-	(51,365)	-	(1,376,714)
Net carrying amount, December 31, 2024	1,648,887	8,281	82,003	53,108	₱83,368	1,875,647
<b>Appraisal increase (decrease in value)</b>						
Accumulated depreciation	(943,461)	(3,852)	-	(30,509)	-	(977,822)
Net carrying amount, December 31, 2024	1,579,785	(5,872)	411,893	17,240	-	2,003,046
	₱3,228,672	₱2,409	₱493,896	₱70,348	₱83,368	₱3,878,693

The carrying amount that would have been recognized had the fixed assets been carried under cost model is as follows:

	Amount in thousands					Total
	Distribution	Tools and equipment	Land	Buildings and improvements	Construction in progress	
<b>December 31, 2025</b>	<b>₱1,696,526</b>	<b>₱8,783</b>	<b>₱82,003</b>	<b>₱49,336</b>	<b>₱151,417</b>	<b>₱1,988,065</b>
December 31, 2024	₱1,648,888	₱8,280	₱82,003	₱53,108	₱83,368	₱1,875,647

Depreciation on utility, plant and equipment charged to operating expenses amounted to ₱187,486,435 in 2025, ₱187,365,986 in 2024, and ₱181,225,656 in 2023 (including depreciation on appraisal increase of ₱87,255,956 in 2025, ₱87,838,259 in 2024, and ₱87,838,259 in 2023).

Construction in progress represents substation and sub transmission equipment that are under construction.

The Group estimates the useful life of its substation equipment based on the period of which the asset is expected to be available for use as determined by the Group's internal technical evaluation based on their experience with similar assets.

#### Re-appraisal of utility plant and equipment and other property and equipment

On December 31, 2021, the Group had its utility plant and equipment and other property and equipment re-appraised by an independent firm of appraiser accredited by the SEC. The valuation was performed in accordance with the International Valuation Standards (2022 Edition) and Philippine Valuation Standards (2<sup>nd</sup> Edition, 2018).

The result of the revaluation of assets was adjusted to appraisal increase. The net carrying amount of utility plant and equipment and other property and equipment was revalued at ₱3,946,345,600 as of December 31, 2021.

The fair value of the utility plant and equipment and other property and equipment is categorized at Level 2 for which the fair value measurement is observable. The following are methods and approaches used by independent appraisers in measuring the utility plant and equipment and other property and equipment:

- a. The value of the land was arrived at using the Market Approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.
- b. The values of the buildings and other land improvements (which includes distribution, tools and equipment, buildings and improvements, transportation equipment and office furniture and equipment) located in the Parent Company's main office in Barangay Oeste, Dagupan City, Pangasinan were arrived at using Cost Approach. This is a comparative approach to the value of property or another asset that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is a replica of, or equivalent to, the original or one that could furnish equal utility with no undue cost resulting from delay. It is based on the reproduction or replacement cost of the subject property or asset, less total (accrued) depreciation, plus the value of the land to which an estimate of entrepreneurial incentive or developer's profit/loss is commonly added.

- c. The values of the buildings and other land improvements (which includes distribution, tools and equipment, buildings and improvements, transportation equipment and office furniture and equipment) located in the Calasiao Substation, San Jacinto Substation, Sta. Barbara Pole Yard were arrived at using Depreciated Replacement Cost. This is an application of the cost approach used in assessing the value of specialized assets for financial reporting purposes, which direct market evidence is limited or unavailable. It is used when there is insufficient market data to arrive at market value by means of market-based evidence. It is based on the principle of substitution. The method is based on the same theoretical transaction between traditional informed parties as the market value concept.

There are no utility plant and equipment held as collateral for liabilities as at December 31, 2025 and 2024. These assets are free from any liens and encumbrances.

## 5. OTHER PROPERTY AND EQUIPMENT

The reconciliation of this account is as follows:

### December 31, 2025

	Transportation equipment	Office furniture and equipment	Total
<b>Cost</b>			
Net carrying amount, January 1, 2025	₱65,349,954	₱18,161,173	₱83,511,127
Additions	7,286,857	5,589,813	12,876,670
Depreciation	(10,933,810)	(5,753,088)	(16,686,898)
Net carrying amount, December 31, 2025	61,703,001	17,997,898	79,700,899
<b>Appraisal Increase (decrease in value)</b>			
Net carrying amount, January 1, 2025	7,327,200	(5,017,340)	2,309,860
Depreciation	(4,309,296)	-	(4,309,296)
Net carrying amount, December 31, 2025	3,017,904	(5,017,340)	(1,999,436)
	<b>₱64,720,905</b>	<b>₱12,980,558</b>	<b>₱77,701,463</b>
<b>Cost</b>			
Accumulated depreciation	(173,923,781)	(82,244,405)	(256,168,186)
Net carrying amount, December 31, 2025	61,703,001	17,997,898	79,700,899
Appraisal increase	37,799,778	5,488,926	43,288,704
Accumulated depreciation	(34,781,874)	(10,506,266)	(45,288,140)
Net carrying amount, December 31, 2025	3,017,904	(5,017,340)	(1,999,436)
	<b>₱64,720,905</b>	<b>₱12,980,558</b>	<b>₱77,701,463</b>

December 31, 2024

	Transportation equipment	Office furniture and equipment	Total
<u>Cost</u>			
Net carrying amount, January 1, 2024	₱59,428,863	₱19,085,252	₱78,514,115
Additions	16,404,421	4,172,281	20,576,702
Depreciation	(10,483,330)	(5,096,360)	(15,579,690)
Net carrying amount, December 31, 2024	65,349,954	18,161,173	83,511,127
<u>Appraisal Increase (decrease in value)</u>			
Net carrying amount, January 1, 2024	11,636,496	(5,017,340)	6,619,156
Depreciation	(4,309,296)	-	(4,309,296)
Net carrying amount, December 31, 2024	7,327,200	(5,017,340)	2,309,860
	<b>₱72,677,154</b>	<b>₱13,143,833</b>	<b>₱85,820,987</b>
Cost	₱228,339,925	₱94,652,490	₱322,992,415
Accumulated depreciation	(162,989,971)	(76,491,317)	(239,481,288)
Net carrying amount, December 31, 2024	65,349,954	18,161,173	83,511,127
Appraisal increase	37,799,778	5,488,926	43,288,704
Accumulated depreciation	(30,472,578)	(10,506,266)	(40,978,844)
Net carrying amount, December 31, 2024	7,327,200	(5,017,340)	2,309,860
	<b>₱72,677,154</b>	<b>₱13,143,833</b>	<b>₱85,820,987</b>

The carrying amount that would have been recognized had the fixed assets been carried under cost model is as follows:

	Transportation equipment	Office furniture and equipment	Total
<b>December 31, 2025</b>	<b>₱61,703,001</b>	<b>₱17,997,898</b>	<b>₱79,700,899</b>
December 31, 2024	₱65,349,954	₱18,161,173	₱83,511,127

Depreciation on other property and equipment charged to operating expenses amounted to ₱20,996,194 in 2025, ₱19,888,986 in 2024, and ₱19,836,076 in 2023 (including depreciation on appraisal increase of ₱4,309,296 for each year in 2025, 2024, and 2023).

In 2024, the Group sold fully depreciated transportation equipment for proceeds of ₱312,500. The gain on sale of ₱312,500 is presented under “Other income (charges)” in the statements of comprehensive income (see Note 20).

There are no other property and equipment held as collateral for liabilities as at December 31, 2025 and 2024. These assets are free from any liens and encumbrances.

## 6. FINANCIAL ASSET AT FVOCI

This account consists of an investment in Tarlac Electric Inc., which registered its common shares with the SEC in compliance with the EPIRA and whose shares are not traded in any Stock Exchange. The acquisition cost of the shares amounted to ₱152,000,000.

This investment was classified under FVOCI as the management considers this investment to be strategic in nature and intends to hold this investment for the foreseeable future.

As at December 31, 2025, the Group had no intention to dispose of the financial asset at FVOCI. The Group's investment is measured at a fair value equal to its carrying amount, which is based on the observable data that the investee is generating continuous income and has a stable financial position.

The Group received a dividend of ₱5,124,000 in 2025, ₱5,336,000 in 2024 and ₱5,632,000 in 2023 (see Note 20).

## 7. CASH AND CASH EQUIVALENTS

This account consists of:

	2025	2024
Cash on hand	₱737,000	₱837,000
Cash in banks	1,128,157,930	975,517,861
Short-term deposits	1,367,532,522	1,203,480,353
	<b>₱2,496,427,452</b>	<b>₱2,179,835,214</b>

Cash in banks earn interest at prevailing bank deposit rates. Short-term deposits are made for a period of one to three months and earn interest income ranging from 0.5% to 5.50% per annum in 2025 and 2024 depending on the prevailing condition in the local market.

Interest income earned on cash and cash equivalents amounted to ₱56,944,404 in 2025, ₱48,752,544 in 2024, and ₱34,336,988 in 2023 and is included in "Interest income" presented under "Other income (charges)" account in the consolidated statements of comprehensive income (see Note 20).

There are no restrictions on the use of cash and cash equivalents, and these are available for general use.

## 8. TRADE AND OTHER RECEIVABLES (NET)

This account consists of:

	2025	2024
Trade receivables	₱605,052,565	₱586,356,765
Other receivables	19,870,323	62,666,082
	<b>624,922,888</b>	<b>649,022,847</b>
Allowance for ECLs on trade receivables	<b>(14,515,757)</b>	<b>(14,515,757)</b>
	<b>₱610,407,131</b>	<b>₱634,507,090</b>

### Trade receivables

Trade receivables are due ten days after presentation of the bill. The Group's trade receivables are non-interest bearing and are substantially secured by bill deposits amounting to ₱448,106,987 and ₱507,826,592 as at December 31, 2025 and 2024, respectively (see Notes 12 and 13).

Trade receivables from sale of electricity consist of:

	2025	2024
Residential retail	<b>₱312,574,840</b>	₱314,808,990
General retail	<b>98,889,283</b>	104,769,342
Bulk power	<b>59,360,202</b>	55,082,791
General power	<b>54,864,730</b>	53,781,344
Universal charges	<b>21,125,112</b>	10,970,591
FIT-All	<b>11,474,035</b>	3,695,903
Street lights	<b>9,863,865</b>	7,719,625
Pass-through charges on real property and local franchise taxes	<b>1,027,220</b>	-
Others	<b>35,873,278</b>	35,528,179
	<b>₱605,052,565</b>	₱586,356,765

#### Residential

This is applicable to captive customer retail service for residential purposes of a permanent nature to individual private dwellings and to individually metered apartments.

#### General retail

General retail consists of customers with contracted capacity of equal to or less than 40kW, served typically at secondary lines (1-phase or 3-phase). This type of service is for non-residential purposes and is mostly composed of small-medium businesses.

#### General power

This is applicable to captive customer retail service for non-residential purposes used for general power, heating, and lighting in industrial, manufacturing, processing, machining, cold storage, water supply, and supermalls; at secondary voltage with contracted capacity greater than 40kW.

#### Bulk power

Bulk power refers to a customer connected and drawing power from the primary lines at 13.8 kV. These customers install, operate and maintain their own distribution transformers. This type of service is used for general power, heating, space cooling and lighting in industrial, manufacturing, processing, machining, cold storage, water and supply and super malls, with demands equal to greater than 250kW.

#### Street lights

Street lights consist of roadway lighting service where existing facilities have adequate capacity and suitable voltage.

### Universal charges

Universal charges are non-bypassable charge mandated under section 34 of R.A. No. 9136 otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA) imposed on electricity customers for the following purposes: a) missionary electrification; b) environmental charge for watershed rehabilitation and management; and c) payment for stranded debts and stranded contract costs. Once collected, these charges are remitted to PSALM, which administers the fund from universal charges in accordance with the intended purposes (see Note 12).

### FIT-All

Pursuant to the energy development policy mandated by the Renewable Energy Act of 2008, R.A. No. 9513 and outlined in more detail in the FIT Rules, ERC Resolution No. 16, Series of 2010 (As Amended), a qualified renewable energy developer who elects to participate in the FIT System shall be eligible to a FIT, which is a guaranteed payment on a fixed rate per kilowatt-hour for electricity generated from emerging renewable energy technologies such as wind, solar, biomass and run-of-river hydropower actually delivered to the transmission and/or distribution network.

Should the payment of FIT to eligible renewable energy plants require a differential above the prevailing cost recovery rate, a uniform charge called FIT-All will be determined by the TransCo. The FIT-All shall be billed and collected by the transmission and/or distribution utility from the consumers connected to their respective systems. Collections shall be remitted monthly to TransCo, being the fund administrator, governed by ERC Resolution No. 24, Series of 2013, Guidelines on the Collection of FIT-All and the Disbursement of the FIT-All Fund (see Note 12).

### Real property and franchise taxes

Pursuant to ERC Resolution No. 2, Series of 2021 and ERC Resolution No. 9, Series of 2026, distribution utilities are allowed to recover from customers real property, local franchise and business taxes paid to the Local Government Unit. In 2024 and prior years, payment of such taxes were included as part of the Group's operating expenses and the related recovery from customers as part of its revenues. On August 21, 2024, the BIR issued Revenue Memorandum Circular No. 116-2024 clarifying the tax treatment of government mandated charges. Such taxes and other government mandated charges shall not be subject to VAT and creditable withholding on VAT and income; accordingly, these should not form part of the Group's revenues and expenses since these are merely pass-through charges to be recovered from the customers.

### Others

Others include charges for VAT on generation, transmission, system loss and distribution and other pass-through charges.

The details and movements in the allowance for ECLs on trade receivables follow:

	2025	2024
Balance at beginning of year	₱14,515,757	₱14,229,987
Provision for ECLs – note 19	1,644,623	2,631,403
Write-off	(1,644,623)	(2,345,633)
Balance at end of year	₱14,515,757	₱14,515,757

The Group applies the simplified approach in measuring ECLs which uses a lifetime expected loss allowance for all trade and other receivables. The Group has written-off all trade and other receivables of more than one year past due since historical experience has indicated that these receivables are generally not recoverable.

Provision for ECLs amounted to ₱1,644,623 in 2025, ₱2,631,403 in 2024, and nil in 2023 and is presented under “Operations and maintenance” account in the statements of comprehensive income (see Note 19).

#### ERC Order on Luzon Wholesale Electricity Spot Market (WESM) prices for November and December 2013 Supply Months

The ERC, in its Order dated March 3, 2014 in ERC Case No. 2014-021MC, voided the WESM prices during the period of October 26, 2013 to December 25, 2013 and ordered the imposition of regulated prices. The market participants (collectively called Movants) filed a Motion for Reconsideration (MR), which was denied by ERC on October 15, 2014. In the said Order, Philippine Electricity Market Corporation (PEMC) was directed to calculate and revise WESM bills for distribution utilities in Luzon for November and December 2013 supply months. Accordingly, the Group received from PEMC billing adjustments for refund to its customers amounting to ₱167,408,890, of which ₱5,810,294 is still outstanding as of December 31, 2025 and 2024.

The amount still for refund to customers was ₱8,985,045 and ₱8,990,752 as of December 31, 2025 and 2024, respectively.

#### Other receivables

Other receivables include generation charge refund, accrued interest, accrued rent income from electric property, and receivables from employees.

Receivables are not held as collateral and are free from any liens and encumbrances.

## 9. FINANCIAL ASSETS AT FVPL

This account consists of unit investment trust funds and mutual funds.

The movements in financial assets at FVPL for the years ended December 31 are as follow:

	2025	2024
Cost:		
Balance at beginning of year	<b>₱181,638,774</b>	₱181,638,774
Disposal	<b>(113,577,102)</b>	-
Balance at end of year	<b>68,061,672</b>	181,638,774
Cumulative net unrealized gain (loss) in fair value:		
Balance at beginning of year	<b>2,631,613</b>	(6,436,360)
Disposal	<b>(2,933,624)</b>	-
Unrealized fair value gain (loss)	<b>(466,210)</b>	9,067,973
Balance at end of year	<b>(768,221)</b>	2,631,613
	<b>₱67,293,451</b>	₱184,270,387

The inputs on fair value are obtained from observable market data and are based on quotes obtained from counterparties. The fair value was based on net asset value per share as published by various unit investment trust fund and mutual fund companies.

In 2025, the Group disposed financial assets at FVPL with carrying amount of ₱116,510,726 for proceeds of ₱119,444,350 resulting in Realized fair value gain of ₱2,933,624 and is presented under “Other income (charges)” account in the consolidated statements of comprehensive income (see Note 20).

Unrealized fair value gain (loss) amounted to (₱466,210), ₱9,067,973, and nil in 2025, 2024 and 2023, respectively, and is presented under “Other income (charges)” account in the consolidated statements of comprehensive income (see Note 20).

Interest income earned on financial assets at FVPL amounted to ₱469,292, ₱352,119 and nil in 2025, 2024 and 2023, respectively and is presented under “Other income (charges)” account in the consolidated statements of comprehensive income (see Note 20).

The unit investment trust funds and mutual funds are invested in fixed income, bond and balanced funds as at December 31, 2025 and 2024.

## 10. INVENTORIES

This account consists of materials and supplies for power distribution and service. As at December 31, 2025 and 2024, there are no inventories pledged or held as collateral. No item of inventory has been written off for the years ended December 31, 2025 and 2024.

## 11. PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	2025	2024
Prepayments:		
VAT	<b>₱15,583,492</b>	₱45,276,929
Real property tax	<b>12,648,495</b>	12,623,402
Insurance	<b>964,521</b>	1,563,347
Advances to TransCo	<b>5,858,942</b>	5,858,942
Others	<b>762,743</b>	687,718
	<b>₱35,818,193</b>	₱66,010,338

Prepaid VAT pertains to creditable input VAT. Prepaid insurance consists of vehicle insurance, annual health premium and fire/lighting and earthquake insurance.

Others pertain to rental deposits.

### Sale of sub-transmission lines/assets of TransCo

On February 10, 2012, the Parent Company and TransCo filed a joint application docketed as ERC Case No. 2012-021 RC for the approval of the sale of various sub-transmission lines/assets of TransCo to the Parent Company. On August 11, 2014, the ERC approved the application with modification, limiting the sale only to those assets located within the franchise area of the Parent Company. On November 6, 2014, the Parent Company paid for the assets amounting to ₱5,858,942 in compliance with the Decision. However, on November 21, 2014, National Grid Corporation of the Philippines (NGCP) filed a Motion for Reconsideration (MR), holding the transfer of assets until ERC resolve the matter. As such, the payment to TransCo has been treated as advance settlement and is included under “Prepayment and other current assets” account in the parent company statements of financial position. The application is still pending with the ERC as at December 31, 2025.

## 12. TRADE AND OTHER PAYABLES

This account consists of:

	2025	2024
Trade payables	<b>₱251,278,350</b>	₱249,274,778
Customers’ deposits (current portion) – note 13	<b>184,354,840</b>	240,763,052
Accrued expenses and other current liabilities	<b>122,199,909</b>	118,644,342
Output VAT	<b>32,960,129</b>	42,580,380
Universal charges payable	<b>29,487,010</b>	25,748,003
FIT-All payable	<b>19,801,371</b>	10,161,233
WESM regulated prices payable	<b>8,985,045</b>	8,990,752
Accrued taxes	<b>922,376</b>	1,079,671
Others	<b>1,197,888</b>	6,230,124
	<b>₱651,186,918</b>	₱703,472,335

Trade payables and output VAT

Trade payable represents the Group's liabilities to GNPowder Mariveles Energy Center Ltd. Co., (GMEC), One Manoaogsolar Corporation (OMSC), Energy Development Corporation (EDC), and various power producers that participate in the Wholesale Electricity Market (WESM) operated by the Independent Electricity Market Operator (IEMOP) for purchased power, and NGCP for electric transmission services. The output VAT represents VAT to be collected on generation and transmission in accordance with ERC Resolution No. 20, Series of 2005, which prescribed the Guidelines Implementing the Recovery of VAT and Other Provisions of R.A. No. 9337 affecting the Electric Power Industry.

Customers' deposits

The customers' deposits (current portion) consist of bill deposits (see Note 13).

Universal charges payable

Universal charges payable represents passed-on charges that were collected from customers. These are remitted to PSALM, which administers the fund from universal charges in accordance with the intended purposes (see Note 8).

Accrued expenses, other current liabilities and other payables

Accrued expenses and other current liabilities consist of payables to suppliers other than power suppliers and accrual of recurring expenses like electricity and water bill. Accrued taxes consist of energy tax, local franchise tax, real property tax, expanded withholding tax, and withholding tax on compensation.

Other payables consist of remittances to National Home Mortgage Finance Corporation (NHMFC), SSS, Philhealth and Pag-ibig.

Trade and other payables except for customers' deposits are due within 30 days from the date of billing and do not bear interest.

FIT-All payable

FIT-All payable represents passed-on and billed charges to customers on a monthly basis. Once collected from customers, these charges are remitted to TransCo, which is the designated FIT administrator (see Note 8).

WESM regulated prices payable

WESM regulated prices payable represents the outstanding amount for refund to the Group's customers who were affected by the ERC's regulation of WESM prices for the November and December 2013 supply months (see Note 8).

### 13. CUSTOMERS' DEPOSITS

This account consists of:

	2025	2024
Bill deposits	₱263,752,147	₱267,063,540
COLE deposits	60,664,166	57,526,252
Pole attachment deposits	15,285,294	13,257,006
	<b>₱339,701,607</b>	<b>₱337,846,798</b>

Bill deposits secure payment of the monthly bills for electricity consumption and are equivalent to the estimated bill for one month of service, while meter deposits cover 50% of the cost of the metering equipment. COLE deposit is the cost of additional line to provide electricity in a specific location exceeding the limit of 20 meters from poles, while pole attachment deposits are deposits by third parties using the Group's poles to provide service to their customers.

On June 17, 2004 and October 27, 2004, the ERC issued the Magna Carta for Residential Electricity Consumers and the Guidelines to Implement its Articles 7, 8, 14 and 28 respectively, and on January 18, 2006 issued the Distribution Services and Open Access Rules (DSOAR). The foregoing rules include provisions on handling of customer deposits. It provides that residential and non-residential customers must pay or submit a bill deposit to guarantee payment of bills equivalent to their estimated monthly billing. The amount of deposit shall be adjusted after one year to approximate the actual average monthly bills.

A customer, who has paid his electric bills on or before its due date for three consecutive years, may now demand for the full refund of the bill deposit prior to the termination of his service; otherwise, bill deposits shall be refunded within one month from the termination of service, provided all bills have been paid. Further, these regulations exempt payment of meter deposits, but in case of loss and/or damage to the electric meter due to the fault of the customer, the latter shall bear the full replacement cost of the meter. The existing meter deposit of residential customers shall be refunded in accordance with the Guidelines to Implement Articles 7, 8, 14 and 28 of the Magna Carta. While for non-residential customers, DSOAR requires Distribution Utilities to submit a proposal to the ERC on the methodology and timeline for the refund of meter deposits within ninety (90) days following its effectivity.

Magna Carta and DSOAR also provide that distribution utilities shall pay interest on bill and meter deposits. Interest on bill deposits shall be equivalent to the interest incorporated in the calculation of their weighted average cost of capital (WACC); otherwise, it shall earn a rate equivalent to the prevailing interest for savings deposit as approved by the Bangko Sentral ng Pilipinas (BSP). Interest rate used on bill deposit was 0.10% for each year in 2021 and 2020. Interest for meter deposit shall be at 6% for contracts of service entered into prior to the effectivity of ERB Resolution No. 95-21 issued on August 3, 1995, and 10% thereafter.

On June 4, 2008, the ERC issued Resolution No. 8, Series of 2008, "A Resolution Adopting the Rules to Govern the Refund of Meter Deposits to Residential and Non-Residential Customers". These rules provide the parameters for the refund of meter deposits and related interest thereon. Interest on meter deposit paid prior to the effectivity of ERB Resolution No. 95-21 shall earn 6% per annum. While payments made after the effectivity of ERB Resolution No. 95-21 until the day prior to the effectivity of Magna Carta or DSOAR shall earn an interest of 10% per annum.

Meter deposits paid from the effectivity of Magna Carta or DSOAR until the day prior to the start of the refund will be entitled to an interest of six per cent (6%) per annum.

Under ERC Resolution No. 03, Series of 2026, the ERC introduces amendments to the Magna Carta. With respect to bill deposits, the rules were updated to introduce automatic bill deposit refunds for a) consumers who qualify for a 100% lifeline discount and (b) customers who have made timely payments for two consecutive years. New applicants may also pay required bill deposits in full or three monthly installments and DUs may waive or provide alternatives to bill deposits. In addition, under its Advisory dated January 31, 2026, the ERC directed all DUs to submit detailed information regarding its bill deposits within thirty (30) days, or until March 1, 2026.

Bill deposits of ₱184,354,840 and ₱240,763,052 as at December 31, 2025 and 2024, respectively, are included in the current portion of Customers' deposits under the "Trade and other payables" account in the consolidated statements of financial position (see Note 12). Interests on bill deposits amounted to ₱158,158, ₱163,563, and ₱169,492 for the years ended December 31, 2025, 2024 and 2023, respectively, and is presented under "Other income (charges)" account in the consolidated statements of comprehensive income (see Note 20).

#### 14. RETAINED EARNINGS

The BOD approved the reversal and appropriation of the following:

##### 2024

- a) Reversal of ₱400,000,000 appropriated for capital expenditures from 2023 unrestricted retained earnings.

##### 2023

- b) Reversal of ₱400,000,000 appropriated for capital expenditures from 2022 unrestricted retained earnings.
- c) Appropriation of ₱400,000,000 for the following capital expenditures in 2024: a.) expansion of distribution lines to accommodate the continuous growth of electrical loads due to additional customers and increasing demand, b.) Rehabilitation of existing lines, which covers replacement and relocation of poles, rerouting of primary and secondary lines, and reconfiguration of pole top assemblies, c.) Improvement of the grounding/earthing and insulation coordination, d.) Construction of 20/25 MVA, 69kV sub-transmission line from Balingueo, Sta. Barbara, Pangasinan to San Miguel, Calasiao, f.) Advanced Distribution Management System Project, g.) Construction of buildings, and g.) Improvement of customer service facilities.

##### 2022

- d) On December 15, 2022, appropriation of ₱400,000,000 for the following capital expenditures in 2023 and 2024: a) expansion of distribution lines to accommodate the continuous growth of electrical loads due to additional customers and increasing demand; b) rehabilitation of existing lines, which covers replacement and relocation of poles, rerouting of primary and secondary lines, and reconfiguration of pole top assemblies; c) improvement of the grounding/earthing and insulation coordination; d) construction of 20/25 MVA, 69kV/13.8kV substation in Santa Barbara, Pangasinan; e) expansion of primary lines from Sta. Barbara Substation to Minien East, Sta. Barbara; f) construction of a control tower building extension; and g) improvement of customer service facilities.

### Cash Dividend

On May 14, 2025, the BOD approved the declaration of cash dividend in the amount of ₱147,499,725 or ₱10.06 per share, to stockholders of record as of December 31, 2024. Cash dividend was paid in July 2025.

On May 29, 2024, the BOD approved the declaration of cash dividend equivalent to 40% of the previous year's net income, or ₱11.94 per share, to stockholders of record as of December 31, 2023. Cash dividend was paid in September 2024.

On June 16, 2023, the BOD approved the declaration of cash dividend in the amount of ₱1,600,000,000 to stockholders of record as of June 15, 2023 which have been paid on various dates up to September 29, 2023.

## 15. CAPITAL STOCK

The details of capital stock are as follow:

	2025	2024
Authorized – ₱100 par value per share, 15,000,000 shares	<b>₱1,500,000,000</b>	₱1,500,000,000
Common shares issued and outstanding – 14,662,000 shares in 2025 and 2024:		
Balance at beginning of year	<b>₱1,466,200,000</b>	₱1,246,200,000
Initial public offering of shares	-	220,000,000
Balance at end of year	<b>₱1,466,200,000</b>	₱1,466,200,000

On December 27, 2023, the SEC rendered effective the Parent Company's application for the registration of fourteen million six hundred sixty-two thousand (14,662,000) common shares, of which two million two hundred thousand (2,200,000) shares were issued and offered for sale to the public by way of an initial public offering at an offer price of five hundred thirty-three Pesos (₱533) per share. As of February 2, 2024, the two million two hundred thousand (2,200,000) common shares offered to the public were fully subscribed and paid. The excess of the offer price over the par value amounting to ₱952,600,000 is presented as "Additional paid-in capital" in the consolidated statements of financial position.

## 16. RELATED PARTY TRANSACTIONS

In the normal course of business, the Group has transactions with a related party.

### Lease Agreement

The Group has a lease agreement with Veria Realty Inc., a company owned by the Group's major stockholders. The lease is for a period of one year subject to renewal. The monthly rent is ₱364,750 in 2025, ₱313,440 in 2024, and ₱298,515 in 2023 and payable at the end of each month. Total rent charged to operations amounted to ₱4,377,001 in 2025, ₱4,246,800 in 2024, and ₱4,320,079 in 2023 and is included as part of "Rent" under "Operations and maintenance" in the consolidated statements of comprehensive income (see Note 19).

Compensation of Key Management Personnel

Compensation paid to key management personnel consists of the following:

	2025	2024	2023
Salaries	₱17,455,855	₱16,331,500	₱17,810,793
Short-term employee benefits	6,521,394	6,520,295	39,986
	<b>₱23,977,249</b>	<b>₱22,851,795</b>	<b>₱17,850,779</b>

There are no long-term benefits paid during the year.

**17. REVENUES**

This account consists of:

	2025	2024	2023
Electric revenues	₱3,924,729,330	₱4,169,997,151	₱4,018,957,505
Other revenues	44,839,036	37,208,485	25,681,892
	<b>₱3,969,568,366</b>	<b>₱4,207,205,636</b>	<b>₱4,044,639,397</b>

In compliance with Section 36 of R.A. No. 9136, the Group is required to unbundle its billing charges to customers. For the years ended December 31, the details of electric revenues follow:

	2025	2024	2023
Generation revenue	₱2,258,011,051	₱2,595,448,118	₱2,643,334,894
Distribution revenue	746,953,319	734,808,953	662,223,695
Transmission revenue	508,461,666	379,927,761	290,925,053
System loss revenue	214,342,486	228,422,129	214,368,016
Supply revenue	117,554,403	114,330,546	101,684,531
Metering charge	82,675,790	80,409,364	72,844,745
Senior citizen charge (discount)	24,636	(13,408)	(6,722)
Local franchise tax – note 8	-	23,671,649	22,448,068
Real property tax recovery – note 8	-	10,571,460	10,295,547
Lifeline charge (discount)	(3,214,604)	2,497,581	913,433
Other discount	(79,417)	(77,002)	(73,755)
	<b>₱3,924,729,330</b>	<b>₱4,169,997,151</b>	<b>₱4,018,957,505</b>

Applications for Confirmation of Over/Under-recoveries of Pass-through Charges

On April 20, 2011, the Parent Company filed an application docketed as ERC Case No. 2011-013 CF, “In the Matter of the Application for the Approval of the Calculations for the Automatic Cost Adjustment and True Up Mechanisms for the a) Generation Rate, b) Transmission Rate, c) System Loss Rate, d.) Lifeline Subsidy Rate; and e) Interclass Cross Subsidy Rate, Under ERC Resolution No. 16, Series of 2009, As Amended.” On March 10, 2014, the ERC issued its Decision on this application, directing the Parent Company to refund to its customers the over recoveries amounting to ₱203,934,745 and collect from its customers the Lifeline Subsidy under recovery amounting to ₱18,588,112, covering the period from April 2004 to December 2010.

On March 31, 2014, the Parent Company filed a MR on the above Decision for the approval of the amounts originally proposed by the Parent Company or provide computation as to how the supposed over recoveries were arrived at. The amount of over and under recoveries is not yet certain since it is dependent on the resolution of the MR. As at December 31, 2025, the Parent Company is still awaiting the resolution of said MR.

On April 1, 2014, the Parent Company filed an application docketed as ERC Case No. 2014-052 CF, “In the Matter of the Application for the Approval of the Calculations for the Automatic Cost Adjustment and True Up Mechanisms for the a) Generation Rate, b) Transmission Rate, c) System Loss Rate, d.) Lifeline Subsidy Rate; and e) Senior Citizen Discount, Under ERC Resolution No. 16, Series of 2009, As Amended”.

The Parent Company filed an application for the confirmation of total under recovery of ₱151,783,598 covering the years 2011 to 2013. As at December 31, 2025, the Parent Company is still awaiting the decision of the ERC.

On March 31, 2017, the Parent Company filed an application docketed as ERC Case No. 2017-052 CF, “In the Matter of the Application for the Approval of the Calculations for the Automatic Cost Adjustment and True Up Mechanisms for the a) Generation Rate, b) Transmission Rate, c) System Loss Rate, d.) Lifeline Subsidy Rate; and e) Senior Citizen Subsidy Rate, Under ERC Resolution No. 16, Series of 2009, As Amended, for the Period 2014 to 2016”. The Parent Company filed application for the confirmation of total over recovery of ₱30,114,229 covering the years 2014 to 2016. As at December 31, 2025, the Parent Company is still awaiting the decision of the ERC.

On August 28, 2020, the Parent Company filed an application docketed as ERC Case No. 2020-014 CF, “In the Matter of the Application for the Approval of the Calculations for the Automatic Cost Adjustment and True Up Mechanisms for the a) Generation Rate, b) Transmission Rate, c) System Loss Rate, d.) Lifeline Subsidy Rate; and e) Senior Citizen Subsidy Rate, Under ERC Resolution No. 16, Series of 2009, As Amended, for the Period 2017 to 2019”. The Parent Company filed application for the confirmation of total under recovery of ₱48,360,882. As at December 31, 2025, the Parent Company is still awaiting the decision of the ERC.

On May 17, 2023, the Parent Company filed an application docketed as ERC Case No. 2023-029 CF, “In the Matter of the Application for the Approval of the Calculations for the Automatic Cost Adjustment and True-Up Mechanisms for the a) Generation Rate, b) Transmission Rate, c) System Loss Rate, d) Lifeline Subsidy Rate, and e) Senior Citizen Subsidy Rate, Under ERC Resolution No. 16, Series of 2009, As Amended, and g) Local Franchise Tax, Under ERC Resolution No. 2, Series of 2021 for the Period 2020 to 2022.” The Parent Company filed the application for the confirmation of an overall total under recovery of ₱73,564,161. As at December 31, 2025, the Parent Company is still awaiting the decision of the ERC.

#### Performance-Based Rate Making (PBR)

The Parent Company entered the PBR regime in 2007. The PBR is an internationally accepted rate setting methodology adopted by the ERC to replace the Return on Rate Base (RORB) for both transmission and distribution businesses as mandated by the EPIRA. It provides electric utilities with adequate and efficient capital and operating expenditures to meet growing electricity demand through timely rate adjustments.

*Maximum Average Price (MAP)*

On March 31, 2014, the Parent Company filed an application docketed as ERC Case No. 2014-027 RC for approval of the Translation into Distribution Rates of Different Customer Classes for the Fourth Regulatory Year of the ERC-Approved Annual Revenue Requirement for the Parent Company under the PBR for the Regulatory Period 2011-2015. On February 9, 2015, the ERC issued its Decision on this case, giving the Parent Company the option to implement a MAP of ₱2.4472/kWh or its proposal of ₱1.7918/kWh for the Regulatory year 2015. The Parent Company implemented the latter rate.

Given the need by the Parent Company to undertake capital projects in order to address the load growth, network non-growth, network control/ safety metering as well as renewal, replacement and refurbishment of existing distribution assets, the Parent Company filed an application on November 20, 2018 docketed as ERC Case No. 2018-110 RC for approval of its capital projects for the regulatory years 2016 to 2019.

<b>Projects</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Network	₱44,356,785	₱51,065,110	₱32,497,857	₱31,175,406
Other network	59,217,708	66,189,452	83,182,536	82,930,907
Non-network	10,274,675	40,018,541	57,819,750	32,361,518
	₱113,849,168	₱157,273,103	₱173,500,143	₱146,467,831

The proposed capital expenditures will not have a direct impact on the current rates of the Parent Company until approved by the ERC.

On March 28, 2022, the Parent Company filed an application docketed as ERC Case No. 2022-020 RC, “In the Matter of the Application for Approval of the Annual Revenue Requirement and Performance Incentive Scheme in Accordance with the Provisions of the Rules for Setting Distribution Wheeling Rates (RDWR)” covering the Fifth Regulatory Period from July 1, 2022 to June 30, 2026.

On August 25, 2022, the Parent Company filed an application docketed as ERC Case No. 2022-057 RC, “In the Matter of the Application for: A) Confirmation of True-Up Calculations of the Actual Weighted Average Tariff vis-à-vis ERC-Approved Maximum Average Rate for the Lapsed Regulatory Years; and B) Approval of the Final Refund/Collect Scheme to Account for the Lapsed Regulatory Years”. The Parent Company filed the application for the confirmation of an over-all under recovery of ₱22,557,035 for the period July 1, 2015 to June 30, 2022. As at December 31, 2025, the Parent Company is still awaiting the decision of the ERC.

On February 10, 2024, the Parent Company filed an Urgent Omnibus Motion to Withdraw its application docketed as ERC Case No. 2022-020 RC, “In the Matter of the Application for Approval of the Annual Revenue Requirement and Performance Incentive Scheme in Accordance with the Provisions of the Rules for Setting Distribution Wheeling Rates (RDWR)” covering the Fifth Regulatory Period from July 1, 2022 to June 30, 2026.

Under ERC Resolution No. 23, Series of 2025, entitled, “A Resolution Directing All Private Distribution Utilities (PDUs) to File their respective AWAT Applications for the Lapsed Period”, the ERC resolved to adopt a confirmation and true-up process in determining the rates of the PDUs to address the lapsed period for their respective Entry Groups and defined the lapsed period for each Entry Group. The ERC then directed all PDUs to file an application for the confirmation of their AWAT as against their last approved rates, within sixty (60) calendar days from the effectivity of the Resolution. However, in ERC Resolution No. 1, Series of 2025, the ERC clarified the timeline for the filing of the AWAT and directed all PDUs to file, within one hundred twenty (120) days from the effectivity of the AWAT Resolution on November 22, 2025, or until March 22, 2026.

Other revenues

Other revenues include rent income from electric property and sale of electric materials and accessories (see Note 22).

**18. EMPLOYEE BENEFITS**

The Group maintains a funded, non-contributory defined benefit retirement plan covering all its regular and full-time employees. The fund is administered by a trustee bank authorized to invest the fund as it deems proper. Under the plan, the employees are entitled to retirement benefits ranging from one hundred percent (100%) to one hundred fifty percent (150%) of the Plan Salary for every year of Credited Service on attainment of a retirement age of 60 or 35 years of service, whichever is earlier. The latest actuarial valuation report was on December 31, 2023.

The retirement benefits obligation recognized in the statements of financial position is as follows:

	2025	2024
Present value of obligation	<b>₱147,447,204</b>	₱129,839,462
Fair value of plan assets	<b>(46,367,946)</b>	(43,578,898)
	<b>₱101,079,258</b>	₱86,260,564

The retirement benefits expense recognized in the consolidated statements of comprehensive income included under “Operations and maintenance” (see Note 19) is as follows:

	2025	2024	2023
Current service cost	<b>₱9,298,017</b>	₱8,855,255	₱8,433,576
Net interest cost			
Interest cost	<b>8,309,725</b>	7,063,108	6,790,463
Interest income	<b>(2,789,048)</b>	-	(2,837,780)
	<b>5,520,677</b>	7,063,108	3,952,683
	<b>₱14,818,694</b>	₱15,918,363	₱12,386,259

As at December 31, 2025 and 2024, the cumulative remeasurement gain on retirement benefits presented in the consolidated statements of financial position amounted to ₱2,962,764.

The movements in the retirement benefits obligation recognized in the consolidated statements of financial position are as follows:

	2025	2024
Balance at beginning of year	<b>₱86,260,564</b>	₱72,982,180
Retirement benefits expense	<b>14,818,694</b>	15,918,363
Contributions paid	-	(2,639,979)
Remeasurement gain	-	-
Balance at end of year	<b>₱101,079,258</b>	₱86,260,564

The movements in the present value of the retirement benefits obligation are as follows:

	2025	2024
Present value of obligation, January 1	<b>₱129,839,462</b>	₱113,921,099
Current service cost	<b>9,298,017</b>	8,855,255
Interest cost	<b>8,309,725</b>	7,063,108
Present value of obligation, December 31	<b>₱147,447,204</b>	₱129,839,462

The movement in the fair value of plan assets is presented below:

	2025	2024
Fair value of plan assets, January 1	<b>₱43,578,898</b>	₱40,938,919
Interest income included in net interest cost	<b>2,789,048</b>	-
Contributions	-	2,639,979
Fair value of plan assets, December 31	<b>₱46,367,946</b>	₱43,578,898

The following actuarial assumptions were used to determine retirement benefits obligation:

	2025	2024
Discount rate	<b>6.40%</b>	6.20%
Expected salary increases	<b>5.00%</b>	5.00%

The fair value and carrying amount of plan assets is as follows:

	2025	2024
Investment in government securities	<b>₱36,616,461</b>	₱36,616,461
Deposit in banks	<b>3,943,305</b>	1,154,257
Corporate stocks	<b>3,174,813</b>	3,174,813
Other securities and debt instruments	<b>2,649,626</b>	2,649,626
Trust fee and other payables	<b>(16,259)</b>	(16,259)
	<b>₱46,367,946</b>	₱43,578,898

The fair value of plan assets consists of:

- Investment in government securities which consists of fixed rate treasury notes and retail treasury bonds;
- Corporate stocks which consist primarily of stocks listed in Philippine Stock Exchange;
- Deposit in banks which consists of savings deposit and certificate of time deposits; and
- Other securities and debt instruments which consist primarily of investment in corporate bonds.

The Group's plan assets are administered by a trustee bank, which is responsible for the general administration of retirement plan including the management of the fund. The trustee bank does not currently employ any asset-liability matching.

Risk Arising from the Retirement Plan

The defined benefit plan is underfunded by ₱101,079,258 and ₱86,260,564 as at December 31, 2025 and 2024, respectively. While there is no minimum required funding, the amount without fund may expose the Group to cash flow risk for ten years when a significant number of employees are expected to retire.

*Credit Risk*

The plan assets exposure to credit risk arises from its investments in financial assets which comprise of investment in government securities, corporate stocks, deposit in banks and other securities and debt instruments. The maximum credit risk exposure is equivalent to the carrying amount of financial instruments. The credit risk arises from possible default of the issuer of the financial assets.

The credit risk is minimized by ensuring that the exposure to the various financial assets as recommended by the trustee bank.

*Share Price Risk*

The plan assets exposure to share price risk arises from corporate stocks which are traded at PSE. The share price risk results from the volatility of the share prices in the PSE.

The share price risk is minimized by ensuring that investments in shares of stock are limited only to blue chip companies or companies with good fair values. The trustee bank ensures that the equity investments are invested in mix of various equity to reduce exposure to industry or sector-related risk.

*Maturity Profile of Undiscounted Benefit Payments*

The maturity analysis on the Group's undiscounted benefit payments are as follow:

<u>December 31, 2025</u>	<b>1 to 5 Years</b>	<b>6 to 10 Years</b>	<b>11 to 15 Years</b>	<b>16 to 20 Years</b>	<b>21 to 40 Years</b>
<b>Normal Retirement</b>	<b>₱34,901,949</b>	<b>₱82,249,328</b>	<b>₱95,248,808</b>	<b>₱94,111,734</b>	<b>₱337,541,950</b>

<u>December 31, 2024</u>	<b>1 to 4 Years</b>	<b>5 to 8 Years</b>	<b>9 to 12 Years</b>	<b>13 to 16 Years</b>	<b>17 to 20 Years</b>
<b>Normal Retirement</b>	<b>₱32,890,879</b>	<b>₱82,249,328</b>	<b>₱95,248,808</b>	<b>₱94,111,734</b>	<b>₱337,541,950</b>

Discount Rate Sensitivity

The following illustrates the sensitivity to a reasonably possible change in each key assumption, with all other variables held constant, of the Group's retirement benefits obligation. A +/-1% increase or decrease is used when reporting this risk internally to key management personnel and represents management's assessment of the reasonably possible change in discount rate and salary increase.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 16.9 years and 15.7 years in 2025 and 2024, respectively.

The impact on the Group's retirement benefits obligation as at December 31, 2025 and 2024 which affects the Group's cash flow, is as follows:

**December 31, 2025**

	Increase (decrease)	Present value of obligation	Increase (decrease) in retirement benefits obligation
<b>Discount rate</b>	+1%	<b>₱146,148,809</b>	<b>(₱1,298,395)</b>
	-1%	<b>148,745,598</b>	<b>1,298,395</b>
<b>Salary increase</b>	+1%	<b>148,377,006</b>	<b>929,802</b>
	-1%	<b>146,517,402</b>	<b>(929,802)</b>

**December 31, 2024**

	Increase (decrease)	Present value of obligation	Increase (decrease) in retirement benefits obligation
Discount rate	+1%	₱128,700,251	(₱1,139,211)
	-1%	130,978,673	1,139,211
Salary increase	+1%	130,724,987	885,525
	-1%	128,953,937	(885,525)

The Group is not required to pre-fund the future defined benefits payable under the retirement plan before they become due. Hence, the amount and timing of contributions to the retirement fund are at the Group's discretion. However, in the event a benefit claim arises and the retirement fund is insufficient to pay the claim, the shortfall will then be due and payable from the Group to the retirement fund.

## 19. OPERATIONS AND MAINTENANCE

This account consists of:

	2025	2024	2023
Salaries and wages	<b>₱159,969,797</b>	₱151,704,541	₱145,169,837
Outside services	<b>52,190,536</b>	44,670,550	35,234,915
Repairs and maintenance	<b>18,136,828</b>	18,623,474	17,861,102
Retirement benefits expense – note 18	<b>14,818,694</b>	15,918,363	12,386,259
Office supplies	<b>7,852,375</b>	8,817,427	5,553,907
Telephone and water	<b>7,828,162</b>	7,733,941	8,074,840
Electric materials	<b>6,121,714</b>	5,176,836	2,153,574
Transportation	<b>5,999,876</b>	6,173,473	7,049,142
Professional fees	<b>4,762,633</b>	36,767,098	20,369,203
Rent – notes 16 and 22	<b>4,377,001</b>	4,246,800	4,320,079
Group activities	<b>2,674,627</b>	2,933,413	3,697,490
Insurance	<b>2,069,881</b>	2,422,878	3,216,894
Training and seminars	<b>1,756,618</b>	1,129,924	1,090,877
Provision for ECLs – note 8	<b>1,644,623</b>	2,631,403	-
Donations	<b>644,273</b>	562,540	442,814
Association and membership fees	<b>268,065</b>	264,635	250,399
Advertising and promotion	<b>164,590</b>	51,783	240,897
Others	<b>5,154,682</b>	3,477,671	3,120,224
	<b>₱296,434,975</b>	₱313,306,750	₱270,232,453

Professional fees in 2024 and 2023 include fees incurred related to the initial public offering of the Parent Company's shares.

Others pertain mainly to expenses related to uniform, subscriptions, injuries and damages.

### Taxes other than income tax

This account consists of national and local taxes and other fees and licenses paid to the regulatory agencies:

	2025	2024	2023
ERC supervision and regulation fees	<b>₱30,884,349</b>	₱14,750,843	₱14,647,693
Deficiency taxes and interest	<b>18,005,910</b>	14,660,043	3,427,203
Documentary stamp tax	<b>3,688,999</b>	11,785	7,318
SEC registration and verification	<b>1,001,250</b>	-	1,179,142
Business permit and local licenses	<b>382,386</b>	440,000	339,704
Registration fees with NTC*	<b>132,124</b>	176,065	80,888
Motor vehicle registration fees	<b>102,600</b>	171,196	228,502
SEC legal research fee	<b>7,575</b>	-	-
Franchise tax – note 8	-	24,907,976	4,026,762
Real property tax – note 8	-	12,649,427	11,092
	<b>₱54,205,193</b>	₱67,767,335	₱23,948,304

\* National Telecommunication Commission

## 20. OTHER INCOME (CHARGES)

This account consists of:

	2025	2024	2023
Interest income – notes 7 and 9	₱57,413,696	₱49,104,663	₱34,336,988
Dividend income – note 6	5,124,000	5,336,000	5,632,000
Realized fair value gain on financial assets at FVPL – note 9	2,933,624	-	-
Unrealized fair value gain (loss) on financial assets at FVPL – note 9	(466,210)	9,067,973	-
Interest expense – note 13	(158,158)	(163,563)	(169,492)
Others:			
Bank charges	(290,851)	(527,978)	(419,852)
Gain on foreign exchange	7,027	5,101	291,126
Gain on sale of equipment – note 5	-	312,500	-
Miscellaneous income	6,888,735	2,972,872	2,158,456
	<b>₱71,451,863</b>	<b>₱66,107,568</b>	<b>₱41,829,226</b>

Miscellaneous income consists of deductions on other payables upon settlement, equipment rental and other fees.

## 21. INCOME TAXES

Provision for income tax consists of:

	2025	2024	2023
Current	₱134,773,711	₱143,828,630	₱145,360,747
Deferred	(5,794,574)	235,548	(2,809,481)
	<b>₱128,979,137</b>	<b>₱144,064,178</b>	<b>₱142,551,266</b>

The reconciliation of provision for income tax computed at the statutory tax rates to provision for income tax as shown in the consolidated statements of comprehensive income is summarized as follows:

	2025	2024	2023
Income before income tax	₱478,535,575	₱519,754,176	₱514,594,667
Income tax computed at 25%	119,633,894	129,938,544	128,648,666
Add (deduct) tax effects of:			
Depreciation on appraisal increase	23,036,889	23,036,889	23,036,889
Nondeductible expenses	1,506,449	4,658,020	815,585
Net operating loss carryover	1,128,374	-	-
Nondeductible portion of interest	39,539	40,891	42,373
Interest income subjected to final tax	(16,366,008)	(13,610,166)	(9,992,247)
	<b>₱128,979,137</b>	<b>₱144,064,178</b>	<b>₱142,551,266</b>

The components of the Group's deferred tax assets and liability are as follows:

	2025	2024 (As Restated)
<b>Deferred tax assets:</b>		
Retirement benefits obligation	<b>₱26,915,508</b>	₱23,292,900
Allowance for ECLs on receivables	<b>3,628,939</b>	3,628,939
Unamortized past service cost	<b>796,883</b>	1,083,966
Unrealized fair value loss on financial assets at FVPL	<b>192,056</b>	-
	<b>₱31,533,386</b>	₱28,005,805
<b>Deferred tax liability:</b>		
Revaluation increment	<b>₱475,694,739</b>	₱498,731,627
Remeasurement gain on retirement benefits	<b>2,005,718</b>	2,005,718
Unrealized fair value gain on financial assets at FVPL	-	2,266,994
	<b>₱477,700,457</b>	₱503,004,339

Prior period adjustment

The opening balances of Deferred tax liability and Revaluation reserve were adjusted to correct the effect of the change in tax rate from 30% to 25% on the 2021 beginning balance of Revaluation reserve, pursuant to PIC Q&A 2020-07 Accounting for the Changes in Income Tax Rates under the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act.

The effects of the adjustments in the 2023 and 2024 consolidated financial statements are as follows:

	January 1, 2023		
	As previously reported	Increase (decrease)	As restated
<i>Consolidated statements of financial position</i>			
Deferred tax liability	₱560,849,685	(₱15,684,257)	₱545,165,428
Revaluation reserve	1,618,731,957	15,684,257	1,634,416,214
	December 31, 2023		
	As previously reported	Increase (decrease)	As restated
<i>Consolidated statements of financial position</i>			
Deferred tax liability	₱539,458,491	(₱15,684,257)	₱523,774,234
Revaluation reserve	1,549,621,291	15,684,257	1,565,305,548
	December 31, 2024		
	As previously reported	Increase (decrease)	As restated
<i>Consolidated statements of financial position</i>			
Deferred tax liability	₱518,688,596	(₱15,684,257)	₱503,004,339
Revaluation reserve	1,480,510,625	15,684,257	1,496,194,882

## 22. AGREEMENTS

The details of purchased power are as follows:

	2025	2024	2023
Generation cost			
GMCP	<b>₱1,117,042,130</b>	₱1,207,031,595	₱1,321,828,366
WESM	<b>729,885,586</b>	807,687,101	652,048,665
EDC	<b>462,651,884</b>	570,034,780	617,127,520
OMSC	<b>166,852,415</b>	174,855,414	172,453,389
Transmission cost:			
NGCP	<b>526,929,842</b>	405,621,082	313,173,527
	<b>₱3,003,361,857</b>	₱3,165,229,972	₱3,076,631,467

Electricity Supply Agreement between the Parent Company and Sun Asia Energy, Inc. (SEI), with the latter assigning their rights to the ESA to Onemanaoag Solar Corporation (OMS)

On January 14, 2016, the Parent Company entered into a contract with SEI, wherein the Parent Company committed to purchase clean power generated by SEI's solar power plant project that would be embedded into the Parent Company's franchise area.

On July 14, 2016, the Parent Company and SEI filed a Joint Application to the ERC for the approval of their ESA. The application was docketed as ERC Case No. 2016-154 RC and was approved with modification by the Commission in its Decision dated December 19, 2017. Through an Assignment Agreement dated July 13, 2018, SEI assigned all of its rights, titles, and interest in and to the ESA, among others, in favor of Onemanaoagsolar Corporation. A manifestation was filed by the SEI informing ERC of the said assignment.

On November 29, 2022 and March 10, 2023, ERC granted OMS Provisional Authority to Operate (PAO) for Phases 1 and 2 of their embedded solar power plant projects, respectively. Thereafter, the supply commencement date became effective in accordance with the ESA.

Power Supply Agreement with Energy Development Corporation (EDC)

On February 21, 2022, the Parent Company entered into a 10-year contract with EDC, wherein the Parent Company agreed to purchase 20 MW (10 MW base load and 10 MW load following) of its power requirement from EDC.

On November 7, 2022, the Parent Company and EDC filed a Joint Application to the ERC for the approval of their Power Supply Agreement. The application was docketed as ERC Case No. 2022-082 RC and was provisionally approved by the ERC through the issuance of a Resolution dated December 20, 2022. EDC commenced the supply of electricity to the Parent Company on December 26, 2022.

Purchased Power Supply Agreement (PPSA) for Distribution Utility Buyers (the “Original PPSA”)

The Parent Company and GNPower Ltd. Co. (GNPC) entered into:

- (a) the “Original PPSA” in July 2006 wherein GNPC agreed to build, own and operate an electric power generation facility for the purpose of supplying its customers with environmentally clean electric power which commenced in 2010. Further, GNPC agreed to supply and sell, while the Parent Company agreed to receive and purchase the product;
- (b) a Memorandum of Agreement (the “MOA”) in July 2006, setting out the conditions for the effectiveness of the PPSA; and
- (c) a Commercial Protocol Agreement No. 1 (the “Commercial Protocol Agreement”) in 2007 (the Original PPSA, as amended, modified and supplemented by the MOA and Commercial Protocol Agreement, the “PPSA”) for the purchase and sale of the product that commenced in 2010/2011.

Amendment to Original PPSA

Pursuant to Project Assignment Agreement dated June 11, 2008, GNPC transferred the rights, obligations, benefits, assets, liabilities and interest in the Original PPSA to GMCP.

On February 9, 2009, the Parent Company and GMCP amended the Original PPSA termination date to be 180 months, unless extended pursuant to Section 2.4 or 2.5, from the date specified in the Commencement Date Notice as set forth in Schedule 1 or December 31, 2012, if the GMCP had not provided the Parent Company with the Commencement Date Notice by December 31, 2012, or such later date as the parties agreed in writing.

WESM Direct Membership

The Parent Company became a direct member of the WESM effective November 26, 2009 upon completion of the requirements of PEMC, the autonomous group market operator of WESM. This membership gives the Parent Company the privilege to purchase directly from the market.

Transmission Service Agreement with NGCP

The Parent Company entered the Contract with NGCP wherein the latter would provide the necessary transmission services to the Parent Company, provided that the Parent Company shall pay the applicable charges for such services and remain liable for any unpaid amounts despite the termination of the agreement.

Service Agreement with TransCo

The Parent Company entered into service agreement with the TransCo. Under the agreement, TransCo shall provide transmission services to the Parent Company effective June 26, 2006, and shall continue to be in full force and effect until terminated in accordance with the Provision of Open Access Transmission Service which governs the TransCo’s provision of transmission services to qualified grid users.

On December 1, 2008, the franchise to operate and maintain the physical assets of TransCo for 50 years was granted to NGCP by virtue of R.A. No. 9511, An Act Granting NGCP a Franchise to Engage in the Business of Conveying or Transmitting Electricity through High Voltage Back-bone System of Interconnected Transmission Lines, Substations and Related Facilities and for other purposes. With the affectivity of R.A. No. 9511, transmission services to the Parent Company have been are provided by NGCP since December 2008.

### Lease Agreements

#### *Group as lessee*

The Group entered into various lease agreements for the lease of its administrative office in Quezon City and field offices in various towns of Pangasinan. The lease agreements are for a period of one year subject to renewal, and the monthly total rental is ₱364,750 for 2025, ₱353,900 for 2024, and ₱360,007 for 2023. Total rent expense amounted to ₱4,377,001 for 2025, ₱4,246,800 for 2024, and ₱4,320,079 for 2023 (see Note 19).

#### *Group as lessor*

The Group entered into various lease agreements to lease out its electric poles in various towns of Pangasinan. The lease agreements are for a period of one year subject to renewal and rental rate of ₱270 to ₱340 per pole.

Total rental income amounted to ₱38,718,634 in 2025, ₱32,047,368 in 2024, and ₱23,528,318 in 2023, respectively, and is included in the “Other revenues” account under the “Revenues” section in the statements of comprehensive income (see note 17).

## 23. EARNINGS PER SHARE

Earnings per share are computed as follows:

	2025	2024	2023
Net income	<b>₱349,556,438</b>	₱375,689,998	₱372,043,401
Divided by: Shares outstanding	<b>14,662,000</b>	14,662,000	12,462,000
	<b>₱23.84</b>	₱25.62	₱29.85

## 24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial instruments include cash and cash equivalents, trade and other receivables, rental deposit, trade and other payables, customers’ deposits and dividend payable which are used for working capital management purposes and operations. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The Group is exposed to a variety of financial risk which results from both its operating and investing activities. The Group’s risk management is in close cooperation with the BOD, and focuses on actively securing the Group’s short-to medium-term cash flows by minimizing the exposure to financial markets.

*Interest rate risk*

Investment in financial instruments renders the Group subject to interest rate risks. These include the risks arising from changes in interest rates. The primary source of the Group's interest rate risk relates to cash and other assets which are invested at various banks earning an average interest rate of 0.5% to 5.50% per annum in 2025 and 2024. If the interest rate had been 0.5% higher/lower, the net income after tax would increase/decrease by ₱9,601,326 in 2025, ₱8,171,243 in 2024, and ₱3,322,677 in 2023.

*Credit risk*

Credit risk is the risk that the Group will incur a loss from customers or counterparties that fail to discharge their contractual obligations. The Group manages credit risk by setting limits on the amount of risk the Group is willing to accept from counterparties and by monitoring exposures in relation to such limits.

*Credit risk exposure*

The table below shows the maximum exposure to credit risk of the Group as at:

		<b>December 31, 2025</b>			
		<b>Basis of recognizing ECL</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>	<b>Net carrying amount</b>
Cash in banks and cash equivalents	(a)		<b>₱2,495,690,452</b>	<b>₱-</b>	<b>₱2,495,690,452</b>
Trade receivables	(b)	Lifetime ECL	<b>605,052,565</b>	<b>14,515,757</b>	<b>590,536,808</b>
Other receivables	(b)		<b>19,870,323</b>	<b>-</b>	<b>19,870,323</b>
Rental deposits	(c)		<b>762,743</b>	<b>-</b>	<b>762,743</b>
			<b>₱3,121,376,083</b>	<b>₱14,515,757</b>	<b>₱3,106,860,326</b>
		<b>December 31, 2024</b>			
		<b>Basis of recognizing ECL</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>	<b>Net carrying amount</b>
Cash in banks	(a)		<b>₱2,178,998,214</b>	<b>₱-</b>	<b>₱2,178,998,214</b>
Trade receivables	(b)	Lifetime ECL	<b>586,356,765</b>	<b>14,515,757</b>	<b>571,841,008</b>
Other receivables	(b)		<b>62,666,082</b>	<b>-</b>	<b>62,666,082</b>
Rental deposits	(c)		<b>687,718</b>	<b>-</b>	<b>687,718</b>
			<b>₱2,828,708,779</b>	<b>₱14,515,757</b>	<b>₱2,814,193,022</b>

- (a) Cash in banks and cash equivalents are assessed to have low credit risk at each reporting period. Cash in banks and cash equivalents are held by reputable banking institutions.
- (b) For trade and other receivables, the Group has applied the simplified approach to measure the loss allowance at lifetime ECLs. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.
- (c) Rental deposits are assessed to have low credit risk at each reporting period since these are held by related parties.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

*Trade and other receivables*

The Group applies the simplified approach to measuring ECL which uses a lifetime ECLs for all trade receivables. The loss allowance for trade receivables as at December 31 is determined as follows:

**December 31, 2025**

	Current	Number of days past due			Total
		0 to 30 days	31-60 days	> 90 days	
ECL rate	2%	2%	2%	2%	
Gross carrying amount:					
Trade receivables	₱362,135,153	₱145,215,771	₱56,960,828	₱40,740,813	₱605,052,565
Other receivables	19,870,323	-	-	-	19,870,323
	382,005,476	145,215,771	56,960,828	40,740,813	624,922,888
Lifetime ECL	₱8,912,522	₱3,349,608	₱1,313,882	₱939,745	₱14,515,757

**December 31, 2024**

	Current	Number of days past due			Total
		0 to 30 days	31-60 days	> 90 days	
ECL rate	10%	5%	2%	1%	
Gross carrying amount:					
Trade receivables	₱354,095,734	₱36,595,442	₱186,473,364	₱9,192,225	₱586,356,765
Other receivables	62,666,082	-	-	-	62,666,082
	416,761,816	36,595,442	186,473,364	9,192,225	649,022,847
Lifetime ECL	₱3,540,957	₱731,909	₱9,323,668	₱919,223	₱14,515,757

The following table sets out the credit quality of financial assets by category (gross of allowance) of the Group:

**December 31, 2025**

	Neither Past Due Nor Impaired					Total
	High Grade	Medium Grade	Low Grade	Past due but not impaired	Past due and individually impaired	
Cash in banks and cash equivalents	₱2,495,690,452	₱-	₱-	₱-	₱-	₱2,495,690,452
Trade receivables	590,536,808	-	-	-	14,515,757	605,052,565
Other receivables	19,870,323	-	-	-	-	19,870,323
Rental deposits	762,743	-	-	-	-	762,743
	₱3,106,860,326	₱-	₱-	₱-	₱14,515,757	₱3,121,376,083

December 31, 2024

	Neither Past Due Nor Impaired					Total
	High Grade	Medium Grade	Low Grade	Past due but not impaired	Past due and individually impaired	
Cash in banks	₱2,178,998,214	₱-	₱-	₱-	₱-	₱2,178,998,214
Trade receivables	571,841,008	-	-	-	14,515,757	586,356,765
Other receivables	62,666,082	-	-	-	-	62,666,082
Rental deposits	687,718	-	-	-	-	687,718
	<b>₱2,814,193,022</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱14,515,757</b>	<b>₱2,828,708,779</b>

The credit ratings of the financial assets of the Group are determined as follows:

High grade

High grade financial assets consist of cash and cash equivalents which are deposited in large universal and commercial banks. Trade receivables consist of current month's billing expected to be collected within ten (10) days from billing. Other receivables include receivables from PEMC for Luzon WESM Prices for November and December 2013 ordered to be refunded by ERC.

Medium grade

Medium grade financial assets include trade receivables that are expected to be collected within 30 days after billing.

Low grade

Low grade financial assets include trade receivables that are expected to be collected within 60 days after billing.

The Group's customers consist mainly of third parties with good credit rating. None of the financial assets that are fully performing has been renegotiated in 2025 and 2024.

*Liquidity risk*

The Group monitors and maintains a level of funds deemed adequate by management to finance the Group's operations and mitigate the effects of cash flows. Any excess funds are placed with reputable banks to generate interest income. As at December 31, 2025 and 2024, the financial liabilities have contractual maturities as follow:

	December 31, 2025		December 31, 2024	
	Due within one year	Due beyond one year	Due within one year	Due beyond one year
Trade payables	<b>₱251,278,350</b>	<b>₱-</b>	₱249,274,778	₱-
Other payables*	<b>180,783,116</b>	-	163,790,780	-
Customers' deposits	<b>184,354,840</b>	<b>339,701,607</b>	240,763,052	337,846,798
	<b>₱616,416,306</b>	<b>₱339,701,607</b>	<b>₱653,828,610</b>	<b>₱337,846,798</b>

\*Excluding statutory payables and other liabilities to government agencies amounting to ₱39,150,270 in 2025 and ₱49,643,725 in 2024.

*Share price risk*

Share price risk is the risk that fair value of financial assets at FVPL decreases as the result of change in fair value of investments.

The Group's exposure to share price risk relates primarily to the Group's financial assets at FVPL. The Group intends to hold these investments indefinitely in response to liquidity requirements or changes in market conditions.

The following table demonstrates the sensitivity to a reasonable change in share price, with all other variables held constant, of the Group's income before income tax. The Group determines +/-10% as reasonably possible change in share price. The detail follows:

	2025	2024
Change in share price:		
+10%	<b>₱6,775,966</b>	₱18,427,039
-10%	<b>(6,775,966)</b>	(18,427,039)

**25. CAPITAL RISK OBJECTIVE AND MANAGEMENT**

The Group's objectives when managing capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other shareholders; and
- To provide an adequate return to stockholders by pricing products and services commensurately with the level of risk.

Consistent with others in the industry, the Group monitors its capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including customer's deposits, and trade and other payables as shown in the statements of financial position) less cash and cash equivalents. Total capital is calculated as Equity as shown in the statements of financial position plus net debt.

As at December 31, the Group's ratios are as follows:

	2025	2024
Trade and other payables and customers' deposits	<b>₱990,888,525</b>	₱1,041,319,133
Less: cash and cash equivalents	<b>2,496,427,452</b>	2,179,835,214
Net (cash) debt (a)	<b>(1,505,538,927)</b>	(1,138,516,081)
Total equity	<b>5,883,133,175</b>	5,658,039,574
Total capital (b)	<b>₱4,377,594,248</b>	₱4,519,523,493
Gearing ratio (a/b)	<b>(34%)</b>	(25%)

**26. FAIR VALUE INFORMATION***Assets measured at fair value*

The following is the information on the Group's assets measured at fair value at the end of each reporting period:

	2025	2024	Fair value hierarchy	Valuation techniques
Financial assets at FVPL	<b>₱67,293,451</b>	₱184,270,387	Level 1	Net asset value per share as published by various unit investment trust fund and mutual fund companies
Financial assets at FVOCI	<b>152,000,000</b>	152,000,000	Level 1	Market bid quotes
Utility, plant and equipment	<b>3,903,272,803</b>	3,878,693,425	Level 2	Depreciated replacement cost, cost approach and sales comparison approach
Other property and equipment	<b>77,701,463</b>	85,820,987	Level 2	Depreciated replacement cost and cost approach
	<b>₱4,200,267,717</b>	₱4,300,784,799		

*Financial assets and liabilities measured at amortized cost for which fair value is disclosed*

The Group's financial assets and liabilities which are not measured at fair value but for which fair value is disclosed include cash and cash equivalents, trade and other receivables, rental deposits and trade and other payables. Management considers that the carrying amounts of these financial assets and liabilities approximate their fair value due to their short-term duration.

The carrying amounts of bill deposits approximate their fair values as bill deposits are interest-bearing.

**27. OTHER MATTERS**EPIRA of 2001

R.A. No. 9136, otherwise known as the EPIRA Act (Act) of 2001 was signed into law on June 8, 2001. The covering Implementing Rules and Regulations (IRR) have already been deliberated upon and approved by the Joint Congressional Power Commission. The Act provides for, among others, the significant changes in the power sector, such as the (a) unbundling of the generation, transmission and distribution sectors; (b) privatization of National Power Corporation (NPC)'s generation, transmission, and other disposable assets, including independent power producers or IPP contracts, (c) creation of ERC to regulate the electric power industry; (d) creation of a wholesale electricity spot market within one year; (e) open and nondiscriminatory access to transmission and distribution systems; and, (f) mandated rate reduction and lifeline rate for marginalized end-users. The price will have regulated elements for transmission and distribution, and competitive components for the electrical energy itself and for ancillary or support services.

The law requires public listing of not less than 15% of common shares of generation and distribution companies within five (5) years from the effectivity of the Act. It provides cross ownership restrictions between transmission and generation companies and between transmission and distribution companies, and a cap that no distribution utility is allowed to source bilateral power supply contracts more than fifty percent of its total demand from an associated firm engaged in generation except for contracts entered into prior to the effectivity of the Act. Specifically relating to distribution utilities, the Act provides for the unbundling of electricity tariff rates and the determination of stranded costs and its recovery through universal charge.

On June 27, 2017, the ERC issued Resolution No. 10, Series of 2017, "A Resolution Extending the Compliance Period Under Resolution No. 9, Series of 2011, for Generation Companies and DU, which are not Publicly Listed to Offer and Sell to the Public a Portion of Not Less Than Fifteen Percent (15%) of their Common Shares of Stocks, Pursuant to Section 43(t) of R.A. No. 9136 and Rule 3, Section 4(m) of its IRR". In this resolution, ERC allowed an extension of one (1) year or until the resolution of the petition, whichever is earlier, for generation companies and distribution utilities to offer and sell to the public a portion of not less than fifteen percent (15%) of their common shares of stocks.

On December 7, 2018, the ERC per ERC Case No. 2015-006 RM had set the continuation of the public consultation on the "Petition to Amend ERC Resolution No.9, Series of 2011, Allowing Registration of Shares at the SEC as a Mode of Public Offering". The ERC invited the SEC to discuss securities rules and regulations on public offering and public listings of generation companies and distribution utilities.

On June 4, 2019, the ERC issued Resolution No. 4, Series of 2019, “A Resolution Amending Resolution No. 9, Series of 2011 Requiring Generation Companies and Distribution Utilities Which are not Publicly Listed to Offer and Sell to the Public a Portion of Not Less than Fifteen Percent (15%) of Their Common Shares of Stock Pursuant to Section 43 (t) of R.A. No. 9136 and Rule 3, Section 4 (m) of its IRR.” The resolution amended Section 2.3 of Article II to include offering of common shares of stocks for sale to the public in accordance with the 2016 IRR of Securities Regulation Code as a mode of public offering: (i) publication in any newspaper, magazine or printed reading material which is distribute within the Philippines; (ii) presentation in any public or commercial place; (iii) advertisement or announcement on radio, television, telephone, electric communications, information communication technology or any other forms of communications; or (iv) distribution and/or making available flyers, brochures or any offering material in a public or commercial place or to prospective purchasers through the portal system, information communication technology and other means of information distribution.

In compliance with the above resolution, the Parent Company applied for registration of its public offering of 15% or 2,200,000 of its common shares with the SEC. The registration of the Parent Company’s shares was rendered effective by the SEC on December 27, 2023 under SEC MSRD Order No. 72, Series of 2023, in which the public offering was made on January 8, 2024 to January 12, 2024.

\* \* \*



Diaz Murillo  
Dalupan and Company



WE ARE AN INDEPENDENT MEMBER OF  
THE GLOBAL ADVISORY  
AND ACCOUNTING NETWORK

**Statement Required by Rule 68, Part I, Section 5,  
Securities Regulation Code (SRC).  
As Revised on August 19, 2019**

The Board of Directors and Stockholders  
**DAGUPAN ELECTRIC CORPORATION AND A SUBSIDIARY**  
AB Fernandez St., Dagupan City  
Province of Pangasinan

We have audited the accompanying consolidated financial statements of **Dagupan Electric Corporation and a Subsidiary** (the Group) as at December 31, 2025 and for each of the three years in the period ended December 31, 2025, on which we have rendered the attached report dated May 14, 2026. The supplementary information shown in the “Reconciliation of Retained Earnings Available for Dividend Declaration”, “Schedule of Financial Soundness Indicators” and “Schedules”, as additional components required by Rule 68, Part I, Section 5 of the Securities Regulation Code, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements. Such information is the responsibility of the Group’s management and has been subjected to auditing procedures applied in the audit of basic consolidated financial statements. In our opinion, the information has been prepared in accordance with Rule 68 of the Securities Regulation Code.

**Diaz Murillo Dalupan and Company**

Tax Identification No. 003-294-822

BOA/PRC No. 0234, effective until June 23, 2026

SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022, and valid for five years covering the audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001911-000-2025, effective until March 11, 2028

Alexes B. Abella

Partner

CPA Certificate No. 96749

Tax Identification No. 201-766-994

SEC Accreditation No. 96749, Group A, issued on August 12, 2021, and valid for five years covering the audit of 2021 to 2025 financial statements

PTR No. 10771459, January 11, 2026, Makati City

BIR Accreditation No. 08-001911-004-2025, effective until March 11, 2028

May 14, 2026

**Global Reach, Global Quality**

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**Dagupan Electric Corporation and a Subsidiary**

Revised SRC Rule 68

Annex 68-J

Schedule A – Financial Assets

December 31, 2025

	<b>No of Shares or Principal Amount of Bonds and Notes</b>	<b>Amount Shown in the Statements of Financial Position</b>	<b>Value Based on Market Quotation at End of Reporting Period</b>	<b>Income Received and Accrued</b>
<b>Financial assets at fair value through other comprehensive income (FVOCI)</b>				
<b>Equity Securities</b>				
Tarlac Electric Inc.	400,000	152,000,000	152,000,000	5,124,000
<b>Total - FVOCI</b>		<b>152,000,000</b>	<b>152,000,000</b>	<b>5,124,000</b>
<b>Financial assets at fair value through profit or loss (FVPL)</b>				
<b>Debt Securities</b>				
Petron Corporation*	not applicable	-	-	2,933,624
Aboitiz Equity Ventures*	not applicable	-	-	469,292
BPI - PHILAM	33,750,000	28,819,750	28,819,750	(335,915)
<b>Equity Securities</b>				
BPI - PHILAM	12,500,000	8,082,917	8,082,917	(124,926)
<b>Other equity and debt securities</b>				
Sun Life Asset Management Co., Inc.	5,148,800	17,680,464	17,680,464	(312,532)
Landbank of the Philippines	1,867,228	5,078,531	5,078,531	497,067
BPI - PHILAM	12,500,000	7,631,789	7,631,789	(189,904)
<b>Total - FVPL</b>		<b>67,293,451</b>	<b>67,293,451</b>	<b>7,591,414</b>
<b>Cash in Banks and Cash Equivalents</b>	not applicable	<b>2,495,690,452</b>	<b>2,495,690,452</b>	<b>56,944,404</b>
<b>Trade and Other Receivables</b>	not applicable	<b>610,407,131</b>	<b>610,407,131</b>	<b>-</b>

\*Disposed in 2025

**Dagupan Electric Corporation and a Subsidiary**

Revised SRC Rule 68

Annex 68-J

Schedule B – Amounts Receivables from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)

December 31, 2025

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Deductions		Ending Balance		Balance at the End of the Year
			Amounts Collected	Amounts Written-off	Current	Non-Current	

Receivables from directors, officers, employees, related parties, and principal stockholders are within the ordinary course of the company

**Dagupan Electric Corporation and a Subsidiary**

Revised SRC Rule 68

Annex 68-J

Schedule C – Amounts Receivables from Related Parties which are Eliminated during the Consolidation of  
Financial Statements  
December 31, 2025

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Deductions		Ending Balance		Balance at the End of the Year
			Amounts Collected/Paid	Amounts Written-off	Current	Non-Current	

Not Applicable

**Dagupan Electric Corporation and a Subsidiary**

Revised SRC Rule 68

Annex 68-J

Schedule D – Long Term Debt

December 31, 2025

<b>Type of Obligation</b>	<b>Amount Shown Under Caption "Current Portion of Long Long-term Debt" in Related Statement of Financial Position</b>	<b>Amount Shown Under Caption "Long-term Debt" in related Statement of Financial Condition</b>
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The Company has no long-term loans

**Dagupan Electric Corporation and a Subsidiary**

Revised SRC Rule 68

Annex 68-J

Schedule G – Capital Stock

December 31, 2025

<b>Title of Issue</b>	<b>Number of Shares Authorized</b>	<b>Outstanding as Shown Under the Related Statement of Condition Caption</b>	<b>Number of Shares Reserved for Options, Warrants, Conversion and Other Rights</b>	<b>Number of Shares Held by</b>		
				<b>Related Parties</b>	<b>Directors, Officers, and Employees</b>	<b>Others</b>
Common Stock	15,000,000	14,662,000			12,534,690	2,127,310

**Dagupan Electric Corporation**  
**AB Fernandez St., Dagupan City, Province of Pangasinan**  
**Schedule H - Reconciliation of Retained Earnings Available for Dividend Declaration**  
**For the Year Ended December 31, 2025**

Items	Amount	
<b>Unappropriated Retained Earnings, beginning of year, as adjusted</b>		<b>₱1,466,186,123</b>
<b>Add: Category A: Items that are directly credited to Unappropriated Retained Earnings</b>		
Reversal of Retained Earnings Appropriations	-	
Effect of restatements or prior-period adjustments	-	-
<b>Less: Category B: Items that are directly debited to Unappropriated Retained Earnings</b>		
Dividend declaration during the year	147,499,725	
Retained Earnings appropriated during the year	-	
Effect of restatements or prior-period adjustments	-	147,499,725
<b>Unappropriated Retained Earnings, as adjusted</b>		<b>1,318,686,398</b>
<b>Add: Net income for the current year</b>		<b>354,069,935</b>
<b>Less: Category C.1: Unrealized income (loss) recognized in the profit or loss during the year (net of tax)</b>		
Unrealized fair value adjustment of financial assets at fair value through profit or loss (FVPL)	(349,658)	(349,658)
<b>Add: Category C.2: Unrealized income recognized in the profit or loss in prior year but realized during the year (net of tax)</b>		
Realized foreign exchange gain, except those attributable to cash	-	
Realized fair value adjustment of financial assets at FVPL	2,200,218	2,200,218
<b>Add: Category C.3: Unrealized income recognized in the profit or loss in prior year but reversed during the year (net of tax)</b>		
Reversal of fair value adjustment of financial assets at FVPL	-	
Reversal of previously recorded fair value gain of investment property	-	-
<b>Adjusted Net Income</b>		<b>356,619,811</b>
<b>Add: Category D: Non-actual losses recognized in profit or loss during the year (net of tax)</b>		
Depreciation on revaluation increment (net of tax)	69,110,666	69,110,666
<b>Add/Less: Category E: Adjustments related to relief granted by SEC</b>	-	-
<b>Add/Less: Category F: Other items that should be excluded from the determination of the amount available for dividends distribution</b>		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	3,335,525	
Adjustment due to deviation from PFRS	-	3,335,525
<b>Total Retained Earnings, End, Available for Dividend Declaration</b>		<b>₱1,747,752,400</b>

## SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

### Dagupan Electric Corporation and a Subsidiary

As at December 31, 2025, 2024 and 2023

Ratio	Formula	2025	2024	2023
Current Ratio	Current Assets / Current Liabilities	4.90	4.30	2.55
Acid Test Ratio	(Cash and Cash Equivalents + Marketable Securities + Accounts Receivable) / Current Liabilities	4.69	4.05	2.32
Solvency Ratio	(Net Profit After Tax + Non-Cash Expenses) / Liabilities	0.36	0.36	0.35
Debt-to-Equity Ratio	Total Liabilities / Total Equity	0.27	0.29	0.39
Asset-to-Equity Ratio	Total Assets / Total Equity	1.27	1.29	1.39
Interest Rate Coverage Ratio*	Earnings Before Interests and Taxes / Interest Expense	N/A	N/A	N/A
Return on Equity	(Net Income / Average Shareholders' Equity) x 100	6%	8%	8%
Return on Assets	(Net Income / Average Total Assets) x 100	5%	6%	6%
Net Profit Margin	(Net Income / Revenues) x 100	9%	9%	9%
Net Sales Growth	[(Net sales of Current Period - Net Sales of Previous Period) / Net Sales of Previous Period] x 100	-6%	4%	-14%
Net income percentage	[(Net income of current period - Net income of previous period) / Net income of previous period] x 100	-7%	1%	54%
Increase in shareholders' equity	[(Shareholders' equity of current period - Shareholders' equity of previous period) / Shareholders' equity of previous period] x 100	4%	34%	-22%

\* The Group does not have any loan

**DAGUPAN ELECTRIC CORPORATION AND A SUBSIDIARY**  
**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR**  
**FEE-RELATED INFORMATION**  
**For the Years Ended December 31, 2025 and 2024**

	2025	2024
<b>Total Audit Fees</b>	<b>₱495,000</b>	<b>₱480,000</b>
<b>Non-audit service fees:</b>		
Other assurance services	-	-
Tax services	-	-
All other services*	-	100,000
<b>Total Non-audit Fees</b>	<b>-</b>	<b>100,000</b>
<b>Total Audit and Non-audit Fees</b>	<b>₱495,000</b>	<b>₱580,000</b>

*\*Agreed-upon procedure related to the application of proceeds from public offering*



Diaz Murillo  
Dalupan and Company



WE ARE AN INDEPENDENT MEMBER OF  
THE GLOBAL ADVISORY  
AND ACCOUNTING NETWORK

**Supplemental Written Statement to  
Accompany Independent Auditors' Report**

The Board of Directors and Stockholders  
**DAGUPAN ELECTRIC CORPORATION**  
AB Fernandez St., Dagupan City  
Province of Pangasinan

We have audited the financial statements of **Dagupan Electric Corporation** as at and for the year ended December 31, 2025, on which we have rendered the attached report dated May 14, 2026.

In compliance with SRC Rule 68, we are stating that the Company has fifty-two (52) stockholders owning one hundred (100) shares or more each.

**Diaz Murillo Dalupan and Company**

Tax Identification No. 003-294-822

BOA/PRC No. 0234, effective until June 23, 2026

SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022, and valid for five years covering the audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001911-000-2025, effective until March 11, 2028

Atexes B. Abella

Partner

CPA Certificate No. 96749

Tax Identification No. 201-766-994

SEC Accreditation No. 96749, Group A, issued on August 12, 2021, and valid for five years covering the audit of 2021 to 2025 financial statements

PTR No. 10771459, January 11, 2026, Makati City

BIR Accreditation No. 08-001911-004-2025, effective until March 11, 2028

May 14, 2026

**Global Reach, Global Quality**

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Davao Office : 3rd Floor Building B Plaza De Luisa, Ramon Magsaysay Avenue, Davao City 8000 Philippines • Phone/Fax: +63(82) 222 6636

Palawan Office : 2F MRC Building, Pineda Road, Brgy. San Pedro, Puerto Princesa City, Palawan 5300 Philippines • Phone +63(48) 716 1580

Website : [www.dmdcpa.com.ph](http://www.dmdcpa.com.ph)



# SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City  
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



**The following document has been received:**

**Receiving:** DONNA ENCARNADO

**Receipt Date and Time:** May 20, 2026 01:24:15 PM

## Company Information

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**SEC Registration No.:** 0000018890

**Company Name:** DAGUPAN ELECTRIC CORPORATION

**Industry Classification:** E40100

**Company Type:** Stock Corporation

## Document Information

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**Document ID:** OST105202026811453572

**Document Type:** Quarterly Report

**Document Code:** SEC\_Form\_17-Q

**Period Covered:** March 31, 2026

**Submission Type:** Original Filing

**Remarks:** None

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



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 March 31, 2026
2. Commission identification number 18890 3. BIR Tax Identification No. 000-202-524

**DAGUPAN ELECTRIC CORPORATION**

4. Exact name of issuer as specified in its charter

**DAGUPAN CITY, PANGASINAN, PHILIPPINES**

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code:  (SEC Use Only)

**AB FERNANDEZ ST., DAGUPAN CITY**

7. Address of issuer's principal office

**2400**  
Postal Code

**(632) 8374 3039**

8. Issuer's telephone number, including area code

**NOT APPLICABLE**

9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class

Number of shares of common  
stock outstanding and amount  
of debt outstanding

**COMMON SHARES**

**14,662,000**

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

Yes [ ] No [  ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

**NOT APPLICABLE**

12. Indicate by check mark whether the registrant:

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

Yes [  ] No [  ]

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

Yes [  ] No [  ]

## **PART I--FINANCIAL INFORMATION**

### **Item 1. Financial Statements.**

The Unaudited Interim Consolidated Financial Statements of Dagupan Electric Corporation (“DECORP” or the “Company”) as of and for the period ended March 31, 2026 (with comparative figures as of December 31, 2025 and for the period ended March 31, 2025) and Unaudited Notes to the Interim Consolidated Financial Statements are attached as Annex A

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

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

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

The following other information are attached as Annex C

- a) Schedules required under Annex 68-J of the Revised Securities Regulation Code Rule 68
- b) SEC Form 17-L for SEC Form 17-Q as of and for the quarter ended March 31, 2026

## 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.

Issuer

### DAGUPAN ELECTRIC CORPORATION

Issuer

By:

  
Rene Bernard L. Llames  
President and CEO

  
Lilian D. Saralde  
Finance Manager and Compliance Officer

Date May 20, 2026

**DAGUPAN ELECTRIC CORPORATION**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
<b>ASSETS</b>		
<b>Noncurrent Assets</b>		
Utility plant and equipment -note 4	₱3,891,087,617	₱3,903,272,803
Other property and equipment -note 5	78,590,860	77,701,463
FVOCI -note 6	152,000,000	152,000,000
Deferred tax assets -note 21	31,533,386	31,533,386
	<b>4,153,211,863</b>	<b>4,164,507,652</b>
<b>Current Assets</b>		
Cash and cash equivalents -note 7	2,724,048,094	2,496,427,452
Trade and other receivables -note 8	501,715,574	610,407,131
Financial assets at FVPL -note 9	67,293,451	67,293,451
Inventories -note 10	81,868,571	103,447,214
Prepayments and other current assets -note 11	31,014,747	35,818,193
	<b>3,405,940,436</b>	<b>3,313,393,441</b>
<b>TOTAL ASSETS</b>	<b>7,559,152,299</b>	<b>7,477,901,093</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Capital stock -note 15	1,466,200,000	1,466,200,000
Additional paid-in capital	1,141,724,320	1,141,724,320
Revaluation reserve -notes 4 and 5	1,409,806,550	1,427,084,216
Remeasurement gain (loss) on retirement benefits -note 18	2,962,763	2,962,764
Retained earnings -note 14	1,913,056,065	1,845,200,562
Equity attributable to equity holders of the Parent Company	5,933,749,698	5,883,171,862
Non-controlling interest	(38,687)	(38,687)
	<b>5,933,711,011</b>	<b>5,883,133,175</b>
<b>Current Liabilities</b>		
Trade and other payables -note 12	669,678,390	651,186,878
Dividends payable	40.27	40
Income tax payable	41,176,073	25,099,678
	<b>710,854,503</b>	<b>676,286,596</b>
<b>Noncurrent Liabilities</b>		
Customers' deposit -note 13	341,566,292	339,701,607
Deferred tax liabilities -note 21	471,941,235	477,700,457
Retirement benefits obligation -note 18	101,079,258	101,079,258
	<b>914,586,785</b>	<b>918,481,322</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>₱7,559,152,299</b>	<b>₱7,477,901,093</b>

See accompanying Notes to Unaudited Interim Consolidated Financial Statements

**DAGUPAN ELECTRIC CORPORATION**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Unaudited	
	For the Three Months Ended March 31	
	2026	2025
<b>REVENUES -note 17</b>	<b>₱952,092,712</b>	<b>₱908,886,453</b>
<b>OPERATING EXPENSES</b>		
Purchases power -note 21	739,726,324	712,390,959
Operating and maintenance -note 19	76,718,254	67,117,726
Depreciation	52,147,858	52,991,669
Taxes other than income tax	17,358,460	36,572,881
	885,950,896	869,073,235
<b>INCOME FROM OPERATIONS</b>	<b>66,141,816</b>	<b>39,813,217</b>
<b>OTHER INCOME (CHARGES)</b>	<b>1,223,704</b>	<b>3,001,414</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>67,365,519</b>	<b>42,814,631</b>
<b>PROVISION FOR INCOME TAX</b>	<b>22,546,904.01</b>	<b>20,704,694</b>
<b>NET INCOME</b>	<b>44,818,615</b>	<b>22,109,937</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Not to be reclassified to profit or loss in the subsequent periods		
Remeasurement gain (loss) on retirement benefits, net of tax	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱44,818,615</b>	<b>₱22,109,937</b>
Earnings Per Share	3.06	1.51

*See accompanying Notes to Unaudited Interim Consolidated Financial Statements*

**DAGUPAN ELECTRIC CORPORATION**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025**

	Equity Attributable to Equity Holders of the Parent Company						Equity Attributable to Equity Holders of the Parent Company	Non-Controlling Interests	Total Equity
	Capital Stock -note 15	Additional Paid-in Capital	Revaluation Reserve	Remeasurement Gain (Loss) on Retirement Benefits	Appropriated Retained Earnings	Unappropriated Retained Earnings			
Balance at January 1, 2026	₱1,466,200,000	₱1,141,724,320	₱1,427,084,216	₱2,962,764	₱0	₱1,845,200,562	₱5,883,171,862	(38,687)	₱5,883,133,175
Net Income						44,818,615	44,818,615		44,818,615
Depreciation on appraisal increase transferred to unappropriated retained earnings			(23,036,889)			23,036,889	0		0
Income tax effect on the revaluation increment charged to operations through additional depreciation charges			5,759,222				5,759,222		5,759,222
Remeasurement gain on retirement benefits , net of tax							0		0
	0	0	(17,277,666)	0	0	67,855,504	50,577,838	0	50,577,838
<b>Balance at March 31, 2026</b>	<b>1,466,200,000</b>	<b>1,141,724,320</b>	<b>1,409,806,550</b>	<b>2,962,764</b>	<b>-</b>	<b>1,913,056,066</b>	<b>5,933,749,700</b>	<b>(38,687)</b>	<b>5,933,711,013</b>
Balance at January 1, 2025	1,466,200,000	1,141,724,320	1,480,510,625	2,962,764	-	1,550,957,608			5,642,355,317
Net income						22,109,937			22,109,937
Depreciation on appraisal increase transferred to unappropriated retained earnings			(23,036,889)			23,036,889			-
Income tax effect on the revaluation increment charged to operations through additional depreciation charges			5,759,222						5,759,222
Remeasurement gain on retirement benefits, net of tax									
Transaction with owners									
Cash dividends									
Public offering									
Transfer to unappropriated earnings	0	0	(17,277,666)	0	0	45,146,826			27,869,159
<b>Balance at March 31, 2025</b>	<b>₱1,466,200,000</b>	<b>₱1,141,724,320</b>	<b>₱1,463,232,959</b>	<b>₱2,962,764</b>	<b>₱0</b>	<b>₱1,596,104,434</b>			<b>₱5,670,224,476</b>

**DAGUPAN ELECTRIC CORPORATION**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Unaudited	
	For the Three Months Ended March 31	
	2026	2025
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	₱67,365,519	₱478,535,574
Adjustment for:		
Depreciation -notes 4 and 5	52,147,858	52,991,669
Retirement benefit expense -note 18		
Provision for ECL -note 8	3,025,000	
Interest expense -note 13	35,212	30,764
Fair value loss on financial assets at FVPL -note 9		
Interest income -note 7	(250,005)	(1,069,417)
Gain on sale of transportation equipment -note 5		
Operating income before working capital changes	122,323,585	94,767,648
Decrease (increase) in:		
Trade and other receivables	105,666,557	124,208,826
Inventories	21,578,642	42,104,333
Prepayments and other current assets	4,803,446	6,191,329
Increase (decrease) in:		
Trade and other payables	18,491,512	(9,153,421)
Dividends payable	0	
Customers' deposits	1,864,685	(822,067)
Cash generated from operations	274,728,428	257,296,647
Interest received -note 7	250,005	1,069,417
Income tax paid	(6,470,509)	(6,247,128)
Interest paid	(35,212)	(30,764)
Net cash provided by operating activities	268,472,711	252,088,173
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment -notes 4 and 5	(40,852,068)	(63,035,816)
Proceeds from financial assets at FVPL -note 9		
Acquisition of financial assets at FVOCI		
Proceeds from sale of transportation equipment -note 5		
Net cash used in investing activities	(40,852,068)	(63,035,816)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of cash dividends	0	0
Proceeds from public offering	0	0
Net cash used in financing activities	0	0
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	227,620,643	189,052,357
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	2,496,427,451	2,179,835,209
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD -note 7</b>	<b>₱2,724,048,094</b>	<b>₱2,368,887,566</b>

**DAGUPAN ELECTRIC CORPORATION****Notes to Interim Consolidated Financial Statements**

For the Period Ended March 31, 2026 and 2025, and December 31, 2025

**1. CORPORATE INFORMATION**

Dagupan Electric Corporation (the Company) was incorporated in the Philippines on May 30, 1961. On May 20, 2008, the Securities and Exchange Commission (SEC) approved the amendment of the Articles of Incorporation of the Company extending its corporate life for another 50 years from May 20, 2011. The Company is majority owned by a group of Filipino individuals.

The Company is engaged in the distribution of electricity and is granted with a legislative franchise to operate and service certain areas in the province of Pangasinan by virtue of Republic Act (R.A.) No. 9969, enacted by the Congress of the Philippines on February 6, 2010, entitled “An Act Amending R.A. No. 3221, Granting a Franchise to Dagupan Electric Corporation to Construct, Operate and Maintain a Distribution System for the Conveyance of Electric Power to the End-Users in the City of Dagupan, the Municipalities of Calasiao, Sta. Barbara, San Fabian, San Jacinto and Manaoag, and Barangays Bolingit and Cruz in the City of San Carlos, all in the Province of Pangasinan, and Renewing/ Extending the Term of the Franchise to Another Twenty-Five (25) Years from the Date of the Approval of this Act”. The act became effective on February 27, 2010.

The Company is subject to the regulations and rate-making policies of the Energy Regulatory Commission (ERC).

The registered principal address of the Company is AB Fernandez St., Dagupan City, Province of Pangasinan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies that have been used in the preparation of the Company’s financial statements for the year ended December 31, 2023 have been adopted in the preparation of the interim consolidated financial statements. The policies have been consistently applied to all the periods presented, unless otherwise stated.

**Statement of Compliance**

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and Interpretations issued by the former Standing Interpretations Committee (SIC), the Philippine Interpretations Committee (PIC) and the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by SEC.

**Basis of Preparation**

The interim consolidated financial statements have been prepared on a historical cost basis

except for utility, plant and equipment and other property and equipment which are stated at revalued amount and financial assets at fair value through profit or loss (FVPL).

The financial statements are presented in Philippine peso (₱), the Company's functional currency. All amounts are rounded to the nearest peso except when otherwise indicated.

#### Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial years except for the amended PFRS below which is mandatorily effective for annual periods beginning on or after January 1, 2023.

*PAS 1 and PFRS Practice Statement 2 (Amendments) Disclosure of Accounting Policies.* The narrow-scope amendments PAS 1, *Presentation of Financial Statements* require entities to disclose material accounting policy information instead of significant accounting policies. The amendments also clarify the following: (1) accounting policy information may be material because of its nature, even if the related amounts are immaterial; (2) accounting policy is material if users of an entity's financial statements would need it to understand other material information in the statements; and (3) if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. Further, the amendments provide several paragraphs to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material. In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of 'four-step materiality process' to accounting policy information in order to support the amendments to PAS 1. The amendments are applied prospectively. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted. Once the entity applies the amendments to PAS 1, it is also permitted to apply the amendments to PFRS Practice Statement 2. The amendments do not have a material impact on the interim financial statements of the Company.

*PAS 8 (Amendments) Definition of Accounting Estimates.* The amendments to PAS 8, *Accounting Policies, Changes* focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The amendments do not have a material impact on the interim financial statements of the Company.

#### New accounting standards and amendments to existing standards effective subsequent to January 1, 2023

Standards issued but not yet effective up to the date of the Company's financial statements are listed below. These amendments to standards issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

*PAS 1 (Amendments) Classification of Liabilities as Current or Noncurrent.* The narrow-scope amendments to PAS 1, *Presentation of Financial Statements* clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. The amendments are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted. The amendments do not have a material impact on the interim financial statements of the Company.

#### Utility Plant and Equipment and Other Property and Equipment

The Company's utility plant and equipment and other property and equipment (fixed assets) are initially measured at cost. The initial cost comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to profit or loss in the period when the costs are incurred. Land is stated at cost less any impairment in value.

Subsequently, fixed assets are carried at revalued amounts which are the fair values at the date of revaluation, as determined by independent appraisers, less subsequent accumulated depreciation and any accumulated impairment losses. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The appraisal was performed by an independent firm of appraisers and the significant assumptions used by the appraiser are disclosed in Notes 4 and 5.

If the assets' carrying amount is increased as a result of a revaluation, the increase is recognized in other comprehensive income and accumulated in equity under the heading "Revaluation reserve". However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If the assets' carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading "Revaluation reserve". Annually, an amount from the revaluation reserve is transferred to retained earnings for the depreciation relating to the revaluation. Revaluations are performed to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Depreciation is computed on a straight-line method over the following estimated useful lives:

	Number of Years
Utility plant and equipment:	
Buildings and improvements	30
Distribution	25-45
Tools and equipment	10
Other property and equipment:	
Office furniture and equipment	5-10
Transportation equipment	5-10

Construction in progress represents properties under construction and is stated at cost. This includes the cost of construction, applicable borrowing cost and other direct costs. The account is not depreciated until such time that the assets are completed and available for use. A fixed asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The depreciation method, residual values and estimated useful lives of utility plant and equipment and other property and equipment are reviewed and adjusted, if appropriate, at each reporting date.

An item of utility plant and equipment and other property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising on the retirement and disposal of an item of utility plant and equipment and other property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement or disposal. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

#### Impairment of Non-financial Assets

The Company assesses the utility plant and equipment and other property and equipment at each reporting date whether there is an indication that the asset may be impaired. All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less cost to sell, and value in use, based on an internal evaluation of discounted cash flow. Impairment loss is charged to the assets in the cash-generating unit.

All fixed assets are subsequently reassessed for indications that an impairment loss previously

recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

### Financial Instruments

#### *a. Initial recognition, measurement and classification of financial instruments*

The Company recognizes financial assets and financial liabilities in the statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

With the exception of trade receivables that do not contain a significant financing component, financial assets and financial liabilities are recognized initially at fair value including transaction costs, except for those financial assets and liabilities at FVPL where the transaction costs are charged to expense in the period incurred. Trade receivables that do not contain a significant financing component are recognized initially at their transaction price. The Company classifies its financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and FVPL.

The classification of debt instruments at amortized cost or at FVOCI depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing the financial assets. The Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, debt instruments may be designated at FVPL on initial recognition if doing so eliminates or significantly reduces the measurement or recognition inconsistency and produce more relevant information.

Upon initial recognition, the Company may make an irrevocable election to present in other comprehensive income changes in the fair value of an equity investment that is not held for trading. The classification is determined on an instrument-by-instrument basis.

The Company classifies its financial liabilities as subsequently measured at amortized cost using the effective interest method or at FVPL.

#### *Financial Assets at Amortized Cost*

Financial assets are measured at amortized when both of the following conditions are met:

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

After initial measurement, financial assets at amortized cost are subsequently measured using

the effective interest method less allowance for impairment. Gains and losses are recognized in the statements of comprehensive income when the financial assets at amortized cost are derecognized, modified or impaired. These financial assets are included in current assets if maturity is within 12 months from the end of reporting period. Otherwise, these are classified as noncurrent assets.

The Company's financial assets at amortized cost comprise cash and cash equivalents, and trade and other receivables (see Notes 7 and 8). Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash depending on the immediate cash requirements of the Company and are subject to an insignificant risk of change in value.

Trade receivables are amounts due from the Company's customers for the power supplied to the customers and other related services performed in the ordinary course of business.

#### *Financial Assets at FVPL*

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, debt instruments may be designated at FVPL on initial recognition if doing so eliminates or significantly reduces the measurement or recognition inconsistency and produce more relevant information. Financial assets at FVPL are carried in the statements of financial position at fair value with net changes in fair value recognized in the profit or loss.

As at March 31, 2026 and December 31, 2025, the financial assets at FVPL include unit investment trust funds and mutual funds that are not considered equity instruments designated at FVOCI and do not meet the amortized cost criteria (see Note 9).

#### *Equity Instruments Designated at FVOCI*

Upon initial recognition, the Company may make an irrevocable election to present in other comprehensive income changes in the fair value of an equity instrument that is not held for trading. The classification is determined on an instrument-by-instrument basis.

When the equity instrument is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss, but is transferred to retained earnings. Equity instruments designated at FVOCI are not subject to impairment assessment. These financial assets are classified as noncurrent assets.

As at March 31, 2026 and December 31, 2025, the Company's equity instruments at FVOCI consists of investment in unquoted equity shares of a private company (see Note 6).

#### b. *Determination of Fair Value*

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value of an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Company's financial assets at FVPL, which consist of unit investment trust funds and mutual funds, are measured at fair value. Fair value disclosures are presented in Note 26.

#### *"Day 1" Difference*

When the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the statements of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statements of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference amount.

#### *Financial Liabilities at Amortized Cost*

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading, or designated as at FVPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Financial liabilities at amortized cost include trade and other payables (except statutory payables), dividend payable and customers' deposits (see Notes 12, 13 and 14).

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Other payables include non-trade payable and accrued expenses.

Customers' deposits are recognized upon receipt from customers and are measured at fair value of the consideration received. This is composed of bill, pole attachment and cost of line extension (COLE) deposit that serves as guarantee of customers. The customers' deposits are measured subsequently at amortized cost after the initial recognition. The customers' deposits are derecognized upon return to customers in accordance with regulations and contracts entered by the parties. Customers' deposits are classified as current liabilities if return to customers is due within one year or less; otherwise, these are presented as noncurrent liabilities.

### *c. Impairment of Financial Assets*

The Company recognizes allowance for estimated credit losses (ECL) for all debt instruments that are measured at amortized cost or at FVOCI and trade and other receivables. ECLs are a probability-weighted estimate of credit losses over the expected life of the financial asset.

Credit losses are the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company assesses at each end of the reporting period whether the credit risk on a financial asset has increased significantly since initial recognition. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to the lifetime ECLs. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to 12-month ECLs. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting period.

For trade receivables, the Company applies a simplified approach in calculating ECLs. The Company recognizes a loss allowance based on lifetime ECLs at the end of each reporting period. The ECLs on these financial assets are estimated using a provision matrix based on the

Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, including time value of money where appropriate.

When the credit risk on financial instruments for which lifetime ECLs have been recognized subsequently improves, and the requirement for recognizing lifetime ECLs is no longer met, the loss allowance is measured at an amount equal to 12-month ECL at the current reporting period, except for assets for which simplified approach was used.

The Company recognizes impairment loss (reversals) in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

#### *Significant Increase in Credit Risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the end of reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition of the financial instrument is determined to have low credit risk at the end of reporting period. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts. The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### *Definition of Default*

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### *Credit-impaired Financial Assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes 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 lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower concessions that the lenders would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

#### *Write-off Policy*

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor

has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner.

Financial assets written-off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

d. *Derecognition*

*Financial Asset*

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 right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset and has entered into a "pass-through" arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

*Financial Liability*

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 as 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 recognized in profit or loss.

e. *Offsetting of Financial Instruments*

Financial assets and liabilities are offset and the net amount is reported in the 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.

Inventories

Inventories, which consist of materials and supplies, are initially measured at cost and subsequently stated at the lower of cost and net realizable value (NRV). Costs incurred in

bringing materials and supplies to their present location and condition are determined on the first-in first-out method. NRV is the current replacement cost of the asset.

When the inventories are sold, the carrying amount of inventories is recognized as an expense in which the related revenue is recognized.

#### Prepayments and Other Current Assets

Prepayments are expenses paid in advance and recorded as asset before they are utilized. Prepayments are apportioned over the period covered by the payment and charged to the appropriate account in profit or loss when incurred. Prepayments that are expected to be realized for not more than 12 months after the end of the reporting period are classified as current asset; otherwise, these are classified as other noncurrent asset.

Other current assets represent advanced payment for the purchase of transmission lines and rental deposits. This is recognized in the statements of financial position upon payment and is measured at cost.

Creditable withholding taxes are stated at cost less any impairment in value. Creditable withholding tax is deducted from income tax payable on the same year the revenue is recognized.

Input value added tax (VAT) is stated at cost less any impairment in value. Input VAT is the indirect tax paid by the Company on the local purchase of goods or services from a VAT-registered person. Input VAT is deducted from the output VAT in arriving at the VAT due and payable. When the output tax exceeds the input tax, the difference is recognized as a current liability in the statements of financial position. When the input tax exceeds the output tax, the excess is carried over to the next reporting period and is recognized as an asset presented as Input VAT in the statements of financial position. Allowance for unrecoverable input VAT, if any, is maintained by the Company at a level considered adequate to provide for potential uncollectible portion of the claims.

#### Equity

##### *(a) Capital stock*

Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as deduction from the proceeds, net of tax. The excess of proceeds from the issuance of shares over the par value is credited to additional paid-in capital.

##### *(b) Additional paid-in capital*

Additional paid-in capital is the result of the Company's declaration of property dividends out of treasury shares. It also includes shares issued and offered for sale to the public by way of an initial public offering, in which the SEC rendered the application for registration of shares effective December 27, 2023.

##### *(c) Retained earnings*

Retained earnings represent accumulated earnings of the Company less dividends declared.

Dividend is recognized as liability and deducted from retained earnings when declared and approved by BOD while stock dividend is deducted from retained earnings when approved by the BOD.

### Revenue Recognition

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or as an agent. The Company concluded that it is acting as principal in its revenue arrangements. The Company recognizes revenue from the following sources:

#### *Revenue from sale of electricity*

Revenue is recognized upon supply of power to the customers and is stated at amount invoiced to customers, inclusive of pass-through components, and net of VAT, discounts and/or rebates. In addition, the following specific recognition criteria must be met before revenue is recognized:

- Power has been distributed to customers whose consumptions are measured by Company approved metering devices.
- Revenue estimation based on the average of historical consumption on cases of failure to read measuring devices due to unforeseen events and other valid causes.
- Recognition coincides with the period of the power bill issued to customers.

The Uniform Filing Requirements (UFR) on the rate unbundling released by the ERC on October 30, 2001 specified the following bill components: generation charge, transmission charge, system loss charge, distribution charge, supply charge, metering charge and interclass and lifeline subsidies. National value added tax and local franchise taxes, universal charges and Feed-in Tariff Allowance (FIT-All) are also separately indicated in the customers' billing statements. VAT and local franchise taxes (which are billed and collected merely on behalf of the national and local government), universal charges and FIT-All [which are billed and collected merely on behalf of Power Sector Assets and Liabilities Management Corporation (PSALM) and National Transmission Corporation (TransCo), respectively] do not form part of the Company's revenues. The Company's revenues are adjusted for over/under recoveries of pass-through charges.

#### *Pole rental income*

Rental income is accounted for on a straight-line basis over the lease term.

#### *Interest income*

Interest income is recognized as the interest accrues taking into account the effective yield of the asset.

### *Other income*

Other income is recognized when earned.

### Expense Recognition

Expenses are recognized in the statements of comprehensive income on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statements of financial position as an asset.

### Leases

#### *Company as lessee*

The Company entered into operating lease arrangements on its office space. The leases do not transfer to the Company substantially all the risks and benefits of ownership of the assets. Lease payments are recognized in profit or loss on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

#### *Company as lessor*

The Company leased out its poles under operating lease agreements. Under the lease agreements, the Company does not transfer substantially all the risk and benefits of ownership of the assets. Rental income from the lease is recognized in profit or loss on a straight-line basis over the lease term.

Direct cost incurred in negotiating an operating lease is added to the carrying amount of the leased asset and is recognized over the lease term on the same basis as rental income. Contingent rent is recognized as revenue in the period earned.

### Foreign Currency Transactions

Transactions in foreign currencies are recorded in Philippine peso using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate at the reporting date. All foreign exchange gains and losses are recognized in profit or loss.

### Related Party Relationships and Transactions

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Parties are considered 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. Related parties may be individuals or corporate entities.

In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely the legal form.

### Current and Deferred Income Tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### Retirement Benefits

#### *Short-term employee benefits*

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before 12 months after the end of the reporting period. Short-term benefits given by the Company to its employees include salaries and wages, fringe benefits, 13th month pay, Social Security System (SSS), Philhealth and Home Development Mutual Fund (HDMF) contribution.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

*Retirement benefits obligation*

Pension benefits are provided to employees through a defined benefit plan. The retirement plan is generally funded through payments to a trustee bank determined by periodic actuarial calculations.

Typically, defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan asset, if any.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The defined benefit cost comprises of the service cost, net interest on the defined benefit liability or asset and the rereasurement of net defined benefit liability or asset. Service cost which includes current service cost, past service cost and gains or losses on non-routine settlements is recognized as expense in profit or loss. Past service cost is recognized when plan amendment or curtailment occurs. Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurement comprising actuarial gains and losses and return on plan asset (excluding net interest on defined benefit liability) is recognized immediately in other comprehensive income in the period in which they arise. Remeasurement is not reclassified to profit or loss in subsequent periods. Remeasurement recognized in other comprehensive income account. The difference between the interest income component of net interest and the actual return on plan asset is recognized in other comprehensive income.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets or if no maturity, the expected period until the settlement of the related obligation. The Company's right to be reimbursed of some or all of the expenditures required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

*Termination benefits*

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

### Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) 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 of 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 a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Company expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount can be estimated reliably. The expense relating to any provision is presented in the statements of comprehensive income, net of any reimbursement.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

### Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the year attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the year, after considering the retroactive effect of stock dividend, if any.

### Events after the Reporting Date

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

## 3. **MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of the financial statements in compliance with PFRS requires Management to make estimates and assumptions that affect the amounts reported in the financial statements. The estimates and assumptions used in the financial statements are based upon Management's evaluation of relevant facts and circumstances at the end of the reporting period. Actual results could differ materially from such estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Material Accounting Judgments

### *Business Model Assessment*

Classification and measurement of financial assets depend on the results of the business model and solely for payments of principal and interest test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Company monitors financial assets measured at amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes are required during the years presented.

### *Customers' Deposits*

In applying PFRS 9 on customers' deposits, the Company has made a judgment that the timing and related amounts of future cash flows relating to such deposits cannot reasonably and reliably be estimated for purposes of alternative valuation techniques in establishing their fair values.

### Key Sources of Estimation Uncertainty

#### *Assessment for ECL on trade and other receivables*

The Company recognizes a loss allowance based on lifetime ECLs at the end of each reporting period. The ECLs on these financial assets are estimated using a provision matrix based on the credit risk profile of its customers and historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, including time value of money where appropriate. All terminated accounts, net of the related customers' deposits, are provided full allowance.

Allowance for impairment losses on trade and other receivables amounted to ₱14,515,757 as at March 31, 2026 and December 31, 2025. The carrying amount of trade and other receivables amounted to ₱501,715,574 and ₱610,407,131 as at March 31, 2026 and December 31, 2025, respectively (see Note 8).

#### *NRV of Inventories*

Inventories consist of material and supplies used in the power distribution and service segments. The cost of inventories is written down whenever the NRV of inventories becomes lower than the cost due to damage, physical deterioration, obsolescence, and change in price levels or other causes. The lower of cost or NRV of inventories is reviewed on a periodic basis. Inventories identified to be obsolete and unusable are written off and charged as expenses in the statements of comprehensive income.

The carrying amount of inventories amounted to ₱81,868,570 and ₱67,293,450 as at March 31, 2026 and December 31, 2025, respectively (see Note 10).

*Estimating useful lives of fixed assets*

The useful life of each of the assets included in the Company's utility plant and equipment and other property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal and other limits on the use of the asset. 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. A reduction in the estimated useful lives of utility plant and equipment and other property and equipment would increase recorded operating expenses and decrease the carrying value of utility plant and equipment and other property and equipment.

Utility plant and equipment, net of accumulated depreciation of ₱1,501,240,872 and ₱1,476,363,343, amounted to ₱3,891,086 and ₱3,903,272 as at March 31, 2026 and December 31, 2025, respectively (see Note 4).

Other property and equipment, net of accumulated depreciation of ₱46,365,46 and ₱45,228,140 amounted to ₱78,590,859 and ₱77,701,463 as at March 31, 2026 and December 31, 2025, respectively (see Note 5).

*Determining fair value of fixed assets*

The fair value of the fixed assets was determined by an independent firm of appraisers. In conducting the appraisal, the independent firm of appraiser used different methods and approaches in determining the fair value of fixed assets, which are disclosed in Note 4.

The fair value of utility plant and equipment amounted to ₱3,891,087,616 and ₱3,903,272,803 as at March 31, 2026 and December 31, 2025, respectively (see Note 4).

The fair value of other property and equipment amounted to ₱78,590,859 and ₱77,701,463 as at March 31, 2026 and December 31, 2025, respectively (see Note 5).

*Impairment of non-financial assets*

PFRS requires that an impairment review be performed when certain impairment indicators are present. Determining the fair value of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Management has determined that there are no events or circumstances that may indicate that the carrying amounts of the assets are not recoverable as at March 31, 2026 and December 31, 2025.

*Determining fair value of financial assets at FVPL*

The financial assets at FVPL of the Company are composed of unit investment trust funds and investment in mutual funds, which are carried at fair value. This requires judgment and estimates. The fair value of these financial assets was determined based on net asset value per share as published by various unit investment trust fund and mutual fund companies. The inputs are obtained from observable market data and are based on quotes obtained from counterparties.

The fair value of the financial assets at FVPL amounted to ₱67,293,451 as at March 31, 2026 and December 31, 2025 (see Note 9).

*Revenue recognition*

The Company's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenues and receivables.

The Company recognizes revenues based on actual electricity delivered to customers. Estimates are made on cases where there is failure to measure consumption due to unforeseen events. The measurement is based on the average historical load profiles of affected customers. The timing of recognition corresponds to the billing period disclosed in the power bill issued to customers. Management believes that such use of estimates will not result in material adjustments to revenue in future periods.

Revenue amounted to ₱952,092,712 and ₱908,886,453 for the three-month ended March 31, 2026 and 2025, respectively (see Note 17).

*Retirement benefits obligation*

The determination of the Company's retirement benefits obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 18 and include, among others, discount rates and salary increase rate. In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with consideration to maturities corresponding to the expected duration of the defined benefits obligation. The assumptions are sensitive to changes due to complex valuation and its long-term nature. All assumptions are reviewed at each reporting date.

Retirement benefits obligation amounted to ₱86,260,564 as at March 31, 2026 and December 31, 2025, respectively (see Note 18).

**4. UTILITY PLANT AND EQUIPMENT**

The reconciliation of this account is as follows:

March 31, 2026

	Amount in thousands					
	Distribution	Tools and equipment	Land	Buildings and improvements	Construction in progress	Total
<b>Cost</b>						
Net carrying amount, January 1, 2026	₱1,696,750	₱8,559	₱82,003	₱49,336	₱151,417	₱1,988,065
Additions	27,426	9	0	0	7,216	₱34,651
Depreciation	(23,382)	(435)	-	(1,060)		(24,877)
Reclassification						
Net carrying amount, March 31, 2026	₱1,700,794	₱8,133	₱82,003	₱48,276	₱158,633	₱1,997,839
<b>Appraisal increase (decrease in value)</b>						
Net carrying amount, January 1, 2026	1,492,529	(6,455)	411,893	17,240	0	1,915,207
Depreciation	(21,814)			(146)		(21,960)
Net carrying amount, March 31, 2026	1,470,715	(6,455)	411,893	17,094	0	1,893,247
	3,171,509	1,678	493,896	65,370	158,633	3,891,086

December 31, 2025

	Amount in thousands					
	Distribution	Tools and equipment	Land	Buildings and improvements	Construction in progress	Total
<b>Cost</b>						
Net carrying amount, January 1, 2025	₱1,648,887	₱8,281	₱82,003	₱53,108	₱83,368	₱1,875,647
Additions	141,546	1,999	0	472	68,049	212,066
Depreciation	(93,683)	(1,721)	-	(4,244)		(99,648)
Reclassification	-	-	-	0	0	-
Net carrying amount, December 31, 2025	₱1,696,750	₱8,559	₱82,003	₱49,336	₱151,417	₱1,988,065
<b>Appraisal increase (decrease in value)</b>						
Net carrying amount, January 1, 2025	1,579,785	(5,872)	411,893	17,240	0	2,003,046
Depreciation	(87,256)	(583)				(87,839)
Net carrying amount, December 31, 2025	1,492,529	(6,455)	411,893	17,240	0	1,915,207
	3,189,279	2,104	493,896	66,576	151,417	3,903,272
<b>Cost</b>						
Net carrying amount, December 31, 2025	₱2,952,624	₱30,894	₱82,003	₱104,475	₱151,417	₱3,321,413
Accumulated depreciation	(1,396,074)	(24,679)	-	(55,611)	-	(1,476,364)
Net carrying amount, December 31, 2025	1,556,550	6,215	82,003	48,864	151,417	1,845,049
<b>Appraisal increase (decrease in value)</b>						
Net carrying amount, December 31, 2025	2,523,246	(2,020)	411,893	47,749	0	2,980,868
Accumulated depreciation	(890,517)	(2,091)	0	(30,037)		(922,645)
Net carrying amount, December 31, 2025	1,632,729	(4,111)	411,893	17,712	0	2,058,223
	₱3,189,279	₱2,104	₱493,896	₱66,576	₱151,417	₱3,903,272

The carrying amount that would have been recognized had the fixed assets been carried under

cost model is as follows:

	Amount in thousands					Total
	Distribution	Tools and equipment	Land	Buildings and improvements	Construction in progress	
<b>March 31, 2026</b>	<b>₱1,700,794</b>	<b>₱8,133</b>	<b>₱82,003</b>	<b>₱48,276</b>	<b>₱158,633</b>	<b>₱1,997,839</b>
December 31, 2025	₱1,556,550	₱6,215	₱82,003	₱48,864	₱151,417	₱1,845,049

Depreciation on utility, plant and equipment for the three-month periods ended March 31, 2026 and 2025 charged to operating expenses amounted to ₱24,877,528 in 2026 and ₱47,769,535 in 2025 (including depreciation on appraisal increase of ₱21,959,565 and ₱21,955,027 for the three months period ended March 31, 2026 and 2025, respectively).

The Company estimates the useful life of its substation equipment based on the period of which the asset is expected to be available for use as determined by the Company's internal technical evaluation based on their experience with similar assets.

Re-appraisal of utility plant and equipment and other property and equipment

On December 31, 2021, the Company had its utility plant and equipment and other property and equipment re-appraised by an independent firm of appraiser accredited by the SEC. The valuation was performed in accordance with the International Valuation Standards (2022 Edition) and Philippine Valuation Standards (2<sup>nd</sup> Edition, 2018).

The result of the revaluation of assets was adjusted to accumulated depreciation of appraisal increase except for land in which the resulting increase in value was adjusted to appraisal increase. The net carrying amount of utility plant and equipment and other property and equipment was revalued at ₱3,946,345,600 as of December 31, 2021.

The fair value of the utility plant and equipment and other property and equipment is categorized at Level 2 for which the fair value measurement is observable. The following are methods and approaches used by independent appraisers in measuring the utility plant and equipment and other property and equipment:

- a. The value of the land was arrived at using the Market Approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.
- b. The values of the buildings and other land improvements (which includes distribution, tools and equipment, buildings and improvements, transportation equipment and office furniture and equipment) located in the Company's main office in Barangay Oeste, Dagupan City, Pangasinan were arrived at using Cost Approach. This is a comparative approach to the value of property or another asset that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is a replica of, or equivalent to, the original or one that could furnish equal utility with no undue cost resulting from delay. It is based on the reproduction or replacement cost of the subject property or asset, less total (accrued) depreciation, plus the value of the land to which an estimate of entrepreneurial incentive or developer's profit/loss is commonly added.

- c. The values of the buildings and other land improvements (which includes distribution, tools and equipment, buildings and improvements, transportation equipment and office furniture and equipment) located in the Calasiao Substation, San Jacinto Substation, Sta. Barbara Pole Yard were arrived at using Depreciated Replacement Cost. This is an application of the cost approach used in assessing the value of specialized assets for financial reporting purposes, which direct market evidence is limited or unavailable. It is used when there is insufficient market data to arrive at market value by means of market-based evidence. It is based on the principle of substitution. The method is based on the same theoretical transaction between traditional informed parties as the market value concept.

There are no utility plant and equipment held as collateral for liabilities as at March 31, 2026 and December 31, 2025. These assets are free from any liens and encumbrances.

## 5. OTHER PROPERTY AND EQUIPMENT

The reconciliation of this account is as follows:

### March 31, 2026

	Transportation equipment	Office furniture and equipment	Total
<b>Cost</b>			
Net carrying amount, January 1, 2025	₱61,703,001	₱17,997,897	₱79,700,899
Additions	5,522,232	677,930	6,200,162
Depreciation	(2,857,300)	(1,376,141)	(4,233,441)
Net carrying amount, March 31, 2026	64,367,934	17,299,686	81,667,620
<b>Appraisal Increase (decrease in value)</b>			
Net carrying amount, January 1, 2025	3,017,904	(5,017,340)	(1,999,436)
Depreciation	(1,077,324)		(1,077,324)
Net carrying amount, March 31, 2026	1,940,580	(5,017,340)	(3,076,760)
	₱66,308,514	₱12,282,346	₱78,590,860
<b>Cost</b>			
Accumulated depreciation	₱242,310,893	₱100,920,236	₱343,231,129
Net carrying amount, March 31, 2026	(177,942,958.91)	(83,620,549.65)	(261,563,508.56)
Appraisal increase	64,367,934.57	17,299,686.18	81,667,620.75
Accumulated depreciation	37,799,778.00	5,488,926.00	43,288,704.00
Net carrying amount, March 31, 2026	(35,859,203.31)	(10,506,262.09)	(46,365,465.40)
	1,940,574.69	(5,017,336.09)	(3,076,761.40)
	₱66,308,509	₱12,282,350	₱78,590,859

### December 31, 2025

	Transportation equipment	Office furniture and equipment	Total
<b>Cost</b>			
Net carrying amount, January 1, 2024	₱65,349,954	₱18,161,173	₱83,511,127
Additions	7,286,857	5,589,813	12,876,670
Depreciation	(10,933,810)	(5,753,089)	(16,686,898)
Net carrying amount, December 31, 2025	61,703,001	17,997,897	79,700,899
<b>Appraisal Increase (decrease in value)</b>			

Net carrying amount, January 1, 2024	7,327,200	(5,017,340)	2,309,860
Depreciation	(4,309,296)		(4,309,296)
Net carrying amount, December 31, 2025	3,017,904	(5,017,340)	(1,999,436)
	<b>₱64,720,905</b>	<b>₱12,980,557</b>	<b>₱77,701,463</b>
Cost	₱235,626,782	₱100,242,303	₱335,869,085
Accumulated depreciation	(173,923,781)	(82,244,405)	(256,168,186)
Net carrying amount, December 31, 2025	61,703,001	17,997,898	79,700,899
Appraisal increase	37,799,778	5,488,926	43,288,704
Accumulated depreciation	(34,781,874)	(10,506,266)	(45,288,140)
Net carrying amount, December 31, 2025	3,017,904	(5,017,340)	(1,999,436)
	<b>₱64,720,905</b>	<b>₱12,980,558</b>	<b>₱77,701,463</b>

The carrying amount that would have been recognized had the fixed assets been carried under cost model is as follows:

	Transportation equipment	Office furniture and equipment	Total
<b>March 31, 2026</b>	<b>₱64,367,934</b>	<b>₱17,299,686</b>	<b>₱81,667,620</b>
December 31, 2025	₱61,703,001	₱17,997,898	₱79,700,899

Depreciation on other property and equipment for the three months period ended March 31, 2026 and March 31, 2025 amounted to ₱4,233,441 and ₱5,222,134, respectively.

There are no other property and equipment held as collateral for liabilities as at March 31, 2026 and December 31, 2025. These assets are free from any liens and encumbrances.

#### 6. FINANCIAL ASSET AT FVOCI

This account consists of an investment in Tarlac Electric Inc., which registered its common shares with the Securities and Exchange Commission in compliance with the EPIRA and whose shares are not traded in any Exchange.

This investment was classified under FVOCI as the Management considers this investment to be strategic in nature and intends to hold this investment for the foreseeable future.

As of March 31, 2026, the Company had no intention to dispose of the financial asset at FVOCI. The Company's investment is measured at a fair value equal to its carrying amount, which is based on the observable data that the investee is generating continuous income and has a stable financial position.

#### 7. CASH AND CASH EQUIVALENTS

This account consists of:

	<b>March 31, 2026 (Unaudited)</b>	December 31, 2025 (Audited)
Cash on hand	<b>₱667,543</b>	₱710,648

Cash in banks	<b>1,355,848,029</b>	1,128,184,281
Short-term deposits	<b>1,367,532,522</b>	1367532522
Total	<b>₱2,724,048,094</b>	₱2,496,427,452

Cash in banks earn interest at prevailing bank deposit rates. Total interest earned on cash in banks, net of final tax, amounted to ₱250,005 and ₱1,069,417 for the three months ended March 31, 2026 and 2025, respectively, and is included in “Interest income” presented under “Other income (charges)” account in the statements of comprehensive income (see Note 20).

## 8. TRADE AND OTHER RECEIVABLES (NET)

This account consists of:

	<b>March 31, 2026 (Unaudited)</b>	December 31, 2025 (Audited)
Trade receivables	<b>₱501,069,657</b>	₱605,052,565
Other receivables	<b>15,161,674</b>	19,870,323
	<b>516,231,331</b>	624,922,888
Allowance for ECLs on trade receivables	<b>14,515,757</b>	14,515,757
	<b>₱501,715,574</b>	₱610,407,131

### Trade receivables

Trade receivables are due ten days after presentation of the bill. The Company’s trade receivables are non-interest bearing and are secured by bill deposits amounting to ₱501,715,574 and ₱610,407,131 as at March 31, 2026 and December 31, 2025, respectively.

Trade receivables from sale of electricity consist of:

	<b>March 31, 2026 (Unaudited)</b>	December 31, 2025 (Audited)
Residential retail	<b>₱261,771,969</b>	312,574,840
General retail	<b>105,449,974</b>	98,889,283
Bulk power	<b>32,825,608</b>	59,360,202
General power	<b>49,565,765</b>	54,864,730
Universal charges	<b>20,979,676</b>	21,125,112
Street lights	<b>7,664,988</b>	9,863,865
FIT-All	<b>8,500,788</b>	11,474,035
GEA-All	<b>(2,369,215)</b>	0
Others	<b>16,680,104</b>	36,900,497
	<b>₱501,069,657</b>	<b>605,052,565</b>

### Residential

This is applicable to captive customer retail service for residential purposes of a permanent nature to individual private dwellings and to individually metered apartments.

#### General retail

General retail consists of customers with contracted capacity of equal to or less than 40kW, served typically at secondary lines (1-phase or 3-phase). This type of service is for non-residential purpose and is mostly composed of small-medium businesses.

#### General power

This is applicable to captive customer retail service for non-residential purposes used for general power, heating, and lighting in industrial, manufacturing, processing, machining, cold storage, water supply, and supermalls; at secondary voltage with contracted capacity greater than 40kW.

#### Bulk power

Bulk power refers to a customer connected and drawing power from the primary lines at 13.8 kV. These customers install, operate and maintain their own distribution transformers. This type of service is used for general power, heating, space cooling and lighting in industrial, manufacturing, processing, machining, cold storage, water and supply and super malls, with demands equal to greater than 250 kW.

#### Street lights

Street lights consist of roadway lighting service where existing facilities have adequate capacity and suitable voltage.

#### Universal charges

Universal charges are non-bypassable charge mandated under section 34 of R.A. No. 9136 otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA) imposed on electricity customers for the following purposes: a) missionary electrification; b) environmental charge for watershed rehabilitation and management; and c) payment for stranded debts and stranded contract costs. Once collected, these charges are remitted to PSALM, which administers the fund from universal charges in accordance with the intended purposes (see Note 12).

#### FIT-All

Pursuant to the energy development policy mandated by the Renewable Energy Act of 2008, R.A. No. 9513 and outlined in more detail in the FIT Rules, ERC Resolution No. 16, Series of 2010 (As Amended), a qualified renewable energy developer who elects to participate in the FIT System shall be eligible to a FIT, which is a guaranteed payment on a fixed rate per kilowatt-hour for electricity generated from emerging renewable energy technologies such as wind, solar, biomass and run-of-river hydropower actually delivered to the transmission and/or distribution network.

Should the payment of FIT to eligible renewable energy plants require a differential above the prevailing cost recovery rate, a uniform charge called FIT-All will be determined by the

TransCo. The FIT-All shall be billed and collected by the transmission and/or distribution utility from the consumers connected to their respective systems. Collections shall be remitted monthly to TransCo, being the fund administrator, governed by ERC Resolution No. 24, Series of 2013, Guidelines on the Collection of FIT-All and the Disbursement of the FIT-All Fund (see Note 12).

#### GEA-All

In compliance with ERC Resolution No. 06, Series of 2025, the Green Energy Auction Allowance (GEA-All), a fixed charge amounting to PhP0.0371/kWh, will be included in the electricity bill of all customers starting January 2026 billing. GEA-All will be used to fund renewable energy projects like solar, wind, and hydro in the Philippines. It supports the Green Energy Auction Program (GEAP), a government program where renewable energy projects are selected through competitive bidding to ensure the lowest possible cost for customers. The GEA-All rate is subject to change upon approval of the ERC.

This is a pass-through charge collected by Distribution Utilities, such as Meralco, Retail Electricity Suppliers (RES), and National Grid Corporation of the Philippines (NGCP) to be remitted to the National Transmission Corporation (TransCo).

#### Others

Others include charges for VAT on generation, transmission, system loss and distribution and other pass-through charges.

The details and movement in the allowance for ECLs on trade and other receivables follow:

	<b>March 31, 2026 (Unaudited)</b>	<b>December 31, 2025 (Audited)</b>
Balance at beginning of year	₱14,515,757	₱14,515,757
Provision for ECLs – note 19		
Write-off		
Balance at end of year	₱ 14,515,757	₱ 14,515,757

The Company applies the simplified approach in measuring ECLs which uses a lifetime expected loss allowance for all trade and other receivables. The Company has written-off all trade and other receivables of more than one year past due since historical experience has indicated that these receivables are generally not recoverable.

#### ERC Order on Luzon Wholesale Electricity Spot Market (WESM) prices for November and December 2013 Supply Months

The ERC, in its Order dated March 3, 2014 in ERC Case No. 2014-021MC, voided the WESM prices during the period of October 26, 2013 to December 25, 2013 and ordered the imposition of regulated prices. The market participants (collectively called Movants) filed a Motion for Reconsideration (MR), which was denied by ERC on October 15, 2014. In the said Order, Philippine Electricity Market Corporation (PEMC) was directed to calculate and revise WESM bills for distribution utilities in Luzon for November and December 2013 supply months. Accordingly, the Company received from PEMC billing adjustments for refund to its customers

amounting to ₱167,408,890, of which ₱5,810,294 is still outstanding as of March 31, 2026 and December 31, 2025.

The amount still for refund to customers was ₱8,989,934 and ₱8,990,752 as of March 31, 2025 and December 31, 2024, respectively.

Other receivables

Other receivables include generation charge refund, accrued interest, accrued rent income from electric property, and receivables from employees.

Receivables are not held as collateral and are free from any liens and encumbrances.

9. **FINANCIAL ASSETS AT FVPL**

This account consists of unit investment trust funds and mutual funds.

The movements in financial assets at FVPL for the periods ended are as follow:

	<b>March 31,</b>	December 31,
	<b>2026</b>	2025
	<b>(Unaudited)</b>	(Audited)
<b>Cost</b>		
Balance at beginning of year	<b>₱67,293,451</b>	₱181,638,774
Disposal		(113,577,102)
<b>Balance at end of period</b>	<b>67,293,451</b>	68,061,672
<b>Cumulative net unrealized loss in fair value:</b>		
Balance at beginning of year		2,631,613
Disposal		(2,933,624)
Unrealized fair value gain (loss)	<b>0</b>	(466,210)
<b>Balance at end of period</b>		<b>(768,221)</b>
	<b>₱67,293,451</b>	₱67,293,451

The inputs on fair value are obtained from observable market data and are based on quotes obtained from counterparties. The fair value was based on net asset value per share as published by various unit investment trust fund and mutual fund companies.

The unit investment trust funds and mutual funds are invested in fixed income, bond and balanced funds as at March 31, 2026 and December 31, 2025.

10. **INVENTORIES**

This account consists of materials and supplies for power distribution and service segments. As at March 31, 2026 and December 31, 2025, there are no inventories pledged or held as collateral.

11. **PREPAYMENTS AND OTHER CURRENT ASSETS**

This account consists of:

	<b>March 31, 2026 (Unaudited)</b>	December 31, 2025 (Audited)
Prepaid tax		
VAT	<b>₱12,526,016</b>	₱15,583,492
Real Property Tax	<b>9,486,371</b>	12,648,495
Insurance	<b>2,331,309</b>	964,521
Advances to TransCo	<b>5,858,942</b>	5,858,942
Others	<b>812,108</b>	762,743
	<b>₱31,014,747</b>	₱35,818,193

Prepaid insurance consists of vehicle insurance, annual health premium and fire/lighting and earthquake insurance.

Others pertain to rental deposits.

Sale of sub-transmission lines/assets of TransCo

On February 10, 2012, the Company and TransCo filed a joint application docketed as ERC Case No. 2012-021 RC for the approval of the sale of various sub-transmission lines/assets of TransCo to the Company. On August 11, 2014, the ERC approved the application with modification, limiting the sale only to those assets located within the franchise area of the Company. On November 6, 2014, the Company paid for the assets amounting to ₱5,858,942 in compliance with the Decision. However, on November 21, 2014, National Grid Corporation of the Philippines (NGCP) filed a MR, holding the transfer of assets until ERC resolve the matter. As such, the payment to TransCo has been treated as advance settlement, and is included under “Prepayment and other current assets” account in the statements of financial position. The application is still pending with the ERC as at March 31, 2025.

12. **TRADE AND OTHER PAYABLES**

This account consists of:

	<b>March 31, 2026 (Unaudited)</b>	December 31, 2025 (Audited)
Trade payables	<b>₱280,929,423</b>	₱251,278,350
Customers’ deposits (current portion) – note 13	<b>188,760,146</b>	184,354,840
Output VAT	<b>25,015,123</b>	32,960,129
Accrued expenses and other current liabilities	<b>122,442,754</b>	122,199,909
Universal charges payable	<b>33,332,154</b>	29,487,010
Accrued taxes	<b>1,082,537</b>	1,097,088
WESM regulated prices payable	<b>8,983,956</b>	8,985,045
FIT-All payable	<b>19,135,623</b>	19,801,371

GEA-All payable	(949,015)	0
Others	(9,054,312)	1,023,135
	<b>₱669,678,390</b>	<b>₱651,186,878</b>

Trade payables and output VAT

Trade payable represents the Company's liabilities to GNPower Mariveles Energy Center Ltd. Co., (GMEC), One Manoaagsolar Corporation (OMSC), Energy Development Corporation (EDC), and various power producers that participate in the Wholesale Electricity Market (WESM) operated by the Independent Electricity Market Operator (IEMOP) for purchased power, and NGCP for electric transmission services. The output VAT represents VAT to be collected on generation and transmission in accordance with ERC Resolution No. 20, Series of 2005, which prescribed the Guidelines Implementing the Recovery of VAT and Other Provisions of R.A. No. 9337 affecting the Electric Power Industry.

Customers' deposits

The customers' deposits (current portion) consist of bill deposits amounting to ₱188,760,146 and ₱251,278,350 as at March 31, 2026 and December 31, 2025, respectively (see Note 13).

Universal charges payable

Universal charges payable represents passed-on charges that were collected from customers. These are remitted to PSALM, which administers the fund from universal charges in accordance with the intended purposes (see Note 8).

Accrued expenses, other current liabilities and other payables

Accrued expenses and other current liabilities consist of payables to suppliers other than power suppliers and accrual of recurring expenses like electricity and water bill. Accrued taxes consist of energy and franchise taxes payable.

Other payables of ₱9,054,312 and ₱1,023,135 as at March 31, 2026 and December 31, 2025, respectively, consist mainly of expanded withholding tax, withholding tax – compensation, National Home Mortgage Finance Corporation (NHMFC), SSS, Philhealth and Pag-ibig.

Trade and other payables except for customers' deposits are due within 30 days from the date of billing and do not bear interest.

FIT-All payable

FIT-All payable represents passed-on and billed charges to customers on a monthly basis. Once collected from customers, these charges are remitted to TransCo, which is the designated FIT administrator (see Note 8).

GEA-All payable

This is a pass-through charge collected by Distribution Utilities, such as Meralco, Retail Electricity Suppliers (RES), and National Grid Corporation of the Philippines (NGCP) to be remitted to the National Transmission Corporation (TransCo) (see Note 8).

WESM regulated prices payable

WESM regulated prices payable represents the outstanding amount for refund to the Company's customers who were affected by the ERC's regulation of WESM prices for the November and December 2013 supply months (see Note 8).

13. **CUSTOMERS' DEPOSITS**

This account consists of:

	<b>March 31, 2026 (Unaudited)</b>	December 31, 2025 (Audited)
Bill deposits	<b>262,472,144</b>	263,752,148
COLE deposits	<b>62,979,551</b>	60,664,166
Pole attachment deposits	<b>16,114,597</b>	15,285,294
	<b>₱341,566,292</b>	₱339,701,607

Bill deposits secure payment of the monthly bills for electricity consumption and are equivalent to the estimated bill for one month of service, while meter deposits cover 50% of the cost of the metering equipment. COLE deposit is the cost of additional line to provide electricity in a specific location exceeding the limit of 20 meters from poles, while pole attachment deposits are deposits by third parties using the Company's poles to provide service to their customers.

On June 17, 2004 and October 27, 2004, the ERC issued the Magna Carta for Residential Electricity Consumers and the Guidelines to Implement its Articles 7, 8, 14 and 28 respectively, and on January 18, 2006 issued the Distribution Services and Open Access Rules (DSOAR). The foregoing rules include provisions on handling of customer deposits. It provides that residential and non-residential customers must pay or submit a bill deposit to guarantee payment of bills equivalent to their estimated monthly billing. The amount of deposit shall be adjusted after one year to approximate the actual average monthly bills.

A customer, who has paid his electric bills on or before its due date for three consecutive years, may now demand for the full refund of the bill deposit prior to the termination of his service; otherwise, bill deposits shall be refunded within one month from the termination of service, provided all bills have been paid. Further, these regulations exempt payment of meter deposits, but in case of loss and/or damage to the electric meter due to the fault of the customer, the latter shall bear the full replacement cost of the meter. The existing meter deposit of residential customers shall be refunded in accordance with the Guidelines to Implement Articles 7, 8, 14 and 28 of the Magna Carta. While for non-residential customers, DSOAR requires Distribution Utilities to submit a proposal to the ERC on the methodology and timeline for the refund of meter deposits within ninety (90) days following its effectivity.

Magna Carta and DSOAR also provide that distribution utilities shall pay interest on bill and meter deposits. Interest on bill deposits shall be equivalent to the interest incorporated in the calculation of their weighted average cost of capital (WACC); otherwise, it shall earn a rate equivalent to the prevailing interest for savings deposit as approved by the Bangko Sentral ng Pilipinas (BSP). Interest rate used on bill deposit was 0.10% for each year in 2021 and 2020. Interest for meter deposit shall be at 6% for contracts of service entered into prior to the effectivity of ERB Resolution No. 95-21 issued on August 3, 1995, and 10% thereafter.

On June 4, 2008, the ERC issued Resolution No. 8, Series of 2008, “A Resolution Adopting the Rules to Govern the Refund of Meter Deposits to Residential and Non-Residential Customers”. These rules provide the parameters for the refund of meter deposits and related interest thereon. Interest on meter deposit paid prior to the effectivity of ERB Resolution No. 95-21 shall earn 6% per annum. While payments made after the effectivity of ERB Resolution No. 95-21 until the day prior to the effectivity of Magna Carta or DSOAR shall earn an interest of 10% per annum.

Meter deposits paid from the effectivity of Magna Carta or DSOAR until the day prior to the start of the refund will be entitled to an interest of six per cent (6%) per annum.

Bill deposits of 341,566,292 and ₱339,701,607 as at March 31, 2026 and December 31, 2025, respectively, are included in the current portion of Customers’ deposits under the “Trade and other payables” account in the statements of financial position (see Note 12).

Interests on bill deposits amounted to ₱32,563 and ₱30,764 for the three months ended March 31, 2026 and 2025, respectively.

#### 14. **RETAINED EARNINGS**

The BOD approved the reversal and appropriation of the following:

##### 2024

- a) Reversal of ₱400,000,000 appropriated for capital expenditures from 2024 unrestricted retained earnings.

##### 2023

- b) Reversal of ₱400,000,000 appropriated for capital expenditures from 2022 unrestricted retained earnings.
- c) Appropriation of ₱400,000,000 for the following capital expenditures: a.) Expansion of distribution lines to accommodate the continuous growth of electrical loads due to additional customers and increasing demand, b.) Rehabilitation of existing lines, which covers replacement and relocation of poles, rerouting of primary and secondary lines, and reconfiguration of pole top assemblies, c.) Improvement of the grounding/earthing and insulation coordination, d.) Construction of 20/25 MVA, 69kV sub-transmission line from Balingueo, Sta. Barbara, Pangasinan to San Miguel, Calasiao, f.) Advanced Distribution Management System Project, g.) Construction of buildings, and g.) Improvement of customer service facilities.

##### 2022

- d) Appropriation of ₱400,000,000 for the following capital expenditures: a) expansion of distribution lines to accommodate the continuous growth of electrical loads due to additional customers and increasing demand; b) rehabilitation of existing lines, which covers replacement and relocation of poles, rerouting of primary and secondary lines, and reconfiguration of pole top assemblies; c) improvement of the grounding/earthing and insulation coordination; d) construction of 20/25 MVA, 69kV/13.8kV substation in Santa Barbara, Pangasinan; e) expansion of primary lines from Sta. Barbara Substation to Minien

East, Sta. Barbara; f) construction of a control tower building extension; and g) improvement of customer service facilities.

#### Cash Dividend

On May 29, 2024, the BOD approved the declaration of cash dividend equivalent to 40% of the previous year's net income, or ₱11.94 per share, to stockholders of record as of December 31, 2023. Cash dividend was paid in September 2024.

On June 16, 2023, the BOD approved the declaration of cash dividend in the amount of ₱1,600,000,000 to stockholders of record as of June 15, 2023 which are payable on various dates up to September 29, 2023.

### 15. CAPITAL STOCK

The details of capital stock are as follow:

	<b>March 31, 2026 (Unaudited)</b>	December 31, 2025 (Audited)
Authorized – ₱100 par value per share, 15,000,000 shares	<b>₱1,500,000,000</b>	₱1,500,000,000
Common shares issued, fully paid and outstanding – 14,662,000 shares	<b>1,246,200,000</b>	1,246,200,000
Initial public offering shares	<b>220,000,000</b>	220,000,000
Outstanding	<b>₱1,466,200,000</b>	₱1,466,200,000

On December 27, 2023, the SEC rendered effective DECORP's application for the registration of Fourteen Million Six Hundred Sixty-Two Thousand (14,662,000) common shares, of which Two Million Two Hundred Thousand (2,200,000) shares were issued and offered for sale to the public by way of an initial public offering at an offer price of Five Hundred Thirty-Three Pesos (₱ 533.00) per share. As of February 2, 2024, the Two Million Two Hundred Thousand (2,200,000) common shares offered to the public were fully subscribed and paid.

### 16. RELATED PARTY TRANSACTIONS

In the normal course of business, the Company has transactions with a related party.

#### Lease Agreement

The Company has a lease agreement with Veria Realty Inc., a company owned by the Company's major stockholders. The lease is for a period of one year subject to renewal. The monthly rental is ₱379,262 in 2026 and ₱344,784 in 2025 and payable at the end of each month. Total rent expense charged to operations amounted to ₱1,154,052 and ₱1,162,071 for the three-month ended 31 March 2026 and 2025, respectively, and is included as part of "Rent expense" under "Operations and maintenance" in the statements of comprehensive income (see Note 19).

#### Compensation of Key Management Personnel

Compensation paid to key management personnel consists of the following:

	<b>March 31, 2026</b> <b>(Unaudited)</b>	March 31, 2025 <b>(Unaudited)</b>
Salaries	<b>₱3,962,640</b>	₱3,871,500
Short-term employee benefits	<b>40,650</b>	47,785
	<b>₱4,003,290</b>	₱3,919,285

There are no long-term benefits paid or accrued during the year.

## 17. REVENUES

This account consists of:

	<b>March 31,</b> <b>2026</b> <b>(Unaudited)</b>	March 31, 2025 <b>(Unaudited)</b>
Electric revenues	<b>₱948,633,362</b>	₱902,509,651
Other revenues	<b>3,459,350</b>	6,376,801
	<b>₱952,092,712</b>	₱908,886,453

In compliance with Section 36 of R.A. No. 9136, the Company is required to unbundle its billing charges to customers. For the three months ended March 31, 2026 and 2024, the details of electric revenues are as follows:

	<b>March 31,</b> <b>2026</b> <b>(Unaudited)</b>	March 31, 2025 <b>(Unaudited)</b>
Generation revenue	<b>₱526,923,439</b>	₱528,237,320
Distribution revenue	<b>177,647,132.3</b>	166,206,172.0
Transmission revenue	<b>139,312,737.9</b>	105,574,061.0
System loss revenue	<b>48,991,100.0</b>	49,105,006.0
Supply revenue	<b>27,362,699.6</b>	26,536,684.0
Metering charge	<b>19,633,676.0</b>	19,040,475.0
Local franchise tax	<b>5,768,425.3</b>	5,510,268.0
Real property tax recovery	<b>2,663,258.4</b>	2,313,228.0
Lifeline charge (discount)	<b>332,589.1</b>	8,390.0
Senior citizen charge (discount)	<b>(1,696.1)</b>	(3,739.0)
Other discount	-	(18,212.0)
	<b>₱948,633,362</b>	₱902,509,651

### Applications for Confirmation of Over/Under-recoveries of Pass-through Charges

On April 20, 2011, the Company filed an application docketed as ERC Case No. 2011-013 CF, "In the Matter of the Application for the Approval of the Calculations for the Automatic Cost Adjustment and True Up Mechanisms for the a) Generation Rate, b) Transmission Rate, c) System Loss Rate, d.) Lifeline Subsidy Rate; and e) Interclass Cross Subsidy Rate, Under ERC

Resolution No. 16, Series of 2009, As Amended.” On March 10, 2014, the ERC issued its Decision on this application, directing the Company to refund to its customers the over recoveries amounting to ₱203,934,745 and collect from its customers the Lifeline Subsidy under recovery amounting to ₱18,588,112, covering the period from April 2004 to December 2010.

On March 31, 2014, the Company filed a MR on the above Decision for the approval of the amounts originally proposed by the Company or provide computation as to how the supposed over recoveries were arrived at. The amount of over and under recoveries is not yet certain since it is dependent on the resolution of the MR. As at 31 March 2024, the Company is still awaiting the resolution of said MR.

On April 1, 2014, the Company filed an application docketed as ERC Case No. 2014-052 CF, “In the Matter of the Application for the Approval of the Calculations for the Automatic Cost Adjustment and True Up Mechanisms for the a) Generation Rate, b) Transmission Rate, c) System Loss Rate, d.) Lifeline Subsidy Rate; and e) Senior Citizen Discount, Under ERC Resolution No. 16, Series of 2009, As Amended”. The Company filed an application for the confirmation of total under recovery of ₱151,783,598 covering the years 2011 to 2013. As at 31 March 2024, the Company is still awaiting the decision of the ERC.

On March 31, 2017, the Company filed an application docketed as ERC Case No. 2017-052 CF, “In the Matter of the Application for the Approval of the Calculations for the Automatic Cost Adjustment and True Up Mechanisms for the a) Generation Rate, b) Transmission Rate, c) System Loss Rate, d.) Lifeline Subsidy Rate; and e) Senior Citizen Subsidy Rate, Under ERC Resolution No. 16, Series of 2009, As Amended, for the Period 2014 to 2016”. The Company filed application for the confirmation of total over recovery of ₱30,114,229 covering the years 2014 to 2016. As at 31 March 2024, the Company is still awaiting the decision of the ERC.

On August 28, 2020, the Company filed an application docketed as ERC Case No. 2020-014 CF, “In the Matter of the Application for the Approval of the Calculations for the Automatic Cost Adjustment and True Up Mechanisms for the a) Generation Rate, b) Transmission Rate, c) System Loss Rate, d.) Lifeline Subsidy Rate; and e) Senior Citizen Subsidy Rate, Under ERC Resolution No. 16, Series of 2009, As Amended, for the Period 2017 to 2019”. The Company filed application for the confirmation of total under recovery of ₱48,360,882. As at 31 March 2024, the Company is still awaiting the decision of the ERC.

On May 17, 2023, the Company filed an application docketed as ERC Case No. 2023-029 CF, “In the Matter of the Application for the Approval of the Calculations for the Automatic Cost Adjustment and True-Up Mechanisms for the a) Generation Rate, b) Transmission Rate, c) System Loss Rate, d) Lifeline Subsidy Rate, and e) Senior Citizen Subsidy Rate, Under ERC Resolution No. 16, Series of 2009, As Amended, and g) Local Franchise Tax, Under ERC Resolution No. 2, Series of 2021 for the Period 2020 to 2022.” The Company filed the application for the confirmation of an over-all total under recovery of ₱73,564,161.

#### Performance-Based Rate Making (PBR)

The Company entered the PBR regime in 2007. The PBR is an internationally accepted rate setting methodology adopted by the ERC to replace the Return on Rate Base (RORB) for both transmission and distribution businesses as mandated by the EPIRA. It provides electric utilities with adequate and efficient capital and operating expenditures to meet growing electricity demand through timely rate adjustments.

*Maximum Average Price (MAP)*

On March 31, 2014, the Company filed an application docketed as ERC Case No. 2014-027 RC for approval of the Translation into Distribution Rates of Different Customer Classes for the Fourth Regulatory Year of the ERC-Approved Annual Revenue Requirement for DECORP (the Company) Under the PBR for the Regulatory Period 2011-2015. On February 9, 2015, the ERC issued its Decision on this case, giving the Company the option to implement a MAP of ₱2.4472/kWh or its proposal of ₱1.7918/kWh for the Regulatory year 2015. The Company implemented the latter rate.

Given the need by the Company to undertake capital projects in order to address the load growth, network non-growth, network control/ safety metering as well as renewal, replacement and refurbishment of existing distribution assets, the Company filed an application on November 20, 2018 docketed as ERC Case No. 2018-110 RC for approval of its capital projects for the regulatory years 2016 to 2019.

<b>Projects</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Network	₱44,356,785	₱51,065,110	₱32,497,857	₱31,175,406
Other network	59,217,708	66,189,452	83,182,536	82,930,907
Non-network	10,274,675	40,018,541	57,819,750	32,361,518
	<b>₱113,849,168</b>	<b>₱157,273,103</b>	<b>₱173,500,143</b>	<b>₱146,467,831</b>

The proposed capital expenditures will not have a direct impact on the current rates of the Company until approved by the ERC.

On March 28, 2022, the Company filed an application docketed as ERC Case No. 2022-020 RC, “In the Matter of the Application for Approval of the Annual Revenue Requirement and Performance Incentive Scheme in Accordance with the Provisions of the Rules for Setting Distribution Wheeling Rates (RDWR)” covering the Fifth Regulatory Period from July 1, 2022 to June 30, 2026.

On August 25, 2022, the Company filed an application docketed as ERC Case No. 2022-057 RC, “In the Matter of the Application for: A) Confirmation of True-Up Calculations of the Actual Weighted Average Tariff vis-à-vis ERC-Approved Maximum Average Rate for the Lapsed Regulatory Years; and B) Approval of the Final Refund/Collect Scheme to Account for the Lapsed Regulatory Years”. The Company filed the application for the confirmation of an over-all under recovery of ₱22,557,035 for the period July 1, 2015 to June 30, 2022.

On February 10, 2024, the Company filed an Urgent Omnibus Motion to Withdraw its application docketed as ERC Case No. 2022-020RC, “In the Matter of the Application for Approval of the Annual Revenue Requirement and Performance Incentive Scheme in Accordance with the Provisions of the Rules for Setting Distribution Wheeling Rates (RDWR)” covering the Fifth Regulatory Period from July 1, 2022 to June 30, 2026.

Other revenues

Other revenues include rent income from electric property and sale of electric materials and accessories (see Note 20).

18. **EMPLOYEE BENEFITS**

The Company maintains a funded, non-contributory defined benefit retirement plan covering all its regular and full-time employees. The fund is administered by a trustee bank authorized to invest the fund as it deems proper. Under the plan, the employees are entitled to retirement benefits ranging from one hundred percent (100%) to one hundred fifty percent (150%) of the Plan Salary for every year of Credited Service on attainment of a retirement age of 60 or 35 years of service, whichever is earlier.

The retirement benefits obligation recognized in the interim consolidated statements of financial position is as follows:

	<b>March 31, 2026 (Unaudited)</b>	December 31, 2025 (Audited)
Present value of obligation	<b>₱147,447,204</b>	₱147,447,204
Fair value of plan assets	<b>(46,367,946)</b>	(46,367,946)
	<b>₱101,079,258</b>	₱101,079,258

The retirement benefits expense recognized in the statements of comprehensive income included under “Operations and maintenance” (see Note 19) is as follows:

As at March 31, 2026 and December 31, 2025, the cumulative remeasurement loss on retirement benefits presented in the statements of financial position amounted to ₱2,962,764.

The movements in the retirement benefits obligation recognized in the statements of financial position are as follow:

	<b>March 31, 2026 (Unaudited)</b>	December 31, 2025 (Audited)
Balance at beginning of period	<b>₱101,079,258</b>	<b>₱86,260,564</b>
Retirement benefits expense	-	14,818,694
Contributions paid	-	-
Remeasurement gain	-	-
Balance at end of period	<b>₱101,079,258</b>	₱101,079,258

The movements in the present value of the retirement benefits obligation are as follow:

	<b>March 31, 2026 (Unaudited)</b>	December 31, 2025 (Audited)
Present value of obligation, January 1	<b>₱147,447,204</b>	₱129,839,462
Current service cost	-	9,298,017
Interest cost	-	8,309,725
Benefits paid	-	-
Actuarial gain	-	-
Present value of obligation, December 31	<b>₱147,447,204</b>	<b>₱147,447,204</b>

The movement in the fair value of plan assets is presented below:

	<b>March 31, 2026 (Unaudited)</b>	December 31, 2025 (Audited)
Fair value of plan assets, January 1	<b>₱46,367,946</b>	₱43,578,898
Interest income included in net interest cost	-	2,789,048
Benefits paid	-	-
Contributions	-	-
Actuarial gain	-	-
Fair value of plan assets, December 31	<b>₱46,367,946</b>	₱46,367,946

The fair value of plan assets consists of:

- Investment in government securities which consists of fixed rate treasury notes and retail treasury bonds;
- Corporate stocks which consist primarily of stocks listed in Philippine Stock Exchange (PSE);
- Deposit in banks which consists of savings deposit and certificate of time deposits; and
- Other securities and debt instruments which consist primarily of investment in corporate bonds.

The Company's plan assets are administered by a trustee bank, which is responsible for the general administration of retirement plan including the management of the fund. The trustee bank does not currently employ any asset-liability matching.

#### Risk Arising from the Retirement Plan

The defined benefit plan is underfunded by ₱147,447,204 as at March 31, 2026 and December 31, 2025, respectively. While there is no minimum required funding, the amount without fund may expose the Company to cash flow risk for ten years when a significant number of employees are expected to retire.

#### *Credit Risk*

The plan assets exposure to credit risk arises from its investments in financial assets which comprise of investment in government securities, corporate stocks, deposit in banks and other securities and debt instruments. The maximum credit risk exposure is equivalent to the carrying amount of financial instruments. The credit risk arises from possible default of the issuer of the financial assets.

The credit risk is minimized by ensuring that the exposure to the various financial assets as recommended by the trustee bank.

#### *Share Price Risk*

The plan assets exposure to share price risk arises from corporate stocks which are traded at PSE. The share price risk results from the volatility of the share prices in the PSE.

The share price risk is minimized by ensuring that investments in shares of stock are limited only to blue chip companies or companies with good fair values. The trustee bank ensures that the equity investments are invested in mix of various equity to reduce exposure to industry or sector-related risk.

19. **OPERATIONS AND MAINTENANCE**

This account consists of:

	<b>March 31, 2026 (Unaudited)</b>	March 31, 2025 (Unaudited)
Salaries and wages	<b>₱43,243,068</b>	₱42,314,743
Outside services	<b>13,069,768</b>	7,425,358
Professional fees	<b>1,494,595</b>	564,000
Repairs and maintenance	<b>4,931,305</b>	3,714,823
Retirement benefits expense – note 18	<b>0</b>	-
Telephone and water	<b>1,892,144</b>	1,707,684
Transportation	<b>1,140,692</b>	1,251,122
Office supplies	<b>3,418,945</b>	1,337,652
Rent	<b>1,154,052</b>	1,162,071
Representation expense		
Insurance	<b>382,790</b>	526,872
Electric materials	<b>1,273,655</b>	1,768,755
Training and seminars	<b>137,891</b>	121,060
Donations	<b>0</b>	207,718
Association and membership fees	<b>70,368</b>	-
Advertising and promotion	<b>3,000</b>	-
Provision for ECLs – note 8	<b>0</b>	-
Others	<b>4,505,981</b>	5,015,868
	<b>₱76,718,254</b>	₱67,117,726

Others pertain mainly to expenses related to uniform, subscriptions, injuries and damages.

20. **OTHER INCOME (CHARGES)**

This account consists of:

	<b>March 31, 2026 (Unaudited)</b>	March 31, 2025 (Unaudited)
Interest income – note 7	<b>₱250,005</b>	₱1,069,417
Fair value loss on financial assets at FVPL – note 9	<b>0</b>	
Interest expense – note 13-	<b>(35,212)</b>	(30,764)
Others:		
Bank charges	<b>(41,378)</b>	
Gain on sale of equipment – note 5	<b>0</b>	

Gain on foreign exchange	<b>22,842</b>	(1,351)
Miscellaneous income	<b>1027447.26</b>	1,986,177
	<b>₱1,223,704</b>	₱3,001,414

Miscellaneous income consists of deductions on other payables upon settlement, equipment rental and other fees.

## 21. AGREEMENTS

The details of purchased power are as follow:

	<b>March 31, 2026 (Unaudited)</b>	March 31, 2025 (Unaudited)
Generation cost		
GMCP	<b>295,086,956.96</b>	₱269,019,453
WESM	<b>127,316,864.40</b>	166,726,802
EDC	<b>109,833,852</b>	111,586,155
OMSC	<b>45,130,491.18</b>	44,855,143
Transmission cost:		
NGCP	<b>162,358,159.82</b>	120,203,405
	<b>739,726,324.40</b>	₱712,390,958

### Electricity Supply Agreement between the Company and Sun Asia Energy, Inc. (SEI), with the latter assigning their rights to the ESA to Onemanaoag Solar Corporation (OMS)

On January 14, 2016, the Company entered into a contract with SEI, wherein the Company committed to purchase clean power generated by SEI's solar power plant project that would be embedded into Company's franchise area.

On July 14, 2016, the Company and SEI filed a Joint Application to the ERC for the approval of their Electricity Supply Agreement (ESA). The application was docketed as ERC Case No. 2016-154 RC and was approved with modification by the Commission in its Decision dated December 19, 2017.

Through an Assignment Agreement dated July 13, 2018, SEI assigned all of its rights, titles, and interest in and to the ESA, among others, in favor of Onemanaoagsolar Corporation. A manifestation was filed by the SEI informing ERC of the said assignment.

On November 29, 2022 and March 10, 2023, ERC granted OMS Provisional Authority to Operate (PAO) for Phases 1 and 2 of their embedded solar power plant projects, respectively. Thereafter, the supply commencement date became effective in accordance with the ESA.

### Power Supply Agreement with Energy Development Corporation (EDC)

On February 21, 2022, the Company entered into a 10-year contract with EDC, wherein the Company agreed to purchase 20 MW (10 MW base load and 10 MW load following) of its power requirement from EDC.

On November 7, 2022, the Company and EDC filed a Joint Application to the ERC for the approval of their Power Supply Agreement. The application was docketed as ERC Case No. 2022-082 RC and was provisionally approved by the ERC through the issuance of a Resolution dated December 20, 2022. EDC commenced the supply of electricity to the Company on December 26, 2022.

#### Renewable Power Supply Agreement with SNAP

On December 20, 2011, the Company entered into a contract with SNAP wherein the Company agreed to purchase electric power from the latter, which became effective from October 26, 2012 until October 25, 2022.

#### Purchased Power Supply Agreement (PPSA) for Distribution Utility Buyers (the “Original PPSA”)

The Company and GNPowr Ltd. Co. (GNPC) entered into:

- (a) the “Original PPSA” in July 2006 wherein GNPC agreed to build, own and operate an electric power generation facility for the purpose of supplying its customers with environmentally clean electric power which commenced in 2010. Further, GNPC agreed to supply and sell, while the Company agreed to receive and purchase the product;
- (b) a Memorandum of Agreement (the “MOA”) in July 2006, setting out the conditions for the effectiveness of the PPSA; and
- (c) a Commercial Protocol Agreement No. 1 (the “Commercial Protocol Agreement”) in 2007 (the Original PPSA, as amended, modified and supplemented by the MOA and Commercial Protocol Agreement, the “PPSA”) for the purchase and sale of the product that commenced in 2010/2011.

#### Amendment to Original PPSA

Pursuant to Project Assignment Agreement dated June 11, 2008, GNPC transferred the rights, obligations, benefits, assets, liabilities and interest in the Original PPSA to GMCP.

On February 9, 2009, the Company and GMCP amended the Original PPSA termination date to be 180 months, unless extended pursuant to Section 2.4 or 2.5, from the date specified in the Commencement Date Notice as set forth in Schedule 1 or December 31, 2012, if the GMCP had not provided the Company with the Commencement Date Notice by December 31, 2012, or such later date as the parties agreed in writing.

#### WESM Direct Membership

The Company became a direct member of the WESM effective November 26, 2009 upon completion of the requirements of PEMC, the autonomous group market operator of WESM. This membership gives the Company the privilege to purchase directly from the market.

#### Transmission Service Agreement with NGCP

The Company entered the Contract with NGCP wherein the latter would provide the necessary

transmission services to the Company, provided that the Company shall pay the applicable charges for such services and remain liable for any unpaid amounts despite the termination of the agreement.

#### Service Agreement with TransCo

The Company entered into service agreement with the TransCo. Under the agreement, TransCo shall provide transmission services to the Company effective June 26, 2006, and shall continue to be in full force and effect until terminated in accordance with the Provision of Open Access Transmission Service which governs the TransCo's provision of transmission services to qualified grid users.

On December 1, 2008, the franchise to operate and maintain the physical assets of TransCo for 50 years was granted to NGCP by virtue of R.A. No. 9511, An Act Granting NGCP a Franchise to Engage in the Business of Conveying or Transmitting Electricity through High Voltage Back-bone System of Interconnected Transmission Lines, Substations and Related Facilities and for other purposes. With the affectivity of R.A. No. 9511, transmission services to the Company have been are provided by NGCP since December 2008.

#### *Company as lessor*

The Company entered into various lease agreements to lease out its electric poles in various towns of Pangasinan. The lease agreements are for a period of one year subject to renewal and rental rate of ₱270 to ₱340 per pole.

Total rental income for the three-month ended March 31, 2026 and 2024 amounted to ₱4,607,678 and ₱1,456,643, respectively, and is included in the "Other revenues" account under the "Revenues" section in the statements of comprehensive income (see note 17).

## 22. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's financial instruments include cash and cash equivalents, trade and other receivables, rental deposit, trade and other payables, customers' deposits and dividend payable which are used for working capital management purposes and operations. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The Company is exposed to a variety of financial risk which results from both its operating and investing activities. The Company's risk management is in close cooperation with the BOD, and focuses on actively securing the Company's short-to medium-term cash flows by minimizing the exposure to financial markets.

#### *Credit risk*

Credit risk is the risk that the Company will incur a loss from customers or counterparties that fail to discharge their contractual obligations. The Company manages credit risk by setting limits on the amount of risk the Company is willing to accept from counterparties and by monitoring exposures in relation to such limits.

#### *Credit risk exposure*

The table below shows the maximum exposure to credit risk of the Company as at:

		March 31, 2026			
		Basis of recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in banks and cash equivalents	(a)		<b>₱2,723,380,551</b>		<b>₱2,723,380,551</b>
Trade receivables	(b)	Lifetime ECL	<b>501,069,657</b>	<b>14,515,757</b>	<b>486,553,900</b>
Other receivables	(b)		<b>15,161,674</b>		<b>15,161,674</b>
Rental deposits	(c)		<b>729,008</b>		<b>729,008</b>
			<b>₱3,240,340,890</b>	<b>₱14,515,757</b>	<b>₱3,225,825,133</b>

		December 31, 2025			
		Basis of recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in banks and cash equivalents	(a)		<b>₱2,495,716,803</b>	0	₱2,495,716,803
Trade receivables	(b)	Lifetime ECL	<b>605,052,565</b>	14,515,757	590,536,808
Other receivables	(b)		<b>19,870,323</b>	-	62,666,082
Rental deposits	(c)		<b>679,643</b>	-	687,718
			<b>₱3,121,319,334</b>	14,515,757	₱3,149,607,412

- (a) Cash in banks and cash equivalents are assessed to have low credit risk at each reporting period. Cash in banks and cash equivalents are held by reputable banking institutions.
- (b) For trade and other receivables, the Company has applied the simplified approach to measure the loss allowance at lifetime ECLs. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.
- (c) Rental deposits are assessed to have low credit risk at each reporting period since these are held by related parties.

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

*Trade and other receivables*

The Company applies the simplified approach to measuring ECL which uses a lifetime ECLs for all trade receivables. The loss allowance for trade receivables as at December 31 is determined as follows:

*Liquidity risk*

The Company monitors and maintains a level of funds deemed adequate by management to finance the Company's operations and mitigate the effects of cash flows. Any excess funds are placed with reputable banks to generate interest income. As at March 31, 2026 and December 31, 2025 and 2022, the financial liabilities have contractual maturities as follow:

	March 31, 2026		December 31, 2025	
	Due within one year	Due beyond one year	Due within one year	Due beyond one year
Trade payables	<b>₱280,929,423</b>	<b>₱-</b>	₱251,278,350	₱-
Other payables*	<b>363,733,844</b>	-	366,948,399	-
Dividend payable	-	-	-	-
Customers' deposits	<b>188,760,146</b>	<b>341,566,292</b>	184,354,840	339,701,607
	<b>₱833,423,413</b>	<b>₱341,566,292</b>	<b>₱802,581,589</b>	<b>₱339,701,607</b>

*Ex\*Excluding statutory payables and other liabilities to government agencies amounting to ₱32,908,499 as at March 31, 2026 and ₱42,580,380 as at December 31, 2024.*

## 23. OTHER MATTERS

### EPIRA of 2001

R.A. No. 9136, otherwise known as the EPIRA Act (Act) of 2001 was signed into law on June 8, 2001. The covering Implementing Rules and Regulations (IRR) have already been deliberated upon and approved by the Joint Congressional Power Commission. The Act provides for, among others, the significant changes in the power sector, such as the (a) unbundling of the generation, transmission and distribution sectors; (b) privatization of National Power Corporation (NPC)'s generation, transmission, and other disposable assets, including independent power producers or IPP contracts, (c) creation of ERC to regulate the electric power industry; (d) creation of a wholesale electricity spot market within one year; (e) open and nondiscriminatory access to transmission and distribution systems; and, (f) mandated rate reduction and lifeline rate for marginalized end-users. The price will have regulated elements for transmission and distribution, and competitive components for the electrical energy itself and for ancillary or support services.

The law requires public listing of not less than 15% of common shares of generation and distribution companies within five (5) years from the effectivity of the Act. It provides cross ownership restrictions between transmission and generation companies and between transmission and distribution companies, and a cap that no distribution utility is allowed to source bilateral power supply contracts more than fifty percent of its total demand from an associated firm engaged in generation except for contracts entered into prior to the effectivity of the Act. Specifically relating to distribution utilities, the Act provides for the unbundling of electricity tariff rates and the determination of stranded costs and its recovery through universal charge.

On June 27, 2017, the ERC issued Resolution No. 10, Series of 2017, "A Resolution Extending the Compliance Period Under Resolution No. 9, Series of 2011, for Generation Companies and DU, which are not Publicly Listed to Offer and Sell to the Public a Portion of Not Less Than Fifteen Percent (15%) of their Common Shares of Stocks, Pursuant to Section 43(t) of R.A. No. 9136 and Rule 3, Section 4(m) of its IRR". In this resolution, ERC allowed an extension of one (1) year or until the resolution of the petition, whichever is earlier, for generation companies and distribution utilities to offer and sell to the public a portion of not less than fifteen percent (15%)

of their common shares of stocks.

On December 7, 2018, the ERC per ERC Case No. 2015-006 RM had set the continuation of the public consultation on the “Petition to Amend ERC Resolution No.9, Series of 2011, Allowing Registration of Shares at the SEC as a Mode of Public Offering”. The ERC invited the SEC to discuss securities rules and regulations on public offering and public listings of generation companies and distribution utilities.

On June 4, 2019, the ERC issued Resolution No. 4, Series of 2019, “A Resolution Amending Resolution No. 9, Series of 2011 Requiring Generation Companies and Distribution Utilities Which are not Publicly Listed to Offer and Sell to the Public a Portion of Not Less than Fifteen Percent (15%) of Their Common Shares of Stock Pursuant to Section 43 (t) of R.A. No. 9136 and Rule 3, Section 4 (m) of its IRR.” The resolution amended Section 2.3 of Article II to include offering of common shares of stocks for sale to the public in accordance with the 2016 IRR of Securities Regulation Code as a mode of public offering: (i) publication in any newspaper, magazine or printed reading material which is distribute within the Philippines; (ii) presentation in any public or commercial place; (iii) advertisement or announcement on radio, television, telephone, electric communications, information communication technology or any other forms of communications; or (iv) distribution and/or making available flyers, brochures or any offering material in a public or commercial place or to prospective purchasers through the portal system, information communication technology and other means of information distribution.

In compliance with the above resolution, the Company applied for registration of its public offering of 15% or 2,200,000 of its common shares with the Securities and Exchange Commission (SEC). The registration of DECORP’s shares was rendered effective by the SEC on December 27, 2023 under SEC MSR Order No. 72, Series of 2023, in which the public offering was scheduled from January 8, 2024 to January 12, 2024.

\* \* \*

**PART II: MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITIONS  
AND RESULTS OF OPERATIONS**

The following discussions and analysis of financial position and results of operation of Dagupan Electric Corporation (“DECORP” or the “Company”) should be read in conjunction with the unaudited interim consolidated financial statements as of and for the period ended March 31, 2026 with comparative figures as of December 31, 2025 and for the three months ended March 31, 2025.

The financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS) Accounting Standards. The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations which have been approved by the Financial and Sustainability reporting Standards Council (FSRSC).

The financial information appearing in this report and in the accompanying interim consolidated financial statements is presented in Philippine Peso. All values are rounded to the nearest million pesos except earnings per share.

**Financial Highlights and Key Performance Indicator**

(Amounts in million, except earnings per share and operational data)

**Consolidated Statements of Financial Position**

			Increase (Decrease)	
	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)	Amount	%
Total assets	₱7,559	₱7,477	₱82	1.10
Current assets	3,405	3,313	92	2.78
Cash and cash equivalents	2,724	2,496	228	9.13
Non-current liabilities	932	936	-4	-43
Current liabilities	710	676	34	5.03
Total liabilities	1,642	1,612	30	1.86

**Consolidated Statements of Income**

	Unaudited		Increase (Decrease)	
	Three Months Ended March 31		Amount	%
	2026	2025		
Revenues	₱952	₱909	₱43	4.73
Costs and expenses	885	869	16	1.84
Other income, net of expenses	1	3	-2	-66.67
Income before income tax	67	43	24	55.81
Net income	44	22	22	-100
Earnings per share (EPS)	3.06	1.51	1.55	102.65

**Consolidated Statements of Cash Flows**

	Unaudited			
	Three Months Ended March 31		Increase (Decrease)	
	2025	2025	Amount	%
Net cash provided by (used in) operating activities	₱268	₱252	₱16	6.35
Net cash provided by (used in) investing activities	40	63	-23	-36.51
Net cash provided by (used in) financing activities	0	0	0	–

**Operational Data**

	Unaudited			
	Three Months Ended March 31		Increase (Decrease)	
	2026	2025	Amount	%
Number of Customers				
Residential	133,020	129,746	3,274	3
Commercial	13,943	13,603	340	2
Industrial	36	35	1	3
Streetlight	48	48	0	0
Electricity sales (MWh)	117,565	115,106	2,459	2
System loss (%)	7.10	7.10	0	0

**Key Performance Indicators (“KPI”)**

Financial KPI	Definition	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Debt to equity	Total liabilities / Total equity	.28	.28
Current ratio	Current assets/Current Liabilities	4.80	4.89

		Unaudited	
		March 31, 2026	December 31, 2025
Net profit margin	(Net income / Revenues) x 100	5%	9%
Return on equity	(Net income / Average shareholders' equity) x 100	0.7%	6%
Return on assets	(Net income / Average total assets) x 100	0.6%	5%

## 2026 compared with 2025

### Results of Operations

The results of operations for the three months ended March 31, 2026 and 2025 are discussed below:

#### Consolidated Statements of Income

	Unaudited		Increase (Decrease)	
	Three Months Ended March 31		Amount	%
	2026	2025		
Revenues	₱952	₱909	₱43	4.73
Costs and expenses	885	869	16	1.84
Other income, net of expenses	1	3	-2	-66.67
Income before income tax	67	43	24	55.81
Net income	44	22	22	-100
Earnings per share (EPS)	3.06	1.51	1.55	102.65

#### Revenues

Revenues of DECORP consist of: 1. pass-through charges or generation, transmission, system loss, and other related revenues; 2. distribution wheeling charges, which include distribution, supply, and metering; and 3. other charges such as service reconnection and pole attachment rental.

Revenues of DECORP for the first quarter of 2026 were ₱952 million, which was ₱43 million or 5% higher in the same period in 2025 due to a higher volume of electricity distributed and a higher pass-through transmission charge.

	2026		2025		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Generation	₱527	55.4	₱528	58	-1	-1
Transmission	139	14.6	106	12	33	31
System Loss	49	5.1	49	5	0	0
Distribution	224	23.5	212	23	12	6
Other pass-through charges	9	0.9	7.8	0.8	1	15
Other revenues	4	0.4	6	0.7	-2	-33
Total	₱952	100	₱909	100	₱43	5

The generation charge, accounting for 55.4% of the total revenues, for the first quarter of 2025 dropped by 1% compared to the same period of the previous year. The decrease in the cost of producing electricity was driven by a sharp decline in Wholesale Electricity Spot Market (WESM) prices, which effectively balanced out the impact of increased fuel prices and the weaker peso.

The transmission charge, which was 14.6% of the total revenues, went up by 31% due to higher ancillary service charges from additional capacity sourced by the National Grid Corporation (NGCP) from new Ancillary Service Procurement Agreements (“ASPAs”) and the reserve market.

DECORP’s average retail rate was ₱9.27 per kWh and ₱8.89 per kWh in the first quarter of 2026 and 2025, respectively. During the first quarter of 2026, average retail rate increased due to rising fuel prices and increased transmission charges. Another factor was the implementation of ERC-approved universal charges and renewable energy-related fees. Through ERC Resolution No. 6, Series of 2025, the commission approved the collection of the Green Energy Auction Allowance (GEA-All) amounting to ₱0.0371 per kWh effective January 2026. This charge was intended to support renewable energy developers participating in the government’s Green Energy Auction Program. At the same time, the ERC also fixed the Feed-in Tariff Allowance (FIT-All) for 2026 at ₱0.2011 per kWh.

The following summarizes the customer volume and the corresponding electricity consumption per customer type for the three months ended March 31, 2025 and 2024:

Customer Type	No. of Customers		Electricity Sales (in MWh)		% Change	
	2026	2025	2026	2025	No. of Customers	Electricity Sales
Residential	133,020	129,743	61,750	59,905	2.53	3.07
Commercial	13,943	13,603	36,546	36,704	2.50	-0.43
Industrial	36	35	18,197	17,413	2.86	4.5
Streetlights	48	48	1,072	1,084	0	-1.10
Total	147,047	143,429	117,565	115,106	2.52	2.13

The energy sales of DECORP totaled 117,565 MWh for the quarter ending March 31, 2026, reflecting a 2.13% increase from 115,106 MWh for the quarter ending March 31, 2025.

The energy sales in the residential segment, which accounted for 53% of DECORP’s energy sales mix, increased by 3.07%, or from 59,905 MWh in 2025 to 61,750 MWh in 2026. The increase in energy consumption during the first quarter of 2026 was attributed to the growth in the customer base.

The commercial segment’s energy sales declined to 36,546 MWh in 2026 from 36,704 MWh in 2025, representing a decrease of 158 MWh or 0.43%. This slight reduction in sales may be attributed to the economic challenges experienced during the first quarter of the year, which prompted many commercial establishments to implement cost-saving measures and optimize operational expenses. Such measures included shortening business operating hours, adopting hybrid or remote work arrangements, and reducing the use of energy-intensive equipment and facilities. These operational adjustments consequently resulted in lower overall electricity consumption within the commercial sector.

Electricity sales in the industrial segment closed the period with 147,047 MWh, or a 2.13% decrease from the 17,413 MWh in the first quarter of 2025.

### Costs and Expenses

The costs and expenses of DECORP for the three months ended March 31, 2025 amounted to ₱869 million, an increase of 3% or ₱25 million from the ₱844 million in the same period in 2024. The following are the details of the costs and expenses:

	Unaudited					
	For the Three Months Ended March 31					
	2026		2025		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Purchased power	₱739	84	₱712	82	27	4
Depreciation	52	6	53	6	-1	-1
Salaries, wages, and employee benefits	43	5	42	5	1	2
Taxes other than income tax	17	2	37	4	-20	-54
Outside services	13	2	7	1	6	85
Repairs and maintenance	5	2	4	0	1	25
Others	15	2	14	2	1	7
<b>Total</b>	<b>₱884</b>	<b>100</b>	<b>₱869</b>	<b>100</b>	<b>15</b>	<b>2</b>

The cost of purchased power went up by 4% or ₱27 million from ₱712 million in the first quarter of 2025 to ₱739 million in the same period in 2026, in line with the fluctuations in the pass-through revenues. The increase was due to higher volume purchased and transmission charges partially mitigated by the decline in the average generation cost.

Salaries, wages, and employee benefits reached ₱43 million in 2026, higher by ₱1 million or 2% than the previous year. The increase was due to the additional manpower and the annual employee merit adjustments.

Taxes other than income tax amounted to ₱37 million in 2025, primarily due to the payment of deficiency taxes resulting from the Bureau of Internal Revenue's (BIR) review of the Company's tax obligations for the taxable year 2021. The lower amount of ₱17 million in 2026 reflects the normalization of the tax-related expense.

In March 2026, Other costs and expenses recorded an increase of ₱1 million or 7% compared to the previous year.

## Interim Statements of Financial Position

	<b>March 31</b>	<b>December 31</b>	<b>Increase (Decrease)</b>	
	<b>2026 (Unaudited)</b>	<b>2025 (Audited)</b>	<b>Amount</b>	<b>%</b>
<b>ASSETS</b>				
<b>Noncurrent Assets</b>				
Utility plant and equipment	₱3,891	₱3,903	₱-12	-0.31
Other property and equipment	79	78	1	1.28
FVOCI	152	152	0	0
Deferred tax assets	32	32	0	0
<b>Current Assets</b>				
Cash and cash equivalents	2,724	2,496	228	9.13
Trade and other receivables	501	610	-109	-17.87
Financial assets at FVPL	67	67	0	0
Inventories	82	103	-21	-20.39
Prepayments and other current assets	31	36	-5	-13.89
<b>TOTAL ASSETS</b>	<b>₱7,559</b>	<b>₱7,478</b>	<b>₱81</b>	<b>1.08</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Capital stock	₱1,466	₱1,466	₱0	0
Additional paid-in capital	1,142	1,142	0	0
Revaluation reserve	1,410	1,427	-17	-1.19
Remeasurement gain (loss) on retirement benefits	3	3	0	0
Retained earnings				
Appropriated				
Unappropriated	1,913	1,845	68	3.69
Non-controlling interest	-.03	-.03	0	0
	<b>5,933</b>	<b>5,883</b>	<b>50</b>	<b>0.85</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	670	651	-19	-2.92
Dividends payable	0	0	0	0
Income tax payable	41	25	16	64
	<b>711</b>	<b>676</b>	<b>35</b>	<b>5.18</b>
<b>Noncurrent liabilities</b>				
Customers' deposit	342	340	2	.59
Deferred tax liabilities	472	478	-6	-1.26

Retirement benefits obligation	101	101	0	0
	<b>936</b>	<b>918</b>	<b>18</b>	<b>1.96</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>₱7,559</b>	<b>₱7,478</b>	<b>₱81</b>	<b>1.08</b>

### Changes in Financial Position

Utility plant and equipment and others closed at ₱3,970 million as at March 31, 2026, a net increase of 0.97% or net decrease of ₱11 million from ₱3,903 million as at December 31, 2025. The additional expenditures were offset by the depreciation of ₱52 million.

Cash and cash equivalents grew to ₱2,724 million as at March 31, 2026 from ₱2,496 million as at December 31, 2025. The growth of ₱228 million attributed to the ₱274 million generated from DECORP's operational activities, partially offset by the ₱40 million utilized for investing activities during the period.

The trade and other receivables primarily reflect the March 2026 billing cycle.

### 2025 compared with 2024

#### Results of Operations

The results of operations for the three months ended March 31, 2025 and 2024 are discussed below:

#### Consolidated Statements of Income

	Unaudited		Increase (Decrease)	
	Three Months Ended March 31		Amount	%
	2025	2024		
Revenues	₱909	₱888	₱21	2
Costs and expenses	869	844	25	3
Other income, net of expenses	3	2	1	85
Income before income tax	43	45	-2	-5
Net income	22	28	6	-21
Earnings per share (EPS)	1.51	1.91	-.41	-21

#### Revenues

Revenues of DECORP consist of: 1. pass-through charges or generation, transmission, system loss, and other related revenues; 2. distribution wheeling charges, which include distribution, supply, and metering; and 3. other charges such as service reconnection and pole attachment rental.

Revenues of DECORP for the first quarter of 2025 were ₱909 million, which was ₱21 million or 2% higher in the same period in 2024 due to a higher volume of electricity distributed and a higher pass-through transmission charge.

	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Generation	₱528	58	₱536	60	8	-1
Transmission	106	12	90	10	16	18
System Loss	49	5	47	5	2	4
Distribution	212	23	204	23	7	4
Other pass-through charges	7.8	0.8	8.2	0.9	-0.42	-5
Other revenues	6	0.7	2	0.2	4	200
Total	₱909	100	₱888	100	₱21	2

The generation charge, accounting for 58% of the total revenues, for the first quarter of 2025 dropped by 1% compared to the same period of the previous year. The decrease in the cost of producing electricity was driven by a sharp decline in Wholesale Electricity Spot Market (WESM) prices, which effectively balanced out the impact of increased fuel prices and the weaker peso.

The transmission charge, which was 10% of the total revenues, went up by 16% due to higher ancillary service charges from additional capacity sourced by the National Grid Corporation (NGCP) from new Ancillary Service Procurement Agreements (“ASPAs”) and the reserve market.

DECORP’s average retail rate was ₱8.89 per kWh and ₱9.15 per kWh in the first quarter of 2025 and 2024, respectively. The decline in the retail rate was due to lower generation charges and compliance with ERC Resolution No. 18, Series of 2024, “A Resolution Directing Distribution Utilities to Refund All Collected and Unutilized Regulatory Reset Experts Cost and Cease Any Future Collection Thereof.”

The following summarizes the customer volume and the corresponding electricity consumption per customer type for the three months ended March 31, 2025 and 2024:

Customer Type	No. of Customers		Electricity Sales (in MWh)		% Change	
	2025	2024	2025	2024	No. of Customers	Electricity Sales
Residential	129,743	126,890	59,905	55,605	2.25	8
Commercial	13,603	13,200	36,704	34,301	3.05	7
Industrial	35	34	17,413	18,070	2.94	-4
Streetlights	48	54	1,084	1,100	-11	-1
Total	143,429	140,178	115,106	109,075	2.32	6

The energy sales of DECORP totaled 115,106 MWh for the quarter ending March 31, 2025, reflecting a 6% increase from 109,075 MWh for the quarter ending March 31, 2024.

The energy sales in the residential segment, which accounted for 52% of DECORP's energy sales mix, increased by 8%, or from 55,605 MWh in 2024 to 59,905 MWh in 2025. The increase in energy consumption during the first quarter of 2025 was attributed to the growth in the customer base.

The commercial segment's sales went up to 36,704 MWh in 2025, or a 7% increase from the 34,301 MWh in 2024. The increase in energy consumption reflected both the expanding customer base and the surge of investment in the Ilocos Region, of which Pangasinan accounted for the majority of these investments, particularly within the micro, small, and medium-sized industries.

Electricity sales in the industrial segment closed the period with 17,413 MWh, or a 4% decrease from the 18,070 MWh in the first quarter of 2024.

### Costs and Expenses

The costs and expenses of DEORP for the three months ended March 31, 2025 amounted to ₱869 million, an increase of 3% or ₱25 million from the ₱844 million in the same period in 2024. The following are the details of the costs and expenses:

	Unaudited					
	For the Three Months Ended March 31					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Purchased power	₱712	82	₱684	81	28	4
Depreciation	53	6	53	6	0.43	1
Salaries, wages, and employee benefits	42	5	39	5	3	8
Taxes other than income tax	37	4	12	1	24	203
Outside services	7	1	8	1	-0.21	-3
Repairs and maintenance	4	0	4	1	-0.53	-12
Others	14	2	44	5	-30	-69
<b>Total</b>	<b>₱869</b>	<b>100</b>	<b>₱844</b>	<b>100</b>	<b>25</b>	<b>3</b>

The cost of purchased power went up by 3% or ₱28 million from ₱684 million in the first quarter of 2024 to ₱712 million in the same period in 2025, in line with the fluctuations in the pass-through revenues. The increase was due to higher volume purchased and transmission charges partially mitigated by the decline in the average generation cost.

Salaries, wages, and employee benefits reached ₱42 million in 2025, higher by ₱3 million or 8% than the previous year. The increase was due to the additional manpower and the annual employee merit adjustments.

The increased taxes other than income tax were due to the payment of deficiency taxes resulting from the Bureau of Internal Revenue's (BIR) review of the Company's tax obligations for the taxable year 2021.

The costs related to the initial public offering of the Company were included in other costs and expenses of the previous year, resulting in lower other costs and expenses for the quarter ending March 31, 2025.

### Interim Statements of Financial Position

	<b>March 31</b>	<b>December 31</b>	<b>Increase (Decrease)</b>	
	<b>2025</b>	<b>2024</b>	<b>Amount</b>	<b>%</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>		
<b>ASSETS</b>				
<b>Noncurrent Assets</b>				
Utility plant and equipment	₱3,892	₱3,878	₱14	0.36
Other property and equipment	82	86	-4	-4
FVOCI	152	152	0	0
Deferred tax assets	28	28	0	0
<b>Current Assets</b>				
Cash and cash equivalents	2,369	2,180	189	9%
Trade and other receivables	510	635	-124	-20
Financial assets at FVPL	184	184	0	0
Inventories	74	116	-42	-36
Prepayments and other current assets	60	66	-6	-9
<b>TOTAL ASSETS</b>	<b>₱7,352</b>	<b>₱7,326</b>	<b>₱27</b>	<b>0.36</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Capital stock	₱1,466	₱1,466	₱0	0
Additional paid-in capital	1,142	1,142	0	0
Revaluation reserve	1,463	1,480	-17	-1
Remeasurement gain (loss) on retirement benefits	3	3	0	0
Retained earnings				
Appropriated				
Unappropriated	1,596	1,551	45	3
	<b>5,670</b>	<b>5,642</b>	<b>1,422</b>	<b>34</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	694	703	-9	-1
Dividends payable	0	0	0	0
Income tax payable	51	37	14	39
	<b>746</b>	<b>741</b>	<b>5</b>	<b>0.72</b>
<b>Noncurrent liabilities</b>				

Customers' deposit	337	338	-0.82	-0.24
Deferred tax liabilities	513	519	-6	-1
Retirement benefits obligation	86	86	0	0
	<b>936</b>	<b>943</b>	<b>-7</b>	<b>-.70</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>₱7,352</b>	<b>₱7,326</b>	<b>₱27</b>	<b>0.36</b>

### Changes in Financial Position

Utility plant and equipment and others closed at ₱3,892 million as at March 31, 2025, a net increase of 0.36% or ₱14 million from ₱3,878 million as at December 31, 2024. The capital expenditures amounted to ₱63 million for the expansion of distribution assets and the upgrade and rehabilitation of the existing electrical facilities. The additional expenditures were offset by the depreciation of ₱53 million.

Cash and cash equivalents grew to ₱2,369 million as at March 31, 2025 from ₱2,180 million as at December 31, 2024. The growth of ₱189 million attributed to the ₱252 million generated from DECORP's operational activities, partially offset by the ₱63 million utilized for financing activities during the period.

The trade and other receivables primarily reflect the March 2025 billing cycle. The reduction in receivables reflect the lower retail in March 2025 compared to December 2024.

### Liquidity risk

The Company monitors and maintains a level of funds deemed adequate by management to finance the Company's operations and mitigate the effects of cash flows. Any excess funds are placed with reputable banks to generate interest income. As at 31 March 2026 and 31 December 2025, the financial liabilities have contractual maturities as follow:

	March 31, 2026		December 31, 2025	
	Due within one year	Due beyond one year	Due within one year	Due beyond one year
Trade payables	<b>₱280,929,423</b>	<b>₱-</b>	₱251,278,350	₱-
Other payables*	<b>363,733,844</b>	-	366,948,399	-
Dividend payable	-	-	-	-
Customers' deposits	<b>188,760,146</b>	<b>341,566,292</b>	184,354,840	339,701,607
	<b>₱833,423,413</b>	<b>₱341,566,292</b>	₱802,581,589	₱339,701,607

The Company does not foresee that it will have any cashflow or liquidity problems within the next twelve (12) months from the date of this report.

The Company is not aware of any event that will trigger or contingent financial obligations that are material to the Company, including default or acceleration of any obligations.

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

The Company is not aware of any trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales, revenues, income from continuing operations.

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

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

**DAGUPAN ELECTRIC CORPORATION**  
**SUPPLEMENTARY INFORMATION**  
**MARCH 31, 2026**  
**(UNAUDITED)**

<b>Schedule</b>	<b>Content</b>	<b>Page No</b>
	Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68	1
A	Financial Assets	
B	Amounts Receivable from Directors, Officers, Employees Related Parties and Principal Stockholders (Other than Related Parties)	2
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	*
D	Long-term Debt	3
E	Indebtedness to Related Parties	4
F	Guarantees of Securities of Other Issuers	**
G	Capital Stock	5
	Other Required Information	
	Reconciliation of Retained Earnings Available for Dividend Declaration	***
	Map Showing the Relationship Between the Company and its Related Parties	
	Supplemental Schedule of Financial Soundness Indicators	
	Aging of Accounts Receivable	

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

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

\*\*\* *The Company does not belong to a group of companies*

**Dagupan Electric Corporation**  
Revised SRC Rule 68  
Annex 68-J  
Schedule A – Financial Assets  
March 31, 2026  
Unaudited

	<b>No of Shares of Principal Amount of Bonds and Notes</b>	<b>Amount Shown in the Statements of Financial Position</b>	<b>Value Based on Market Quotation at Statement of Condition Date</b>	<b>Income Received and Accrued</b>
<b>Financial assets at fair value through other comprehensive income (FVOCI)</b>				
<b>Equity Securities</b>				
Tarlac Electric Inc.	400,000	152,000,000	152,000,000	
<b>Total -FVOCI</b>		<b>152,000,000</b>	<b>152,000,000</b>	
<b>Financial assets at fair value through profit or loss (FVPL)</b>				
<b>Debt Securities</b>				
BPI -PHILAM		28,819,750	28,819,750	
<b>Equity Securities</b>				
BPI -PHILAM		8,082,917	8,082,917	-
<b>Other equity and debt securities</b>				
Sun Life Asset Management Co., Inc.		17,680,464	17,680,464	
Landbank of the Philippines		5,078,531	5,078,531	
BPI -PHILAM		7,631,789	7,631,789	
<b>Total -FVPL</b>		<b>67,293,451</b>	<b>67,293,451</b>	
<b>Cash and Cash Equivalents</b>		<b>2,724,048,094</b>	<b>2,724,048,094</b>	<b>250,005</b>
<b>Trade and Other Receivables</b>		<b>501,715,574</b>	<b>501,715,574</b>	

**Dagupan Electric Corporation**

Revised SRC Rule 68

Annex 68-J

Schedule B – Amounts Receivables from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)

March 31, 2026

(Unaudited)

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Deductions		Ending Balance		Balance at the End of the Year
			Amounts Collected	Amounts Written-off	Current	Non-Current	

Receivables from directors, officers, employees, related parties, and principal stockholders are within the ordinary course of the company

**Dagupan Electric Corporation**

Revised SRC Rule 68

Annex 68-J

Schedule C – Amounts Receivables from Related Parties which are Eliminated during the Consolidation of  
Financial Statements

March 31, 2026

(Unaudited)

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Deductions		Ending Balance		Balance at the End of the Year
			Amounts Collected/Paid	Amounts Written-off	Current	Non-Current	

Not Applicable

**Dagupan Electric Corporation**  
Revised SRC Rule 68  
Annex 68-J  
Schedule D – Long Term Debt  
March 31, 2026  
(Unaudited)

<b>Type of Obligation</b>	<b>Amount Shown Under Caption "Current Portion of Long Long-term Debt" in Related Statement of Financial Position</b>	<b>Amount Shown Under Caption "Long-term Debt" in related Statement of Financial Condition</b>
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The Company has no long-term loans

**Dagupan Electric Corporation**  
 Revised SRC Rule 68  
 Annex 68-J  
 Schedule G – Capital Stock  
 March 31, 2026  
 (Unaudited)

Title of Issue	Number of Shares Authorized	Outstanding as Shown Under the Related Statement of Condition Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Related Parties	Directors, Officers, and Employees	Others
Common Stock	15,000,000	14,662,000			12,863,000	1,799,000

**Dagupan Electric Corporation**  
**AB Fernandez St., Dagupan City, Province of Pangasinan**  
**Schedule H - Reconciliation of Retained Earnings Available for Dividend Declaration**  
**As of March 31, 2026**  
**(Unaudited)**

<b>Items</b>	<b>Amount</b>
<b>Unappropriated Retained Earnings, as adjusted to available for dividend</b>	
distribution, beginning of the period	1,747,752,400
Add: Net income during the period closed to retained earnings	44,818,615
Less: Non-actual/unrealized income net of tax	
Fair value gain (loss) on financial assets at FVPL	
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	17,277,667
<b>Net income actually earned during the period</b>	<b>62,096,282</b>
Less:	
Effect of prior period adjustments	
Cash dividend declaration during the period	-
Stock dividend declaration during the period	
Appropriation of retained earnings during the period	
Reversal of appropriation	
	62,096,282
<b>Total Retained Earnings, End, Available for Dividend Declaration</b>	<b>1,809,848,682</b>

## SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

**Dagupan Electric Corporation**  
For the Period Ended March 31, 2026 and 2025  
(Unaudited)

Ratio	Formula	2026	2025
Current Ratio	Current Assets / Current Liabilities	4.8	4.29
Acid Test Ratio	(Cash and Cash Equivalents + Marketable Securities + Accounts Receivable) / Current Liabilities	4.6	4.11
Solvency Ratio	(Net Profit After Tax + Non-Cash Expenses) / Liabilities	0.1	0.04
Debt-to-Equity Ratio	Total Liabilities / Total Equity	0.28	0.3
Asset-to-Equity Ratio	Total Assets / Total Equity	1.27	1.3
Interest Rate Coverage Ratio*	Earnings Before Interests and Taxes / Interest Expense	N/A	N/A
Return on Equity	(Net Income / Average Shareholders' Equity) x 100	0.70%	0.39%
Return on Assets	(Net Income / Average Total Assets) x 100	0.60%	0.30%
Net Profit Margin	(Net Income / Revenues) x 100	5%	2%
Net Sales Growth	[(Net sales of Current Period - Net Sales of Previous Period) / Net Sales of Previous Period] x 100	4%	2%
Net income percentage	[(Net income of current period - Net income of previous period) / Net income of previous period] x 100	1%	-21%
Increase in shareholders' equity	[(Shareholders' equity of current period - Shareholders' equity of previous period) / Shareholders' equity of previous period] x 100	0.46%	0.49%

\* The Company has no loans

**DAGUPAN ELECTRIC CORPORATION**  
**Aging of Accounts Receivable**  
**March 31, 2026**  
**(Unaudited)**

<b>No. of Days Outstanding</b>	<b>Amount</b>
Current	363,288,087
0-30 days	22,022,638
31-60 days	10,645,208
>90 days	120,275,398
<b>Total</b>	<b>516,231,331</b>



# SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City  
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



**The following document has been received:**

**Receiving:** DONNA ENCARNADO

**Receipt Date and Time:** May 13, 2026 07:49:28 PM

## Company Information

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**SEC Registration No.:** 0000018890

**Company Name:** DAGUPAN ELECTRIC CORPORATION

**Industry Classification:** E40100

**Company Type:** Stock Corporation

## Document Information

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**Document ID:** OST105132026811369562

**Document Type:** Notice of Inability to File AR or QR

**Document Code:** SEC\_Form\_17-L

**Period Covered:** March 31, 2026

**Submission Type:** As needed

**Remarks:** None

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

# COVER SHEET

for

## NOTIFICATION OF INABILITY TO FILE OR ANY PORTION OF SEC FORM 17-A OR 17-Q

SEC Registration Number

1	8	8	9	0					
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### COMPANY NAME

D	A	G	U	P	A	N	E	L	E	C	T	R	I	C	C	O	R	P	O	R	A	T	I	O	N
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### PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

A	B	F	E	R	N	A	N	D	E	Z	S	T	D	A	G	U	P	A	N	C	I	T	Y
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Form Type

17	-	L		
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Department requiring the report

S	E	C		
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Secondary License Type, If Applicable

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### COMPANY INFORMATION

Company's email Address

[decorp@decorp.com.ph](mailto:decorp@decorp.com.ph)

Company's Telephone Number

(632) 8374 3034

Mobile Number

9285066639

No. of Stockholders

54

Annual Meeting (Month / Day)

Every 3rd Tuesday of April

Fiscal Year (Month / Day)

31-Dec

### CONTACT PERSON INFORMATION

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

Name of Contact Person

Lilian D. Saralde

Email Address

[lds@decorp.com.ph](mailto:lds@decorp.com.ph)

Telephone Number/s

(632) 8374 3039

Mobile Number

9285066639

### CONTACT PERSON'S ADDRESS

VERIA I Bldg., 62 West Avenue, Quezon City

**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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-L

NOTIFICATION OF INABILITY TO FILE ALL OR ANY PORTION OF SEC FORM 17-A OR 17-Q

Check One:

Form 17-A [ ] Form 17-Q [✓]

Period-Ended Date of required filing March 31, 2026

Date of this report May 13, 2026

Nothing in this Form shall be construed to imply that the Commission has verified any information contained herein.

If this notification relates to a portion or portions of the filing checked above, identify the item(s) to which the notification relates: SEC FORM 17-Q

1. SEC Identification Number 18890 2. BIR Tax Identification No. 000-202-524

3. DAGUPAN ELECTRIC CORPORATION  
Exact name of issuer as specified in its charter

4. DAGUPAN CITY, PANGASINAN, PHILIPPINES  
Province, country or other jurisdiction of incorporation

5. Industry Classification Code: [ ] (SEC Use Only)

6. AB FERNANDEZ ST., DAGUPAN CITY 2400  
Address of principal office Postal Code

7. (632) 83743039  
Issuer's telephone number, including area code

8. NOT APPLICABLE  
Former name, former address, and former fiscal year, if changed since last report.

9. Are any of the issuer's securities listed on a Stock Exchange?

Yes [ ] No [✓]

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

.....

### Part I - Representations

If the subject report could not be filed without unreasonable effort or expense and the issuer seeks relief pursuant to SRC Rule 17-1, the following should be completed. (Check box if appropriate)

(a) The reasons described in reasonable detail in Part II of this Form could not be estimated without unreasonable effort or expense. [ ]

(b) The subject annual report on SEC Form 17-A, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report on SEC Form 17-Q, or portion thereof, will be filed on or before the fifth day following the prescribed due date. [✓]

(c) The accountant's statement or other exhibit required by paragraph 3 of SRC Rule 17-1 has been attached if applicable. [ ]

### Part II - Narrative

State below in reasonable detail the reasons why SEC Form 17-A or SEC Form 17-Q, or portion thereof, could not be filed within the prescribed period. (Attach additional sheets if needed)

The request to file the 17-Q beyond the prescribed period is to allow us sufficient time to complete the report for the first quarter of 2026.

### Part III - Other Information

(a) Name, address and telephone number, including area code, and position/title of person to contact in regard to this notification

Lilian D. Saralde  
Compliance Officer  
Veria I Building, 62 West Avenue, Quezon City  
Tel No. (632) 8374 3039

(b) Have all other periodic reports required under Section 17 of the Code and under Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months, or for such shorter period that the issuer was required to file such report(s), been filed? If the answer is no, identify the report(s).

Yes [✓] No [ ] Reports:

(c) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

Yes [ ] No [✓]

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

**SIGNATURE**

Pursuant to the requirements of the SRC Rule 17-1, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**DAGUPAN ELECTRIC CORPORATION**

Registrant's full name as contained in charter

*Rene Llames*

**RENE L. LLAMES**

President and CEO

Date: May 13, 2026

**DAGUPAN ELECTRIC CORPORATION**  
**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF DAGUPAN**  
**ELECTRIC CORPORATION**  
Live Webcast (Virtual Meeting) via Zoom  
16 July 2025, 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 video for a photo to be taken of the attendees.

**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  
Ms. Cynthia Irene L. Llames  
Mr. Jose Maria A. Abaya  
Mr. Geromin T. Nepomuceno Jr.  
Atty. Ranulfo M. Ocampo

**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 2 and 3 July 2025, and 2 and 3 July 2025, 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 informed everyone that as of the record date of 31 March 2025, there were 14,662,000 common shares. Stockholders owning at least 13,702,887 shares, representing 93.46% of the total outstanding shares, were present.

Atty. Gavino certified that a valid quorum existed for the transaction of business and the approval of agenda items.

## **5. RULES OF CONDUCT OF THE MEETING AND VOTING PROCEDURES**

Mrs. James explained that the Company endeavored to provide stockholders the opportunity to fully participate in the meeting in its virtual format.

Atty. Gavino then outlined the rules of conduct and voting procedures for the meeting, 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 was on 9 July 2025, while the deadline for the submission of the digital voting ballot was at noontime of 16 July 2025.
- 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 9 July 2025, 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 26 JULY 2024**

Mrs. James proceeded to the approval of the Minutes of the Annual Stockholders' Meeting held on 26 July 2024. 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 attached to the Information Statement. He reported that shareholders owning 13,702,887 shares, or 93.46% of the total outstanding shares had voted in favor of the approval of the Minutes of the annual meeting held on 26 July 2024. As such, the resolution for the approval of the Minutes of the Annual Stockholders' Meeting held on 26 July 2024, was unanimously approved.

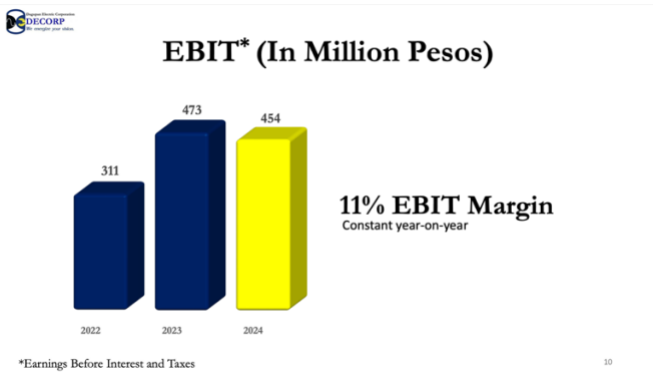
## **7. PRESENTATION OF THE PRESIDENT'S REPORT**

Mrs. James introduced **Mr. Rene Bernard L. Llames**, the President, to present the financial and operational performance of DECORP for the year 2024.

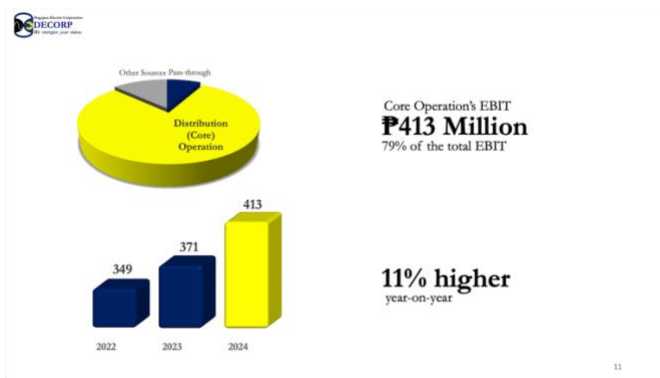
Mr. Rene Llames started his speech by extending a welcome to all shareholders attending DECORP's Annual Stockholders' Meeting. On behalf of the management team and Board of Directors, he expressed gratitude for their presence.

## Result of Operation

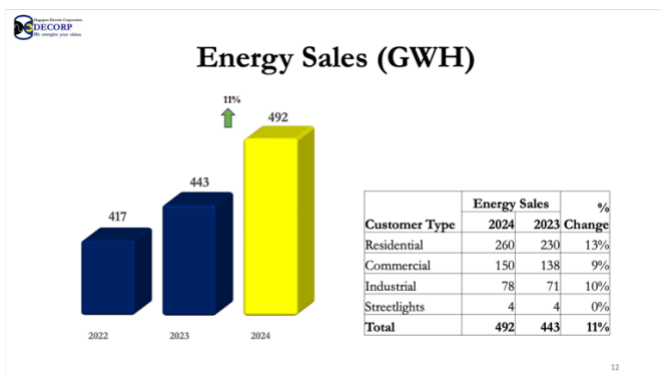
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Mr. Llamas informed everyone that DECORP ended 2024 with a ₱454 million EBIT, or an EBIT margin of 11%, which was the same as for 2023. He added that this outcome positions DECORP favorably for continued sustainable growth in the forthcoming year.

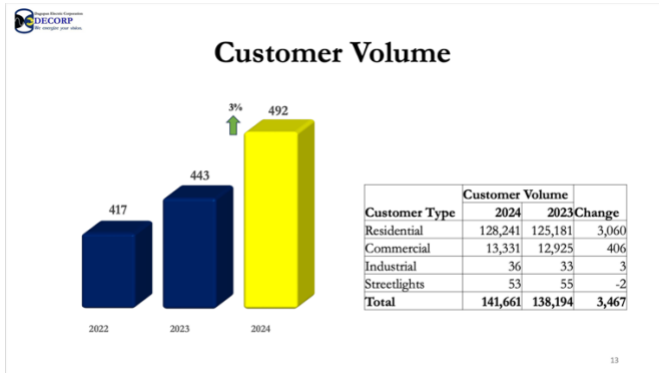


Mr. Llamas continued, stating that the Corporation's core business operations, which exclude pass-through charges (such as those related to generation, transmission, system loss, and other associated charges), contributed ₱413 million, representing 79% of the total EBIT. The core operation's EBIT demonstrated an 11% increase from 2023.

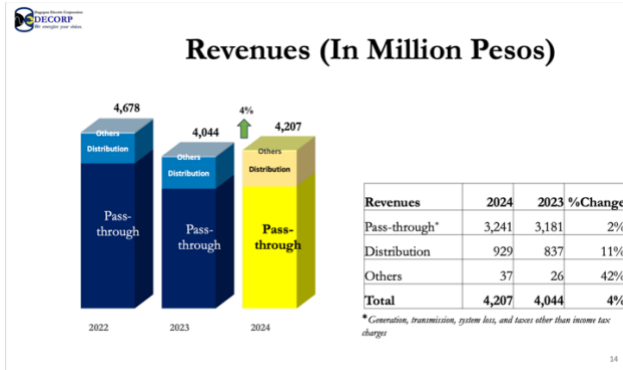


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The improvement in the core business performance was primarily driven by an 11% increase in energy sales, closing the year with 492 GWH sales. The sales growth was due to the increase in the energy consumption across all customer segments except streetlights.

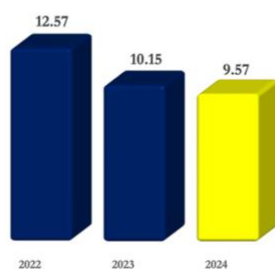


Additionally, DECORP’s customer base expanded by 3,467 customers year-on-year, making a total of 141,661 customers by the end of 2024. The residential customers accounted for 91% of the total customers.



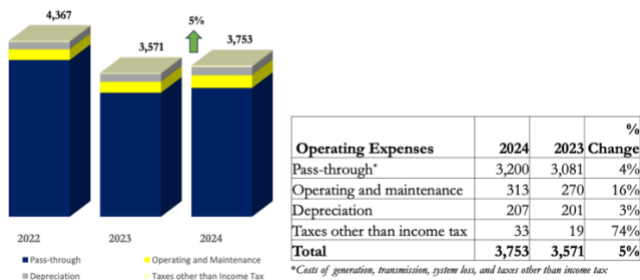
Mr. Llamas then reported on the total revenues of the Corporation for the year 2024. He stated that the total revenues reached ₱4,207 million in 2024, an increase of 4% from the ₱4,045 million in 2023. Pass-through charges, accounting for 77% of the total revenues, increased by 2% compared to the previous year. The moderate increase in pass-through charges relative to energy sales was due to the lower cost of energy resulting from the improved supply situation in Luzon and declining global coal prices. On the other hand, core business revenues, derived from distribution operations, increased by 11%, in line with the growth in energy sales

**Average Retail Rate (₱/kWh)**



He also stated that the higher energy sales with lower pass-through charges resulted in a decline in the average retail rate from ₱10.15/kWh in 2023 to ₱9.57/kWh in 2024.

## Operating Expenses (In Million Pesos)

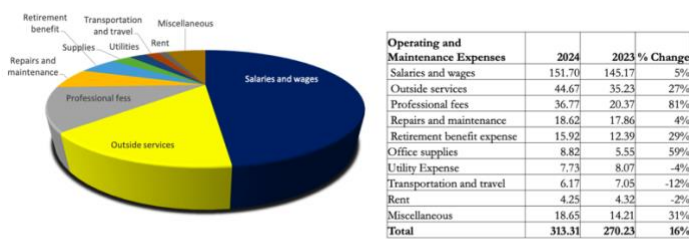


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As for the operating expenses, Mr. Llames reported that it amounted to ₱3,753 million in 2024, a 5% increase from the previous year. Operating expenses consisted of 85% pass-through costs, 8% operating and maintenance expenses, 6% depreciation, and 1% taxes other than income tax.

He added that the pass-through costs went up by 4% in line with the fluctuations in the pass-through revenues. The increase can be attributed to higher energy volume purchased but mitigated by the decline in the costs of generating electricity.

## Operating and Maintenance Expenses (In Million Pesos)



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Meanwhile, the operating and maintenance expenses rose by 16% due to inflation-driven annual salary increases, additional outsourced services with rate increases, and higher professional services to handle registration of DECORP's common shares for compliance with the public offering requirement.

## Result of Operation (In Million Pesos)

	2024	2023	% Change
Revenues	4,207	4,044	4%
Operating Expenses	3,754	3,572	5%
<b>EBIT*</b>	<b>453</b>	<b>472</b>	<b>-4%</b>
Other Income (Charges)	66	42	57%
Provision for Income Tax	144	143	0.6%
<b>Net Income</b>	<b>376</b>	<b>372</b>	<b>1%</b>

\*Earnings Before Interest and Taxes

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Considering the total revenues and expenses, with pass-through charges, the net income of DECORP ended at ₱376 million in 2024. This amount is 1% higher than the ₱372 million net income in 2023.



## Financial Position

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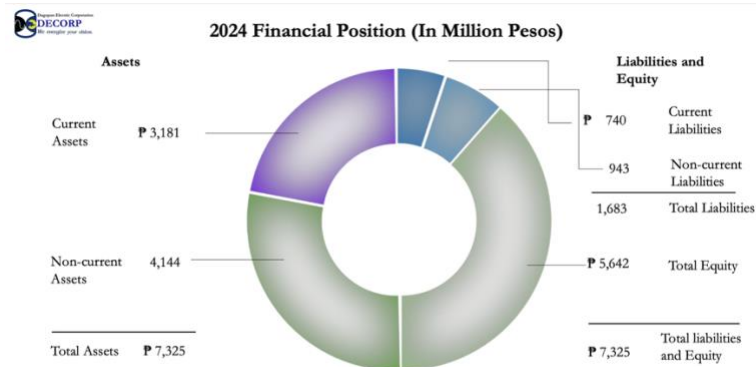
Mr. Llamas then reported on DECORP's financial position.



### Financial Position (In Million Pesos)

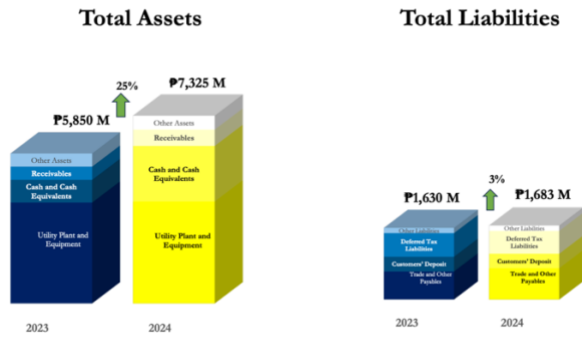
Total Assets	7,325
Total Liabilities	1,683
Net Assets	5,642

He reported that DECORP closed 2024 with net assets of ₱5,642 million, from total assets of ₱7,325 million and total liabilities of ₱1,683 million.



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The total assets of ₱7,325 million comprises ₱3,181 million in current assets and ₱4,144 million in non-current assets. The total liabilities of ₱1,683 million consists of ₱740 million in current liabilities and ₱943 million in non-current liabilities.



Mr. Llames added that the total assets of DECORP consists largely of investment in utility plant and equipment amounting to ₱3,879 million and cash and cash equivalents of ₱2,180 million. The total assets grew by 25% from ₱5,850 million in 2023 to ₱7,325 million in 2024, due to the addition of the proceeds from DECORP’s public offering of common shares.

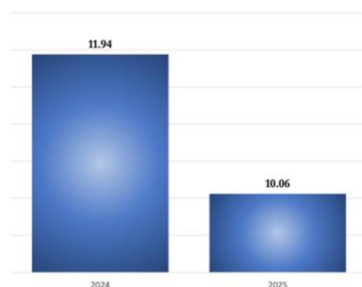
On the other hand, the total liabilities were mainly due to trade and payables of ₱703 million and customers’ deposits of ₱338 million. The total liabilities increased by 3%, from ₱1,630 million in 2023 to ₱1,683 million in 2024, due to the increase in the volume of energy purchased from DECORP’s power suppliers.

### Key Performance Indicators

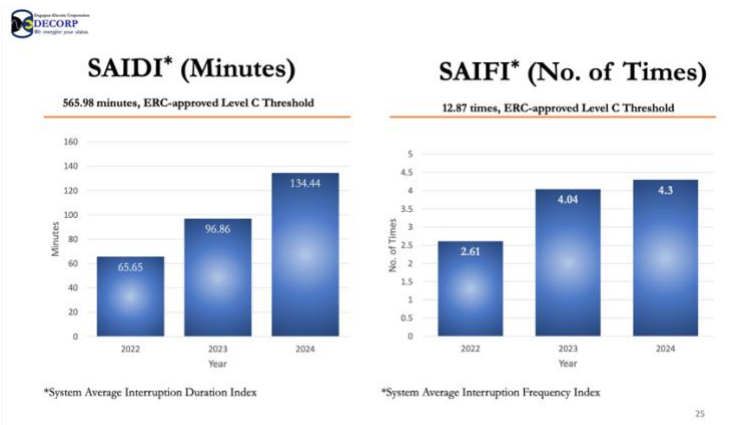
	2024	2023	Standard
EBIT Margin	11%	11%	Positive
Net Profit Margin	9%	9%	Positive
Return on Equity	7%	8%	Positive
Return on Assets	6%	6%	Positive
Earnings Per Share	25.62	29.85	Positive
Book Value Per Share	384.83	338.62	Positive
Current Ratio	4.30	2.55	Not less than 1
Debt-to-Equity Ratio	0.30	0.39	2

As for the Key Performance Indicators of the Corporation, Mr. Llames stated that DECORP’s profitability remained stable, with the EBIT and net profit margins consistently at 11% and 9%, respectively, year on year. Return on equity declined from 8% to 7%, and earnings per share decreased from ₱29.85 to ₱25.62 due to the higher equity base resulting from additional capital from DECORP’s public offering of its common shares. Nevertheless, the returns remain within the acceptable range. DECORP’s liquidity and solvency remain firm, with a current ratio of 4.3 and debt-to-equity ratio of 0.30.

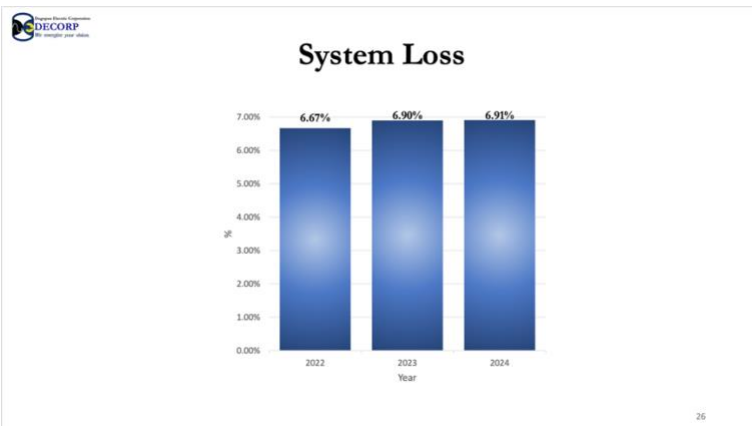
### Cash Dividends (₱/Share)



For the cash dividends, DECORP declared a cash dividend of 40% of the net income from year 2024, amounting to ₱10.06 per share.



Mr. Llamas informed everyone that DECORP continues to demonstrate a strong network reliability, having a System Average Interruption Duration Index (SAIDI) and a System Average Interruption Frequency Index (SAIFI) below the regulatory threshold of 565.98 minutes and 12.87 times, respectively.



The system loss was likewise maintained within the regulatory cap.

## 2025 Key Initiatives



Mr. Llamas reported that DECORP’s capital expenditures budget has been set at ₱322 million for 2025. A significant portion of the budget will continue to be allocated for the expansion and rehabilitation of the distribution network to meet capacity, reliability, and safety standards. Additionally, funds are allocated for a new substation in Sta. Barbara and for system automation projects.



Mr. Llamas also said that DECORP will also source an additional 10 MW of renewable energy through a Competitive Selection Process to meet the customers' increasing demand and the requirements of the Renewable Portfolio Standards.

Lastly, DECORP will make a capital investment in a renewable energy company. This strategic partnership will facilitate the construction and operation of an embedded solar power plant within DECORP’s franchise areas.

Mr. Llamas emphasized that the team's dedication and hard work have positioned the Company for continued growth and achievement in the coming year. With a strong foundation in place, confidence was expressed in the ability to build on current momentum and reach greater heights in 2025. He extended appreciation to the valued shareholders, acknowledging their instrumental support and dedication to the Company's success, and expressed anticipation for continued strong results. The President concluded by thanking the shareholders for their partnership and belief in DECORP.

**8. APPROVAL OF THE AMENDMENT OF ARTICLE II OF THE BY LAWS AND THE AMENDEMENT OF THE ARTICLE THIRD OF ARTICLES OF INCORPORATION**

The Chairperson, Mrs. James, moved to the approval of the amendment of Article II, paragraph 3 of the By-Laws and Article THIRD of the Articles of Incorporation of the Corporation. Atty Gavino stated that on 14 May 2025, the Board of Directors passed the two resolutions, which were presented for stockholder approval. The first resolution reads as follow:

“**RESOLVED**, as it is hereby resolved that Article II, paragraph 3 of the By Laws be amended to read as follows:

## ARTICLE II

“3. Notice of Meetings written or printed for every regular or special meeting of the stockholders shall be prepared and sent to each stockholder **by electronic mail, courier, regular mail, or personal delivery**, not less than **twenty one days** prior to the date set for such meeting, and if for a special meeting, such notice shall state the object or objects of the same. No failure or irregularity of notice of any regular meeting shall invalidate such meeting or any proceeding thereat, and any failure or irregularity of notice of any special meeting at which all of the shareholders are present or represented and voting without protest, shall invalidate such meeting or any proceeding thereat. No publication of notice of meeting in the public newspapers shall be required. (As amended on 14 May 2025).”

Thereafter, Atty. Gavino presented the next resolution, which was also sought to be approved by the stockholders.

“Resolved as it is hereby resolved, that article THIRD of the Articles of Incorporation be amended to read as follows:

“THIRD: That the place where the principal office of the Corporation is to be established or located at **A.B. FERNANDEZ WEST, POBLACION OESTE, DAGUPAN CITY, PROVINCE OF PANGASINAN**. (As amended on 2 October 2000 and further amended on 11 November 2006, and further amended on 14 May 2025)”

Thereafter, Atty. Gavino announced that Shareholders owning 13,702,887 shares, or 93.46% of the total outstanding shares, have voted to approve the foregoing resolutions. He thereafter announced that the resolutions for the amendment of the By Laws and the Articles of Incorporation have been approved.

## 9. RATIFICATION OF THE 2024 AUDITED FINANCIAL STATEMENTS

Mrs. James proceeded to the ratification of the 2024 Audited Financial Statements (AFS). She asked Atty Gavino if the stockholders were furnished with a copy of the 2024 AFS.

Atty. Gavino confirmed that an electronic copy of the 2024 Audited Financial Statements was available on the Company’s website and attached to the Information Statement. He reported that shareholders owning 13,702,887 shares, or 93.46% of the total outstanding shares, voted to approve the ratification of the 2024 Audited Financial Statement. As such, the resolution has been approved.

## 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 2025-2025.

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

MR. RENE BERNARD L. LLAMES  
MRS. ANGELIQUE MAXIME L. LLAMES-JAMES  
MR. DEON PETER JAMES  
MS. 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 for the position of Independent Directors. All nominees had provided their consent to their respective nominations. No other nominations were submitted during the nomination period.

Atty Gavino then flashed the election results on the screen, and thereafter certified that each of the seven (7) nominees had garnered sufficient votes for election to the Board.



### Elected Members of the Board of Directors

Rene Llames	13,702,887 shares or 93.46%*
Angelique Maxime Llames-James	13,702,887 shares or 93.46%*
Deon James	13,702,887 shares or 93.46%*
Cynthia Irene Llames	13,702,887 shares or 93.46%*
Jose Maria Abaya	13,702,887 shares or 93.46%*
Ranulfo Ocampo	13,702,887 shares or 93.46%*
Geromin Nepomuceno Jr.	13,702,887 shares or 93.46%*

\*of the total voting shares

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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 2025.

Atty. Gavino reported that shareholders owning **13,652,887** shares, or **93.12%** of the total voting shares represented, voted in favor of the re-appointment.

As such, the resolution for the re-appointment of Diaz Murillo Dalupan and Company (DMD) as external auditor for the Company for the year 2025 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 email questions and comments to corpsec@decorp.com.ph for a response from the Company.

## 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  
Chairwoman

## CERTIFICATION OF INDEPENDENT DIRECTOR


I, **RANULFO M. OCAMPO**, Filipino, of legal age and a resident of 221 Riverside Drive, Provident Village, Marikina City, having been duly sworn to in accordance with law do hereby declare that:


1. I am a nominee for independent director of **DAGUPAN ELECTRIC CORPORATION**, and have been its independent director since 2015.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Private Electric Power Operators Association	President	2006 to present
National Renewable Energy Board	Member	December 2010 to June 2016

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **DAGUPAN ELECTRIC CORPORATION**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director, officer, or substantial shareholder of **DAGUPAN ELECTRIC CORPORATION**, or any of its related companies.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of **DAGUPAN ELECTRIC CORPORATION** of any changes in the abovementioned information within five days from its occurrence.

Done, this 8 MAY 2026 day of \_\_\_\_\_, at 

  
**RANULFO M. OCAMPO**  
Affiant

SUBSCRIBED AND SWORN to before me this 8 MAY 2026 day of \_\_\_\_\_, at  affiant personally appeared before me and exhibited to me his Driver's License No. 10-77-011473 valid until 12 June 2033.

Doc. No. 12;  
Page No. 04;  
Book No. XL;  
Series of 2026.

  
**ATTY. ROMEO MANUEL JOSHUA R. MOVIDO**  
Notary Public for Pasig City  
Suits 07 Unit G06 West Tower, Tektite Towers,  
Exchange Road, Pasig City  
Roll of Attorney No. 66667  
Appointment No. 116 (2025-2026) valid until 31 December 2026  
IBP Member No. 539938 Pasig/ 28 February 2026  
PTR No. 3039044; 09 Jan. 2026; Pasig City  
MCLE Compliance No. VIII-0027774 valid until 14 April 2028

## CERTIFICATION OF INDEPENDENT DIRECTOR


I, **GEROMIN T. NEPOMUCENO JR.**, Filipino, of legal age and a resident of 13 St. Joseph St. Villa Teresa Subdivision, having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of DAGUPAN ELECTRIC CORPORATION, and have been its independent director since 21 December 2023.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Angeles Industrial Park, Inc.	Chairman	1996 to present
Crismin Realty Corporation	Chairman	2001 to present
M.S.N Foods Inc.	Chairman	1996 to present
Angeles Ice Plant, Inc.	President	1980 to present
Raslag Corp	Director (Vice Chairman) and Treasurer	2013 to present
Angeles Electric Corporation	Chairman	2020 to present
Clark Electric Distribution Corp.	Director	2004 to present
Angeles Power, Inc.	Director and Treasurer	1993 to present
TGN Realty, Inc.	Director and Treasurer	1989 to present
Teresa Waterworks, Inc.	Durector and Treasurer	1989 to present
J Ten Equities, Inc.	Director and Treasurer	2001 to present
Holy Angel University	Trustee	2006 to present
JDN Sons, Inc.	Director	1989 to present
Wespan Development Corporation	Director	2003 to present
Borealis Corporation	Director	2003 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of DAGUPAN ELECTRIC CORPORATION, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director, officer, or substantial shareholder of DAGUPAN ELECTRIC CORPORATION, or any of its related companies.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of DAGUPAN ELECTRIC CORPORATION of any changes in the abovementioned information within five days from its occurrence.

Done, this 18 MAY 2026 day of \_\_\_\_\_, at 

  
**GEROMIN T. NEPOMUCENO JR.**  
Affiant

**PASIG CITY 18 MAY 2026**

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_, affiant  
personally appeared before me and exhibited to me his/her Passport No. P6348755B issued at  
DFA Angeles, on 22 Feb 2021.

Doc. No. 521  
Page No. 104  
Book No. X  
Series of 2026

  
**ATTY. ROMEO MANUEL JOSHUA R. MOVIDO**  
Notary Public for Pasig City  
Suite 07 Unit 07B West Tower, Tektile Towers,  
Exchange Road, Pasig City  
Roll of Attorney No. 66667  
Appointment No. 116 (2025-2026) valid until 31 December 2026  
IBP Member No. 539938 Pasig/ 28 February 2026  
PTR No. 3039044; 09 Jan. 2026; Pasig City  
MCLE Compliance No. VIII-0027774 valid until 14 April 2028

REPUBLIC OF THE PHILIPPINES)  
PASIG CITY ) S.S.

**CERTIFICATE OF  
NO DIRECTORS IN GOVERNMENT**

I, **ERWIN MARK A. GAVINO**, of legal age, Filipino, and with office address at Suite 501 One Magnificent Mile Building, San Miguel Avenue, Ortigas Center, Pasig City, after being sworn to in accordance with law, hereby certify:

1. I am the duly appointed Corporate Secretary of **DAGUPAN ELECTRIC CORPORATION**, (hereinafter, the "Corporation"), a corporation duly organized and existing under the laws of Philippines with principal address at A.B. Fernandez Street, Dagupan City, 2400.
2. I hereby certify that no member of the Board of Directors, and no Officers of the Corporation are connected with any government agency or instrumentality.
3. The foregoing Certification is in accordance with the records of the Corporation.

18 MAY 2026

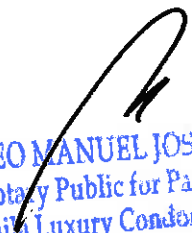
IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ day of \_\_\_\_\_  
in \_\_\_\_\_



  
**ERWIN MARK A. GAVINO**  
Corporate Secretary

SUSCRIBED AND SWORN to before me this 18 MAY 2026 of 2026 in \_\_\_\_\_, affiant personally exhibiting to me his Drivers License No. N02-86-040053 valid until August 31, 2033, competent evidence of his identity bearing his photograph and signature in accordance with A.M. No. 02-8-13-SC dated July 6, 2024.

Doc. No. 479 ;  
Page No. 97 ;  
Book No. OL ;  
Series of 2026.

  
**ATTY. ROMEO MANUEL JOSHUA K. MOVIDA**  
Notary Public for Pasig City.  
Unit 701 Manila Luxury Condominium, Pearl Drive  
cor. Gold Loop, Ortigas Center Pasig City  
Roll of Attorney No. 66667  
Appointment No. 116 (2015-2026) valid until 31 December 2026  
IBP Member No. 105596 Q.C./June 23, 2024  
PTR No. 3963771; Jan 8, 2026; Pasig City  
MCE Compliance No. VIII-0027774/ valid until 14 April 2028

REPUBLIC OF THE PHILIPPINES)



) S.S

**LIST OF ACTS OF THE BOARD OF DIRECTORS  
OF DAGUPAN ELECTRIC CORPORATION**

I, **ERWIN MARK A. GAVINO**, Filipino, of legal age, and with office address at 501 OMM Citra Building, San Miguel Avenue, Ortigas Center, Pasig City, after having been duly sworn to in accordance with law, hereby depose and state:

1. I am the duly elected Corporate Secretary of **DAGUPAN ELECTRIC CORPORATION** (hereinafter, the "Corporation"), a corporation duly organized and existing under Philippine laws and with address at principal office address at AB Fernandez West, Dagupan City.

2. As Corporate Secretary, I am the official custodian of the records of the Corporation. I hereby certify that the following are the acts of the Board of Directors of the Corporation in year 2025 to date:

- A. On 08 January 2025, the Board of Directors of the Corporation approved the following resolutions:

**"Board Resolution No. 2025-01-08-01"**

**"RESOLVED, AS IT IS HEREBY RESOLVED**, that the Board authorizes the Account Executive and/or Messenger of **INTERTECH FORMS MANUFACTURING CORP.** specifically **MARCO NICOLA R. MARTINO** and/or **JHOMER H. MARCAIDA**, as they are hereby authorized, to process, sign, submit, and transact on behalf of the Corporation in connection with the Authority to Print (ATP) billing invoices and official receipts with the Bureau of Internal Revenue (BIR).

**RESOLVED FURTHER**, as it is hereby resolved, that this approval shall be without prejudice to the Corporation's right to withdraw the authorization at any time upon prior notice to **INTERTECH FORMS MANUFACTURING CORPORATION** and to the BIR should the Board deemed it necessary;

**RESOLVED, FINALLY**, that the foregoing *Resolutions* shall remain valid and subsisting until and unless subsequently modified, revoked, rescinded, or superseded by the Board of Directors of the Corporation."

**"Board Resolution No. 2025-01-08-02"**

**"RESOLVED, AS IT IS HEREBY RESOLVED**, that the Board authorizes **Ms. Shery Ann D. Lim**, the owner of **JOHN ZEAN PRINTING**, and his representative, **MR. PONCIANO TUTOR JR.**, as they are hereby authorized, to process, sign, submit, and transact on behalf of the Corporation in connection with the Authority to Print

(ATP) for purchase orders (PO) with the Bureau of Internal Revenue (BIR).

**RESOLVED FURTHER**, as it is hereby resolved, that this approval shall be without prejudice to the Corporation's right to withdraw the authorization at any time upon prior notice should it be deemed necessary.

**RESOLVED FINALLY**, that the foregoing *Resolutions* shall remain valid and subsisting until and unless subsequently modified, revoked, rescinded, or superseded by the Board of Directors of the Corporation."

**"Board Resolution No. 2025-01-08-03"**

**"RESOLVED, AS IT HEREBY RESOLVED**, that the Board authorizes, as it hereby authorizes, the filing of an application and/or renewal of Certificate of Authority (CA) to maintain and operate a meter shop before the Energy Regulatory Commission ("ERC);

**RESOLVED FURTHER**, that the Board authorizes the Chief Operating Officer of the Corporation, **RANDY F. CASTILAN**, as he is hereby authorized, to sign, execute and/or deliver, and/or appoint another person to sign, execute and/ or deliver the necessary or related documents, for or on behalf of the Corporation before the ERC in connection with the above Application.

**RESOLVED FURTHER**, that the Board authorizes, as it is hereby authorized, to grant the Chief Operating Officer, **RANDY F. CASTILAN**, full power and authority to do and perform all and every act requisite or necessary to carry into effect the foregoing authorities."

**RESOLVED FINALLY**, that the foregoing *Resolutions* shall remain valid and subsisting until and unless subsequently modified, revoked, rescinded, or superseded by the Board of Directors of the Corporation."

**"Board Resolution No. 2025-01-08-04"**

**"RESOLVED, AS IT IS HEREBY RESOLVED**, that the Board authorizes the Corporation's Human Resources Division Manager, **ROCHELLE B. BAUTISTA**, as she is hereby authorized, to sign any and all loan application or documents of the Corporation's employees/members of Pag-IBIG Fund; to execute any and all papers relating thereto; and to sign, execute, acknowledge and deliver any and all agreement or other writings therefore, or in any way connected therewith.

**RESOLVED FURTHER**, that the Board authorizes to grant **ROCHELLE B. BAUTISTA**, as she is hereby authorized, full

power and authority to do and perform all and every act requisite or necessary to carry into effect the aforementioned authorities."

**RESOLVED FINALLY**, that the foregoing Resolutions, shall remain valid and subsisting unless otherwise revoked by the Board of Directors of the Corporation."

- B. On 12 February 2025, the Board of Directors of the Corporation approved the following resolutions:

**"Board Resolution No. 2025-02-12-01"**

**"RESOLVED**, That the Board of Directors of Dagupan Electric Corporation (the "Corporation") authorizes, as it is hereby authorized, its messenger, EDWARD V. ATAY to process the Corporation's application for certified true copies of its Certificates of Registration (COR) with the Bureau of Internal Revenue (BIR)

**RESOLVED FINALLY**, that the foregoing resolutions shall remain valid and subsisting until and unless subsequently modified, revoked, rescinded, or superseded by the Board of Directors of the Corporation."

**"Board Resolution No. 2025-02-12-02"**

**"RESOLVED, AS IT IS HEREBY RESOLVED**, that the Corporation shall invest up to the amount of P350,000,000.00 in common shares of stock of a new stock corporation to be named DECORP Renewables Inc. which will be incorporated with the Securities and Exchange Commission, and the President of the Corporation, Rene Bernard L. Llames, is authorized to sign, execute and deliver the subscription agreement and any and all other documents and things as may be necessary to carry into effect the foregoing."

**"Board Resolution No. 2025-02-12-03"**

**"WHEREAS**, the By Laws of the Corporation currently provide that the Annual Stockholders Meeting is to be held on the third Tuesday of April, however the Audited Financial Statement of the Company and financial records would not yet be ready in time for an annual meeting conducted on the third Tuesday of April;

**WHEREAS**, the Board and the Stockholders of the Corporation had also approved a resolution for the amendment of the By Laws of the Corporation to move the date of the Annual Stockholders Meeting to the third Wednesday of July of each year, and the 2025 annual meeting should be transitioned to such date as approved by the Board and the Stockholders pending the formal approval of the

amendment of the By Laws by the Securities and Exchange Commission;

**RESOLVED AS IT IS HEREBY RESOLVED**, that in order to provide sufficient time for the financial records to be properly prepared for the annual meeting, and for consistency with the resolution approved by the Board and Stockholders of the Corporation in 2024, the Corporation shall hold its 2025 Annual Stockholders Meeting on the Third Wednesday of July, or on July 16, 2025, instead of third Tuesday of April as currently provided in the Corporation's By Laws."

**"Board Resolution No. 2025-02-12-04"**

**"RESOLVED, AS IT IS HEREBY RESOLVED**, that DAGUPAN ELECTRIC CORPORATION (The "Corporation") shall sell its 400,000 shares of Tarlac Electric Inc. to VERIA Holdings Corporation at P380.00 per share, or for a total of P152M"

**RESOLVED FURTHER**, that the President of the Corporation, Rene Bernard L. Llames, shall be authorized to sign, execute and deliver the Deed of Assignment, and any other documents and things as may be necessary or desirable to accomplish the foregoing purpose."

- C. On 05 March 2025, the Board of Directors of the Corporation approved the following resolutions:

**"Board Resolution No. "2025-03-05-01"**

**"RESOLVED**, as it is hereby resolved, that the Board of Directors of Dagupan Electric Corporation (the "Corporation") approves the Corporation's Distribution Development Plan (DDP) for the period 2025 to 2034 and its submission to the Department of Energy.

**RESOLVED FINALLY**, that the foregoing resolutions shall remain valid and subsisting until and unless subsequently modified, revoked, rescinded, or superseded by the Board of Directors of the Corporation.

**"Board Resolution No. "2025-03-05-02"**

**"RESOLVED**, as it is hereby resolved, that the Board of Directors of Dagupan Electric Corporation (the "Corporation") approves the Corporation's Power Supply Procurement Plan (PSPP) for the period 2025 to 2034 and its submission to the Department of Energy.

**RESOLVED FINALLY**, that the foregoing resolutions shall remain valid and subsisting until and unless subsequently modified, revoked, rescinded, or superseded by the Board of Directors of the Corporation.

- D. On 14 May 2025, the Board of Directors of the Corporation approved the following resolutions:

**“Board Resolution No. 2025-05-14-01”**

**"RESOLVED, AS IT IS HEREBY RESOLVED**, that the Corporation authorizes DEON JAMES, Board Director of DECORP, or failing him, RENE L. LLAMES, its President, to participate as an authorized representative of DECORP at the Annual Stockholders' Meeting (ASM) of Tarlac Electric Inc. (TEI), of which DECORP is a stockholder, to be held on 27 June 2025, or at any adjournment thereof at any later date.

**"RESOLVED FINALLY**, that the authorized representative appointed under the foregoing resolution can exercise his right to attend or appoint a proxy for the said ASM and the right to speak and/or vote at the said ASM or at any adjournment thereof."

**“Board Resolution No. 2025-05-14-02”**

**"RESOLVED**, That the Board of Directors of Dagupan Electric Corporation (the "Corporation") authorizes, as it is hereby authorized, its Senior Accounting Assistant, Sylvia C. Esguerra, to process the following applications on behalf of the Corporation:

- A change in the registered address of its branch with TIN 000-202-524-00003; and
- The registration of new Cash Receipts Books for its head office and various branches.

**RESOLVED FINALLY**, that the foregoing resolution shall remain valid and subsisting until and unless subsequently modified, revoked, rescinded, or superseded by the Board of Directors of the Corporation.”

**“Board Resolution No. 2025-05-14-03”**

**"WHEREAS**, the Corporation needs to apply for the Authority to Print Official Receipts with the Bureau of Internal Revenue (BIR);

**RESOLVED, AS IT IS HEREBY RESOLVED**, that the Corporation authorizes MARCO NICOLA R. MARTINO, Account Representative of InterTech Forms Manufacturing Corporation (IFMC) to process, sign, submit and transact on behalf of the Corporation for an Authority to Print (ATP) its official receipts with the Bureau of Internal Revenue;

**RESOLVED FURTHER**, that this approval shall be without prejudice to the company's right to withdraw the authorization at any time upon prior notice to InterTech Forms Manufacturing Corporation and the BIR should it deemed necessary.

**RESOLVED FINALLY**, that the foregoing resolution shall remain valid and subsisting until and unless subsequently modified, revoked, rescinded, or superseded by the Board of Directors of the Corporation."

- E. On 16 July 2025, the Board of Directors appointed the officers of the Corporation for 2024-2025, as follows:

Mrs. Angelique Llames-James -	Chairperson
Mr. Rene Bernard L. Llames -	President
Ms. Cynthia Irene L. Llames -	Treasurer
Mr. Erwin Mark A. Gavino -	Corporate Secretary
Ms. Lilian D. Saralde -	Assistant Corporate Secretary

On 16 July 2026, the Board of Directors also approved the following resolutions:

**"Board Resolution No. 2025-16-07-01"**

**"RESOLVED**, as it is hereby resolved, that the Board of Directors of Dagupan Electric Corporation (the "Corporation") authorizes, as it is hereby authorized, the Corporation to enter into a Grant of Right of Way Agreement with Goshen Land Capital, Inc.

**RESOLVED FURTHER**, that the Corporation hereby authorizes its Retail Services Manager, GEMMA M. RECEL to sign and execute on behalf of the Corporation the aforesaid agreement.

**RESOLVED FURTHER**, that the Board grants its Retail Services Manager, Gemma M. Recel, full power and authority to do and perform all and every act requisite or necessary to carry into effect the aforementioned authorities.

**RESOLVED FINALLY**, that the foregoing resolutions shall remain valid and subsisting until and unless subsequently modified, revoked, rescinded, or superseded by the Board of Directors of the Corporation.”

**“Board Resolution No. 2025-16-07-02”**

**“RESOLVED**, as it is hereby resolved, that the Board of Directors of Dagupan Electric Corporation (the **“Corporation”**) authorizes the Corporation to:

- a. Enter into metering services agreements/ connection agreements;
- b. Request registration with the Central Registration Body and/or with the Wholesale Electricity Spot Market (WESM), as appropriate; and
- c. Comply with its obligations as Metering Service Provider in accordance with existing relevant rules and regulations.

**RESOLVED FURTHER**, that the Corporation hereby authorizes **RANDY F. CASTILAN**, Chief Operating Officer (COO), to sign and execute and deliver documents or other requirements as may be necessary and required to implement and put into effect the foregoing transactions.

**RESOLVED FINALLY**, that the foregoing resolutions shall remain valid and subsisting until and unless subsequently modified, revoked, rescinded or superseded by the Board of Directors of the Corporation.”

**“Board Resolution No. 2025-16-07-03”**

**“RESOLVED**, That the Board of Directors of Dagupan Electric Corporation (the **“Corporation”**) authorizes, as it is hereby authorized, the representative of **MR. JOHN ZEAN PRINTING, MR. PONCIANO TUTOR JR.**, to process, sign, submit, and transact on behalf of the Corporation an Authority to Print (ATP) Purchase Orders (PO) with the Bureau of Internal Revenue (BIR).

**RESOLVED FURTHER**, that this approval shall be without prejudice to the company’s right to withdraw the authorization at any time upon prior notice should it be deemed necessary.”

**RESOLVED FINALLY**, that the foregoing resolutions shall remain valid and subsisting until and unless subsequently modified, revoked, rescinded, or superseded by the Board of Directors of the Corporation.”

F. On 07 November 2026, the Board of Directors approved the following resolutions:

**"Board Resolution No. 2025-11-07-01"**

**"RESOLVED**, that the Corporation authorize the printing of its Billing Invoice in compliance with the requirements of the Bureau of Internal Revenue (BIR);

**RESOLVED FURTHER**, that the Board of Directors of Dagupan Electric Corporation (the "Corporation") authorizes **JHOMER H. MARCAIDA**, Account Executive/Messenger of **INTERTECH FORMS MANUFACTURING CORP.**, to process, sign, submit, and transact with the Bureau of Internal Revenue (BIR) on behalf of the Corporation in its application for an Authority to Print (ATP) for principal receipts, secondary receipts, and invoices.

**RESOLVED FURTHER**, that this approval shall be without prejudice to the Corporation's right to withdraw the authorization at any time upon prior notice to **INTERTECH FORMS MANUFACTURING CORPORATION** and the BIR, should the Corporation deem it necessary.

**RESOLVED FINALLY**, that the foregoing resolutions shall remain valid and subsisting until and unless subsequently modified, revoked, rescinded, or superseded by the Board of Directors of the Corporation."

**"Board Resolution No. 2025-11-07-02"**

**"WHEREAS**, the Corporation needs to apply for an Authority to Print Official Receipts with the Bureau of Internal Revenue (BIR);

**RESOLVED**, that the Corporation authorizes **MARCO NICOLA R. MARTINO**, Account Representative of **INTERTECH FORMS MANUFACTURING CORPORATION (IFMC)**, to process, sign, submit and transact on behalf of the Corporation in connection with its application for an Authority to Print (ATP) its official receipts with the Bureau of Internal Revenue;

**RESOLVED FURTHER**, that this approval shall be without prejudice to the Corporation's right to withdraw the authorization at any time upon prior notice to **INTERTECH FORMS MANUFACTURING CORPORATION** and the BIR, should the Corporation deem it necessary;

**RESOLVED FINALLY**, that the foregoing resolutions shall remain valid and subsisting until and unless subsequently modified, revoked, rescinded, or superseded by the Board of Directors of the Corporation."

- G. On 09 December 2025, the Board of Directors also approved the following resolutions:

**"Board Resolution No. 2025-12-09-01"**

**"RESOLVED, AS IT IS HEREBY RESOLVED,** that the Board approves the total amount of P267,794,582.42 as the maximum amount of the total 2026 Network Capital Expenditure Budget, and the total amount of P360,888,419.09 as the maximum amount of the total 2026 non-Network Capital Expenditure Budget of the Corporation."

**"Board Resolution No. 2025-12-09-02"**


**"RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation shall engage Asian Appraisal as the independent expert consultant for the RAB roll-forward valuation of the Corporation."

19 MAY 2026 IN WITNESS WHEREOF, I have hereunto set my hand this  
in Pasig City.

  
ERWIN MARK A. GAVINO  
Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this 19 MAY 2026 in Pasig City, affiant personally exhibiting to me his Passport No. P2303713C valid until 08 November 2032, as competent evidence of his identity bearing his photograph and signature in accordance with A.M. No. 02-8-13-SC dated 06 July 2004.

Doc. No. 48 ;  
Page No. 11 ;  
Book No. X211 ;  
Series of 2026.

  
ATTY. ROMEO MANUEL JOSHUA R. MOVIDO  
Notary Public for Pasig City  
Suite 07 Unit G06 West Tower, Tektite Towers  
Exchange Road, Pasig City  
Roll of Attorney No. 66667  
Appointment No. 116 (2025-2026) valid until 31 December 2026  
IBP Member No. 539938 Pasig/ 28 February 2026  
PTR No. 303044; 09 Jan. 2025; Pasig City  
MCLF Compliance No. VIII-0027771 valid until 12 Jan 2026

REPUBLIC OF THE PHILIPPINES )



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**CERTIFICATION**

I, **ERWIN MARK A. GAVINO**, of legal age, Filipino, and with office address at 501 OMM Citra Building, San Miguel Avenue, Ortigas Center, Pasig City, after being sworn to in accordance with law, hereby depose and state that:

1. I am the Corporate Secretary of **DAGUPAN ELECTRIC CORPORATION** (the "Corporation"), a corporation duly organized and existing under Philippine laws, with principal office address at AB Fernandez Street, Dagupan City, Philippines 2400.
2. I have caused the preparation of the **Preliminary Information Statement (SEC Form 20-IS)** of the Corporation for the upcoming Annual Stockholders' Meeting to be held on 19 June 2026.
3. I have read and understood the contents thereof, and after reasonable inquiry and to the best of my knowledge and belief, I hereby certify that the information set forth in the Preliminary Information Statement and its attached reports are true, complete, and correct of my own personal knowledge and/or based on authentic corporate records.
4. To the best of my knowledge, no material fact has been omitted which would make the statements therein misleading.
5. I am executing this certification to attest to the truth of the foregoing and in compliance with the reportorial requirements of the Securities and Exchange Commission.

**IN WITNESS WHEREOF**, I have hereunto set my hand in Pasig City.

  
**ERWIN MARK A. GAVINO**  
*Corporate Secretary*

**19 MAY 2026**

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ in Pasig City, affiant personally exhibiting to me his Passport No. P2303713C, as competent evidence of his identity bearing his photograph and signature in accordance with A.M. No. 02-8-13-SC dated 06 July 2004.

Doc. No. 36 ;  
Page No. 09 ;  
Book No. XIII ;  
Series of 2026.

  
**ATTY. ROMEO MANUEL JOSHUA R. MOVIDO**

Notary Public for Pasig City  
Suite 07 Unit G05 West Tower, Tektite Towers,  
Exchange Road, Pasig City  
Roll of Attorney No. 66667  
Appointment No. 116 (2025-2026) valid until 31 December 2026  
IBP Member No. 539038 Pasig/ 28 February 2026  
PTR No. 3039044; 09 Jan. 2026; Pasig City  
MCLE Compliance No. VIII-0027774 valid until 17 April 2028