

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the calendar year ended **December 31, 2025**
2. SEC Identification Number **134800** 3. BIR Tax Identification No. **000-590-608-000**
quint
4. Exact name of issuer as specified in its charter **JOLLIVILLE HOLDINGS CORPORATION**
5. **PHILIPPINES** 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. **4/F 20 Lansbergh Place**
170 Tomas Morato Ave., corner Scout Castor St.
Quezon City **1103**
Address of principal office Postal Code
8. **(632) 8373-3038**
Issuer's telephone number, including area code
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 SRC, or Sec. 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|-----------------------------------|---|
| Common Stock, ₱1 par value | 281,500,000 shares |
11. Are any or all of these securities listed on a Stock Exchange.
Yes No
- If yes, state the name of such stock exchange and the classes of securities listed therein:
PHILIPPINE STOCK EXCHANGE **COMMON STOCK**
12. Check whether the issuer:
(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);
Yes No
- (b) has been subject to such filing requirements for the past ninety (90) days.
Yes No
13. Aggregate market value of the voting stock held by non-affiliates is: **₱296,882,762** as of December 31, 2025 and **₱384,598,123** as of May 8, 2026.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

(1) Business Development

Established by the Ting family as a real estate company in September 1986, the Company transitioned into a holding company on April 15, 1999, following the Securities and Exchange Commission's (SEC) approval to amend its primary purpose. Shortly after, on May 4, 1999, the SEC also approved an increase in Jolliville Holdings Corporation's ("JOH" or "the Company") capitalization. The Company's authorized capital stock was raised from 30,000 shares with a par value of ₱100 each to 1 billion shares with a par value of ₱1 each. As of now, 281.5 million common shares have been issued and are fully paid.

As of December 31, 2025, the Company holds interests in the following subsidiaries:

<u>Name of Subsidiary/Affiliate</u>	<u>Percentage of Ownership</u>
Jolliville Group Management, Inc.	100%
Ormina Realty & Development Corp.	100%
Servwell BPO International Inc.	100%
Jollideal Marketing Corporation	100%
Ormin Holdings Corporation	100%
Melan Properties Corp.	100%
NGTO Resources Corp.	100%
OTY Development Corp.	100%
KGT Ventures, Inc.	100%
Ibayo Island Resort Corp.	100%
Philippine Hydro Electric Ventures Inc.	70%
Ormin Power, Inc.	41.98%*
Inabasan Cascade Hydro Power Corp.	41.98%*
2Big Philippines Inc.	62.66%
Calapan Waterworks Corporation	73.98%
Greater Rosario Water Inc.	73.98%
Nation Water Corporation	64.57%
Tubig Bohol Corporation	36.99%*

**Although the Group's effective interest is less than 50%, these companies are considered subsidiaries because the Group's voting power over them is sufficient to provide the practical ability to direct and control.*

Set out below is a brief description of each subsidiary/affiliate.

Jolliville Group Management Inc. ("JGMI") was incorporated on March 9, 1994 and at present, has an authorized capital stock of ₱10 million divided into 100,000 common shares, with a par value of ₱100 per share. To date, 100,000 common shares of JGMI are issued and fully paid.

Ormina Realty & Development Corp. ("ORDC") was incorporated on April 22, 1997 with an authorized capital stock of ₱200 million divided into 200 million common shares, with a par value of ₱1 per share. To date, 136,587,073 common shares of the corporation are subscribed and paid with additional paid-in capital of ₱63,272,184.

Servwell BPO International Inc. ("Servwell" or "SBI") was incorporated on May 19, 2009 as a wholly-owned subsidiary of JOH primarily to design, implement, and operate certain business processes; to assist companies in running their accounting units; to provide receivables and payables processing, billings and collections, treasury, escrow and other related services; to provide provident fund accounting; and to provide human-resource related processes. It has an authorized capital stock of ₱5 million divided into 5 million common shares with a par value of ₱1 per share. To date, all SBI shares have been fully subscribed and paid with additional paid-in capital of ₱1,105,488.

Jollideal Marketing Corporation (“JMC”) was incorporated on April 10, 1989 with an authorized capital stock of ₱2 million divided into 20,000 common shares, with a par value of ₱100 per share. To date, 14,000 common shares are issued and fully paid.

Ormin Holdings Corporation (“OHC”) was incorporated on March 1, 1994 with an initial authorized capital stock of ₱50 million divided into 500,000 common shares, with a par value of ₱100 per share.

On December 9, 2019, the BOD of OHC approved to declare a cash dividend out of the dividends received from its subsidiaries namely, KGT Ventures Inc., Melan Properties Corporation, NGTO Resources Corporation, and OTY Development Corporation, amounting to Two Hundred Twelve Million Pesos (₱212,000,000).

At the special meeting of the BOD and of the Stockholders of OHC held on June 9, 2021 and July 20, 2021, respectively, the majority of the BOD and by the vote of at least two-thirds of the outstanding capital stock approved the following: reduction of the par value of its common share from ₱100.00 per share to ₱1.00 per share; the Company shall have perpetual corporate existence; the authorized capital stock shall be ₱80 million divided into 80,000,000 common shares, with a par value of ₱1.00 per share and that 19,237,563 shares are to be subscribed by JOH with subscription price of ₱10.00 per share and has been fully paid via conversion of dividends payable recorded per books.

On September 20, 2022, OHC’s application for the above amendments is approved by the SEC. As of reporting date, 55,400,563 common shares are subscribed and paid with additional paid-in capital of ₱173,138,067.

The Company, through OHC, indirectly owns the following corporations: (a) Melan Properties Corp.; (b) NGTO Resources Corp.; (c) OTY Development Corp; (d) KGT Ventures Inc.; and (e) Ibayo Island Resort Corp.

Melan Properties Corp. (“MPC”) was incorporated on March 3, 2008 with an initial authorized capital stock of ₱5 million divided into 50,000 common shares, with a par value of ₱100.00 per share.

NGTO Resources Corp. (“NRC”) was incorporated on March 5, 2008 with an initial authorized capital stock of 5 million divided into 50,000 common shares, with a par value of ₱100.00 per share.

OTY Development Corp. (“ODC”) was incorporated on March 7, 2008, and at present, has an authorized capital stock of ₱5 million divided into 50,000 common shares, with a par value of ₱100.00 per share.

KGT Ventures Inc. (“KVI”) was incorporated on March 11, 2008 with an initial authorized capital stock of ₱5 million divided into 50,000 common shares, with a par value of ₱100.00 per share.

On December 5, 2019, the BOD of MPC, NRC, ODC and KVI unanimously approved to cancel the appropriation of the retained earnings as additional equity investments amounting to Fifty Four Million Pesos (₱54,000,000) for each company and further approved to declare the same as cash dividends.

On June 9, 2021 and July 20, 2021, at the special meetings of the BOD and of the stockholders of MPC, NRC, ODC and KVI, respectively, unanimously approved the reduction of the par value of its stocks from ₱100.00 per share to ₱1.00 per share; the Company shall have perpetual corporate existence; increase the authorized capital stock from ₱5 million divided into 50,000 common shares to ₱10 million divided into 10,000,000 common shares, with a par value of ₱1.00 per share and that 2,899,500 shares are to be subscribed by OHC with subscription price of ₱10.00 per share.

The SEC approved NRC’s application on April 11, 2022, and later, on October 9, 2023, the SEC approved the applications of MPC and KVI regarding the aforementioned amendments. As of December 31, 2025, 7,899,500 common shares of NRC, MPC and KVI are subscribed and paid with additional paid-in capital of ₱48,600,000.

On May 27, 2025, the SEC approved ODC’s application for the above amendments. As of December 31, 2025, 5,399,000 common shares of ODC are subscribed and paid with additional paid-in capital of ₱26,095,500.

Ibayo Island Resort Corp. (“IIRC”) was incorporated on August 14, 2007, and at present, has an authorized capital stock of ₱5 million divided into 50,000 common shares, with a par value of ₱100.00 per share. As of December 31, 2025, 12,500 common shares of IIRC are subscribed and paid.

2Big Philippines Inc. (“2Big Phil”) (formerly Tubig Pilipinas Corp.) was acquired by the Company by virtue of a Deed of Absolute Sale executed with Philippine H2O Ventures Corp. (“H2O”) (now PH Resorts Group Holdings, Inc.) (“PHR”) on June 1, 2018.

2Big Phil was incorporated on August 14, 2006 to engage in, carry on, conduct, operate, manage and maintain the general business of development and utilization of water resources which have for their objects the harnessment, production and supply of water for domestic, municipal, agricultural, industrial, commercial or recreational purposes and to this end, to acquire, own, lease, construct, install, equip, operate, manage and maintain plants for the harnessment, production, conveyance and supply of water and other plants and related system elements required thereto.

On January 19, 2022, the SEC approved the amendment of 2Big Phil's secondary purpose; the change to perpetual corporate existence; the increase in number of directors from five to nine; the provision for waiver of pre-emptive rights for its stockholders.

2Big Phil has an authorized capital stock of ₱500 million divided into 500 million shares with par value of ₱1.00. To date, the total amount of capital stock subscribed is ₱163,450,000 and paid-up capital is ₱442,000,000 inclusive of additional paid-in capital of ₱278,550,000.

Calapan Waterworks Corporation (“CWWC” or “Calapan Water”) was incorporated on May 23, 1991 and at present, has an authorized capital stock of ₱200 million divided into 200 million common shares, with a par value of ₱1.00 per share. As of December 31, 2025, 137,909,053 common shares of Calapan Water are subscribed and paid.

On November 13, 2014, CWWC and 2Big Phil subscribed shares in Nation Water Corporation.

Nation Water Corporation (“NWC”) is a pre-operating company that was formally registered with the SEC on November 13, 2014 primarily to engage in, carry on, conduct, operate, manage and maintain the general business of development and utilization of water resources which have for their objects the harnessment, production, and supply of water for domestic, municipal, agricultural, industrial, commercial and recreational purposes to this end, to acquire, own, lease, construct, install, equip, operate, manage and maintain plants for the harnessment, production, conveyance and supply of water and other plants and other related system elements required thereto. It has an authorized capital stock of ₱10 million divided into 10 million common shares with a par value of ₱1.00 per share. Currently, 2.5 million common shares are subscribed and paid.

On July 13, 2018, the BOD of CWWC approved a total subscription of 2,499,995 common shares of Greater Rosario Water Inc. at ₱1.00 per share.

Greater Rosario Water Inc. (“GRWI”) was incorporated on July 13, 2018, primarily to engage in, carry on, conduct, operate, manage and maintain general business development and utilization of water resources which have for their objects the harnessment, production and supply of water for domestic, municipal, agricultural, industrial, commercial or recreational purposes to this end, to acquire, own, lease, construct, install, equip, operate, manage and maintain plants for the harnessment, production, conveyance and supply of water and other plants and other related system elements required thereto. GRWI has an authorized capital stock of ₱10 million divided into 10 million common shares at ₱1.00 par value. To date, the total amount subscribed is ₱2,500,000 and ₱625,000 of which is paid.

On October 4, 2018, the BOD of CWWC approved a total subscription of 1,249,995 common shares of Tubig Bohol Corporation with a par value of ₱1.00 share.

Tubig Bohol Corporation (“TBC”) was incorporated on October 4, 2018, primarily to engage in, carry on, conduct, operate, manage and maintain the general business development and utilization of water resources which have for their objects the harnessment, production and supply of water for domestic, municipal, agricultural, industrial, commercial or recreational purposes to this end, to acquire, own, lease, construct, install, equip, operate, manage and maintain plants for the harnessment, production, conveyance and supply of water and other plants and other related system elements required thereto.

TBC has an authorized capital stock of ₱10 million divided into 10 million common shares with par value of ₱1.00 a share. To date, the total amount subscribed is ₱2,500,000 with paid-up capital of ₱625,000.

On March 24, 2014, the BOD of JOH approved to purchase 100% of the total outstanding shares of pre-operating company Philippine Hydro Electric Ventures Inc. ("PHEVI") equivalent to 79,999,300 common shares at ₱1.00 a share. Subsequently, JOH sold all of its shareholdings in subsidiary Ormin Power Inc. to PHEVI. These transactions did not affect the consolidated financial results of the Company.

Philippine Hydro Electric Ventures Inc. ("PHEVI") was incorporated on July 17, 2009, primarily to lease and purchase land, marine, aquatic and environmental resources of the Philippines to the extent permitted by law and to develop and conserve places with tourism value. The SEC has approved PHEVI's amended Articles of Incorporation on November 23, 2014, amending its primary purpose as to engage in, own develop, construct, rehabilitate, operate and maintain water and electric power plant systems and facilities, renewable and indigenous power generation plants and other types of power generation and/or converting stations; and to make the necessary undertaking for the distribution of such facilities to consumers; to act as holding company or joint venture partner or investor in the business of developing, operating, and/or owning power generation plants. On October 26, 2018, the SEC approved PHEVI's application for an increase in authorized capital stock to ₱1 billion divided into 1 billion common shares with par value of ₱1.00 per share from ₱300 million divided into 300 million shares with a par value of ₱1.00 a share.

On February 28, 2022, the SEC approved the amendment of PHEVI's secondary purpose, the change to perpetual corporate existence, the increase in the number of directors from five to nine, the reduction of par value from one peso (₱1.00) per share to ten centavos (₱0.10) per share and the provision for waiver of pre-emptive rights for its stockholders. As of reporting date, PHEVI's authorized capital stock is ₱1 billion divided into 10 billion common shares with a par value of ₱0.10 per share. PHEVI has a subscribed and paid-up capital of ₱255 million.

Ormin Power Inc. ("OPI") was incorporated on April 27, 2009 to provide power generation and electricity supply services to distribution utilities, including but not limited to, electric cooperatives; to install, build, own, lease, maintain or operate power generation facilities, using fossil fuel, natural gas, or renewable energy; and to engage in any and all acts which may be necessary, or convenient, in the furtherance of such power generation services.

On December 28, 2018, SEC approved the increase in OPI's authorized capital stock from 766,000,000 divided into 466,000,000 common shares with par value of ₱1.00 per share and 300,000 preferred shares with par value of ₱1,000 per share to authorized capital stock of 1,066,000,000 consisting of 466,000,000 common shares at ₱1.00 par value per share and 600,000 preferred shares at ₱1,000 par value per share.

On September 21, 2023, OPI's BOD authorized and approved the declaration of cash dividends out of the unrestricted retained earnings of OPI in favor of its preferred shareholders for the period October 1, 2018 to December 28, 2023 amounting to ₱219.505 million in accordance with the Preferred Shares Subscription Agreements and Term Sheet subject to compliance with applicable laws and regulations.

On November 17, 2025, the SEC approved the OPI's perpetual corporate existence and reclassification of shares from 466,000,000 common shares at ₱1.00 par value per share and 600,000 preferred shares at ₱1,000 par value per share to 566,000,000 common shares at ₱1.00 par value per share and 500,000 preferred shares at ₱1,000 par value per share. Authorized capital stock remains the same.

As of December 31, 2025, OPI had a subscribed and paid-up capital of ₱1.003 billion and ₱960.068 million, respectively, with additional paid-in capital of ₱25.6 million.

On November 25, 2024, the SEC approved the incorporation of Inabasan Cascade Hydro Power Corp. (ICHPC). ICHPC's primary purpose is to engage in the business of power generation and electricity supply services to distribution utilities, including but not limited to electric cooperatives; to install, construct, own, lease, maintain, or operate power generation facilities utilizing fossil fuels,

natural gas, or renewable energy sources; and to undertake any and all activities necessary or convenient for the advancement of such power generation and electricity supply services. ICHPC has an authorized capital stock of ₱100 million divided into 100 million common shares with par value of ₱1.00 a share. To date, the total amount subscribed is ₱25.0 million with paid-up capital of ₱6.25 million.

Neither the Company nor its subsidiaries are the subject of any bankruptcy, receivership or similar proceedings.

(2) Business of Issuer

The Group (refers to Jolliville Holdings Corporation and its subsidiaries) has principal business interests in leasing, management services, property development, land banking, local waterworks system, business process outsourcing, and power generation.

The Group owns and holds title to a number of properties in Metro Manila, Calapan City, and Puerto Galera in Oriental Mindoro. These property investments, which include parcels of urban land, provincial and beachfront properties, as well as condominium units, are held for future operations and/or development.

JOH and ORDC leases and rents out certain assets including land, buildings & improvements, furnishings and fixtures, equipment, and machineries to a number of independent business entities involved in the operation and management of KTV entertainment/recreation centers in the Metro Manila area.

A group subsidiary, JGMI provides general management services and assistance to companies within and affiliated to the Group, notably Calapan Water. Another consolidated subsidiary, SBI, on the other hand, provides business process outsourcing services to its affiliated companies and third parties engaged in the KTV entertainment and leisure/recreation business. All relevant contracts are reviewed annually.

Calapan Water owns and operates exclusively the waterworks system of Calapan City, Oriental Mindoro by virtue of its legislative franchise under Republic Act No. 9185 which will expire on February 9, 2028 and a Certificate of Public Convenience (CPC) issued by the National Water Resources Board ("NWRB") which expired last January 17, 2023. On February 27, 2023, NWRB extended the Provisional Authority issued to Calapan Water last September 13, 2022 until June 14, 2023 due to its inability to process the CPC application as a result of the restrictions brought about by the COVID-19 pandemic. On May 25, 2023, NWRB issued Resolution No. 03-0523 amending the validity of Provisional Authority on applications for CPC and other related applications. This resolution further extends the Provisional Authority of Calapan Water until December 31, 2025.

On July 28, 2024, prior to the expiration of the extended Provisional Authority, NWRB issued Calapan Water the CPC which is valid until January 18, 2033. Calapan Water is one of the few privately owned water systems in the country today. It has no competitor nor known opposition to its franchise within its franchise area.

As of December 31, 2025, the water supply system serves ten (10) urban barangays and twenty-nine (29) adjoining rural barangays. The total number of water service connections is now at 22,282 from the previous year's 21,446. It currently serves 20,897 residential and 1,385 commercial clients. There is a slight decrease in commercial accounts this year, which was due to the water rate adjustments. Commercial establishments opted to disconnect their service and plan to reconnect once the space is occupied or a new tenant moves in.

CWWC's average Non-Revenue Water (NRW) went down to 8.97% for 2025 as against 17.12% of the previous year. The decrease in NRW is due to the installation of filter tanks resulting to reduction of flushing points and lesser frequency of draining and cleaning of tanks.

Regular bacteriological and chemical/physical test results released by the Batangas Water District Laboratory indicate that all of CWWC's water sources conform to the Philippine National Standards for Drinking Water (PNSDW).

Calapan Water formally took over the operation of the water system of the Tabuk City, the capital of Kalinga province, in October 2006. Under the contract with the Local Government of Tabuk, Calapan Water will operate and maintain the water system in Tabuk City for a period of 15 years. This lease agreement was extended for another 10 years (from year 2021) or up to September 30, 2031 through a resolution passed by the legislative council of Tabuk City on February 2, 2010. The water system remains the property of the local government. In April 2024, the lease agreement with the LGU of Tabuk was amended to extend the lease term for another 15 years, expiring on September 30, 2046 and renewable upon mutual agreement of both parties. Amendments to the contract include:

- Removal of the variable lease fee based on billed volume.
- Acknowledgment of the unpaid lease fee by CWWC to be settled in monthly installment until 2044 after offsetting the receivable from LGU amounting to ₱10.1 million.

The subscriber base stood at 5,339 as of December 31, 2025 while 5,341 as of December 31, 2024. It currently serves 4,681 residential and 658 commercial clients. The system is designed to accommodate approximately 7,000 subscribers, given that source replacements are implemented. CWWC in Tabuk draws water from the ground and distributes the water through the LGU owned water system leading to each household.

Calapan Water has no direct competition for the waterworks business in its service areas.

Calapan Water is very much dependent on its being able to have continuing business with its existing customers. Its water subscribers are dependent on Calapan Water for their daily water needs. As such, Calapan Water does not foresee losing clients as long as Calapan Water continues to deliver quality potable water to its service area.

CWWC incurred minimal expenses for research and development activities as well as for compliance to environmental laws. These costs are a small percentage of revenues for the calendar years 2025, 2024, and 2023.

OPI began its commercial operations last November 11, 2011. It operates a 9.6 MW Diesel fuel-fired power plant in Calapan City to supply electricity to Oriental Mindoro Electric Cooperative (ORMECO).

OPI's Hydro Power Plant project is a 10 MW Mini-hydro power facility in the Municipality of San Teodoro in the Province of Oriental Mindoro. It was commissioned last January 14, 2019, and was formally inaugurated on March 23, 2019. It has been the most capital intensive project of the Group, built to develop the province's hydro-power resources essential to meet energy demand over the next 10 years.

On January 31, 2025, OPI accepted the Notice of Award dated January 30, 2025 from ORMECO after it was declared as the Winning Bidder through the latter's Special Bids and Awards Committee (SBAC). OPI's bid for Lot II-10 MW (Baseload) - Calapan City has been determined as the Lowest Calculated Responsive Bid (LCRB) following a thorough evaluation pursuant to the mechanism and jurisdictional requirements. On April 30, 2025, OPI and ORMECO executed the Power Supply Agreement for the second Calapan Diesel Power Plant.

OPI considers ORMECO as a significant customer being the primary off-taker of the power produced by OPI.

The Group does not spend material amounts for business development activities as most plants are developed internally.

Except for the waterworks business where it has no direct competition, the Company carries out most of its business activities in a competitive environment and competes in terms of market reach, diversity, customer relations, and pricing, among others. Heightened competition could negatively affect the Company's operational results.

In the leasing business, the Company competes with a number of financial institutions and real estate companies, both domestic and international. While its competitors offer their lease properties to the general public, none of them have concentrated and specialized on servicing the particular market

niche of the Company, the KTV operators. The long-established relationship of the Company with its KTV clients in the renting out of facilities, furnishings and equipment puts it at some advantage vis-à-vis its competitors. This competitive advantage is further strengthened by the business process outsourcing contracts of the Company with its KTV clients.

The Company's primary competitors in the management services and business process outsourcing industries are the management services and the business process outsourcing units of the other major independent accountancy firms, and international BPO companies. However, the Company considers as its competitive advantage, its long-time relationship with its clients as well as the fact that it has multi-faceted business relationship with them (it also rents out to the same clients furnishing, fixtures, furniture and equipment for their KTV operations). The management services and business process outsourcing lines are highly dependent on the continuing renewals of its contracts with its clients. The Company is confident though that, for as long as the KTV operations of its clients are viable and profitable, it will continue to service the specialized business process outsourcing needs of these clients.

Land banking and property development is a highly competitive industry. The major industry and sector leaders of this industry include the SM Group and Robinsons Land that are more focused on retail mall development, Ayala Land that is involved in residential, commercial, high rise, and industrial development, Sta. Lucia Realty which is into residential, commercial and leisure/resort development, Filinvest Land which is into central business district development, Megaworld and Empire East Land which are into both horizontal (subdivision & townhouses) and vertical (condominium) residential and commercial development.

For now, the Group does not plan nor propose going into other types of businesses or offer any new service.

The Company is very much dependent on its being able to have continuing business with its existing clients and customers. The Company has had a long-time relationship with these clients and does not foresee losing any of them.

The Company's subsidiaries involved in the service industries need no special government approvals. However, its waterworks business through Calapan Water and its power generation business through OPI require several special government approvals such as Environment Compliance Certificate from the Department of Environment and Natural Resources (DENR), water permits from the National Water Resources Board (NWRB), Certificate of Compliance from Energy Regulation Commission (ERC) and Permit to Operate from the DENR. Water tariff rates are subject to regulation by the NWRB, while power rates are approved by the ERC. The complexities of tariff regulation require consideration of many factors including the proponent's return of investment.

Item 2. Properties

The Company's real properties, owned directly and indirectly, through its consolidated subsidiaries, are summarized in the following table. These properties are covered with the titles (TCTs and CCTs) in the name of the Company itself or its subsidiaries.

Properties	Nature	Address	Owned/ Rented Out	Condition
Land and Building	Commercial	Quezon Ave., Quezon City	Rented Out	Good
Land and Building	Commercial	Quezon Ave., Quezon City	Rented Out	Good
Land	Residential	Martinez St., Diliman, Quezon City	Owned	Good
Land and Building	Commercial	Lot 7, Blk. WT-7, West Ave., Quezon City	Owned	Good
Land and Building	Commercial	McArthur Highway, Caloocan City	Rented Out	Good
Condominium Unit	Residential Condominium and Parking Slot	3-BR, Unit A-16/ F and Parking Slot, B3-2, Goldland Tower, Greenhills, San Juan City	Owned	Good
Condominium Unit	Residential Condominium and Parking Slot	2-BR, Unit 1702 and Parking Slot No. 10, Chateau de Baie, Roxas, Parañaque City*	Owned	Good
Condominium Unit	Residential Condominium and Parking Slot	3-BR, Unit 705 and Parking Slot No. 13, Chateau de Baie, Roxas, Parañaque City*	Owned	Good
Condominium Unit	Residential Condominium and Parking Slot	3-BR, Unit 801 and Parking Slot No. 12, Maple Tower, Binondo, Manila*	Rented Out	Good
Condominium Unit	Residential Condominium	2-BR, Unit 1202, Nobel Plaza, Valero St., Makati City	Owned	Good
Condominium Unit	Commercial (Office Use) and Parking Slots	4th Floor, Commercial Space and 15 Parking slots, 20 Lansbergh Place, Tomas Morato, Quezon City	Owned	Good
Condominium Unit	Commercial	11th Floor Commercial Space, EGI Rufino Plaza, Pasay City*	Owned	Good
Condominium Unit	Residential Condominium	Unit 17-L, The Trion Towers 2, BGC, Taguig City	Rented Out	Good
Land	Institutional/ Commercial	Brgy. Calero, Calapan City, Oriental Mindoro	Owned	Good
Land	Institutional/ Commercial	Brgy. Calero, Calapan City, Oriental Mindoro	Owned	Good
Land	Nature Reserve Island/ Agricultural	Pulong Gitna, Calapan City, Oriental Mindoro	Owned	Good
Land	Nature Reserve Island/ Agricultural	Pulong Malaki, Calapan City, Oriental Mindoro	Owned	Good
Land	Agricultural/ Commercial	Puerto Galera, Oriental Mindoro	Owned	Good
Land	Well Site	Brgy. Tawiran, Calapan City, Oriental Mindoro	Owned	Good
Land	Well Site	Brgy. Sta. Maria, Calapan City, Oriental Mindoro	Owned	Good
Land	Well Site	Brgy. Pachoca, Calapan City, Oriental Mindoro	Owned	Good
Land	Well Site/ Residential	Brgy. Lalud, Calapan City, Oriental Mindoro	Owned	Good
Land	Well Site	Brgy. Ilaya, Calapan City, Oriental Mindoro	Owned	Good
Land	Commercial	Brgy. Sta. Isabel, Calapan City, Oriental Mindoro	Owned	Good
Land	Residential	Brgy. Sta. Isabel, Calapan City, Oriental Mindoro	Owned	Good
Land	Residential	Pola, Oriental Mindoro	Owned	Good
Land	Commercial	Poblacion, Municipality of Roxas, Oriental Mindoro	Rented Out	Good
Land	Agricultural	Barrio Bulusan (Bondoc), Calapan City, Oriental Mindoro	Owned	Good
Land	Agricultural	Biga, Calapan City, Oriental Mindoro	Owned	Good
Land	Residential	Lot 18, 19 and 20 Bayanan I, Calapan City, Oriental Mindoro	Owned	Good
Land	Residential	Lot 1, 2, 3, 4, 5 and 6 Bayanan I, Calapan City, Oriental Mindoro	Owned	Good
Land	Residential	Lot 1, Sta. Isabel, Calapan City, Oriental Mindoro	Owned	Good
Land	Residential	Lot 528-B, Brgy. Sapul, Calapan City, Oriental Mindoro	Owned	Good
Land	Agricultural	Lot 673-C, Brgy. Bondoc, Calapan City, Oriental Mindoro	Owned	Good
Land	Agricultural	Lot 878, Brgy. Bondoc, Calapan City, Oriental Mindoro	Owned	Good
Land	Agricultural	Lot 879-A, 879-B, 879-C and 879-D, Brgy. Bondoc, Calapan City, Oriental Mindoro	Owned	Good
Land	Agricultural	Lot 891-A, Brgy. Bulusan, Calapan City, Oriental Mindoro	Owned	Good

Properties	Nature	Address	Owned/ Rented Out	Condition
Land	Agricultural	Lot 892, Brgy. Bulusan, Calapan City, Oriental Mindoro	Owned	Good
Land	Agricultural	Lot 6, Brgy. Bulusan, Calapan City, Oriental Mindoro	Owned	Good
Land	Agricultural/ Mineral	Lot No. 2-A, Batuhan, Pola, Oriental Mindoro	Owned	Good
Land	Residential	Lot 518-C-1-B, Brgy. Bayanan I, Calapan City, Oriental Mindoro	Owned	Good
Land	Commercial	Brgy. Bayanan I, Calapan City, Oriental Mindoro	Owned	Good
Land	Residential	Lot 1, 2, 3, 4 and 5, Block 6, Bayanan, Calapan City, Oriental Mindoro	Owned	Good
Property, Plant and Equipment	Bunker Fuel Fired Power Plant*	Calapan City, Oriental Mindoro	Owned	Good
Property, Plant and Equipment	Mini Hydro Power Plant*	Municipality of San Teodoro, Oriental Mindoro	Owned	Good
Property, Plant and Equipment	Water Utilities and Distribution System*	Calapan City, Oriental Mindoro	Owned	Good

Note: None of the properties above are subject to liens nor encumbrances except for those marked with an asterisk (*)

* Properties used as security for various short term and long term loans. Please refer to Note 14 to the Consolidated Financial Statements.

Item 3. Legal Proceedings

The following are pending cases where JOH and its subsidiaries are involved in:

a. Legal cases involving JOH

Jolliville Holdings Corporation (“JOH” or the “Company”) vs. Philippine British Assurance Co., Inc. (“PBAC”)
Civil Case No. 044051, Regional Trial Court, National Capital Judicial Region, Branch 143, Makati City

To recall, on September 10, 2004, the Company filed a Complaint [*With Application for the Issuance of A Writ of Preliminary Attachment*] dated September 8, 2004 (the “Complaint”) with the Regional Trial Court (“RTC” or the “trial court”) of Makati City. The *Complaint* sought the recovery of the Company’s outstanding insurance claims against defendant PBAC amounting to at least ₱34,860,741.41, exclusive of interest. In addition, the Company prayed for the payment of ₱2,000,000 by way of exemplary damages and ₱1,000,000 as attorney’s fees and litigation expenses.

On December 13, 2016, the Company received a copy of the Decision dated December 7, 2016, where the trial court rendered judgment in favor of JOH and against defendant PBAC. In the said Decision, PBAC was ordered to pay the Company the following:

1. ₱20,000,000 under the Policy HOF01FD-FL-S001737 for the damage to the machineries, equipment and other facilities usual to the Company’s business including building improvements and betterments thereon, plus interest of 12% per annum from November 21, 2001 until fully paid;
2. ₱10,000,000 under Policy HOF01FD-FI-S001738 for office furniture, fixtures, fittings and other equipment usual to the Company’s business including building improvements and betterments thereon, plus 12% per annum from November 21, 2001 until fully paid; and
3. Costs of suit.

On January 4, 2017, JOH received a copy of the Motion for Reconsideration dated December 23, 2016 filed by defendant PBAC praying for the reconsideration of the Decision dated December 7, 2016. On March 13, 2017, the Company filed its Comment/Opposition and received a copy of PBAC’s reply on April 20, 2017. The court issued a Resolution on

May 12, 2017 denying PBAC's Motion for Reconsideration and affirmed its Decision dated December 7, 2016.

On May 26, 2017, JOH received a copy of PBAC's Notice of Appeal dated May 23, 2017 on the ground that the Resolution dated May 12, 2017 and Decision dated December 7, 2016 are supposedly not in accord with the facts established by evidence on record and are contrary to law. The court gave due course to the Notice and directed the transmittal of the record of the case to the Court of Appeals for proper disposition through a Court Order dated May 26, 2017.

CA G.R. CV No. 109088, Court of Appeals (CA), Manila, Eighth (8th) Division

On October 9, 2020, the Company received the CA Decision dated September 24, 2020 which favorably dismissed the appeal of PBAC and affirmed the RTC decision dated December 7, 2016 but reduced the interest rate from 12% to 6% per annum reckoned from November 21, 2001 until the finality of the judgment and until its full satisfaction.

On November 3, 2020, PBAC filed motion for reconsideration which was denied by the CA on its Resolution dated June 1, 2021. On July 9, 2021, the Company received the CA's Resolution dated June 4, 2021, rectifying the Resolution dated June 1, 2021 to reflect the true import and meaning of the CA Decision.

G.R. No. 256680, Supreme Court (SC), Manila, Second (2nd) Division

On July 30, 2021, PBAC filed its Petition for Review on Certiorari dated July 27, 2021 praying for the reversal and setting aside of the CA Decision and CA Resolutions.

On November 29, 2021, the Company received a copy of the SC's Resolution dated October 11, 2021, which, among others, denied the Petition for Review on Certiorari for failure to sufficiently show any reversible error in the assailed judgment to warrant the exercise of the SC's discretionary appellate jurisdiction.

On December 20, 2021, the Company received a copy of PBAC's Motion for Reconsideration (MR) dated December 6, 2021.

On March 20, 2023, the Company received the PBAC's Supplemental MR dated March 6, 2023 which claimed that the Company's non-disclosure of co-insurance prevents the claims, a matter which was not raised in its MR.

On August 18, 2023, the Company received a Resolution from the SC ordering the Company to file its Comment to the MR filed by PBAC.

On September 7, 2023, the Company filed a Comment/Opposition on the MR filed by PBAC on December 6, 2021 and on the Supplemental MR filed on March 6, 2023.

On October 20, 2023, the Company received a copy of PBAC's Motion to File and Admit Reply dated October 9, 2023. The Company received a copy of the SC resolution dated July 22, 2024 where it, among others, admitted PBAC's Motion to File and Admit Reply.

On September 5, 2024, the Company received a copy of PBAC's Omnibus Motion dated August 29, 2024.

On July 8, 2025, the Company received a copy of the SC resolution granting PBAC's Motion for Reconsideration dated December 6, 2021.

On July 23, 2025, the Company filed Motion for Reconsideration of even date, praying for the reconsideration of the Resolution dated March 5, 2025 and for the SC to render a decision denying PBAC's Motion for Reconsideration dated December 6, 2021 and Supplemental Motion for Reconsideration dated March 6, 2023. As of reporting date, the Company's Motion for Reconsideration is pending resolution.

b. Legal cases involving OPI

In the Matter of the Application for Approval of the Power Supply Agreement (PSA) between ORMECO and OPI with Prayer for Issuance of Provisional Authority (PA), ERC Case No. 2011-017 RC

On June 21, 2016, the ERC issued its Decision approving the PSA between ORMECO and OPI for the Modular Bunker Fuel-Fired Power Plant in Calapan City subject to the condition that the approved rates shall be ₱2.0931/kWh (pre-maximization) and ₱1.9686/kWh (post-maximization) as opposed to the PSA generation rate of ₱2.95/kWh.

On October 17, 2016, OPI filed an Omnibus Motion for Partial Reconsideration and for the issuance of a Status Quo Order to the ERC (Omnibus Motion). In its Omnibus Motion, OPI requested that the ERC should reconsider to (1) include the pre-operating expenses, contingency, permits/licenses and other development costs in ERC's computation of the total project cost as a component of the capacity fee and (2) use the historical average of the actual delivered energy instead of the contracted energy of 3,800,000 kWh/month and 4,939,200 kWh/month in fixing the billing determinants. In the Omnibus Motion, OPI prayed for the issuance of a Status Quo Order enjoining the ORMECO and National Power Corporation to observe the status prevailing prior to the issuance of the Decision dated June 21, 2016.

In response, the ERC issued a Status Quo Ante Order on June 6, 2017 deferring the implementation of the approved generation rates for a period of no more than six (6) months or until the issues raised in OPI's Motions have been resolved. The ERC has extended the Status Quo Order until September 5, 2019 to review further the case in view of the discrepancies of the rate components prescribed under the PSA and the presented in the Omnibus Motion.

On June 8, 2020, OPI received ERC's Order dated September 3, 2019 partially granting OPI's Motion for Reconsideration and Supplementary Motion for Consideration and pronounced the basic tariff rate, net of fuel, of ₱2.2959 (pre-maximization) using the contracted energy of 3,800,000 kWh/month and ₱2.1522 (post-maximization) using the contracted energy of 4,939,200 kWh/month.

In the said Order, ERC also directed OPI and ORMECO to file recovery and refund schemes based on the final rates approved. OPI filed its Manifestation with the ERC recognizing the above-mentioned rates on June 23, 2020 and also filed its Notice of Compliance on July 8, 2020, detailing the recovery and refund scheme.

On January 22, 2021, OPI filed a Motion for Clarification dated January 14, 2021, seeking to clarify or confirm whether the indexation per approved adjustment formula in the Decision dated June 21, 2016 remains applicable in computing the operation and maintenance (O&M) fees. In addition, OPI requested ERC to require NPC to settle the unpaid portion of OPI's billed O&M fees pertaining to adjustment, with interest from the time it was unilaterally withheld until full payment is made, considering that OPI was detrimentally affected by the act of NPC, and has resorted to borrowings to finance its continuous operation. OPI is still awaiting reply from ERC.

Additionally, on April 15, 2021, OPI filed a Comment to ORMECO's Compliance Ad Cautelam dated July 28, 2020 and prayed that the same be duly considered in the resolution of OPI's Recovery Scheme submitted to implement ERC Order dated September 3, 2019.

On October 24, 2022, OPI wrote a Letter-Request to the ERC for Notice of Finality. OPI asserted that, based on records, no appeal from the September 3, 2019 Order was filed by any of the parties within the reglementary period. Thus, applying the relevant provisions of the ERC's Rules of Practice and Procedure the Decision dated 21 June 2016 has already become final and unappealable. In view of the foregoing, OPI requested the Honorable Commission for the issuance of a Notice of Finality of its Decision in ERC Case No. 2011-017 RC.

Also, on January 30, 2023, OPI filed a Reply with Motion to Resolve before the ERC. OPI alleged the following:

- a. NPC has already prematurely implemented the reliefs being prayed for pre-empting the Honorable Commission's ruling;
- b. In doing so, NPC seemed to disregard the Honorable Commission's mandate as the sole approving authority to grant rates, including appropriate adjustment and/or indexation thereof;
- c. In its letter to NPC dated 26 January 2022, ERC said that NPC's inclination to suspend approved rates pending prior approval from the Honorable Commission was inappropriate and without legal basis, and that NPC should refrain from continuing its act of withholding payments absent any formal ruling of the Commission thereon;
- d. O&M Fees are subject of indexation/adjustment:
 1. The adjustment/indexation of the O&M Fees is mutually agreed upon by OPI and ORMECO under their PSA;
 2. The adjustment/indexation was approved by the Honorable Commission in its 2016 Decision;
 3. OPI did not seek reconsideration of the O&M Fees, not being part of its Omnibus Motion for Partial Reconsideration, which was resolved in the 2019 Order. Further, the 2019 Order did not order OPI to discontinue the previously approved indexation/adjustment of the O&M Fees;
 4. Subjecting the O&M Fees to the approved adjustment formula is also in accordance with Section 43 (f) of the Electric Power Industry Reform Act of 2001 ("EPIRA") providing that rates must be such as to allow the recovery of just and reasonable costs to enable the entity, in this case OPI, to operate;
 5. Adjustment/indexation is in line with the ERC's policy of allowing indexation of O&M Fees owing to its nature as recurring expenses in the operation of power plant facilities. By directly collecting from OPI, NPC conveniently failed to mention the fact that ORMECO has yet to pay its obligation to OPI and that, in turn, OPI can only fulfill its financial obligations to NPC once OPI receives payment from ORMECO.
- e. OPI prayed that its Motion for Clarification dated 14 January 2021 be resolved.

On June 6, 2023, OPI prayed that the instant Urgent Motion for Resolution be duly approved and OPI's Motion for Clarification dated January 22, 2021 be immediately resolved. On June 20, 2023, NPC prayed for the resolution of its Manifestation and Motion dated June 25, 2020 and OPI's Motion for Clarification dated January 14, 2021.

On December 24, 2023, OPI prayed that the 2nd Urgent Motion for Resolution be duly considered and approved, and OPI's Motion for Clarification filed on January 22, 2021 be immediately resolved through the issuance of an Order on the following:

1. Clarifying that OPI's O&M Fees are subject to indexation/adjustment as per approved adjustment formula under the 2016 Decision; and
2. Directing NPC to settle all the unpaid portions of OPI's billed O&M Fees pertaining to the withheld adjustment amounting to ₱86.2 million as of September 25, 2023 and counting, plus interest from the time it was unilaterally withheld until the full payment and/or resolution thereof.

The ERC, in its Order dated 03 September 2019 on ERC Case No. 2011-017 RC, directed OPI and Oriental Mindoro Electric Cooperative, Inc. (ORMECO) to submit a refund/recovery scheme for the following period considering that there is a difference between the provisional rate and the recalculated final rate, viz:

	For the contracted energy of 3,800,000 kWh/month	For the contracted energy of 4,939,200 kWh/month
Period Covered	From date of actual implementation up to the last date of implementation of the original contracted capacity	From date of the actual implementation of the additional contracted capacity up to the month before the implementation of the Order on the Partial Motion for Reconsideration

In OPI's Notice of Compliance dated 07 July 2020, OPI computed the difference between the provisional and re-computed final rates to be ₱667.1 million, which represents OPI's total collectibles from ORMECO. On the other hand, OPI is to refund the amount of ₱554.1 million to NPC for overpaid subsidy.

On October 28, 2025, the ERC issued an Order on ERC Case No. 2011-017 RC directing OPI to refund to the Universal Charge for Missionary Electrification (UCMCE) funds the difference of the implemented Provisional Rate against the Final rate within a period similar to the period of implementation.

Based on OPI and NPC reconciliation, OPI incurred an over-recovery of approximately ₱557.6 million payable to NPC while ORMECO owes OPI ₱667.1 million representing under-recovery covering November 2011 to May 2020.

In accordance with the ERC Order dated October 28, 2025, and pursuant to reconciliation between OPI and NPC, OPI shall refund a net amount of ₱402.0 million representing the difference between the recomputed OPI's refund to NPC's UCMCE fund amounting to ₱557.6 million and the allowable O&M Indexation for OPI amounting to ₱155.6 million, within a period similar to the period of implementation as clarified in ERC Letter dated 30 March 2026.

As to OPI's collectible from ORMECO, there is no ERC directive nor reconciliation yet as to the amount of recovery and its period of implementation.

Based on the ERC's order and partial reconciliation, OPI recognized a ₱97.8 million revenue adjustment representing the net increase in transaction price arising from the reconciliation (computed as the difference between the recoverable amount from ORMECO and the over-recovery payable to NPC).

In the Matter of the Approval of the Power Supply Agreement (PSA) between ORMECO and OPI with Prayer for Issuance of Provisional Authority (PA), ERC Case No. 2013-212 RC

On January 20, 2014, the ERC issued a PA on ERC Case No. 2013-212 RC with ₱5.90/kWh tariff rate. In addition, on January 12, 2015, ERC again issued another Order extending said provisional authority.

On December 22, 2021, OPI filed an Entry of Appearance with Omnibus Motions and Submission of Actual Costs dated December 16, 2021 relative to ERC's Resolution No. 02, Series of 2015 requiring the joint filing of applications for approval of PSAs by Distribution Utilities and Generation Companies. OPI joins ORMECO as a party in the application. Additionally, in the same motion, OPI requested that:

- a. counsel's Entry of Appearance for OPI be duly noted;
- b. that the Omnibus Motions requesting the immediate, final resolution of the Application, reflecting therein inflation and foreign exchange variations, and exemption from electronic filing under RC Resolution No. 09, Series of 2020 be approved;
- c. that the Submission of its Actual Costs, including the attached exhibits, be duly admitted and considered in the final evaluation of the instant case; and
- d. that a Decision approving the subject PSA between ORMECO and OPI, particularly the proposed rate of ₱6.00/kWh, with the ERC's customarily approved/existing adjustment mechanisms for hydropower plants, be immediately issued.

On February 14, 2023, ERC issued an Order directing the Company to submit the following: (i) Justification/Supporting Documents for the proposed Consumer Price Index (CPI) Adjustment; (ii) Water Permit from the National Water Resources Board (NWRB); and (iii) Board of Investment (BOI) Certificate of Registration with attached Terms and Conditions. On March 26, 2023, OPI filed a Notice of Compliance and submitted the following:

- a. Memo on Inflationary Adjustments on O&M to justify the proposed adjustment/indexation to address inflation and foreign exchange fluctuations together with the AFS for 2019 to 2021;
- b. Water Permit from NWRB; and
- c. BOI Certificate of Registration with Terms and Conditions.

On April 12, 2023 OPI filed a Verified Motion and prayed that Order be issued by the Honorable Commission:

- a. To amend its directive of using fair market value for the transfer of the Calangatan Switchyard to NPC-SPUG; instead, the acquisition cost be used in the transfer of the Calangatan Switchyard;
- b. In the alternative, should such transfer be based on fair market value, to QUALIFY that "fair market value of the Calangatan Switchyard be based on commissioning date" bereft of depreciation.

As of reporting date, OPI is waiting for the issuance of the Decision approving the PSA and its rates and adjustments (Final Authority) for IMHPP.

In Matter of the Application for the Approval of the Power Supply Agreement (PSA) between ORMECO and OPI with Motions for Confidential Treatment of Information and Issuance of Provisional Authority (PA) or Interim Relief, ERC Case No. 2025-176 RC

On December 10, 2025, the ERC issued an Order on ERC Case No. 2025-176 RC granting provisional authority to implement the PSA with ₱3.7116/kWh tariff rate [Capital Recovery rate (CRR) of ₱2.5000/kWh, FOMR of ₱ 0.9243/kWh, and VOMR of ₱ 0.2873/kWh] with guaranteed fuel and lube oil rate of ₱0.22 li/kWh and ₱0.0006 li/kWh, respectively. In addition, ERC disallowed the foreign exchange adjustment in the CRR and VOMR.

On December 29, 2025, OPI filed a Motion for Additional Time praying that it be given an additional period of thirty (30) days or until January 29, 2026, within which to submit the required supporting documents in compliance with the ERC's Order dated December 10, 2025.

On January 19, 2026, NPC filed a Memorandum praying that ERC consider its Memorandum in the resolution of the Company's application, and:

- a. Rule that in case the Company conducts emergency procurement of fuel, the price of fuel from the said emergency procurement should be based on the rate of fuel from the main supplier or based on the previous purchased price from other suppliers, whichever is lower.
- b. Direct the Company to submit the list and breakdown of its manpower (including number and position) that was considered on the derivation of its Fixed Operation and Maintenance Fee.
- c. Direct the Company to submit or attach meter reading reports per generating unit showing the Previous and Present Reading in its monthly subsidy claim.
- d. Order the non-entitlement of OPI to the UCME subsidy once Oriental Mindoro is interconnected to the main grid.
- e. Issue a separate Order approving the subsidy requirements of the instant application upon the issuance of Provisional Order or Final Order.

On January 30, 2026, OPI filed to ERC its Notice of Compliance with Motion and praying that the instant Notice of Compliance with Motion be DULY ADMITTED, thereby GRANTING (i) the foreign exchange adjustment in the CRR and VOMR, and (ii) a Guaranteed Fuel Consumption Rate of ₱0.2500 li/kWh and the Guaranteed Lube Oil Consumption Rate ₱0.0010 li/kWh.

As of reporting date, OPI is waiting for the ERC ORDER on its Notice of Compliance with Motion and the final approval of the PSA.

Item 4. Submission of Matters to a Vote of Security Holders

The Company held a Special Stockholders' Meeting (SSM) last February 13, 2019 for the purpose of approving the 66.03% property dividend declaration made by the Company's Board of Directors on January 4, 2019. Stockholders of record as of January 18, 2019 were entitled to vote at the SSM. The property dividends to be distributed are shares of stock of 2 subsidiaries of the Company, PHEVI and 2Big Phil. The property dividend amounts to ₱185,862,750, comprising of 76,500,000 shares of PHEVI carried at ₱1.00 per share and 42,225,000 shares of TPC carried at ₱2.59 per share. Carrying values are computed based on interim financial statements of both subsidiaries as of

September 30, 2018. Entitled shareholders shall receive 27 shares of Phil Hydro and 15 shares of TPC for every 100 shares of JOH.

As a result of the declaration of the property dividends, JOH ownership in PHEVI will be reduced from 100% to 70% and JOH ownership in 2Big Phil will be reduced from 88.5% to 62.7%. Corporate shareholders are tax exempt (domestic and resident foreign corporation only) and shall receive the property dividends in full while individual shareholders shall receive the property dividends net of withholding tax.

Upon motion duly made and seconded, the stockholders approved, confirmed, and ratified the Board of Directors' declaration of the 66.03% property dividend.

The Board, in its meeting held on June 18, 2021, set the record date for stockholders entitled to the property dividend on August 27, 2021. The property dividend to be distributed remains to be 76,500,000 shares of PHEVI carried at ₱0.99 per share and 42,225,000 shares of 2Big Phil carried at ₱2.69 per share, or a total of ₱189,486,023.70. Carrying values were then computed based on the audited financial statements of both subsidiaries as of December 31, 2020. Entitled shareholders shall still receive 27 shares of PHEVI and 15 shares of 2Big Phil for every 100 shares of JOH. Fractional shares shall be converted into cash and be released to the shareholders at the same time as the property dividend.

On September 20, 2022, the SEC commented that the property dividends should be valued at acquisition cost of the common shares of PHEVI and 2BIG which aggregated to ₱150.6 million.

On March 4, 2025, the Company received from the SEC the Certificate of Filing for the Notice of Property Dividend Declaration, dated February 27, 2025. The SEC approved a dividend amount of ₱152,778,414.96, which is lower than the previously disclosed amount of ₱189,486,023.70 on June 18, 2021. The adjustment is attributed to the SEC's valuation of the property dividend cost using specific identification. The property dividend to be distributed, amounting to Php152,778,414.96, will consist of common shares of 2Big Philippines worth ₱76,516,152.99, and common shares of Phil Hydro worth ₱76,262,261.97. Entitled shareholders will receive 2,717 shares of Phil Hydro and 150 shares of 2Big Philippines for every 1,000 shares of JOH. Fractional shares shall be converted into cash and be released to the shareholders at the same time as the property dividend.

Item 5. Business Risk

Business risk is defined as threats to the organization's capability to achieve its objectives and execute its business strategies successfully. The organization's value creation objectives define the context for management's determination of risk management goals and objectives which, in turn, drive and focus the process of managing business risk.

The major risks facing the Group's businesses are briefly described below. Since the Group caters to a niche market (KTV operators) for its leasing and management services businesses, our risk sourcing is ultimately tied-in to the risks facing our clients.

Economic Circumstances

Economic circumstances are the characteristics and condition of the general business within which commerce is conducted. Due to the difficult business climate and reduced business activity, companies have become prudent spenders and are continuously trying to identify expenditures it could reduce or completely do without. One of the areas most affected are its budgets for leisure and recreation.

Human Caused Disasters

Human caused disasters pertain to major events that cause significant damage, destruction, and/or human casualties arising from human caused events such as acts of terrorism. Peace and order remain a concern and densely populated establishments such as malls, entertainment centers, cinemas and the like are the most likely targets. As a result, people tend to avoid these places.

On March 2020, the National Government declared a State of Public Health Emergency throughout the Philippines due to the Coronavirus Disease 2019 (COVID-19) and the Code Alert System for

COVID-19 was raised to Code Red Sublevel Two (2) in accordance with the recommendation of the Department of Health (DOH) and the Inter-Agency Task Force for the management of emerging infectious diseases. The President of the Republic of the Philippines declared a State of Calamity throughout the country and imposed an Enhanced Community Quarantine throughout Luzon.

The COVID-19 outbreak has materially affected the leasing activities of the Company since some lessees' businesses are affected by the COVID-19 situation and some have decided to close temporarily. While the lessees pay rent on a monthly basis under a yearly contract, their capacity to pay the rent was compromised by the economic downturn as an impact of COVID-19 pandemic.

Government Activities

Government activities are the functions undertaken to operate a political unit, including adopting and enforcing laws and regulations, supplying goods and services, and contracting for goods and services from private businesses. Calapan Water is moderately regulated and the actions of government agencies such as the NWRB hold with respect to rate increases and the operation of new water sources.

Human Behavior

Human behavior is defined as a broad range of positive and negative human activity that may affect a business' ability to reach its goals. The habits of consumers with regard to water usage may adversely affect the Group's businesses.

Through an integrated business risk management process, senior management determines how much risk they are willing to accept when balancing risks and rewards, and allocating resources. They communicate to operating managers, risk managers and process/activity owners the level of acceptable risk.

Our business risk management is a continuous process of:

- **Establishing** risk management objectives, tolerances and limits for all of the Group's significant risks
- **Assessing** risks within the context of established tolerances
- **Developing** cost-effective risk management strategies and processes consistent with the overall goals and objectives
- **Implementing** risk management processes
- **Monitoring** and reporting upon the performance of risk management processes
- **Improving** risk management processes continuously
- **Ensuring** adequate communication and information for decision making

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 6. Market for Issuer's Common Equity and Related Stockholder Matters

(1) Market Information

JOH only has unclassified common shares that is traded at the Philippine Stock Exchange ("PSE").

The high and low sales prices of the Company's securities for each quarter are indicated in the table below:

Quarter	High	Low
1 st quarter 2026	4.30	3.94
4 th quarter 2025	6.15	3.08
3 rd quarter 2025	6.18	6.18
2 nd quarter 2025	7.26	5.99
1 st quarter 2025	6.99	5.45

Last transaction date was on March 10, 2026 and the closing price was at ₱3.99 per share.

The market capitalization of JOH as of December 31, 2025 is ₱867,020,000, based on the closing price on December 29, 2025 of ₱3.08 per share.

(2) Holders

The following table sets forth the Company's top twenty shareholders and their corresponding number of shares held as of December 31, 2025:

Rank	Shareholder Name	Shares Held	Percentage
1	Elgeete Holdings, Inc.	125,783,791	44.683%
2	PCD Nominees Corp.-Filipino	59,641,817	21.187%
3	Myron Ventures Corp.	18,000,000	6.394%
4	Dopero Corporation	13,000,000	4.618%
5	Febra Resources Corp.	12,503,925	4.442%
6	A-net Resources Corp.	12,503,925	4.442%
7	Kenly Resources Inc.	12,503,925	4.442%
8	Oltru Holdings Corp.	12,503,925	4.442%
9	See, Rodolfo Lim	5,994,000	2.129%
10	Genmaco Corp.	2,709,500	0.963%
11	PCD Nominees Corp.-Foreign	1,742,183	0.620%
12	Phyvita Enterprises Corp.	1,047,200	0.372%
13	Yao, Ortrud T.	1,000,001	0.355%
14	Ting, Jolly L.	959,999	0.341%
15	Ting, Kenrick G.	500,001	0.178%
16	Ongcarranceja, Nanette T.	500,001	0.178%
17	Ting, Lourdes G.	480,000	0.171%
18	Ensure Holdings Corp.	110,800	0.039%
19	Pascua, Rogelio	7,000	0.003%
20	Morelos, Lilian Guison	5,000	0.002%

(3) Dividends

The Board held a special meeting on January 4, 2019 approving the declaration of 66.03% property dividend of JOH with a total amount of One Hundred Eighty-Five Million Eight Hundred Sixty-Two Thousand Seven Hundred Fifty Pesos (₱185,862,750), comprising of 42,225,000 shares of 2Big Phil carried at ₱2.59 per share and 76,500,000 shares of PHEVI carried at ₱1.00 per share. Carrying values are computed based on interim financial statements of both subsidiaries as of September 30, 2018. Entitled shareholders shall receive 27 shares of PHEVI and 15 shares of 2Big Phil for every 100 shares of JOH. Fractional shares shall be converted into cash and be released to the shareholders at the same time as the property dividend. The Company held a Special Stockholders' Meeting last February 13, 2019 for the purpose of approving the 66.03% property dividend declaration made by the BOD. Upon motion duly made and seconded, the stockholders approved, confirmed, and ratified the Board of Directors' declaration of the 66.03% property dividend.

The Board, in its meeting held on June 18, 2021, set the record date for stockholders entitled to the property dividend on August 27, 2021. The property dividend to be distributed remains to be 76,500,000 shares of PHEVI carried at ₱0.99 per share and 42,225,000 shares of 2Big Phil carried at ₱2.69 per share, or a total of ₱189,486,023.70. Carrying values are now computed based on the audited financial statements of both subsidiaries as of December 31, 2020. Entitled shareholders shall still receive 27 shares of PHEVI and 15 shares of 2Big Phil for every 100 shares of JOH. Fractional shares shall be converted into cash and be released to the shareholders at the same time as the property dividend.

On February 28, 2022, the SEC approved the amendment of PHEVI's reduction of par value from one peso (₱1.00) per share to ten centavos (₱0.10) per share.

On March 4, 2025, the Company received from the SEC the Certificate of Filing for the Notice of Property Dividend Declaration, dated February 27, 2025. The SEC approved a dividend amount of ₱152,778,414.96, which is lower than the previously disclosed amount of ₱189,486,023.70 on June 18, 2021. The adjustment is attributed to the SEC's valuation of the property dividend cost using specific identification. The property dividend to be distributed, amounting to ₱152,778,414.96, will consist of common shares of 2Big Philippines worth ₱76,516,152.99, and common shares of Phil Hydro worth ₱76,262,261.97. Entitled shareholders will receive 2,717 shares of Phil Hydro and 150 shares of 2Big Philippines for every 1,000 shares of JOH. Fractional shares shall be converted into cash and be released to the shareholders at the same time as the property dividend.

The Company's BOD may declare dividends out of the unrestricted retained earnings which shall be payable in cash, property, or in stock to all stockholders on the basis of outstanding stock held by them: Provided, That any case dividends due on delinquent stock shall first be applied to the unpaid balance on the subscription plus costs and expenses, while stock dividends shall be withheld from the delinquent stockholders until their unpaid subscription is fully paid: Provided, further, That no stock dividend shall be issued without the approval of stockholders representing at least two-thirds (2/3) of the outstanding capital stock at regular meeting duly called for the purpose.

The Company is prohibited from retaining surplus profits in excess of one hundred percent (100%) of their paid-in capital stock, except: (a) when justified by definite corporate expansion projects or programs approved by the board of directors; or (b) when the corporation is prohibited under any loan agreement with financial institutions or creditor, whether local or foreign, from declaring dividends without their consent, and such consent has not yet been secured; or (c) when it is clearly shown that such as when there is need for special reserve for probable contingencies.

(4) Recent Sales of Unregistered or Exempt Securities, including recent issuance of Securities constituting an exempt transaction

There is no sale of unregistered or exempt Securities, including recent issuance of securities constituting an exempt transaction during 2025, 2024, and 2023.

Item 7. Management's Discussion and Analysis

The information herein should be read in conjunction with, and is qualified in its entirety by reference to, the consolidated financial statements and related notes thereto contained in this Report.

Results of Operations

Profit & Loss Data	TWELVE MONTHS ENDED (Amounts are in Thousand Pesos)		
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2023
Revenues	₱ 1,722,271	₱1,597,888	₱1,747,324
Direct costs	1,250,601	1,107,229	1,063,499
General and Administrative Expenses	177,873	172,279	173,234
Fair value gain on investment properties	73,406	120,534	204,294
Other Income (Charges) – Net	(28,166)	(2,908)	(3,800)
Gain on sale of investment properties	-	-	3,858
Interest income from cash in banks	2,428	1,673	1,092
Finance costs	75,865	84,822	99,391
Provision for income tax	62,477	38,866	58,709
Net Income	203,123	313,991	557,935
Other Comprehensive Income (Loss)	(958)	(2,766)	88,929
Total Comprehensive Income	202,165	311,225	646,864

Profit & Loss Data	VERTICAL ANALYSIS % to Revenues			HORIZONTAL ANALYSIS (Amounts are in Thousand Pesos) Change from Prior Year					
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2023	2025 – 2024	%	2024 – 2023	%	2023 – 2022	%
	Revenues	100%	100%	100%	124,383	8%	-149,436	-9%	299,312
Direct costs	73%	69%	61%	143,372	13%	43,730	4%	62,895	6%
General and Administrative Expenses	10%	11%	10%	5,594	3%	-955	-1%	37,528	28%
Fair value gain on investment properties	4%	8%	12%	-47,128	-39%	-83,760	-41%	144,088	239%
Other Income (Charges) – Net	-2%	-1%	0%	25,258	869%	-892	-23%	263	7%
Gain on sale of investment properties	0%	0%	0%	-	0%	-3,858	-100%	3,858	100%
Interest income from cash in banks	0%	0%	0%	755	45%	581	53%	629	136%
Finance costs	-4%	-5%	-6%	-8,957	-11%	-14,569	-15%	2,488	3%
Provision for income tax	4%	2%	3%	23,611	61%	-19,843	-34%	36,467	164%
Net Income	11%	20%	32%	-110,868	-35%	-243,944	-43%	308,246	123%
Other Comprehensive Income (Loss)	0%	0%	5%	1,808	-65%	-91,695	-103%	89,428	17,935%
Total Comprehensive Income	11%	20%	37%	-109,060	-35%	-335,639	-52%	397,674	160%

2025 compared with 2024

The consolidated net income for the year ended December 31, 2025 decreased by ₱110,867,251 or 35.31% compared to ₱313,990,588 reported in 2024. The significant decrease is due to lower fair value gain on investment properties and increase in direct costs in 2025.

Revenues increased by 8% or ₱124,383,833 in 2025.

Power sales pertain to the electricity generation activity of OPI. OPI supplies electricity to Oriental Mindoro Electric Cooperative Inc. (ORMECO) and operates a bunker fuel fired power plant (CDPP) in Calapan City and the Inabasan mini hydro power plant (IMHPP) in the Municipality of San Teodoro, Oriental Mindoro. Power sales increased by 4.30% from ₱1,201,158,256 in 2024 to ₱1,252,769,601 for the year ended 2025 mainly due to additional power sales recognized based on

the ERC order dated October 28, 2025 amounting to ₱97,809,902. Below are the power generation figures from the two power plants:

	2025	2024	Percentage of Increase (Decrease)
CDPP	56,141,400 kWh	48,275,080 kWh	16.29%
IMHPP	29,081,544 kWh	44,051,412 kWh	(33.98%)

Water service revenues increased by ₱64,649,011 or 20.60% in 2025. This increase was driven by the implementation of new water rates in Calapan service area and higher water production volumes across service areas. Total subscribers base stood at 22,272 in Calapan City and 5,339 in Tabuk City as of December 31, 2025.

Rental income increased by 12.88% or ₱7,125,982 from ₱55,330,613 in 2024 to ₱62,456,595 in 2025 due to increase in rental rates and additional lessees during the year.

Revenue from technical services increased by 3.61% or ₱997,495 from ₱27,602,933 in 2024 to ₱28,600,428 in 2025, primarily due to rate increase of technical service fees.

Direct costs increased by 13% or ₱143,372,163 for the year 2025.

Direct cost increased due to increase in fuel costs from power operations, higher depreciation, outside services, rental and utilities incurred for water operations and increase in salaries and employee benefits.

General and administrative expenses increased by 3% or ₱5,593,877 for the year 2025.

The increase is attributable to higher taxes and licenses, depreciation and amortization expense, salaries and employee benefits and professional fees paid during the year.

Fair value gain on investment properties decreased by 39% or ₱47,127,934 in 2025.

This is due to lower changes of net increase in fair value of appraised investment properties of the Group.

Net other charges increased by 869% or ₱25,258,517 in 2025.

The increase of net other charges is mainly due to OPI's net unamortized discount from the receivable and payable arising from ERC order recognized in 2025.

Interest income from cash in banks increased by 45% or ₱754,631 in 2025.

Higher interest income is mainly due to increase in cash in banks during the year.

Finance costs decreased by 11% or ₱8,957,631 in 2025.

Lower finance costs are mainly due to various loan payments made in 2025.

Provision for income tax increased by 61% or ₱23,610,855 in 2025.

This is mainly due to higher regular corporate income tax recognized in 2025.

Other comprehensive loss decreased by 65% or ₱1,807,275 in 2025.

The decrease of other comprehensive loss is mainly due to remeasurement gain on retirement benefits and gain on fair value changes of financial assets at FVOCI recognized in 2025.

2024 compared with 2023

The consolidated net income for the year ended December 31, 2024 decreased by ₱243,944,421 or 44% compared to ₱557,935,009 reported in 2023. The significant decrease is due to lower revenue and fair value gain on investment properties.

Revenues decreased by 9% or ₱149,436,787 in 2024.

Power sales pertain to the electricity generation activity of OPI. OPI supplies electricity to Oriental Mindoro Electric Cooperative Inc. (ORMECO) and operates a bunker fuel fired power plant (CDPP) in Calapan City and the Inabasan mini hydro power plant (IMHPP) in the Municipality of San

Teodoro, Oriental Mindoro. Power sales decreased by 12.34% from ₱1,370,173,669 in 2023 to ₱1,201,158,256 for the year ended 2024 mainly due to lower fuel prices in 2024. OPI recognized in 2023 the incremental IMHPP cash incentive for the years 2019-2021 using the new rate of ₱2.9907/kWh. Fuel cost reimbursements form part of OPI's revenues despite being a passed on charge to ORMECO. Below are the power generation figures from the two power plants:

	2024	2023	Percentage of Increase (Decrease)
CDPP	48,275,080 kWh	46,804,716 kWh	3.14%
IMHPP	44,051,412 kWh	46,633,341 kWh	(5.54%)

Water service revenues increased by ₱15,691,441 or 5.26% in 2024. The increase is attributable to additional number of water subscribers and production volume in service areas. Total subscribers base stood at 21,446 in Calapan City and 5,264 in Tabuk City as of December 31, 2024.

Rental income slightly decreased by 0.87% or ₱487,266 from ₱55,817,879 in 2023 to ₱55,330,613 in 2024 due to a non-renewal of some of client's lease contract.

Technical services increased by 18.83% or ₱4,374,451 from ₱23,228,482 in 2023 to ₱27,602,933 in 2024. This is due to contracts with new clients starting the first quarter of 2024 and rate increases in technical fees.

Direct costs increased by 4% or ₱43,730,440 for the year 2024.

Direct cost increased due to increase in fuel costs from power operations, higher utilities and materials incurred for water operations and increase in salaries and employee benefits and depreciation.

General and administrative expenses decreased by 1% or ₱954,599 for the year 2024.

The decrease is attributable to lower outside services and repairs and maintenance incurred during the year.

Fair value gain on investment properties decreased by 41% or ₱83,759,681 in 2024.

This is due to lesser changes of net increase in fair value of appraised investment properties of the Group.

Gain on sale of investment properties decreased by 100% or ₱3,857,920 in 2024.

The decrease is mainly due to gain on sale of investment property recognized in 2023.

Net other charges decreased by 23% or ₱892,164 in 2024.

The decrease of net other charges is mainly lower bank charges incurred during the year.

Interest income from cash in banks increased by 53% or ₱581,841 in 2024.

Higher interest income is mainly due to increase in cash in banks in 2024.

Finance costs decreased by 15% or ₱14,569,230 in 2024.

Lower finance costs are mainly due to various loan payments made in 2024.

Income tax expense decreased by 34% or ₱19,842,573 in 2024.

This is mainly due to the tax effect of lower fair value gain on investment properties recognized in 2024.

Other comprehensive income decreased by 103% or ₱91,694,513 in 2024.

The decrease of other comprehensive income is mainly due to remeasurement gain on retirement benefits and gain on fair value changes of financial assets at FVOCI recognized in 2023.

2023 compared with 2022

The consolidated net income for the year ended December 31, 2023 increased by ₱308,246,172 or 123% compared to ₱249,688,837 reported in 2022. The significant increase is mainly due to higher fair value gain on investment properties.

Revenues increased by 21% or ₱299,312,650 in 2023.

Power sales pertain to the electricity generation activity of OPI. OPI supplies electricity to Oriental Mindoro Electric Cooperative Inc. (ORMECO) and operates a bunker fuel fired power plant (CDPP) in Calapan City and the Inabasan mini hydro power plant (IMHPP) in the Municipality of San Teodoro, Oriental Mindoro. Power sales increased by 22.29% from ₱1,120,424,053 in 2022 to ₱1,370,173,669 for the year ended 2023 mainly due to higher fuel prices and the additional IMHPP cash incentive collected for the years 2019-2021 using the new rate of ₱2.9907/kWh. Fuel cost reimbursements form part of OPI's revenues despite being a passed on charge to ORMECO. Below are the power generation figures from the two power plants:

	2023	2022	Percentage of Decrease
CDPP	46,804,716 kWh	46,411,344 kWh	0.85%
IMHPP	46,633,341 kWh	44,768,276 kWh	4.17%

Water service revenues increased by ₱17,772,926 or 6.34% in 2023. The increase is attributable to additional number of water subscribers and production volume in service areas. Total subscribers base stood at 20,454 in Calapan City and 5,181 in Tabuk City as of December 31, 2023.

Rental income increased by 58.32% or ₱20,561,968 from ₱35,255,911 in 2022 to ₱55,817,879 in 2023. The improvement in rental income was due to the post pandemic alignment of lease rates to market rates.

Technical services increased by 93.57% or ₱11,228,140 from ₱12,000,342 in 2022 to ₱23,228,482 in 2023. This is due to contracts with new clients starting the second quarter of 2023 and rate increases in technical fees.

Direct costs increased by 6% or ₱62,895,249 for the year 2023.

Direct cost increased due to increase in fuel costs, repairs and maintenance and supplies from power operations, higher utilities incurred for water operations and increase in salaries and employee benefits and rental.

General and administrative expenses increased by 28% or ₱37,527,629 for the year 2023.

The increase is attributable to higher travel expenses, increase in salaries and employee benefits and additional outside services incurred.

Fair value gain on investment properties increased by 239% or ₱144,087,682 in 2023.

This is due to higher changes in fair value of the appraised investment properties of the Group.

Gain on sale of investment properties increased by 100% or ₱3,857,920 in 2023.

The increase is mainly due to gain on sale of investment property recognized in 2023.

Net other income (charges) increased by 7% or ₱262,712 in 2023.

The increase of net other income (charges) is mainly lower bank charges incurred in 2023.

Interest income from cash in banks increased by 136% or ₱628,499 in 2023.

Higher interest income is mainly due to increase in cash in banks in 2023.

Finance costs increased by 3% or ₱2,488,594 in 2023.

Additional finance costs are mainly due to increase in interest rates in 2023.

Income tax expense increased by 164% or ₱36,466,395 in 2023.

This is mainly due to the tax effect of higher fair value gain on investment properties in 2023.

Other comprehensive income increased by 17,935% or ₱89,427,806 in 2023.

The increase of other comprehensive income is mainly due to remeasurement gain on retirement benefits and gain on fair value changes of financial assets at FVOCI in 2023.

Financial Position

Statements of Financial Position Data	AS OF (Amounts are in Thousand Pesos)		
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2023
Total Current Assets	₱1,498,623	₱1,459,698	₱1,454,026
Total Noncurrent Assets	6,187,966	5,550,421	5,328,297
Total Assets	7,686,589	7,010,119	6,782,323
Total Current Liabilities	2,336,551	2,258,894	2,229,440
Total Noncurrent Liabilities	1,384,524	835,098	955,138
Total Liabilities	3,721,075	3,093,992	3,184,578
Equity – Attributable to Equity Holders of Parent Co.	2,923,541	2,955,927	2,731,554
Equity – Non-controlling Interest	1,041,973	960,200	866,191
Total Stockholders' Equity	3,965,514	3,916,127	3,597,745

Statements of Financial Position Data	VERTICAL ANALYSIS			HORIZONTAL ANALYSIS (Amounts are in Thousand Pesos)					
	% to Total Assets			Change from Prior Year					
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2023	2025 – 2024	%	2024 – 2023	%	2023 – 2022	%
Total Current Assets	19%	21%	21%	38,925	3%	5,672	0%	241,385	20%
Total Noncurrent Assets	81%	79%	79%	637,545	11%	222,124	4%	164,070	3%
Total Assets	100%	100%	100%	676,470	10%	227,796	3%	405,455	6%
Total Current Liabilities	30%	32%	33%	77,657	3%	29,454	1%	151,851	7%
Total Noncurrent Liabilities	18%	12%	14%	549,426	66%	-120,040	-13%	-138,452	-13%
Total Liabilities	48%	44%	47%	627,083	20%	-90,586	-3%	13,399	1%
Equity – Attributable to Equity Holders of Parent Co.	38%	42%	40%	-32,386	-1%	224,373	8%	320,440	13%
Equity – Non-controlling Interest	14%	14%	13%	81,773	9%	94,009	11%	71,616	9%
Total Stockholders' Equity	52%	56%	53%	49,387	1%	318,382	9%	392,056	12%

2025 compared with 2024

Total assets increased by 9.65% or ₱676,470,603 from ₱7,010,118,521 as of December 31, 2024 to ₱7,686,589,124 as of December 31, 2025.

The biggest contributor to the increase is the receivable arising from ERC order. On October 28, 2025, the ERC issued its final order in ERC Case No. 2011-017 RC reconciling the provisional rate over- and under-recoveries for the period from November 2011 to May 2020 (the "refund and recovery scheme"). As a result, OPI recognized receivable from ORMECO amounting to ₱526,803,708 which is presented as part of current and noncurrent assets and payable to NPC amounting to ₱440,295,282 which is presented as part of current and noncurrent liabilities.

Cash and cash equivalents account increased by 43.75% or ₱77,907,070 during the year. This represents the net effect of collections received and payment of obligations as of December 31, 2025.

Trade and other receivables increased by 9.69% or ₱72,129,222 due to longer collection turnover from customers.

Due from related parties decreased by 24.45% from ₱119,759,782 as of December 31, 2024 to ₱90,476,464 as of December 31, 2025 due to collection from affiliates.

Inventories amounting to ₱42,277,157 pertain to OPI's fuel and oil. Fuel consumption is lower than the delivered amount resulted to increase of 5.16% or ₱2,073,225 from last year's balance of ₱40,203,932.

Other current assets decreased by 35.24% from ₱377,160,358 as of December 31, 2024 to ₱244,248,935 as of December 31, 2025. The decrease mainly pertains to the guarantee deposit returned to OPI which represented a bank hold-out requirement for compliance with the bid obligations in 2024.

Decrease in Financial Assets at FVOCI amounting to ₱4,264,845 pertains to decrease in valuation of investments. This also resulted to the decrease in cumulative unrealized fair value changes on Financial Assets at FVOCI amounting to ₱4,264,845 in 2025.

Investment properties increased by 5.16% or ₱97,384,159 from ₱1,888,302,016 as of December 31, 2024 to ₱1,985,686,175 as of December 31, 2025. The increase consists of the capitalized cost of on-going building construction and the revaluation increment during the year.

Property, plant and equipment increased by 2.98% or ₱101,850,682 due to the net effect of the depreciation and the additional capital expenditures incurred during the year. On December 2, 2025, OPI entered to an Extra-Judicial Settlement of Estate with Absolute Sale with Sarmiento Heirs for the purchased of a parcel of land located at Sta. Isabel, Calapan City, Oriental Mindoro containing an area of three thousand eight hundred seventy-two square meters (3,872m²) for a total amount of ₱36.8 million.

Right-of-use (ROU) asset increased by 7% or ₱5,151,549 from ₱73,576,308 as of December 31, 2024 to ₱78,727,857 as of December 31, 2025. The increase is the net effect of the amortization and OPI's recognition of ROU asset related to the long-term lease of its power plant site.

Net deferred tax assets amounting to ₱8,389,620 as of December 31, 2025 decreased by ₱8,944,243 or 51.60% due to tax effects of retirement benefits liability, allowance for impairment losses of receivables and the application NOLCO against taxable income during the year.

Other noncurrent assets decreased by 76.82% or ₱31,425,183 during the year. This is mainly due to use of reserve fund to settle loan obligation and refund of utilities and other deposits.

Total liabilities increased by 20.27% or ₱627,083,740 from ₱3,093,991,747 as of December 31, 2024 to ₱3,721,075,487 as of December 31, 2025.

Total trade and other payables increased by 16.43% from ₱929,828,545 as of December 31, 2024 to ₱1,082,553,177 as of December 31, 2025. Much of this is attributed to net billings from contractors.

Loans payable decreased by 14.04% or ₱168,995,185 as of December 31, 2025. This mainly represents payments made to loan facility with local banks intended for the construction of IMHPP and short-term loan payments made by CWWC and OPI. OPI's loan for its Calapan Diesel Power Plant expansion has been fully paid last July 15, 2025.

Lease liability increased by 10.17% or ₱7,740,527 from ₱76,075,278 as of December 31, 2024 to ₱83,815,805 as of December 31, 2025. This is also resulted from OPI's long-term lease of power plant site.

Due to related parties increased by 5.74% from ₱267,710,992 as of December 31, 2024 to ₱283,077,301 as of December 31, 2025 due to the net effect of payments made to and advances received from affiliates for working capital purposes.

On March 4, 2025, JOH received from SEC the Certificate of Filing the Notice of Property Dividend Declaration dated February 27, 2025, which approved the dividend amount of ₱152,778,415. As a result, dividends payable increased by 91.85% during the period.

Income tax payable has increased by 282.77% or ₱9,341,513 from ₱3,303,551 as of December 31, 2024 to ₱12,645,064 as of December 31, 2025. This is mainly due to the higher taxable income during the year.

Customers' deposits increased by 7.61% or ₱3,095,783 as of December 31, 2025 as additional water meter maintenance deposit is collected by CWWC from its newly connected costumers and due to advanced rental collected from clients.

Retirement benefits liability increased by 3.17% or ₱1,174,790 due to the net effect of additional retirement benefit cost and remeasurement gain for the year 2025.

The net deferred tax liabilities increased by 5.98% from ₱379,630,532 as of December 31, 2024 to ₱402,348,879 as of December 31, 2025 which mainly pertains to the tax effects of the fair value gain on investment properties during the year.

Total stockholders' equity increased by 1.26% or ₱49,386,863 from ₱3,916,126,774 as of December 31, 2024 to ₱3,965,513,637 as of December 31, 2025.

Equity attributable to equity holders of Parent Company decreased by 1.10% and equity attributable to noncontrolling interests increased by 8.52% as of December 31, 2025. Decrease in Equity attributable to equity holders of Parent Company is due to the net effect of the property dividend declared and net income reported during the year. Increase in equity attributable to noncontrolling interests is the result of the share in total comprehensive income.

2024 compared with 2023

Total assets increased by 3.36% or ₱227,795,883 from ₱6,782,322,638 as of December 31, 2023 to ₱7,010,118,521 as of December 31, 2024.

The biggest contributor to the increase is the investment property. The increase of 9.12% or ₱157,799,739 consists of the capitalized cost of on-going building construction and the revaluation increment as of December 31, 2024.

Cash and cash equivalents account decreased by 40.18% or ₱119,640,092 during the year. This represents the net effect of collections received and payment of obligations as of December 31, 2024.

Trade and other receivables decreased by 5.02% or ₱39,351,663 due to shorter collection turnover from customers.

Due from related parties decreased by 4.42% from ₱125,296,439 as of December 31, 2023 to ₱119,759,782 as of December 31, 2024 due to collection of advances from affiliates.

Inventories amounting to ₱40,203,932 pertain to OPI's fuel and oil. Fuel consumption is lower than the delivered amount resulted to increase of 45.07% or ₱12,489,966 from last year's balance of ₱27,713,966.

Other current assets increased by 71.87% from ₱219,449,094 as of December 31, 2023 to ₱377,160,358 as of December 31, 2024. The increase mainly pertains to net effect of input VAT application as payment against output VAT, additional creditable withholding taxes received, guarantee deposit and advances made to suppliers.

Decrease in Financial Assets at FVOCI amounting to ₱2,765,334 pertains to decrease in valuation of investments. This also resulted to the decrease in cumulative unrealized fair value changes on Financial Assets at FVOCI amounting to ₱2,765,334 in 2024.

Property, plant and equipment decreased by 0.37% or ₱12,691,419 due to the net effect of the depreciation and the completed development and construction of CWWC's water supply systems construction projects.

In April 2024, the lease agreement with the local government of Tabuk was amended to extend the lease term for another 15 years. As a result, CWWC recognized right-of-use (ROU) asset amounting to ₱73,576,308 and total lease of ₱76,075,278 which is presented as part of current and noncurrent liabilities. Also included in the amended lease terms is the monthly installment of unpaid lease fee amounting to ₱41,574,959 which is also presented as part of current and noncurrent liabilities.

Net deferred tax assets amounting to ₱17,333,863 as of December 31, 2024 slightly increased by ₱359,131 or 2.12% due to tax effects of retirement benefits liability, allowance for impairment losses of receivables and NOLCO during the year.

Other noncurrent assets increased by 16.67% or ₱5,844,640 during the year. This is mainly due to additional utilities and other deposits received.

Total liabilities decreased by 2.84% or ₱90,586,401 from ₱3,184,578,148 as of December 31, 2023 to ₱3,093,991,747 as of December 31, 2024.

Trade and other payables decreased by 15.26% from ₱1,049,304,930 as of December 31, 2023 to ₱889,233,088 as of December 31, 2024. Much of this is attributed to net effect of CWWC's payment of obligation to contractors and billings received in relation to its construction projects. OPI also fully settled its payables to one of its contractors for the construction of IMHPP.

Loans payable decreased by 7.67% or ₱99,927,857 as of December 31, 2024. This mainly represents payments made for loan facility with local banks intended for the construction of IMHPP and short-term loan payments made by CWWC and OPI. CWWC's loan intended for Phase 1 rehabilitation, expansion and improvements of its waterworks system has been fully paid in 2024.

Due to related parties increased by 21.05% from ₱221,149,936 as of December 31, 2023 to ₱267,710,992 as of December 31, 2024 due to the net effect of payments made to and advances received from affiliates for working capital purposes.

Income tax payable has increased by 38.68% or ₱921,471 from ₱2,382,080 as of December 31, 2023 to ₱3,303,551 as of December 31, 2024. This is mainly due to the higher taxable income during the year.

Dividends payable decreased by 10.85% or ₱16,963,756 as of December 31, 2024. This is due to settlement made to the stockholders during the year.

Customers' deposits increased by 7.15% or ₱2,713,678 as of December 31, 2024 as additional water meter maintenance deposit is collected by CWWC from its newly connected costumers and due to advanced rental collected from clients.

Retirement benefits liability decreased by 18.13% or ₱8,213,797 due to benefits paid during the year.

The net deferred tax liabilities increased by 7.88% from ₱351,906,621 as of December 31, 2023 to ₱379,630,532 as of December 31, 2024 which mainly pertains to the tax effects of the fair value gain on investment properties during the year.

Total stockholders' equity increased by 8.85% or ₱318,382,284 from ₱3,597,744,490 as of December 31, 2023 to ₱3,916,126,774 as of December 31, 2024.

Equity attributable to equity holders of Parent Company increased by 8.21% and equity attributable to noncontrolling interests increased by 10.85% as of December 31, 2024. Increase in Equity

attributable to equity holders of Parent Company is mainly due to net income reported during the year. Increase in equity attributable to noncontrolling interests is the result of the net effect of share in total comprehensive income and collected subscription receivable.

2023 compared with 2022

Total assets increased by 6.36% or ₱405,454,733 from ₱6,376,867,905 as of December 31, 2022 to ₱6,782,322,638 as of December 31, 2023.

The biggest contributor to the increase is the revaluation increment as of December 31, 2023. Fair value changes of the appraised properties increased by 11.17% or ₱173,845,427.

Cash and cash equivalents account increased by 56.68% or ₱107,700,927 during the year. This represents the net effect of collections received and payment of obligations as of December 31, 2023.

Trade and other receivables increased by 15.89% or ₱107,475,988 due to longer collection turnover from customers.

Due from related parties decreased by 13.06% from ₱144,114,700 as of December 31, 2022 to ₱125,296,439 as of December 31, 2023 due to collection of advances from affiliates.

Inventories amounting to ₱27,713,966 pertain to OPI's fuel and oil. Fuel consumption is lower than the delivered amount resulted to increase of 19.89% or ₱4,597,725 from last year's balance of ₱23,116,241.

Other current assets increased by 22.58% from ₱179,020,100 as of December 31, 2022 to ₱219,449,094 as of December 31, 2023. The increase mainly pertains to net effect of input VAT application as payment against output VAT, additional creditable withholding taxes received and advances made to suppliers.

Increase in Financial Assets at FVOCI amounting to ₱83,705,175 pertains to increase in valuation of investments. This also resulted to the increase in cumulative unrealized fair value changes on Financial Assets at FVOCI amounting to ₱83,705,175 in 2023.

Property, plant and equipment decreased by 1.91% or ₱66,797,733 due to the net effect of the depreciation and ongoing development and construction of CWWC's water supply systems construction projects.

Deferred tax assets amounting to ₱16,974,732 as of December 31, 2023 decreased by ₱20,230,868 or 54.38% due to tax effects of retirement benefits liability, allowance for impairment losses of receivables and NOLCO during the year.

Other noncurrent assets decreased by 15.54% or ₱6,452,641 during the year. This is mainly due to lower special bank deposit in 2023 which pertains to interest-bearing performance security in the form of a bank guarantee in relation to the lease agreement of CWWC with the LGU of Tabuk.

Total liabilities increased by 0.42% or ₱13,398,681 from ₱3,171,179,467 as of December 31, 2022 to ₱3,184,578,148 as of December 31, 2023.

Trade and other payables increased by 16.85% from ₱898,013,476 as of December 31, 2022 to ₱1,049,304,930 as of December 31, 2023. Much of this is attributed to net effect of CWWC's payment of obligation to contractors and billings received in relation to its construction projects.

Loans payable decreased by 19.59% or ₱317,492,481 as of December 31, 2023. This mainly represents payments made for loan facility with local banks intended for the construction of IMHPP and short-term loan payments made by CWWC and OPI. CWWC's loan intended for Phase 1 rehabilitation, expansion and improvements of its waterworks system has been fully paid in 2022.

Due to related parties decreased by 10.22% from ₱246,333,675 as of December 31, 2022 to ₱221,149,936 as of December 31, 2023 due to net effect of payments made to and advances received from affiliates for working capital purposes.

Income tax payable has decreased by 37.36% or ₱1,420,984 from ₱3,803,064 as of December 31, 2022 to ₱2,382,080 as of December 31, 2023. This is mainly due to the tax effect of bad debts written-off during the year.

Customers' deposits increased by 27.72% or ₱8,238,446 as of December 31, 2023 as additional water meter maintenance deposit is collected by CWC from its newly connected costumers and due to advanced rental collected from clients.

Retirement benefits liability decreased by 3.47% or ₱1,628,429 due to net effect of additional retirement benefit cost and remeasurement gain for the year 2023.

The deferred tax liabilities increased by 8.07% from ₱325,641,343 as of December 31, 2022 to ₱351,906,621 as of December 31, 2023 which mainly pertains to the tax effects of the fair value gain on investment properties during the year.

Total stockholders' equity increased by 12.23% or ₱392,056,052 from ₱3,205,688,438 as of December 31, 2022 to ₱3,597,744,490 as of December 31, 2023.

Equity attributable to equity holders of Parent Company increased by 13.29% and equity attributable to noncontrolling interests increased by 9.01% as of December 31, 2023. Increase in Equity attributable to equity holders of Parent Company is mainly due to net income reported during the year. Increase in equity attributable to noncontrolling interests is the result of the net effect of share in net income and other comprehensive income.

Financial Risk

Please refer to Note 28 to the Consolidated Financial Statements for the description, classification and measurements applied for financial instruments and the financial risk management objectives and policies of the Group.

Key Performance Indicators

Amounts in PHP

		DECEMBER			
		2025	2024	2023	
PROFITABILITY					
<p>Return on Total Assets It measures efficiency of the Company in using its assets to generate net income.</p>	ROA=	NI+{(interest exp x (1-tax rate))}	260,021,732	377,607,207	632,478,550
		Ave. Total Assets	7,348,353,823	6,896,220,580	6,579,595,272
			0.0354	0.0548	0.0961
<p>Return on Equity It is a measure of profitability of stockholders' investments. It shows net income as percentage of shareholder equity.</p>	ROE=	Annual Net Income	203,123,337	313,990,588	557,935,009
		Ave. Stockholders' Equity	3,940,820,206	3,756,935,632	3,401,716,464
			0.0515	0.0836	0.1640
<p>Water Revenue per Subscriber Measures how well service and facilities improvements have influence consumer's usage</p>	WRS=	Water Revenue	378,444,785	313,795,774	298,104,333
		Ave. No. of Water Subscribers	27,611	26,710	25,635
			13,706	11,748	11,629
FINANCIAL LEVERAGE					
<p>Debt Ratio It is a solvency ratio and it measures the portion of the assets of a business which are financed through debt.</p>	Debt Ratio=	Total Liabilities	3,721,075,487	3,093,991,747	3,184,578,148
		Total Assets	7,686,589,124	7,010,118,521	6,782,322,638
			0.4841	0.4414	0.4695
<p>Debt to Equity Ratio It measures the degree to which the assets of the business are financed by the debts and the shareholders' equity of a business.</p>	Debt to Equity=	Total Liabilities	3,721,075,487	3,093,991,747	3,184,578,148
		Shareholder's Equity	3,965,513,637	3,916,126,774	3,597,744,490
			0.9384	0.7901	0.8852
MARKET VALUATION					
<p>Price to Book Ratio Relates the Company's stock to its book value per share</p>	PB ratio=	Market value/share	3.08	6.79	8.96
		Book value/share	10.39	10.50	9.70
			0.2964	0.6467	0.9237

The reason for the decline in the Group's profitability is discussed in the results of operations. From the point of view of its power and water business, which the Group considers to be its major growth drivers, growth is sustainable in the succeeding years as the Company already has in line the new power supply agreement, potential expansion and new service areas.

Following the positive developments in the local stock market, activity in the Company's stock has picked up recently and the prices have steady to reflect trends in the market.

Liquidity and Solvency

The Company's cash balance increased from end-2024 of ₱178,090,019 compared to ₱255,997,089 as of December 31, 2025.

Meanwhile, liability to equity ratios increased from 0.79:1.00 to 0.94:1.00 as of end-2025. Ratio was maintained at this very low level.

Item 8. Financial Statements

Please refer to the attached consolidated financial statements audited by Reyes Tacandong & Co.

Item 9. Information on Independent Accountant and Other Related Matters

The current external auditor of the Company and its Subsidiaries is Reyes Tacandong & Company (RT&Co.). Mr. Wilson P. Teo is the engagement partner for the Group.

The Company has engaged RT&Co. as external auditor starting audit year 2019. The Company is compliant with the SEC Rule 68, Par. 3 (Qualifications and Reports of Independent Auditors) and the Code of Corporate Governance which prescribe the rotation of the external auditors after seven (7) years.

There have been no disagreements between the Company and RT&Co. over the length of their relationship with regard to any matter involving accounting principles or practices, financial statement disclosures, and auditing scope and procedures.

RT&Co. has neither shareholding in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. RT&Co. will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants, or rights thereto). The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

In connection with the audit of the Company's financial statements, the Audit Committee had, among other activities, (a) evaluated significant issues reported by the external auditor in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (b) ensured that no other work is provided by the external auditor that would impair its independence and conflict with its function as independent accountants; and (c) ensured the compliance of the Company with acceptable auditing and accounting standards and regulations.

The Company paid RT&Co. an aggregate fees of ₱2,421,188 in 2025 and ₱2,290,000 in 2024. The services are those normally provided by the external auditor in connection with statutory and regulatory filings or engagements.

There had been no consulting or tax engagements with RT&Co.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 10. Directors and Executive Officers of the Issuer

Listed below are the Directors and Senior Officers of the Company as of December 31, 2025 with their qualifications and credentials:

Name	Positions Held	Company/Organization
<p>JOLLY L. TING 80, Filipino Bachelor of Science in Business Administration, University of the East</p>	<p>Present:</p> <ul style="list-style-type: none"> ○ Chairman (since March 21, 2011) ○ Chairman (since July 9, 2010) ○ Founder, Chairman, CEO (since April 3, 1999) ○ Chairman (since April 26, 2002) ○ Chairman (since April 26, 2002) ○ Chairman (since May 19, 2009) ○ Chairman (since July 19, 1992) ○ Chairman (since April 7, 1990) ○ Chairman (since 1997) <p>Previous:</p> <ul style="list-style-type: none"> ○ Chairman, CEO (April 2010 to May 2018) ○ President (January 2009 to April 2010) ○ President (1991-1992) ○ Director, Treasurer (1994-1997) ○ Chairman (2002-2011) 	<p>Ormin Power, Inc. Ormin Holdings Corporation Jolliville Holdings Corporation Jolliville Group Management, Inc. Ormina Realty & Development Corp. Servwell BPO International Inc. Jolliville Leisure and Resort Corporation Jollideal Marketing Corporation Calapan Waterworks Corporation</p> <p>Philippine H2O Ventures Corp.* Philippine H2O Ventures Corp. Rotary Club University District, Manila Rotary Club University District, Manila Uptrend Concepts Management Corp.</p>
<p>NANETTE T. ONGCARRANCEJA 52, Filipino Fine Arts Advertising Studies, College of the Holy Spirit</p> <p>Advanced Courses, Columbia College Vancouver Community College Kwantlen University</p>	<p>Present:</p> <ul style="list-style-type: none"> ○ Director (since April 19, 1999) ○ President, Director (since October 26, 2000) ○ Vice President (since April 5, 2008) ○ Director (since November 6, 2000) ○ Director (since August 17, 1999) ○ Director (since November 9, 2000) ○ President (since July 9, 2010) ○ Secretary, Treasurer (since January 6, 2005) ○ Chief Operating Officer (since June 25, 2014) ○ Chairman (May 2022 – present) 	<p>Jolliville Holdings Corporation Jolliville Holdings Corporation Jolliville Group Management, Inc. Jollideal Marketing Corporation Jollideal Marketing Corporation Ormin Holdings Corporation Ormin Holdings Corporation Vitanutrition Incorporated Jolliville Holdings Corporation Rural Bank of Roxas (Or. Min.) Inc.</p>

	<p>Previous:</p> <ul style="list-style-type: none"> o President (Sept. 2004 – May 2018) o Secretary, Director (January 2009 – April 2010) o Vice President (July 2001 - September 2004) o Secretary, Treasurer (April 1999 – July 2001) o Asst. Secretary (March – April 1999) o Treasurer (November 6, 2000 – April 4, 2008) o Treasurer (August 2010) o Chairman (January 2013) 	<p>Philippine H2O Ventures Corp. Calapan Ventures, Inc. Jolliville Holdings Corporation Jolliville Holdings Corporation Jolliville Holdings Corporation Jollideal Marketing Corporation Ormin Power, Inc. Rural Bank of Roxas (Or. Min.) Inc.</p>
<p>ORTRUD T. YAO 48, Filipino Honors, Bachelor of Commerce, Major in Finance, University of British Columbia</p>	<p>Present:</p> <ul style="list-style-type: none"> o Asst. Secretary, Treasurer, CFO (since July 20, 2001) o Secretary, Treasurer, Director (since September 28, 2005) o Secretary, Treasurer (since July 9, 2010) o Director (since June 9, 2006) o Secretary, Director (since January 12, 2004) o President, Director (since March 30, 1999) o Secretary, Director (since March 26, 1999) o Secretary, Treasurer (since March 19, 2001) o Vice-President for Finance, Secretary (since August 2010) o President, Director (since January 6, 2005) <p>Previous:</p> <ul style="list-style-type: none"> o Director, Treasurer, CFO (January 2009 – May 2018) o Secretary (April 2010 – May 2018) o Chief Compliance Officer (2001 – 2017) o President (June 9, 2006 – July 8, 2010) o President (October 2012 – June 5, 2020) 	<p>Jolliville Holdings Corporation Calapan Waterworks Corporation Ormin Holdings Corporation Ormin Holdings Corporation Kenly Resources, Inc. Oltru Holdings Corp. A-net Resources Corp. Granville Ventures, Inc. Ormin Power, Inc. Vitanutrition Incorporated</p> <p>Philippine H2O Ventures Corp.* Philippine H2O Ventures Corp. Jolliville Holdings Corporation Ormin Holdings Corporation Rural Bank of Roxas (Or. Min.) Inc.</p>
<p>RODOLFO L. SEE 84, Filipino Bachelor of Science in Business Administration, Far Eastern University</p>	<p>Present:</p> <ul style="list-style-type: none"> o Director (since August 18, 2004) o Chairman, President (since 1980) o Chairman, President (since 1974) o Owner (since 1982) 	<p>Jolliville Holdings Corporation Gold Prize Food Manufacturing Corp. Gold Medal Food Manufacturing Corp. International Food Snack Corp. (Exporter of locally produced dried fruit products)</p>

	<p>Previous:</p> <ul style="list-style-type: none"> o Director (January 2009 – May 2018) 	Philippine H2O Ventures Corp.*
<p>DEXTER E. QUINTANA 74, Filipino Masters in Business Administration, Graduate School of Business, University of the Philippines</p>	<p>Present:</p> <ul style="list-style-type: none"> o Member (since 2015) o Member (since 2014) o President, Director (since 2015) o Director (since 2012) o Chairman, Board of Trustees (since 2011) o President (since 2008) o Director (since 2002) o Member (since 2004) o Member (since 2000) o Member / Past President (since 1987) o Life Member / Past Director (since 1987) <p>Previous:</p> <ul style="list-style-type: none"> o Independent Director (2008 - 2020) 	<p>Management Association of the Phil. Regional Ambassador Club of Manila Makati Sports Club Eagle Ridge Hotel Corporation Bamboo Network of the Philippines Strategic Partners Alliance Inc. Jolliville Holdings Corporation Palms Country Club Club Punta Fuego Rotary Club University District, Market Central Financial Executives Institute of the Phil.</p> <p>Jolliville Holdings Corporation</p>
<p>SERGIO ORTIZ-LUIS JR. 83, Filipino Bachelor of Science in Business Administration Master of Business Administration (Candidate) De La Salle University</p> <p>PhD Humanities hc Central Luzon State University</p> <p>PhD Business Technology hc Eulogio “Amang” Rodriguez Institute of Science and Technology</p>	<ul style="list-style-type: none"> o Director (since 2018) o Chairman of the Board (since 2018) o Chairman of the Board (since 2017) o Independent Director (since 2017) o Vice Chairman / Director (since 2016) o Director (since 2015) o President (since 2015) o Trustee / Treasurer (since 2015) o Chairman (since 2015) o Independent Director (since 2014) o Director / Past President (since 2013) o Honorary Chairman / Treasurer (since 2013) o Director (since 2012) o Director (since 2012) o Director (since 2012) o Chairman of the Board (since 2009) o Vice Chairman (since 2008) o Director (since 2008) o Honorary Chairman (since 2008) o Director (since 2008) o Director (since 2008) 	<p>Drug Abuse Resistance Education (DARE) Philippines Country Garden Agri-Tourism Dev't. Inc. Manila Waterfront City SPC Power Corporation* VC Securities Corp. LikeCash Asia & The Pacific Corporation Asia Pacific Chinese Media Inc. Human Resources Development Foundation National Center for Mediation Jolliville Holdings Corporation Philippine Foundation Inc. (Team Phil.) Philippine Chamber of Commerce & Industry Philippine Estate Corporation* BA Securities International Chamber of Commerce of the Phil. Philippine International Airways Alliance Global, Inc. Waterfront Philippines, Inc.* Integrated Concepts & Solutions Inc. The Wellex Group Acesite Hotel Philippines Inc.*</p>

	<ul style="list-style-type: none"> o Director (since 2008) o Director (since 2000) o Director (since 1997) o Founding Director (since 1995) o President (since 1991) o Honorary Chairman / Past President (since 1991) o Member (since 1989) o Member / Past President (since 1988) o Director (since 1981) o Past Director (2014 – 2018) 	<p>Forum Pacific, Inc. (FPI, Philippines) Lasaltech Academy Manila Exposition Complex, Inc. (World Trade Ctr.) GSI (Formerly Philippine Article Numbering Council) Philippine Exporters Confederation Inc. Employers Confederation of the Philippines Philippine Jaycee Senate Rotary Club of Green Meadows Rural Bank of Baguio Philippine H2O Ventures Corp.*</p>
<p>HERMINIO B. COLOMA JR. 72, Filipino Doctor of Philosophy Southeast Asian Inter-Disciplinary Development Institute, 2009</p> <p>Master in Business Management Asian Institute of Management, 1978</p> <p>Bachelor of Arts University of the Philippines, 1973</p>	<p>Present:</p> <ul style="list-style-type: none"> o Executive Vice President (since September 2016) o Chairman (since 2019) o Independent Director (since July 2021) <p>Previous:</p> <ul style="list-style-type: none"> o Secretary (July 2010 – June 2016) o Undersecretary (July 1998 – April 2000) o Head, Presidential Management Staff (December 1990 – July 1991) o Deputy Executive Secretary (December 1990 – July 1991) o Undersecretary (December 1989 – December 1990) o Undersecretary (September 1989 – November 1989) o President (1996 – 1998) o Associate Professor (June 1988 – August 2016) o Vice President (March 1974 – September 1978) o Director and Division President (2006 – 2008) 	<p>Manila Bulletin Publishing Corporation People Management Association of the Philippines (PMAP) Foundation Jolliville Holdings Corporation</p> <p>Presidential Communication Operations Office (PCOO), Office of the President of the Philippines Department of Transportation and Communications (DOTC) Office of the President of the Philippines Office of the President of the Philippines Department of Transportation and Communications (DOTC) Department of Agrarian Reform Pamantasan ng Makati Asian Institute of Management Far East Bank and Trust Company Transnational Diversified Group, Inc.</p>

<p>ANNA FRANCESCA C. RESPICIO 40, Filipino</p> <p>Juris Doctor, Ateneo Law School, 2011</p> <p>AB Philosophy, Ateneo de Manila University, 2007</p>	<p>Present:</p> <ul style="list-style-type: none"> o Corporate Secretary (since 2014) o Corporate Secretary (since 2018) o Corporate Secretary (since 2013) o Corporate Secretary (since 2018) o Director (since 2020); Corporate Secretary (since 2017) o Corporate Secretary (since 2020) o Corporate Secretary (since 2020) o Corporate Secretary (since 2020) o Corporate Secretary (since 2020) o Partner (since 2021) 	<p>Jolliville Holdings Corporation Discovery World Corporation I-Remit, Inc. Sterling Bank of Asia, Inc. First Abacus Financial Holdings Corporation* Tagaytay Highlands International Golf Club Inc. Tagaytay Midlands Golf Club, Inc. The Country Club at Tagaytay Highlands, Inc. The Spa and Lodge at Tagaytay Highlands Inc. Tan Venturanza Valdez</p>
<p>LESLEY NORREEN L. GO 43, Filipino Bachelor of Laws San Beda College</p> <p>Bachelor of Science and Commerce Major in Marketing Management College of the Holy Spirit</p>	<p>Present:</p> <ul style="list-style-type: none"> o Compliance Officer (since June 2023) o Vice President for Legal (since October 2022) o Assistant Corporate Secretary (since 2024) o Assistant Corporate Secretary (since 2023) o Corporate Secretary (since 2024) o Corporate Secretary (since 2024) o Director (since 2012) o Director and Corporate Secretary (since 2024) o Director and Corporate Secretary (since 2024) <p>Previous: Corporate Secretary (2014 – 2016)</p>	<p>Jolliville Holdings Corporation Jolliville Group Management, Inc. Jolliville Leisure & Resort Corporation Cometa Resources Corporation Pizzaville, Inc. Eagle Ridge Hotel Corporation Sentinel Security Agency SFHB, Inc. Savore Zeta, Inc.</p> <p>Buildnet Construction, Inc.</p>

**directorship held in other reporting companies*

The Company's success and growth depends in no small measure to the continued service of its Founder, Chairman and Chief Executive Officer, Mr. Jolly Lim Ting. His vision and strategic plans have allowed the Company and the Group to grow to where it is now. While Mr. Ting continues to provide the strategic direction to the Group, he has put to work in the business his children as well as some professional managers to add depth to his management team.

Ms. Ortrud T. Yao and Ms. Nanette T. Ongcarranceja are siblings and are both children of Mr. Jolly L. Ting. Ms. Lesley Norreen L. Go is a niece of Mr. Jolly L. Ting and the cousin of Ms. Ortrud T. Yao and Ms. Nanette T. Ongcarranceja. There are no other family relationships involving directors and executive officers.

The Corporation has no knowledge of any event during the past five (5) years up to the latest filing date, where any of its directors or executive officers had been or are currently involved in any criminal or bankruptcy proceedings or subject of any order or judgment of any court or quasi-judicial agency, whether local or foreign, effecting his/her involvement in business, securities, commodities or banking activities.

Item 11. Executive Compensation

Compensation of directors and executive officers are carried in the books of parent company and operating subsidiaries.

- a. Standard Arrangements. All the executive officers receive a fixed monthly remuneration and year-end bonus while the other directors, including the two (2) independent directors, receive a per diem of ₱8,000 per board/committee meeting.
- b. Other Arrangements. The Company has no other arrangement with regard to the remuneration of its existing directors and officers aside from the compensation received as above stated.

SUMMARY COMPENSATION TABLE

Annual Compensation
(in PHP)

(a)	(b)	(c)	(d)	(e)
Name and Principal Position	Year	Salary	Bonus	Others
A Jolly L. Ting, Chairman & Chief Executive Officer**	2026*	12,724,613	986,848	82,096
B Nanette T. Ongcarranceja, President/Chief Operating Officer**	2025	12,118,679	939,855	78,187
Ortrud T. Yao, Treasurer/Asst. Corp. Sec./Chief**	2024	11,541,599	895,100	74,464
C Finance Officer	2023	10,991,999	852,476	70,918
All other officers and directors as a group unnamed	2026*	10,253,855	3,797,491	248,337
	2025	9,765,576	3,616,658	236,511
	2024	9,300,549	3,444,436	225,249
	2023	8,435,872	3,280,415	204,308

*estimated amounts.

**these are the only top compensated Executives of the Company

During the last and ensuing year, there are no:

1. Employment contracts between the Company and the named directors and senior officers;
2. Compensatory Plan or Arrangement;
3. Outstanding Warrants or Options held by directors and officers or the prices of such adjusted or amended; and
4. Amounts paid for committee participation or special assignments.

Under Article IV Section 2 the Company's By-Laws, the officers of the Company shall hold office for one year and until their successors are chosen and qualified in their stead. Any officer elected or appointed by the majority of the Board of Directors may be removed by the affirmative vote of the Board of Directors.

Item 12. Security Ownership of Certain Record and Beneficial Owners

The following table presents the record/beneficial owners who in person or as group own more than five percent (5%) of the issued and outstanding capital stock of the Company as of December 31, 2025.

<i>Title of Class</i>	<i>Name and Address of Record and relationship with Issuer</i>	<i>Beneficial Owner and relationship with record owner</i>	<i>Citizenship</i>	<i>Number of Shares</i>	<i>Percent of Record Owner</i>
Common	Elgeete Holdings, Inc. (4/F 20 Lansbergh Place, 170 Tomas Morato Ave., cor. Sct. Castor St., Quezon City)	Ting Family	Filipino	125,783,791	44.68
Common	PCD Nominee Corporation – Fil. (6764 Ayala Avenue, Legazpi Village, Makati City)	none	Filipino	59,641,817	21.19
Common	Myron Ventures, Corp.	none	Filipino	18,000,000	6.39

Elgeete Holdings, Inc. is a private holding company, substantially owned and controlled by members of the Ting Family. Mr. Jolly L. Ting, the single largest stockholder among the Ting Family in this Company, exercises the voting power over the shares.

PCD Nominee Corporation is a wholly owned subsidiary of the Philippine Central Depository, Inc., a private company organized to implement an automated book entry system of handling securities transactions in the Philippines.

Myron Ventures Corp. is a domestic corporation duly registered with the SEC.

Item 13. Security Ownership of Management

The shares owned of record or beneficially by the directors and each of the named executive officers previously named are as follows:

<i>Title of Class</i>	<i>Name of Beneficial Owner</i>	<i>Amount and Nature of Beneficial Ownership</i>	<i>Citizenship</i>	<i>Percent of Class</i>
Common	Jolly L. Ting	959,999 (direct)	Filipino	0.34
Common	Jolly L. Ting	21,280,175 (indirect)	Filipino	7.56
Common	Rodolfo L. See	5,994,000 (direct)	Filipino	2.13
Common	Nanette T. Ongcarranceja	500,001 (direct)	Filipino	0.18
Common	Nanette T. Ongcarranceja	9,366,278 (indirect)	Filipino	3.33
Common	Ortrud T. Yao	1,000,001 (direct)	Filipino	0.36
Common	Ortrud T. Yao	9,181,491 (indirect)	Filipino	3.26
Common	Dexter E. Quintana	854,001 (direct)	Filipino	0.30
Common	Sergio R. Ortiz-Luis Jr.	1,000 (direct)	Filipino	-
Common	Herminio B. Coloma Jr.	1,000 (direct)	Filipino	-

As of December 31, 2025, directors and officers as a group hold a total of 49,137,946 shares equivalent to 17.45% of Jollville Holdings Corporation's issued and outstanding capital stock.

Item 14. Certain Relationships and Related Transactions

The Company, in the regular course of trade or business, enters into transactions with affiliates/related companies principally consisting of management fees, leasing agreements and cash advances. Generally, management and leasing arrangements are renewed on an annual basis and are based on terms similar to those offered to non-related parties.

The Group has the following transaction with related parties:

- a. Unsecured and non-interest bearing cash advances made to stockholders and affiliated for working capital purposes which are payable on demand and usually settled in cash; and
- b. Unsecured and noninterest bearing cash advances from stockholders and affiliates for working capital purposes which are payable on demand and usually settled in cash.

For the past two years, there are no other transactions or proposed transactions being undertaken or to be undertaken by the Company in which any director or executive officer, or any member of their immediate family was or will be involved or had or will have a direct or indirect material interest.

There are no transactions with parties that, although not under the definition of a "related party" but with whom the Registrant or its related parties have a relationship, that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent, parties on an arm's length basis.

There are no other relationships or transactions during the last two years or proposed transactions with related parties except for those cited above.

For other details on related party transactions, see Note 22 of the attached consolidated financial statements of the Company for the year ended December 31, 2025.

Item 15. Acquisition/Disposition of Property

On June 30, 2023, JOH sold a property in Malate, Manila with a carrying amount of ₱32.4 million for a total consideration of ₱36.2 million, resulting in a gain of ₱3.9 million. The fair value of the property is determined using the comparable market approach. This method reflects the recent transaction prices for similar properties in nearby locations, with adjustments made for factors such as accessibility and market demand. The Company sold the property to RVD Real Estate, Inc., with office address at 3/F Chungdam Building, 560 Remedios Circle, Brgy. 702 Zone 077, Malate, Manila. The buyer has no material relationship with the company and the contract has been governed by and construed in accordance with the laws.

On December 2, 2025, OPI entered to an Extra-Judicial Settlement of Estate with Absolute Sale with Sarmiento Heirs for the purchased of a parcel of land located at Sta. Isabel, Calapan City, Oriental Mindoro containing an area of three thousand eight hundred seventy-two square meters (3,872m²) for a total amount of ₱36,784,000.

PART IV – CORPORATE GOVERNANCE

Item 16. The Board of Directors and Management of Jolliville Holdings Corporation (the “Company” or the “Corporation”) commit themselves to the principles and best practices contained in the Company’s manual on corporate governance.

The Company believes that compliance with the principles of good corporate governance begins with the Board of Directors. It shall be the Board’s responsibility to foster the long-term success of the Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which must be exercised in the best interest of the Corporation, its shareholders and other stakeholders. The Board conducts itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

Among the Board’s duties are to fix a process of selection to ensure a competent directors and officers who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies, to determine the Company’s purposes, its vision and mission, and strategies to carry out its objectives, ensures compliance with all relevant laws, regulations and codes of best business practices, adopt a system of internal checks and balances, identify key risk areas and key performance indicators and monitor these factors with due diligence. It is also the Board’s duties to formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions, to properly discharge Board functions by meeting regularly, constitute an audit, nomination, compensation and remuneration and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities

The Company also recognized code of business conduct and ethics to express the Corporation’s commitment to full compliance of its existing business interests, shareholdings, personal activities, or relationships that may directly or indirectly conflict with the Corporation’s customers, suppliers, competitors, and other third parties, to promote honest and ethical conduct and handling of apparent conflicts of interest between personal professional relationships, and to help foster a culture of honesty and accountability.

There has not been any deviation from the company’s Manual of Corporate Governance.

The Company plans to continue adopting the SEC’s and other reputable organization’s recommendations for improved corporate governance.

PART V - EXHIBITS AND SCHEDULES

Item 17. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

The required information has already been discussed in Part I, Item I of this Report.


(b) Reports on SEC Form 17-C

<i>Date</i>	<i>Excerpts</i>
March 31, 2025	Secretary Certificate on the Top 100 Stockholders of JOH as of 31 March 2025
May 13, 2025	To amend PSE Disclosure Form 6-3 dated 5 March, 2025 to reflect the correct entitlement ratio of 2717 shares of Phil Hydro and 150 shares of 2Big Philippines to be received by the shareholders for every 1000 shares of JOH.
May 15, 2025	Notice of Annual Stockholders' Meeting for the year 2025
June 26, 2025	Results of the 2025 Annual Stockholders' Meeting
June 26, 2025	Results of the 2025 Organizational Meeting of the Board of Directors
June 30, 2025	Secretary Certificate in relation to JOH submission of the Top 100 Stockholders as of June 30, 2025
September 30, 2025	Secretary Certificate in relation to JOH submission of the Top 100 Stockholders as of September 30, 2025
December 31, 2025	Secretary Certificate in relation to JOH submission of the Top 100 Stockholders as of December 31, 2025
February 9, 2026	Reply to Exchange's Query per correspondence dated 04 February 2026 – Show Cause Order re: Disclosure on the approval by the Company's BOD on the schedule of the 2023 ASM meeting.
April 24, 2026	Notice of Annual Stockholders' Meeting for the year 2026

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Quezon City on May 8, 2026

By:



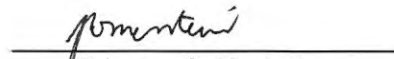
Jolly L. Ting
Chairman



Ortrud T. Yao
Chief Finance Officer



Nanette T. Ongcarranceja
President



Princess O. Montecir
Principal Accounting Officer

SUBSCRIBED AND SWORN to before me this 11 day of MAY 2026 20__ affiant(s) exhibiting to me their Competent Evidence of Identity, as follows:

NAMES	SSS NO.
Jolly L. Ting	03-1356713-3
Nanette T. Ongcarranceja	33-5903582-0
Ortrud T. Yao	33-6615680-9
Princess O. Montecir	04-1585199-6

Doc. No. 413
Page No. 84
Book No. III
Series of 2026.



JOSHUA P. LAPUZ
Notary Public for Pasig City & Pateros
Commission No. 1 (2026-2027)
Roll 45790 / Life 4879 / O.R. 593460 / 07-03-03
PTR 3962683AA / 01-05-26 / Pasig City
MCLE VIII-0025286 / 03-27-25 / ULAS n/a
Rm. 7, G/F Armal Center, Caruncho Ave., Pasig City

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 3 4 8 0 0

COMPANY NAME

J	O	L	L	I	V	I	L	L	E		H	O	L	D	I	N	G	S		C	O	R	P	O	R	A	T	I	O	N		A	N	D		
S	U	B	S	I	D	I	A	R	I	E	S																									

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

4	/	F		2	0		L	a	n	s	b	e	r	g	h		P	l	a	c	e		B	l	d	g	.		1	7	0		T	o	m	
a	s		M	o	r	a	t	o		A	v	e	.		c	o	r	.		S	c	o	u	t		C	a	s	t	o	r		S	t	.	
,		Q	u	e	z	o	n		C	i	t	y																								

Form Type

A A C F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@joh.ph	(02) 8-373-3038	0966-854-4344
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
31	Month of June	December 31

CONTACT PERSON INFORMATIONThe designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ortrud T. Yao	ortrud_ting@joh.ph	(02) 8-373-3038	0966-854-4344

CONTACT PERSON'S ADDRESS

4/F 20 Lansbergh Place Bldg. 170 Tomas Morato Ave. cor. Scout Castor St., 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 shall not excuse the corporation from liability for its deficiencies.



JOLLIVILLE HOLDINGS CORPORATION

The Securities and Exchange Commission
7907 Makati Avenue, Salcedo Village
Bel-Air, Makati City 1209

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Jollville Holdings Corporation and Subsidiaries (collectively referred to as "the Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended December 31, 2025, 2024 and 2023 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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.

The Board of Directors is responsible in overseeing the Group'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.

Reyes Tacandong & Co., the independent auditors appointed by the stockholders, have audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

[Signature of Jolly L. Ting]

JOLLY L. TING
Chairman
SSS No. 03-1356713-3

[Signature of Nanette T. Ongcarranceja]

NANETTE T. ONGCARRANCEJA
President
SSS No. 33-5903582-0

ORTRUD T. YAO
Treasurer
SSS No. 33-6615680-9

Signed this 8th day of May 2026.

SUBSCRIBED AND SWORN to before me in PASIG CITY on 11 MAY 2026 by affiants who personally appeared to me and exhibited to me their competent evidence of identity as above stated.

Doc No. 415
Page No. 84
Book No. III
Series of 2026.

[Signature of Joshua P. Lapuz]

JOSHUA P. LAPUZ
Notary Public for Pasig City & Pateros
Commission No. 1 (2026-2027)
Roll 45790 / IBP Life 4879 / O.R. 593460 / 07-03-03
PTR 3962683AA / 01-05-26 / Pasig City
MCLE VIII-0025286 / 03-27-25 / ULAS n/a



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
4/F 20 Lansbergh Place Bldg.
170 Tomas Morato Ave. cor. Scout Castor St.
Quezon City

Opinion

We have audited the consolidated financial statements of JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES (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 the years ended December 31, 2025, 2024 and 2023, and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years ended December 31, 2025, 2024 and 2023 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), as applicable to audits of consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the consolidated financial statements of public interest entities in the Philippines. We have also 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of Receivable, Payable and Revenue Adjustment Arising from the Energy Regulatory Commission (ERC) Refund and Recovery Scheme

On October 28, 2025, the ERC issued its final order approving the refund and recovery scheme related to the subsidiary Ormin Power Inc.'s application of the final regulatory rate since inception. As a result, the Group recognized a receivable from Oriental Mindoro Electric Cooperative, Inc. amounting to ₱667.1 million and a payable to National Power Corporation amounting to ₱557.6 million, both of which are inclusive of value-added tax, and a corresponding revenue adjustment amounting to ₱97.8 million in the consolidated financial statements.



This matter is significant because of the significant judgment involved in determining the appropriate timing, measurement, and presentation of the related receivable, payable and revenue adjustment under PFRS Accounting Standards and the material impact of these amounts on the consolidated financial statements.

Our audit procedures included, among others: i) inspecting the ERC final order and evaluating the reasonableness of management's interpretation and application of its provisions; ii) assessing compliance with relevant PFRS Accounting Standards, particularly on recognition, measurement and presentation of the receivable, payable and revenue adjustment; iii) recomputing the refund and recovery amounts, agreeing these to supporting schedules and underlying documents, and evaluating the assumptions used; and iv) assessing whether the related disclosures in Notes 3, 6, and 17 to the consolidated financial statements are compliant with the applicable disclosure requirements.

Valuation of Investment Properties at Fair Value

The Group's investment properties, measured at fair value, amounted to ₱1,985.7 million as at December 31, 2025, representing 26% of the Group's total consolidated assets. The fair value gain on investment properties recognized in the consolidated statement of comprehensive income amounted to ₱73.4 million for the year ended December 31, 2025.

The determination of the fair value of investment properties involves significant judgment and estimation, including the selection of appropriate valuation methodologies and key assumptions. The Group engaged the services of an independent firm of appraisers to perform the valuation.

We considered the valuation of investment properties as a key audit matter because of its significance and the inherent complexity and subjectivity involved in determining the fair value. Our audit procedures included, among others: i) obtaining an understanding of the valuation process, including management's oversight and review controls; ii) assessing the independence, professional qualifications, and objectivity of the independent firm of appraisers; iii) evaluating the appropriateness of the valuation methodologies applied and assessing the reasonableness of the key assumptions and inputs used in the appraisal reports; iv) reviewing management's assessment of fair value, particularly for investment properties where no significant changes were identified; v) performing analytical procedures and recalculations, where applicable, to assess the consistency and mathematical accuracy of the valuation adjustments; and vi) assessing the adequacy of the related disclosures in Note 11 to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A (Annual Report) for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A (Annual Report) for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



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.

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, these 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Wilson P. Teo.

REYES TACANDONG & Co.

WILSON P. TEO

Partner

CPA Certificate No. 92765

Tax Identification No. 191-520-944-000

BOA Accreditation No. 4782/P-012; Valid until June 6, 2026

SEC Accreditation No. 92765-SEC Group A

Issued January 28, 2020

Valid for Financial Periods 2023 to 2025

BIR Accreditation No. 08-005144-014-2025

Valid until August 10, 2028

PTR No. 10764040

Issued January 2, 2026, Makati City

May 8, 2026

Makati City, Metro Manila

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2025	2024
ASSETS			
Current Assets			
Cash and cash equivalents	4	₱255,997,089	₱178,090,019
Trade and other receivables	5	816,613,553	744,484,331
Current portion of receivable arising from Energy Regulatory Commission (ERC) order	6	49,010,365	–
Due from related parties	22	90,476,464	119,759,782
Inventories	7	42,277,157	40,203,932
Other current assets	8	244,248,935	377,160,358
Total Current Assets		1,498,623,563	1,459,698,422
Noncurrent Assets			
Noncurrent portion of receivable arising from ERC order	6	477,793,343	–
Financial assets at fair value through other comprehensive income (FVOCI)	9	109,606,202	113,871,047
Investment properties	11	1,985,686,175	1,888,302,016
Property, plant and equipment	12	3,518,279,432	3,416,428,750
Right-of-use (ROU) assets	24	78,727,857	73,576,308
Net deferred tax assets	26	8,389,620	17,333,863
Other noncurrent assets	13	9,482,932	40,908,115
Total Noncurrent Assets		6,187,965,561	5,550,420,099
		₱7,686,589,124	₱7,010,118,521
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	14	₱1,044,152,069	₱889,233,088
Short-term loans	15	349,991,020	725,700,000
Current portions of:			
Payable arising from ERC order	6	40,962,188	–
Long-term loans	15	304,328,050	215,601,998
Lease liabilities	24	1,408,513	979,502
Due to related parties	22	283,077,301	267,710,992
Dividends payable	16	299,987,122	156,365,380
Income tax payable		12,645,064	3,303,551
Total Current Liabilities		2,336,551,327	2,258,894,511
Noncurrent Liabilities			
Installment payable	24	38,401,108	40,595,457
Noncurrent portions of:			
Payable arising from ERC order	6	399,333,094	–
Long-term loans	15	379,999,382	262,011,639
Lease liabilities	24	82,407,292	75,095,776
Customers' deposits	24	43,768,723	40,672,940
Retirement benefits liability	23	38,265,682	37,090,892
Net deferred tax liabilities	26	402,348,879	379,630,532
Total Noncurrent Liabilities		1,384,524,160	835,097,236
Total Liabilities		₱3,721,075,487	₱3,093,991,747

(Forward)

		December 31	
	Note	2025	2024
Equity			
Attributable to Equity Holders of the Parent Company			
Capital stock	16	₱281,500,000	₱281,500,000
Additional paid-in capital		812,108	812,108
Retained earnings		2,362,712,212	2,394,139,921
Other comprehensive income		278,516,310	279,474,369
Equity Attributable to Equity Holders of the Parent Company		2,923,540,630	2,955,926,398
Non-controlling Interests	16	1,041,973,007	960,200,376
Total Equity		3,965,513,637	3,916,126,774
		₱7,686,589,124	₱7,010,118,521

See accompanying Notes to Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31		
		2025	2024	2023
REVENUE	17	₱1,722,271,409	₱1,597,887,576	₱1,747,324,363
DIRECT COSTS	18	(1,250,601,474)	(1,107,229,311)	(1,063,498,871)
GROSS PROFIT		471,669,935	490,658,265	683,825,492
GENERAL AND ADMINISTRATIVE EXPENSES	19	(177,873,309)	(172,279,432)	(173,234,031)
FAIR VALUE GAIN ON INVESTMENT PROPERTIES	11	73,406,067	120,534,001	204,293,682
OTHER CHARGES - Net	21	(28,165,759)	(2,907,242)	(3,799,406)
GAIN ON SALE OF INVESTMENT PROPERTIES	11	-	-	3,857,920
OPERATING PROFIT		339,036,934	436,005,592	714,943,657
INTEREST INCOME	4	2,428,067	1,673,436	1,091,595
PROFIT BEFORE FINANCING AND INCOME TAX		341,465,001	437,679,028	716,035,252
FINANCE COSTS	15	(75,864,527)	(84,822,158)	(99,391,388)
PROFIT BEFORE INCOME TAX		265,600,474	352,856,870	616,643,864
PROVISION FOR INCOME TAX	26			
Current		33,165,458	14,251,377	13,866,849
Deferred		29,311,679	24,614,905	44,842,006
		62,477,137	38,866,282	58,708,855
NET INCOME		203,123,337	313,990,588	557,935,009
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Gain (loss) on fair value changes of financial assets at FVOCI	9	(4,264,845)	(2,765,334)	83,705,175
Remeasurement gain on retirement benefits liability - net of deferred tax	23	3,306,786	-	5,224,004
		(958,059)	(2,765,334)	88,929,179
TOTAL COMPREHENSIVE INCOME		₱202,165,278	₱311,225,254	₱646,864,188

(Forward)

		Years Ended December 31		
	Note	2025	2024	2023
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		₱121,350,706	₱227,138,329	₱404,839,996
Non-controlling interests		81,772,631	86,852,259	153,095,013
		₱203,123,337	₱313,990,588	₱557,935,009
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Equity holders of the Parent Company		₱120,392,647	₱224,372,995	₱493,769,175
Non-controlling interests	16	81,772,631	86,852,259	153,095,013
		₱202,165,278	₱311,225,254	₱646,864,188
BASIC AND DILUTED EARNINGS				
PER SHARE ATTRIBUTABLE				
TO EQUITY HOLDERS OF				
THE PARENT COMPANY	25	₱0.4311	₱0.8069	₱1.4382

See accompanying Notes to Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2025	2024	2023
CAPITAL STOCK	16	₱281,500,000	₱281,500,000	₱281,500,000
ADDITIONAL PAID-IN CAPITAL		812,108	812,108	812,108
RETAINED EARNINGS				
<i>Appropriated</i>	16			
Balance at beginning of year		185,862,750	185,862,750	185,862,750
Reversal of appropriation		(185,862,750)	–	–
Balance at end of year		–	185,862,750	185,862,750
<i>Unappropriated</i>				
Balance at beginning of year		2,208,277,171	1,981,138,842	1,749,627,982
Net income		121,350,706	227,138,329	404,839,996
Reversal of appropriation		185,862,750	–	–
Dividend declared:	16			
Property dividends		(152,778,415)	–	–
Cash dividends		–	–	(173,329,136)
Balance at end of year		2,362,712,212	2,208,277,171	1,981,138,842
		2,362,712,212	2,394,139,921	2,167,001,592
OTHER COMPREHENSIVE INCOME				
<i>Revaluation Surplus - Net</i>	11	158,578,508	158,578,508	158,578,508
<i>Cumulative Unrealized Fair Value Changes on Financial Assets at FVOCI</i>				
Balance at beginning of year		98,871,210	101,636,544	17,931,369
Fair value gain (loss)	9	(4,264,845)	(2,765,334)	83,705,175
Balance at end of year		94,606,365	98,871,210	101,636,544
<i>Cumulative Remeasurement Gains on Retirement Benefits Liability - Net of Deferred Tax</i>	23			
Balance at beginning of year		22,024,651	22,024,651	16,800,647
Remeasurement gain		3,306,786	–	5,224,004
Balance at end of year		25,331,437	22,024,651	22,024,651
		278,516,310	279,474,369	282,239,703
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		2,923,540,630	2,955,926,398	2,731,553,403
NON-CONTROLLING INTERESTS	16			
Balance at beginning of year		960,200,376	866,191,087	794,575,074
Share in total comprehensive income		81,772,631	86,852,259	153,095,013
Collection of subscription receivable		–	11,157,030	–
Redemption of preferred shares		–	(4,000,000)	(33,000,000)
Rescission of subscription agreement		–	–	(48,479,000)
Balance at end of year		1,041,973,007	960,200,376	866,191,087
		₱3,965,513,637	₱3,916,126,774	₱3,597,744,490

See accompanying Notes to Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31		
		2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating profit		₱339,036,934	₱436,005,592	₱714,943,657
Adjustments for:				
Depreciation and amortization	12	225,655,443	189,698,784	171,621,784
Net cumulative revenue adjustment	6	(97,809,902)	–	–
Fair value gain on investment properties	11	(73,406,067)	(120,534,001)	(204,293,682)
Net discount	21	23,038,664	–	–
Retirement benefits cost	23	5,589,997	4,978,784	5,194,951
Net unrealized foreign exchange gain	21	(3,234)	(12,495)	(3,291)
Provision for expected credit loss on trade receivables	5	–	3,916,384	–
Gain on sale of investment properties	11	–	–	(3,857,920)
Operating profit before working capital changes		422,101,835	514,053,048	683,605,499
Decrease (increase) in:				
Trade and other receivables		(72,129,222)	25,286,086	(107,475,988)
Inventories		(2,073,225)	(12,489,966)	(4,597,725)
Other assets		178,100,173	(139,356,313)	(9,594,556)
Increase (decrease) in:				
Trade and other payables		143,181,793	(108,230,017)	69,812,454
Customers' deposits		3,095,783	2,713,678	8,238,446
Net cash generated from operations		672,277,137	281,976,516	639,988,130
Income tax paid		(36,345,022)	(38,779,622)	(39,614,866)
Retirement benefits paid	23	–	(13,192,581)	–
Net cash flows from operating activities		635,932,115	230,004,313	600,373,264
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property, plant and equipment	12	(323,683,390)	(173,624,546)	(104,824,051)
Investment properties		(23,978,092)	(37,265,738)	(1,935,745)
Collections from related parties	22	39,749,274	32,832,229	28,471,420
Advances to related parties	22	(10,465,956)	(27,295,572)	(9,653,159)
Interest received	4	2,428,067	1,673,436	1,091,595
Proceeds from sale of investment properties		–	–	36,241,920
Net cash flows used in investing activities		(315,950,097)	(203,680,191)	(50,608,020)

(Forward)

		Years Ended December 31		
	Note	2025	2024	2023
CASH FLOWS FROM FINANCING				
ACTIVITIES				
Payments of:				
Loans	27	(P690,852,012)	(P530,267,307)	(P317,492,481)
Interest	27	(67,598,998)	(76,921,007)	(99,391,388)
Due to related parties	22	(36,495,624)	(4,140,005)	(25,183,739)
Dividends payable	27	(9,156,673)	(5,806,726)	–
Lease liabilities	24	(9,499,286)	(8,785,000)	–
Long-term trade payables	27	(2,194,349)	(1,097,175)	–
Proceeds from loan availments	27	521,856,827	430,339,450	–
Advances from related parties	22	51,861,933	50,701,061	–
Net cash flows used in financing activities		(242,078,182)	(145,976,709)	(442,067,608)
EFFECT OF FOREIGN EXCHANGE RATE				
CHANGES ON CASH AND CASH				
EQUIVALENTS				
		3,234	12,495	3,291
NET INCREASE (DECREASE) IN CASH AND				
CASH EQUIVALENTS				
		77,907,070	(119,640,092)	107,700,927
CASH AND CASH EQUIVALENTS				
AT BEGINNING OF YEAR				
		178,090,019	297,730,111	190,029,184
CASH AND CASH EQUIVALENTS				
AT END OF YEAR				
		P255,997,089	P178,090,019	P297,730,111
COMPONENTS OF CASH AND CASH				
EQUIVALENTS				
	4			
Cash on hand		P410,999	P361,000	P361,000
Cash in banks		243,586,090	155,381,495	290,807,579
Cash equivalents		12,000,000	22,347,524	6,561,532
		P255,997,089	P178,090,019	P297,730,111
SUPPLEMENTAL NONCASH				
INFORMATION				
Gross receivable arising from ERC order	6	P667,100,491	P–	P–
Gross payable arising from ERC order	6	557,553,401	–	–
Initial recognition of ROU assets and lease liabilities	24	8,974,284	76,959,127	–
Application of dividends payable against the subscriptions to:	16			
Preferred stock		–	6,684,000	–
Common stock		–	4,473,030	–
Offsetting of accounts receivable from and payable to LGU	24	–	10,149,193	–
Unpaid redemption of preferred shares	16	–	4,000,000	33,000,000
Rescission of subscription agreement	16	–	–	48,479,000

See accompanying Notes to Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025 AND 2024

AND FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

1. Corporate Information and Status of Operations

General Information

Jolliville Holdings Corporation (the “Parent Company”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on September 3, 1986 primarily to acquire, invest in, hold, sell, exchange and generally deal in securities of every kind and description (without in any way acting as investment house, or securities dealer or broker), and to purchase, lease or otherwise acquire lands or interest in lands, and to build, construct or erect thereon buildings, factories, or other structures. The Parent Company’s shares of stock are listed with the Philippine Stock Exchange (PSE).

On June 17, 2002, the Parent Company issued 281,500,000 shares at ₱1.09 per share in its initial public offering (see Note 16).

The registered address of the Parent Company is 4/F 20 Lansbergh Place Bldg. 170 Tomas Morato Ave. cor. Scout Castor St., Quezon City.

Subsidiaries

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries (collectively, the “Group”) as at December 31, 2025, 2024 and 2023:

Subsidiaries	Percentage of Ownership					
	2025		2024		2023	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Ormina Realty & Development Corp. (ORDC)	100.00	–	100.00	–	100.00	–
Jolliville Group Management, Inc. (JGMI)	100.00	–	100.00	–	100.00	–
Servwell BPO International (Servwell)	100.00	–	100.00	–	100.00	–
Jollideal Marketing Corporation (JMC)	100.00	–	100.00	–	100.00	–
Ormin Holdings Corporation (OHC) and Subsidiaries:	100.00	–	100.00	–	100.00	–
OTY Development Corp. (OTY)	–	100.00	–	100.00	–	100.00
Melan Properties Corp. (MPC)	–	100.00	–	100.00	–	100.00
KGT Ventures, Inc. (KGT)	–	100.00	–	100.00	–	100.00
NGTO Resources Corp. (NGTO)	–	100.00	–	100.00	–	100.00
Ibayo Island Resort Corp. (IIRC)	–	100.00	–	100.00	–	100.00
Philippine Hydro Electric Ventures, Inc. (PHEVI) and Subsidiaries:	70.00	–	100.00	–	100.00	–
Ormin Power, Inc. (OPI)***	–	41.98	–	59.95	–	59.95
Inabasan Cascade Hydro Power Corp. (ICHPC)***	–	41.98	–	59.95	–	–
2Big Philippines Inc. (2BIG) (formerly Tubig Pilipinas Corp.) and Subsidiaries:	62.66	11.50	88.50	11.50	88.50	11.50
Calapan Waterworks Corporation (CWWC)	–	73.98	–	99.75	–	99.75
Greater Rosario Water, Inc. (GRWI)*	–	73.98	–	99.75	–	99.75
Nation Water Corporation* (NWC)**	–	64.57	–	74.88	–	74.88
Tubig Bohol Corporation* (TBC)***	–	36.99	–	49.87	–	49.87

* Pre-operating companies

** Effective equity interest is through 2BIG and CWWC

*** Although the Group’s effective equity interest in OPI, ICHPC and TBC as at December 31, 2025 is less than 50%, these are considered as subsidiaries because the Group’s voting power over these entities are sufficient to provide the practical ability to direct and control

The principal place of business and nature of business activities of the subsidiaries are as follows:

<u>Subsidiaries</u>	<u>Nature of Business</u>	<u>Principal Place of Business</u>
ORDC	Leasing	Quezon City
JGMI	Management services	Quezon City
Servwell	Technical services	Quezon City
JMC	Holdings	Calapan City, Oriental Mindoro
OHC	Holdings	Quezon City
OTY	Realty	Quezon City
MPC	Realty	Quezon City
KGT	Realty	Quezon City
NGTO	Realty	Quezon City
IIRC	Realty	Quezon City
PHEVI	Power generation	Quezon City
OPI	Power generation	Calapan City, Oriental Mindoro
ICHPC	Power generation	Calapan City, Oriental Mindoro
2BIG	Water utility	Quezon City
CWWC	Water utility	Calapan City, Oriental Mindoro
GRWI	Water utility	Quezon City
NWC	Water utility	Quezon City
TBC	Water utility	Quezon City

Approval of the Consolidated Financial Statements

The consolidated financial statements as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 were approved and authorized for issuance by the Board of Directors (BOD) on May 8, 2026, as reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

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

Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine interpretations from International Financial Reporting Interpretations Committee.

Bases of Measurement

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

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) and investment properties which are measured at fair value, lease liabilities that is initially measured at the present value of minimum lease payments, and retirement benefits liability which is measured at the present value of the defined benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of the consideration received in exchange for incurring a liability.

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 Group uses observable market data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes to consolidated financial statements:

- Note 9 – Financial Assets at FVOCI
- Note 11 – Investment Properties
- Note 28 – Financial Instruments - Risk Management and Fair Value Disclosures

Adoption of New PFRS and Amendments to PFRS

Amendments to PFRS effective for annual reporting periods beginning January 1, 2025 did not have a material impact on the consolidated financial statements of the Group.

The accounting policies adopted are consistent with those of the previous financial year, except for the early adoption of PFRS 18, *Presentation and Disclosure in Financial Statements*. This standard replaces PAS 1, *Presentation of Financial Statements*, and introduces the requirements for the presentation of the consolidated statement of comprehensive income, including mandatory sub-totals and categories (operating, investing and financing). The standard also introduces disclosure requirements on management-defined performance measures (MPM), and new principles for grouping of information, which the entity needs to apply retrospectively.

The Group elected to early adopt PFRS 18 effective January 1, 2025 to provide users of the consolidated financial statements with more relevant and transparent information. In accordance with the transition provisions, the Group has applied the standard retrospectively, restating the comparative information for the years ended December 31, 2024 and 2023. The reconciliation of comparatives is presented in Note 31.

While the adoption of PFRS 18 does not change the recognition or measurement of assets, liabilities, income, or expenses, it has significantly affected the presentation and classification of items as follows:

- The Group now presents its income and expenses into three mandatory categories: Operating, Investing, and Financing. New mandatory subtotals, specifically "Operating profit," are now presented on the face of the consolidated statements of comprehensive income.
- The Group has updated its cash flow presentation:
 - The reconciliation of cash flows from operating activities now starts with the "Operating profit" subtotal, rather than "Income before income tax" or "Net income".
 - To reduce presentation policy choices, the Group now classifies interest received as an investing activity. Previously, this was classified as operating activities.
 - Adjustments for non-cash items (such as depreciation and amortization) are made to "Operating profit". Items that are already classified outside of the Operating category in the consolidated statements of comprehensive income is no longer considered as an adjustment in the operating cash flow reconciliation.
- The Group also updated the presentation of its operating segment information to align with the mandatory categories presented in the consolidated statements of comprehensive income.

In connection with the early adoption of PFRS 18, the Group assessed whether it presents any MPM - subtotal of income and expenses that are not specified or required by PFRS Accounting Standards but are used by management to communicate financial performance externally. Management has determined that no such MPM is necessary to be presented in the consolidated financial statements.

Accordingly, no reconciliation or additional disclosures under the MPM requirements of PFRS 18 are necessary.

Amendments to PFRS in Issue But Not Yet Effective or Adopted

Relevant new PFRS and amendments to PFRS, which are not yet effective as at December 31, 2025 and have not been applied in preparing the consolidated financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendment provides to clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled through cash using an electronic payment system. The amendments also clarify the requirements of assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features, and the characteristics of non-recourse loans and contractually linked instruments. The amendments also introduce additional disclosure requirements for equity instruments classified as financial asset measured at FVOCI with contingent features. Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:
 - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure.
 - Amendments to PFRS 10, *Consolidated Financial Statements* – The amendments remove inconsistencies by clarifying that an entity must use judgment to determine whether other parties are acting as de facto agents. Earlier application is permitted.
 - Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments clarify that when the investor considers its de facto agent's decision-making rights and its indirect exposure, or rights, to variable returns is only an example in which judgement is required to determine whether a party is acting as a de facto agent.

Under prevailing circumstances, the adoption of the foregoing new PFRS Accounting Standards and amendments to PFRS Accounting Standards is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. Subsidiaries are entities in which the Parent Company has control. The Parent Company controls a subsidiary if it is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Control is generally accompanied by a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are substantive are considered when assessing whether the Parent Company controls an entity. The Parent Company re-assesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Parent Company obtains control and continue to be consolidated until the date when such control ceases. The results of operations of the subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

The financial statements of the subsidiaries are prepared using the same reporting period of the Parent Company. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in full.

A change in the ownership interest of a subsidiary, without a change in control, is accounted for as an equity transaction. Upon the loss of control, the Group derecognizes the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Gain or loss arising from the loss of control is recognized in profit or loss. If the Group retains an interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity-accounted investee or as financial assets at FVOCI depending on the level of interest retained.

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

Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The acquisition cost is measured as the sum of the considerations transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

When the business combination is achieved in stages, any previously held non-controlling interests is re-measured at the date of obtaining control and a gain or loss is recognized in profit or loss.

If the initial accounting for a business combination is incomplete as at the reporting date in which the combination occurs, the Group reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjusts the provisional amounts and recognizes additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period ends at the date the Group receives the information about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable but should not exceed one year from the acquisition date.

Financial Assets and Liabilities

Recognition and Measurement

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction 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 profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss 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.

Classification

The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

As at December 31, 2025 and 2024, the Group does not have financial assets and liabilities at FVPL.

Classification of Financial Instruments between Liability and Equity. A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if 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 recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting year. Otherwise, these are classified as noncurrent assets.

As at December 31, 2025 and 2024, the Group's cash and cash equivalents, trade and other receivables, receivable arising from ERC order, due from related parties; short-term placement, deposits and guarantee deposit (all presented as part of "Other current assets" account), and other noncurrent assets are classified under this category.

Cash pertains to cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if 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 selling the financial assets; 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.

For equity instruments, the Group may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income (OCI) are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statement of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods. The cumulative fair value adjustment is transferred to retained earnings when the asset is sold.

As at December 31, 2025 and 2024, the Group designated its investments in unquoted shares of stock as financial assets at FVOCI.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2025 and 2024, the Group's trade and other payables (excluding statutory payables), payable arising from ERC order, loans payable, lease liabilities, due to related parties, dividends payable, installment payable and customers' deposits are classified under this category.

Reclassification

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized OCI is removed from equity and adjusted against the fair value of the financial asset. The financial asset is measured at the reclassification day as if it had always been measured at amortized cost.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed of. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

Impairment

The Group records an allowance for expected credit loss (ECL) based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables and receivable arising from ERC order, the Group has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets at amortized cost, the Group has applied the general approach and the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition

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

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

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

Offsetting

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

Receivable and Payable Arising from Regulatory Orders

When a regulatory order from the Energy Regulatory Commission (ERC) results in a receivable or payable to be settled over a period exceeding one year, the Group determines if a significant financing component exists. If present, the transaction price is adjusted for the time value of money, and the difference between the gross amount and the present value is recognized as a discount, which is subsequently amortized using the effective interest method as interest income or expense over the settlement period.

Inventories

Inventories are initially measured at cost. Subsequently, inventories are stated at the lower of cost and net realizable value (NRV).

Inventories are determined using weighted average method and include expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. The NRV of the inventories is the current replacement cost. In determining the NRV, the Group considers any adjustment necessary for obsolescence.

At each reporting date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its NRV. The impairment loss is recognized immediately in profit or loss. The amount of any reversal of any write-down of inventories arising from an increase in NRV, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

When inventories are consumed, the carrying amount is recognized as an expense in the period when the related revenue is recognized.

Other Current Assets

Creditable Withholding Taxes (CWTs). CWTs represent the amounts withheld by the Group's customers in relation to its income. CWTs can be carried forward to the succeeding year when in excess of income tax payable and utilized as payment for income taxes provided that these are properly supported with certificates of creditable tax withheld at source. CWTs are stated at face amount less any impairment in value.

Input Value-added Tax (VAT). Revenue, expenses and assets are generally recognized net of the amount of VAT, except for receivables and payables. The amount of VAT recoverable from taxation authority is presented as "Input VAT".

Advances to Suppliers. Advances to suppliers are amounts paid in advance for the purchase of goods and services. These are carried at the amount of cash paid and are recognized to the corresponding asset or expense account when the goods or services for which the advances were made are received.

Investment in an Associate

The Group's investment in an associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Under the equity method, the investment in an associate is carried in the consolidated statements of financial position at cost plus post-acquisition changes in the Group's share in net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statements of comprehensive income reflect the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of an associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate is eliminated to the extent of the interest in the associate.

The Group discontinues applying the equity method when their investment in associate is reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the associate. When the associate subsequently reports net income, the Group will resume applying the equity method but only after its share in that net income equals the share in net losses not recognized during the period the equity method was suspended.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over an associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Investment Properties

Investment properties are properties held either to earn rent income or for capital appreciation or both. This includes properties that are being constructed or developed for future use as investment properties. Investment properties exclude properties held for sale in the ordinary course of business or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in fair value of investment properties are included in profit or loss in the year in which these arise.

The fair value of investment property 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. Fair value specifically excludes an estimated price inflated or deflated by special terms or circumstances such as typical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale. The fair value of investment property should reflect market conditions at the end of the reporting year.

Construction-in-progress is measured initially at cost. This includes construction costs and other directly attributable expenditures incurred in bringing the asset to its intended condition for use.

An investment property is derecognized when either this has been disposed of or when the investment property is permanently withdrawn from use and no further economic benefit is expected from its disposal. Gain or loss arising from the disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset, and is recognized in profit or loss.

Transfers are made to investment property when, and only when, there is change in use, evidenced by cessation of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Property, Plant and Equipment

Property, plant and equipment, except land and construction-in-progress, are stated at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value.

The initial cost of property, plant and equipment comprises its purchase price, after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to operations in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment. The cost of replacing a component of an item of property, plant and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When significant parts of an item of property, plant and equipment have different useful lives, those are accounted for by separating items (major components) and depreciated and amortized separately.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the property, plant and equipment:

<u>Asset Type</u>	<u>Number of Years</u>
Land improvements	5 to 20
Building and improvements	10 to 40
Power plant facilities and equipment	3 to 40
Furniture and fixtures	5 to 10
Water utilities and distribution system	5 to 50
Transportation equipment	5 to 8

The carrying amount of property, plant, and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Construction-in-progress is stated at cost. This includes cost of construction, equipment and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Fully depreciated and amortized assets are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation, amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Impairment of Nonfinancial Assets

The carrying amounts of nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less the cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization for property and equipment, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

The Group assesses goodwill for impairment annually and when circumstances indicate that the carrying amount may be impaired. Impairment is determined for goodwill with indefinite useful lives by assessing the recoverable amount of the cash-generating units, to which the goodwill and other intangible assets with indefinite useful lives relates.

Where the recoverable amount of the cash-generating units is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to these intangible assets cannot be reversed in future periods.

Equity

Capital Stock and Additional Paid-in Capital (APIC). Capital stock is measured at par value for all shares issued and paid. Excess of proceeds or fair value of the consideration received over par value is recognized as APIC.

Retained Earnings. Retained earnings pertain to cumulative balance of the Group's results of operations, net of any dividend declaration. Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders while appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Cash dividends are recognized as a liability and deducted from equity when approved by the BOD. Property dividends are recognized as a liability when the declaration is approved by the BOD and the specific filing requirements of the SEC are met.

Other Comprehensive Income. OCI pertains to the revaluation surplus, net of deferred tax, cumulative unrealized fair value changes on financial assets at FVOCI, and cumulative remeasurement gains on retirement benefits liability, net of deferred tax.

Revaluation surplus resulted from an increase in the carrying amount of the previously company-occupied properties that were reclassified to investment properties as a result of an appraisal. A revaluation increase is recognized in OCI and accumulated in equity, net of deferred income tax liability, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of these assets is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus relating to a previous revaluation of that asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Cumulative unrealized fair value changes on financial assets at FVOCI pertains to the accumulated fair value adjustments of the Group's financial assets at FVOCI. This is recognized in equity and is not reclassified to profit or loss in subsequent periods.

Cumulative remeasurement gains on retirement benefits liability pertains to the accumulated actuarial gains and losses on the Group's retirement benefits liability arising from experience adjustments and changes in financial and demographic assumptions. Remeasurements of retirement benefits liability, and the corresponding deferred tax component, are recognized immediately in OCI and are included in equity. These are not reclassified to profit or loss in subsequent periods.

Presentation of Income and Expenses

In accordance with PFRS 18, the Group classifies income and expenses into three mandatory categories:

- **Operating** - This includes all income and expenses arising from the Group's main business activities, including power generation, water utilities and leasing.
- **Investing** - This includes income and expenses from assets that generate returns independently, such as interest income.
- **Financing** - This includes income and expenses from the Group's financing arrangements, such as interest expense on loans and lease liabilities.

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and returns. The Group has concluded that it is the principal in all of its revenue arrangements.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all of its revenue sources.

Revenue from Contracts with Customers. Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The following specific recognition criteria must also be met before revenue is recognized.

- **Power Sales.** Revenue is recognized at a point in time, specifically when i) electricity is generated and delivered to the grid or to the customer; and ii) the customer obtains control of the electricity as evidenced by meter readings. Billing is based on metered energy delivered, as validated by the customer, and in accordance with the pricing provisions in the power supply agreement (PSA) or contracted energy whichever is higher.

Revenue from power sales is adjusted for over-recoveries or under-recoveries as determined by the ERC. When a final order is issued, the Group recognizes a regulatory receivable or payable and a corresponding adjustment to revenue in the period the order is issued, provided the amount can be measured reliably and collection/payment is certain.

- **Water Services.** Revenue is recognized at a point in time when the related services are rendered and consumed by customers. Meter readings serve as the basis for billing.
- **Technical Services.** Revenue is recognized at a point in time when the contractually agreed services have been rendered and the customer obtains the benefits of the services.

Income from Other Sources. Revenue from other sources is recognized as follows:

- *Rental Income.* Rental income is recognized on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.
- *Interest Income.* Interest income is recognized as it accrues on a time proportion basis using the effective interest method, net of final tax.
- *Other Income.* Income from other sources is recognized when earned during the period.

Contract Balances

Receivables. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). The Group's trade receivables arise from billed power, water, technical service fees, and rentals. Trade receivables are presented in Note 5.

Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays a consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

As at December 31, 2025 and 2024, the Group does not have outstanding contract assets.

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays a consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made by the customer or when the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. Contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced and payments in excess of revenue recognized based on percentage of completion.

As at December 31, 2025 and 2024, the Group does not have outstanding contract liabilities.

Cost to Obtain a Contract. The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. Otherwise, these are treated as expense.

Contract Fulfillment Asset. Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group first considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15. If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of these criteria requires the application of judgment, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

As at December 31, 2025 and 2024, the Group does not have contract fulfillment assets.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Direct Costs. Direct costs are recognized as expense when the related services are rendered.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business and are charged to profit or loss in the period when these are incurred.

Other Charges. Expenses from other sources are expensed as incurred.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in PFRS 16.

As a Lessee

At the commencement date of the lease, the Group recognizes right-of-use (ROU) assets and lease liabilities, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value (low-value assets), in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

ROU Assets. At commencement date, the Group measures ROU assets at cost. The cost comprises:

- i. the amount of the initial measurement of lease liabilities;
- ii. any lease payments made at or before the commencement date less any lease incentives received;
- iii. any initial direct costs; and
- iv. an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

ROU assets are recognized at the present value of liabilities at the commencement date of the lease, adding any directly attributable costs. After the commencement date, ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets, which is 15 to 23 years.

Lease Liabilities. At commencement date, the Group measures lease liabilities at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liabilities comprise the following:

- i. fixed payments, including in-substance fixed payments;

- ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- iii. amounts expected to be payable by the lessee under residual value guarantees; and
- iv. the exercise price under a purchase option that the Group is reasonably certain to exercise; lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease liabilities are subsequently measured at amortized cost. Interests on lease liabilities and any variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liabilities are recognized in profit or loss when the event or condition that triggers those payments occurs.

For income tax reporting purposes, payments under operating lease agreements are treated as deductible expense in accordance with the terms of the lease agreements.

As a Lessor

Leases where the Group retain substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished, on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

Retirement Benefits

The retirement benefits cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of defined benefit liability is performed by a qualified actuary.

The Group recognizes current service cost and interest cost on the retirement benefits liability in profit or loss. Interest cost is calculated by applying the discount rate to the retirement benefits liability at the beginning of the year, taking into account any changes in the defined benefit obligation during the period as a result of benefit payments.

Remeasurements of the retirement benefits liability, which pertains to actuarial gains and losses, are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The retirement benefits liability is stated at present value determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement benefits liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Borrowing Costs

Borrowing costs directly attributable to the construction of building are capitalized as part of the cost of the project. Capitalization of borrowing costs commences when activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. Borrowing costs consist of interest and other financing costs that the Group incurs in connection with the borrowing of funds. All other borrowing costs are expensed as incurred.

Income Taxes

Current Tax. Current tax liabilities for the current and prior years are measured at the amounts expected to be paid to the taxation authority. The tax rate and laws used to compute the amount are those that are enacted or substantively enacted as at financial reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of net operating loss carryover (NOLCO) and excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of NOLCO and excess MCIT over RCIT can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates and tax laws that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that has been enacted or substantively enacted by the reporting date.

Deferred tax is recognized in profit or loss except to the extent that it relates to items directly recognized in OCI.

Offsetting. Current tax assets and current tax liabilities are offset, or deferred tax assets and deferred tax liabilities are offset if, and only if, an enforceable right exists to set off the amounts and it can be demonstrated without undue cost or effort that the Group plans either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Related Party Relationships and Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals who, owning directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual.

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties, regardless of whether a price is charged.

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

Related party transactions are considered material and/or significant if (i) these transactions amount to 10% or higher of the Group's total assets or, (ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Group's total assets. Details of transactions entered into by the Group with related parties are reviewed by BOD in accordance with the Group's related party transactions policy.

Provisions

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. Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

Contingencies

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

Events after the Reporting Date

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

Earnings Per Share (EPS)

The Group presents basic and diluted EPS data for its common shares.

Basic EPS is calculated by dividing the net income attributable to common shareholders of the Parent Company by the weighted average number of common shares issued and outstanding during the year.

Diluted EPS is computed by adjusting the weighted average number of common shares outstanding, adjusted for the effects of any potentially dilutive, convertible securities.

The Parent Company has no potentially dilutive, convertible securities.

Operating Segments

For management purposes, the Group is organized into five major operating businesses which comprise the bases on which the Group reports its primary segment information. Financial information on operating segments is presented in Note 29. The Group has no geographical segments as all the companies primarily operate only in the Philippines.

Segment revenue, expenses and performance include transfers between business segments. The transfers are accounted for at competitive market prices charged to unaffiliated customers for similar products and services. The measurement policies the Group used for segment reporting are the same as those used in the consolidated financial statements. There have been no changes from prior periods in the measurement methods used to determine profit and loss. No asymmetrical allocations have been applied between segments.

Inter-segment assets, liabilities, revenue, expenses and results are eliminated in the consolidated financial statements.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments and estimates used in the consolidated financial statements are based on management's evaluation of relevant facts and circumstances as at the reporting date.

While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

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

Evaluating Regulatory Decisions and Related Recoveries. The Group exercises significant judgement in determining the accounting treatment of amounts arising from regulatory decisions issued by the ERC. These include assessments on the enforceability of rights, the timing and certainty of recoverability, measurement of long-term settlement arrangements, and whether a significant financing component exists.

Based on the ERC Order dated October 28, 2025, and subsequent clarification on March 30, 2026, regarding ERC Case No. 2011-017 RC, the Group recognized the following judgments in 2025:

- A ₱97.8 million adjustment was recognized as revenue because it relates to previously delivered electricity services and is based on the Final ERC Order resolving the recalculated Capital Recovery Fee (CRF).
- The receivable from Oriental Mindoro Electric Cooperative, Inc. (ORMECO) amounting to ₱667.1 million and payable to National Power Corporation (NPC) amounting to ₱557.6 million, which are both inclusive of VAT, are measured at present value using a discount rate of 5.69% due to the extended settlement period of eight years and seven months.
- Management evaluated the collectibility from ORMECO and the absence of a legal right of set-off with NPC, concluding that gross presentation is appropriate.

Determining the Discount Rate for Long-Term Settlements. The Group estimated the initial fair value of the long-term receivable from ORMECO and payable to NPC by discounting future cash flows using a risk-adjusted rate. This rate was determined by referencing the prevailing yield of government securities with a similar tenor to the eight years and seven months' settlement period, adjusted for OPI's specific incremental borrowing rate and credit risk profiles of the counterparties.

Assessing Revenue Recognition. The Group recognizes revenue from power generation, water services, and technical services based on the assessment of when control of the related goods or services is transferred to the customer. For power generation, significant judgment is exercised in determining the point at which control over electricity is transferred. The Group concludes that control is transferred at a point in time when electricity is delivered to the grid or directly to the customer, as substantiated by ERC-approved metering data and market operator validations. Management also evaluates the Group's Power Supply Agreements to identify performance obligations, assess the existence of variable consideration arising from price adjustments or market settlements, and determine that no significant financing component exists due to short collection cycles consistent with industry practices.

For water services, management applies judgment in evaluating the nature of the promise to the customers and concludes that water service revenue is recognized at a point in time when water is delivered and consumed, as evidenced by metered usage. Estimates may be required when billing periods overlap the financial reporting period, specifically in determining unbilled revenues based on historical consumption patterns and customer-specific considerations.

For technical services, the Group determines whether revenue should be recognized over time or at a point in time by assessing whether the customer simultaneously receives and consumes the benefits of the services as they are rendered. Management concludes that revenue is recognized at a point in time when the service is completed and the output has been delivered to and accepted by the customers. Estimation uncertainty may arise in determining the stage of completion or evaluating the existence of any variable components such as penalties, price adjustments, or revisions to agreed deliverables; however, management has assessed these to be not significant for the periods presented.

Determining Control over an Investee Company. Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group controls an entity if and only if the Group has all of the following:

- Power over the entity;
- Exposure, or rights, to variable returns from its involvement with the entity; and,
- The ability to use its power over the entity to affect the amount of the Group's returns.

The Group regularly reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The Parent Company determined that it exercises control on all of its subsidiaries as it has all the elements of control listed above.

As at December 31, 2025, the Parent Company's effective ownership interests in OPI, ICHPC, and TBC is 41.98%, 41.98%, and 36.99%, respectively. The Parent Company's effective ownership interest in TBC is 49.87% as at December 31, 2024. However, OPI, ICHPC and TBC are considered subsidiaries because the Parent Company's voting power over these entities are sufficient to provide the practical ability to direct and control their relevant activities.

Classifying Lease Commitments - Group as a Lessor. The Group entered into operating lease agreements with various lessees for the lease of its properties such as its land, commercial area condominium units and parking spaces with third parties. The Group has determined based on evaluation of the terms and conditions of the arrangements that it retains all the significant risks and rewards of ownership of the properties subject to lease, thus, the leases are accounted for as operating leases.

Rental income is disclosed in Note 17.

Determining the ROU Assets and Lease Liabilities. The Group leases several office spaces and wells and boosters for a period of one year, renewable upon mutual agreement of the parties. The Group elected not to recognize ROU assets and lease liabilities on these leases due to its short-term nature.

The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Rental expense is disclosed in Notes 18 and 19.

In 2025, the lease agreement for a parcel of land where the Diesel Power Plant is located was modified to extend the lease term with a corresponding increase in scope and monthly rental fee. In 2024, the lease agreement for water facilities was amended to extend the agreement and remove the variable lease fee based on billed volume.

For these lease agreements, the Group recognized ROU assets and lease liabilities measured at the present value of lease payments to be made over the lease term using the Group's incremental borrowing rate.

Recognized ROU assets and lease liabilities as at December 31, 2025 and 2024 is disclosed in Note 24.

Determining the Discount Rate for Lease. The Group uses its incremental borrowing rate as basis for the discount rate which is the rate that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The Group uses its general borrowing rate adjusted for the lease term, security of an item with the underlying nature of the leased asset and expectations of residual value, among others.

The discount rate used in recognizing ROU assets and lease liabilities in 2025 and 2024 is disclosed in Note 24.

Classifying a Property. The Group determines whether a property is classified as investment property or property, plant and equipment:

- Investment properties consist of properties which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.
- Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services and are expected to be used for more than one period. These are properties which are owner-occupied and are substantially for use of the Group or in the operations.

Properties classified as investment properties and property, plant and equipment are disclosed in Notes 11 and 12, respectively.

Determining the Reportable Operating Segments. The Group has determined that it has reportable segments based on the following thresholds:

- Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.
- The absolute amount of its reported profit or loss is 10% or more, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.
- Its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to users of the consolidated financial statements.

The Group's operating segment information are disclosed in Note 29.

Assessing the ECL on Trade and Other Receivables and Receivable Arising from ERC Order. The Group applies the simplified approach in computing ECL, as permitted under PFRS 9, using a provision matrix based on historical default rates for trade and other receivables and receivable arising from ERC order. The provision matrix assigns provision rates based on the aging of trade and other receivables and receivable arising from ERC order.

To reflect current and forward-looking information, the Group adjusts historical credit loss rates by incorporating observable economic factors relevant to each customer segment. These adjustments take into account the expected impact of current and forecasted economic conditions.

The methodology and assumptions used in estimating ECL, including the relationship between historical default rates and forward-looking factors, are reviewed regularly to minimize any differences between estimated and actual credit loss experience. Determining this relationship involves significant judgment and is considered critical accounting estimate. Consequently, the provision for ECL on trade and other receivables is sensitive to changes in assumptions about forecasted economic conditions.

As at the reporting date, the Group assessed that the ECL on trade and other receivables and receivable arising from ERC order is not material. A substantial portion of the receivables has been subsequently collected, and historically, customer balances have been settled within one year. None of the remaining balances were credit impaired or written off as at the reporting date.

No provision for impairment loss was recognized in 2025 and 2023. In 2024, CWWC's BOD has written off allowance for ECL amounting to ₱3.2 million. The carrying amount of trade and other receivables and receivable arising from ERC order, and the recognized ECL are disclosed in Notes 5 and 6.

Assessing the ECL on Other Financial Assets at Amortized Cost. The Group calculates the allowance for ECL on other financial assets at amortized cost using the general approach under PFRS 9. This involves determining a probability-weighted estimate of the present value of all cash shortfalls over the expected life of the financial assets. ECL is recognized for possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition. In such cases, lifetime ECL is recognized.

Key factors considered by the Group in assessing whether there has been a significant increase in credit risk include:

- Actual or expected downgrades in external and internal credit ratings;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets more than 30 days past due to represent, at a minimum, a significant increase in credit risk unless there is evidence to demonstrate otherwise (e.g., non-payment is due to administrative oversight rather than financial difficulty).

No provision for ECL was recognized for cash and cash equivalents, due from related parties, short-term placement, deposits, and guarantee deposit (presented as part of "Other current assets"), and other noncurrent assets. This is because these transactions were conducted with reputable banks and entities with strong credit standings, presenting relatively low credit risk.

The carrying amounts of other financial assets at amortized cost are disclosed in Notes 4, 8, 13 and 22. Detailed information about the ECL on other financial assets at amortized cost is provided in Note 28.

Estimating the NRV of Inventories. The Group assesses the NRV of inventories annually in accordance with the accounting policy described in Note 2. In determining the NRV, management considers factors such as current replacement cost, expected future usage, obsolescence, and market conditions. Inventories are written down when their NRV is lower than cost. No provision for inventory loss was recognized in 2025, 2024 and 2023. The carrying amounts of inventories are carried at cost as disclosed in Note 7.

Assessing the Fair Value of Financial Assets at FVOCI. The Group determines the fair value of financial assets as FVOCI based on quoted market prices or published net asset values per share at the reporting date. When quoted prices are not readily available, or when the liquidation of positions could materially impact market prices, the fair value is estimated using internal valuation models or management judgment.

These models incorporate current market conditions and assume an orderly disposition over a reasonable period. Significant assumptions and inputs, such as discount rates, expected cash flows, and market volatility, are unobservable and require management judgment. Changes in these assumptions could materially affect the reported fair values of financial assets at FVOCI.

The carrying amounts of these investments are disclosed in Note 9.

Estimating the Fair Value of Investment Properties. The Group measures investment properties at fair value, which requires significant judgment and estimation. The Group works closely with external qualified appraisers who performed the valuation using appropriate valuation techniques. For investment properties held for rental, fair values are estimated using expected future cash flows, yields, occupancy rates and discount rates. For investment properties held for capital appreciation, fair values are estimated using current market prices of comparable properties, adjusted for differences in location, size, physical condition, age, functional obsolescence, and prevailing economic conditions. The valuation methods and key assumptions used are disclosed in Note 11.

For Level 3 fair value measurements using the discounted cash flow approach (DCF), management estimates key unobservable inputs, including an average rental growth rate and a terminal capitalization rate. A significant increase in the growth rate or a decrease in the discount rate would result in a significantly higher fair value measurement.

As part of its annual assessment, management evaluates whether indicators of significant change in fair value exist. Based on this assessment, management concluded that for certain investment properties, the fair value remained materially consistent with their carrying amounts as at December 31, 2025 and 2024. Construction in progress is carried at cost, which is considered to approximate fair value until completion.

The carrying amounts of the Group's investment properties are disclosed in Note 11.

Estimating the Useful Lives of Property, Plant and Equipment and ROU asset. The useful lives of the Group's property, plant and equipment and ROU asset are estimated based on the period over which the assets are expected to be available for use. This estimation considers industry practices, internal technical assessments, historical experience with similar assets, and external valuation when applicable.

The estimated useful lives are reviewed at each reporting date and updated if there are indicators that previous estimates require revisions due to factors such as:

- Physical wear and tear;
- Technical or commercial obsolescence; and
- Legal or other limitations on the use of the assets.

Changes in these factors or circumstances may result in revisions to the estimated useful lives, which could materially affect the Group's future results of operations through adjustments to depreciation and amortization expense.

Beginning January 1, 2025, CWWC shortened the useful lives of the water utilities and distribution system from 5 to 60 years to 5 to 50 years to better reflect the expected economic life of the assets and to align depreciation practices with prevailing industry norms. Management has assessed that the resulting increase in annual depreciation is not material to the financial statements taken as a whole. There were no changes in the estimated useful life of ROU asset in 2025, 2024 and 2023.

The carrying amounts of property, plant and equipment and ROU asset are disclosed in Notes 12 and 24, respectively.

Assessing the Impairment of Nonfinancial Assets. The Group performs an impairment review when indicators of impairment are identified. This process involves estimating the recoverable amounts of investments in subsidiaries and an associate, investment properties, property, plant and equipment, ROU asset and other current assets. The recoverable amount is determined as the highest of an asset's fair value less costs to sell or its value in use.

Determining the value in use requires estimating the future cash flows expected to be generated from the continued use and eventual disposal of the assets. This involves significant judgment and estimations, including assumptions about future economic and operating conditions, discount rates, and growth rates.

While the Group believes that the assumptions used reasonable and supportable, significant changes in these assumptions could materially affect the recoverable amounts and potentially result in impairment losses. Any impairment loss recognized would have a material adverse impact on the Group's financial position and performance.

No impairment loss was recognized for other current assets (excluding deposits and short-term placement), investment in an associate, investment properties, property, plant and equipment and ROU asset in 2025, 2024 and 2023.

The carrying amounts of the Group's nonfinancial assets are disclosed in Notes 8, 10, 11, 12 and 24.

Determining the Retirement Benefits Liability. The determination of the obligation and costs of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 23 and include, among others, discount rates and salary increase rates.

Information relating to the retirement benefits liability are disclosed in Note 23.

Evaluating the Legal Contingencies. The Group is involved in various legal claims incidental to its operations. To avoid prejudicing the outcome of these claims, the Group opted not to disclose detailed information. Management, however, believes that the ultimate resolution of these matters will not have a material adverse effect on the Group's financial position and performance.

No provision was recognized in 2025, 2024 and 2023. Information about these claims are disclosed in Note 30.

Assessing the Recognition of Deferred Tax Assets. The Group reviews the carrying amounts of deferred tax assets at each reporting date to determine whether it is probable that sufficient future taxable profits will be available to utilize the deferred tax assets. Deferred tax assets are reduced to the extent that it is no longer probable that they can be realized.

The Group's assessment on the recognition of deferred tax asset is based on management's forecast of taxable income for subsequent reporting periods. These forecasts consider the Group's expectations regarding future revenue growth, operating expenses, and other relevant factors that may impact taxable profit.

The carrying amounts of the Group's recognized and unrecognized deferred tax assets are disclosed in Note 26.

4. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	₱410,999	₱361,000
Cash in banks	243,586,090	155,381,495
Cash equivalents	12,000,000	22,347,524
	₱255,997,089	₱178,090,019

Cash in banks earn interest at the prevailing bank deposit rates.

Cash equivalents are short-term deposits made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest rate at 4.65% for 2025, 5.25% to 6.00% for 2024 and 1.25% to 6.00% for 2023.

Interest income from cash in banks, cash equivalents, short-term placements, and special bank deposit for the years ended 2025, 2024, and 2023 amounted to ₱2.4 million, ₱1.7 million, and ₱1.1 million, respectively.

5. Trade and Other Receivables

This account consists of:

	2025	2024
Trade receivables	₱808,725,956	₱738,416,468
Others	12,711,399	10,891,665
	821,437,355	749,308,133
Less allowance for ECL	4,823,802	4,823,802
	₱816,613,553	₱744,484,331

Trade receivables are noninterest-bearing and due within 30 to 90 days. Trade receivables amounting to ₱302.5 million and ₱281.7 million as at December 31, 2025 and 2024, respectively, were pledged as collateral for a loan from a local bank (see Note 15).

Movements in the allowance for ECL are as follows:

	Note	2025	2024
Balance at beginning of year		₱4,823,802	₱4,113,182
Provision	19	-	3,916,384
Write-off		-	(3,205,764)
Balance at end of year		₱4,823,802	₱4,823,802

The Group applies the simplified ECL model, recognizing lifetime ECL on all balances. Significant judgment is applied in estimating credit losses, including the assessment of counterparty credit risk, historical collection patterns, and the recoverability of collateralized balances (see Note 3).

6. Receivable and Payable Arising from ERC Order

On October 28, 2025, the ERC issued an Order in ERC Case No. 2011-017 RC directing the Group to refund to the Universal Charge for Missionary Electrification (UCMCE) funds the difference of the implemented Provisional Rate against the Final rate within a period similar to the period of implementation.

The ERC, in its Letter dated March 30, 2026, clarified that the statement “*within a period similar to the period of implementation*” refers to the period from the start of implementation of the Provisional Authority Order dated April 11, 2011 up to the period before implementing the Final Authority rate, which was approved in the Order dated September 3, 2019. Hence, NPC’s monthly collection shall be based on said recovery period.

In accordance with the ERC Order dated October 28, 2025, and pursuant to reconciliation between the Group and NPC, the Group shall refund to NPC the UCMCE fund amounting to ₱557.6 million, within a period similar to the period of implementation as clarified in ERC Letter dated March 30, 2026.

The Group computed the under-recoveries from November 2011 to May 2020, representing the difference between the provisional and re-computed final rates, to be ₱667.1 million, which is the Group’s total collectibles from ORMECO.

The Group recognized the following in 2025:

- A receivable from ORMECO amounting to ₱667.1 million;
- A payable to NPC amounting to ₱557.6 million; and
- A net cumulative revenue adjustment amounting to ₱97.8 million, recognized in the 2025 consolidated statement of comprehensive income.

The receivable and payable are inclusive of VAT and to be settled over a period of eight years and seven months. Due to the long-term nature of these balances, these are initially measured at present value using a discount rate of 5.69%, determined by reference to the prevailing government security yields adjusted for credit risk.

The components of these balances as at December 31, 2025 are as follows:

	Receivable from ORMECO	Payable to NPC
Gross amount	₱667,100,491	₱557,553,401
Discount	(140,296,783)	(117,258,119)
Balance at end of year	526,803,708	440,295,282
Current portion	49,010,365	40,962,188
Noncurrent portion	₱477,793,343	₱399,333,094

The net discount on receivable and payable amounting to ₱23.0 million is recognized under “Other charges - net” account (see Note 21).

The impact on profit or loss of a reasonably possible change in the discount rates is as follows:

	Change in assumption	2025	Impact on profit or loss
Interest income rate	+1%	₱5,647,169	Increase in income
	-1%	(5,647,169)	Decrease in income
Interest expense rate	+1%	4,719,826	Decrease in income
	-1%	(4,719,826)	Increase in income

7. Inventories

This account consists of:

	2025	2024
At cost:		
Fuel	₱36,653,026	₱34,839,309
Maintenance supplies	5,624,131	5,364,623
	₱42,277,157	₱40,203,932

The costs of inventories recognized as expense and included in “Direct Costs” account in the consolidated statements of comprehensive income are disclosed in Note 18.

No inventory write-downs or impairment losses were recognized in 2025, 2024 and 2023.

As at December 31, 2025 and 2024, no inventories have been pledged as security or collateral for any of the Group’s liabilities.

8. Other Current Assets

This account consists of:

	2025	2024
CWTs	₱141,980,958	₱128,217,391
Input VAT	57,217,503	80,020,342
Short-term placement	17,883,790	17,593,474
Prepayments	6,188,207	3,976,676
Advances to suppliers	5,797,427	8,498,548
Advances to officers and employees	1,030,074	1,962,376
Deposits	113,000	108,000
Guarantee deposit	–	122,000,000
Others	14,037,976	14,783,551
	₱244,248,935	₱377,160,358

Short-term placement pertains to time deposit with a local bank with maturity of one year and earns annual interest of 3.00%. Interest income for short-term placement is disclosed in Note 4.

The guarantee deposit in 2024 represented a bank hold-out requirement serving as security for OPI’s compliance with the bid obligations for the 57-MW Guaranteed Dependable Capacity Power Supply.

On February 21, 2025, the amount was returned to OPI following the surrender of the bank guarantee certificate.

Others include the Department of Energy (DOE) reserve fund, prepaid expenses and advances to officers and employees.

9. Financial Assets at FVOCI

This account pertains to the Group's strategic investments in unquoted equity shares of Jollville Leisure & Resort Corporation (JLRC) and Granville Ventures Inc. (GVI). The Group holds an equity interest of 15.11% in JLRC and 18.18% in GVI.

These non-traded equity investments are irrevocably designated at FVOCI as they are held for long-term strategic purposes rather than for trading.

Movements in this account are as follows:

	2025	2024
Cost	₱15,000,000	₱15,000,000
Cumulative Unrealized Fair Value Changes		
Balance at beginning of year	98,871,047	101,636,381
Fair value changes	(4,264,845)	(2,765,334)
Balance at end of year	94,606,202	98,871,047
Carrying Amount	₱109,606,202	₱113,871,047

The fair value of these unquoted equity investments is determined using the adjusted net asset method (Level 3). Level 3 inputs are unobservable and require management judgment, as they rely on assumptions and estimates about the investees' asset and liabilities at the reporting date.

Key assumptions used in the adjusted net asset method include the valuation of the investees' assets and liabilities as at the reporting date. Changes in these assumptions could significantly affect the fair value measurement.

A significant increase in the fair value of the underlying assets would result in a significantly higher fair value of the investment, while an increase in the lack of marketability discount would result in a significantly lower fair value.

Management continuously monitors the performance of these investees and reviews assumption applied in determining fair value. Given the absence of an active market, the fair value estimates inherently involve a significant degree of estimation uncertainty (see Note 3).

10. Investment in an Associate

The investment in an associate pertains to the Group's investment in Metro Agoo Waterworks Inc., representing 47.41% ownership interest as at December 31, 2025 and 2024.

Details of and movements in the Group's investment in an associate are as follows:

	2025	2024
Cost		
Balance at beginning and end of year	₱4,800,000	₱4,800,000
Accumulated Share in Net Losses		
Balance at beginning and end of year	(4,800,000)	(4,800,000)
Carrying Amount	₱-	₱-

The Group has discontinued the recognition of its share in the net losses of the associate as the investment has been reduced to zero. Cumulative unrecognized share in net losses of the associate amounted to ₱6.9 million and ₱6.8 million as at December 31, 2025 and 2024, respectively.

The following table presents the summarized financial information of the associate:

	2025	2024
Current assets	₱22,841,649	₱25,559,680
Noncurrent assets	292,867,549	311,757,070
Current liabilities	81,249,608	97,734,502
Noncurrent liabilities	152,059,637	159,421,756
Equity	82,399,953	80,160,492
Revenue	67,660,632	69,014,578
Total comprehensive loss	(177,785)	(1,563,335)

11. Investment Properties

This account includes properties held to earn rentals and for capital appreciation. The movements in investment properties are as follows:

	2025			Total
	Land	Buildings and Condominium Units	Construction-in- Progress	
Cost				
Balance at beginning of year	₱192,301,297	₱215,704,990	₱37,265,738	₱445,272,025
Additions	-	600,000	23,378,092	23,978,092
Balance at end of year	192,301,297	216,304,990	60,643,830	469,250,117
Fair Value Changes				
Balance at beginning of year	1,260,688,208	182,341,783	-	1,443,029,991
Fair value gain	33,588,000	39,818,067	-	73,406,067
Balance at end of year	1,294,276,208	222,159,850	-	1,516,436,058
Carrying Amount	₱1,486,577,505	₱438,464,840	₱60,643,830	₱1,985,686,175

	2024			
	Land	Buildings and Condominium Units	Construction-in- Progress	Total
Cost				
Balance at beginning of year	₱192,301,297	₱215,704,990	₱–	₱408,006,287
Additions	–	–	37,265,738	37,265,738
Balance at end of year	192,301,297	215,704,990	37,265,738	445,272,025
Fair Value Changes				
Balance at beginning of year	1,175,864,207	146,631,783	–	1,322,495,990
Fair value gain	84,824,001	35,710,000	–	120,534,001
Balance at end of year	1,260,688,208	182,341,783	–	1,443,029,991
Carrying Amount	₱1,452,989,505	₱398,046,773	₱37,265,738	₱1,888,302,016

The Group's investment properties were appraised by an independent firm of appraisers, with the latest appraisal reports dated April 30, 2026. For investment properties where no indicators of significant changes in fair value were identified, management assessed that the fair value remained consistent with the latest appraisal reports.

The fair values of the investment properties appraised in 2025 were estimated using the following valuation approaches and assumptions:

- *Land.* The fair value of land is categorized as Level 3, determined using the DCF approach. Under the DCF approach, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's estimated useful life including an exit or terminal value. As an accepted method within the income approach to valuation, the DCF approach involves the projection of a series of cash flows on a real property interest. An appropriate, market-derived discount rate is applied to projected cash flow series to establish the present value of the income stream associated with the investment property. Key assumptions used in the discounted cash flow approach include rental rates, rent escalation rates, discount rates, and vacancy rates. Changes in these assumptions could have a significant impact on the fair value measurement.
- *Buildings and Condominium Units.* The fair value of buildings and condominium units are categorized as Level 2, using the sales comparison approach, based on sales and listings of comparable buildings and condominium units with adjustments location, size, attributes, facilities, and timing of sale. The Group has determined that the highest and best use of the buildings and condominium units is to accommodate commercial units and residential units, respectively.

As at December 31, 2025, construction-in-progress pertains to a new commercial building with an estimated percentage of completion of 90% and estimated completion cost of ₱67.8 million. Management believes that the cost incurred to date approximates fair values as the project is in its early stages and no significant changes in market conditions have occurred since the start of construction. The project is expected to be completed in 2026.

In 2004 and 2005, previously company-occupied properties were reclassified to investment properties carried at fair value. The revaluation surplus recognized before reclassification amounted to ₱158.6 million as at December 31, 2025 and 2024. This surplus is retained in OCI and will be transferred to retained earnings upon disposal of the related investment properties.

In 2023, the Group sold a land property with a carrying amount of ₱32.4 million for a total consideration of ₱36.2 million, resulting in a gain of ₱3.9 million.

Rental income generated from investment properties is disclosed in Note 17.

Related direct costs and expenses incurred amounted to ₱1.3 million, ₱5.9 million and ₱4.7 million in 2025, 2024 and 2023, respectively.

As at December 31, 2025 and 2024, no investment properties have been pledged as security or collateral for any of the Group's liabilities.

12. Property, Plant and Equipment

The composition of and movements in property, plant and equipment are as follows:

		2025							
		Land and Improvements	Building and Improvements	Power Plant Facilities and Equipment	Furniture and Fixtures	Water Utilities and Distribution System	Transportation Equipment	Construction-in- Progress	Total
Cost									
		₱41,300,969	₱103,331,467	₱3,349,930,806	₱223,066,256	₱1,134,889,566	₱95,692,371	₱12,818,390	₱4,961,029,825
		37,365,760	1,779,378	19,076,297	22,055,678	120,493,731	9,553,214	113,359,332	323,683,390
		78,666,729	105,110,845	3,369,007,103	245,121,934	1,255,383,297	105,245,585	126,177,722	5,284,713,215
Accumulated Depreciation and Amortization									
		511,413	99,128,588	796,368,830	209,504,961	364,520,419	74,566,864	–	1,544,601,075
		–	5,628,976	146,705,862	13,908,085	48,957,363	6,632,422	–	221,832,708
		511,413	104,757,564	943,074,692	223,413,046	413,477,782	81,199,286	–	1,766,433,783
		₱78,155,316	₱353,281	₱2,425,932,411	₱21,708,888	₱841,905,515	₱24,046,299	₱126,177,722	₱3,518,279,432
2024									
		Land and Improvements	Building and Improvements	Power Plant Facilities and Equipment	Furniture and Fixtures	Water Utilities and Distribution System	Transportation Equipment	Construction-in- Progress	Total
	Note	₱41,300,969	₱103,331,467	₱3,295,139,539	₱218,605,102	₱669,199,581	₱76,054,893	₱383,773,728	₱4,787,405,279
		–	–	54,791,267	4,461,154	–	19,637,478	94,734,647	173,624,546
	24	–	–	–	–	465,689,985	–	(465,689,985)	–
		41,300,969	103,331,467	3,349,930,806	223,066,256	1,134,889,566	95,692,371	12,818,390	4,961,029,825
Accumulated Depreciation and Amortization									
		511,413	87,134,302	651,216,312	203,875,744	345,765,040	69,782,299	–	1,358,285,110
		–	11,994,286	145,152,518	5,629,217	18,755,379	4,784,565	–	186,315,965
		511,413	99,128,588	796,368,830	209,504,961	364,520,419	74,566,864	–	1,544,601,075
		₱40,789,556	₱4,202,879	₱2,553,561,976	₱13,561,295	₱770,369,147	₱21,125,507	₱12,818,390	₱3,416,428,750

The cost of fully depreciated property, plant and equipment still in use in the Group's operations amounted to ₱445.45 million and ₱442.27 million as at December 31, 2025 and 2024, respectively.

No borrowing costs were capitalized in 2025, 2024 and 2023. Cumulative borrowing costs capitalized as at December 31, 2025 and 2024 amounted to ₱272.8 million.

CIP pertains to building finishing and improvements with an estimated percentage of completion of 92% and estimated completion cost of ₱17.1 million. The project is expected to be completed in 2026. In addition, CIP also includes a new power plant facility for CDPP 2 with an estimated project cost of ₱1.0 billion.

Property, plant and equipment with carrying amounts of ₱2,430.6 million and ₱2,564.2 million as at December 31, 2025 and 2024, respectively, are pledged as collateral for bank loans obtained by the Group (see Note 15). There are no contractual commitments to purchase additional property, plant and equipment.

Depreciation and amortization charged to operations consists of:

	Note	2025	2024	2023
Property and equipment		₱221,832,708	₱186,315,965	₱171,621,784
ROU asset	24	3,822,735	3,382,819	–
		₱225,655,443	₱189,698,784	₱171,621,784

Depreciation and amortization are recognized in the consolidated statements of comprehensive income as follows:

	Note	2025	2024	2023
Direct costs	18	₱215,464,865	₱181,440,676	₱163,675,367
General and administrative expenses	19	10,190,578	8,258,108	7,946,417
		₱225,655,443	₱189,698,784	₱171,621,784

Management applies judgments and estimates in determining useful lives and impairment of property, plant, and equipment (see Note 3).

13. Other Noncurrent Assets

This account consists of:

	Note	2025	2024
Reserve fund	15	₱2,849,273	₱28,499,419
Utilities and other deposits		4,783,300	10,558,337
Special bank deposit	24	4,500,000	4,500,000
		12,132,573	43,557,756
Less allowance for ECL		2,649,641	2,649,641
		₱9,482,932	₱40,908,115

Reserve fund pertains to a hold-out requirement of the local bank creditor of the Group as security for its long-term loans payable.

Utilities and other deposits pertain to rental deposits which will be refunded upon termination of the related lease contract.

Special bank deposit pertains to interest-bearing performance security in the form of a bank guarantee in relation to the lease agreement of CWWC with the LGU of Tabuk. Interest income earned is disclosed in Note 4.

14. Trade and Other Payables

This account consists of:

	Note	2025	2024
Trade:			
Third parties		₱444,668,070	₱367,730,742
Related parties	22	256,123,092	218,535,207
Retention payables:			
Related parties	22	216,779,938	216,779,938
Third parties		4,650,000	4,650,000
Statutory payables		69,868,197	49,344,583
Accrued expenses:			
Third parties		38,488,161	22,344,802
Related parties	22	9,519,689	4,391,061
Security deposits	24	1,968,326	1,571,096
Others		2,086,596	3,885,659
		₱1,044,152,069	₱889,233,088

Trade payables are noninterest-bearing and are generally settled within 15 to 90 days.

Retention payables pertain to the construction projects and is expected to be settled within one year.

Statutory payables include amounts payable to government agencies that are normally settled in the following month.

Accrued expenses include accrual for rental and other expenses which are generally paid in the subsequent month.

Security deposits are refundable deposits made by customers for the lease of the Group's properties and to be returned at the end or termination of the contract.

15. Loans Payable

The Group's loans payable consist of short-term and long-term borrowings obtained from local banks. These loans are measured at amortized cost using the effective interest method. Details are as follows:

	Interest Rate	2025	2024
Short-term loans	6.80% - 7.75%	₱349,991,020	₱725,700,000
Long-term loans:	5.75% - 10.00%		
Current portion		304,328,050	215,601,998
Noncurrent portion		379,999,382	262,011,639
		₱1,034,318,452	₱1,203,313,637

Short-term Loans

Short-term loans are unsecured borrowings with maturities of 30 days to one year from availment date. Interest is payable monthly and is subject to renewal and re-pricing. These loans are primarily used for working capital requirements.

Long-term Loans

Long-term loans obtained from local banks are summarized as follows:

Term	Interest Rate	Maturity	2025	2024
10 years	6.00% - 7.80%	Up to 2026	₱244,501,060	₱466,959,818
8 years	8.01%	Up to 2033	429,964,209	–
5 years	9.20% - 14.00%	Up to 2025	–	6,299,700
3 years	10.00%	Up to 2027	9,862,163	4,354,119
			₱684,327,432	₱477,613,637

Certain 10-year loans require the Group to maintain debt-to-equity ratio of 80:20, and debt-service coverage ratio of 1.0:1. The Group is compliant with the ratio requirements as at December 31, 2025 and 2024.

Long-term loans are secured by the following assets:

	Note	2025	2024
Property, plant and equipment	12	₱2,430,623,403	₱2,564,191,382
Trade receivables	5	302,518,075	281,667,211
Reserve fund	13	2,849,273	28,499,419
		₱2,735,990,751	₱2,874,358,012

The schedule of maturity of the long-term loans is as follows:

	2025	2024
Within one year	₱304,328,050	₱215,601,998
Beyond one year but not later than five years	379,999,382	262,011,639
	₱684,327,432	₱477,613,637

Finance costs incurred and charged to operations are as follows:

	Note	2025	2024	2023
Loans payable		₱67,598,998	₱76,921,007	₱99,391,388
Lease liabilities	24	8,265,529	7,901,151	–
		₱75,864,527	₱84,822,158	₱99,391,388

16. Equity

Capital Stock

Details of the Parent Company's common shares with par value of ₱1.00 per share as at December 31, 2025 and 2024 are as follows:

	Shares	Amount
Authorized	1,000,000,000	₱1,000,000,000
Issued and Outstanding	281,500,000	₱281,500,000

On June 17, 2002, the Parent Company issued 281,500,000 shares at ₱1.09 in its initial public offering.

The Parent Company has 31 stockholders as at December 31, 2025 and 2024, including the PCD Nominee Corporation.

Retained Earnings

Property Dividends

In December 2018, the Parent Company's BOD approved the appropriation of ₱185.9 million of its retained earnings for property dividends.

On January 4, 2019, the BOD approved the declaration of property dividends equivalent to 66.03% of retained earnings, comprising of 42,225,000 common shares of 2BIG valued at ₱2.59 per share and 76,500,000 common shares of PHEVI valued at ₱1.00 per share, or for a total amount of ₱185.9 million. The valuation was based on the interim financial statements of the subsidiaries as at September 30, 2018. The stockholders were entitled to receive 27 shares of PHEVI and 15 shares of 2BIG for every 100 Parent Company shares held. Fractional shares are settled in cash.

On June 18, 2021, the BOD, amended and re-set the record date for stockholders entitled to property dividend to August 27, 2021, subject to SEC approval. The number of shares to be distributed remained unchanged. The valuation was updated to ₱2.69 per share for 2BIG and ₱0.99 per share for PHEVI based on the audited financial statements of both subsidiaries as at December 31, 2020.

On February 28, 2022, the SEC approved the reduction in par value of PHEVI's shares from ₱1.00 per share to ₱0.10 per share.

Subsequently, on September 20, 2022, the SEC advised that the property dividends should be valued at the acquisition cost of the common shares of PHEVI and 2BIG which aggregated ₱150.6 million.

On March 4, 2025, the Parent Company received from the SEC the Certificate of Filing the Notice of Property Dividend Declaration dated February 27, 2025, approving the final property dividend amount of ₱152.8 million. The amount reflects the acquisition cost using specific identification. The property dividend consists of common shares of 2BIG worth ₱76.5 million and common shares of PHEVI worth of ₱76.3 million.

Accordingly, the appropriated retained earnings amounting to ₱185.9 million which had originally been set aside for property dividends is reversed.

Dividends Declaration

Following the SEC's approval of the property dividends declaration, the Parent Company declared property dividends amounting to ₱152.8 million. This declaration covers the distribution of common shares of 2BIG and PHEVI to entitled shareholders as of August 27, 2021. The property dividends remain outstanding as at December 31, 2025.

On September 21, 2023, OPI declared cash dividends for the period October 1, 2018 to December 28, 2023 in favor of its preferred shareholders. Out of the total cash dividends amounting to ₱172.9 million, ₱147.2 million remains outstanding as at December 31, 2025.

On December 11, 2023, CWWC declared cash dividends of ₱1.00 per share to all shareholders of record as of December 31, 2023. The related dividends payable amounting to ₱0.4 million were paid on March 1, 2024.

Non-controlling Interests

The Group's non-controlling interests represent the non-controlling shareholders in OPI, ICHPC, NWC and TBC. Details of percentage of non-controlling interests are as follows:

	2025	2024
OPI	58.02	40.05
ICHPC	58.02	40.05
NWC	35.43	25.12
TBC	63.01	50.13

Non-controlling interests amounted to ₱1,042.0 million and ₱960.2 million as at December 31, 2025 and 2024, respectively.

The total comprehensive income allocated to non-controlling interests amounted to ₱81.8 million, ₱86.9 million and ₱153.1 million in 2025, 2024 and 2023, respectively.

On May 2, 2024, OPI's BOD approved the application of dividends payable amounting to ₱6.7 million against the subscription receivable from preferred shares. Moreover, on September 5, 2024, OPI's BOD approved the application of dividends payable amounting to ₱4.5 million against the subscription receivable from common shares.

On September 21, 2023, OPI's BOD approved the redemption of 33,000 preferred shares at ₱1,000.00 par value a share of a shareholder in accordance with the subscription agreement and articles of incorporation. At the same meeting, OPI's BOD also approved the rescission of a subscription agreement covering 48,479 preferred shares. The related payments were made in 2024.

On September 3, 2024, OPI's BOD approved the redemption of 4,000 preferred shares at ₱1,000.00 par value a share of a shareholder in accordance with the subscription agreement and articles of incorporation. The related payment remains outstanding as at December 31, 2024.

Financial Information of Subsidiaries

The summarized financial information of subsidiaries with significant non-controlling interests, before intercompany eliminations, are as follows:

	2025			
	OPI	ICHPC	NWC	TBC
Total Current Assets	₱1,110,771,680	₱5,979,186	₱2,409,676	₱540,772
Total Noncurrent Assets	3,108,143,997	-	-	-
Total Current Liabilities	1,517,129,205	-	-	-
Total Noncurrent Liabilities	797,820,819	-	-	-
Total Equity	1,903,965,653	5,979,186	2,409,676	540,772
Revenue	1,252,917,458	-	-	-
Net Income (Loss)	117,529,357	(270,814)	(2,846)	(9,077)
Total Comprehensive Income (Loss)	118,457,092	(270,814)	(2,846)	(9,077)
	2024			
	OPI	ICHPC	NWC	TBC
Total Current Assets	₱1,070,880,540	₱5,986,250	₱2,412,522	₱549,849
Total Noncurrent Assets	2,637,095,654	-	-	-
Total Current Liabilities	1,654,185,505	-	-	-
Total Noncurrent Liabilities	268,282,126	-	-	-
Total Equity	1,785,508,563	5,986,250	2,412,522	549,849
Revenue	1,201,276,649	-	-	-
Net Income (Loss)	212,347,814	(263,750)	(11,822)	(27,173)
Total Comprehensive Income (Loss)	212,347,814	(263,750)	(11,822)	(27,173)

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit standing and stable capital ratios in order to support its business and maximize shareholder value. The Group maintains its current capital structure and will adjust, if necessary, in order to generate a reasonable level of returns to stockholders over the long term. No changes were made in the objectives, policies or processes during the year.

The Group considers the equity presented in the consolidated statements of financial position as its core capital.

The Group monitors capital using debt-to-equity ratio, which is total debt divided by total equity.

The debt-to-equity ratio of the Group is as follows:

	2025	2024
Total Debt	₱3,721,075,487	₱3,093,991,747
Total Equity	3,965,513,637	3,916,126,774
Debt-to-equity ratio	0.94:1	0.79:1

Pursuant to the PSE's rules on minimum public ownership, at least 10% of the issued and outstanding shares of a listed company must be owned and held by the public. The public ownership of the Parent Company is 34.24% as at December 31, 2025 and 2024.

The Group is compliant with the debt-to-equity ratio requirement pursuant to its loan covenants as disclosed in Note 15.

17. Revenue

This account consists of:

	Note	2025	2024	2023
At a point in time:				
Power sales		₱1,252,769,601	₱1,201,158,256	₱1,370,173,669
Water services		378,444,785	313,795,774	298,104,333
Technical services		28,600,428	27,602,933	23,228,482
Rental income	11	62,456,595	55,330,613	55,817,879
		₱1,722,271,409	₱1,597,887,576	₱1,747,324,363

In 2025, revenue from power sales includes revenue adjustment related to the refund and recovery scheme amounting to ₱97.8 million (see Note 6).

18. Direct Costs

This account consists of:

	Note	2025	2024	2023
Fuel cost	7	₱770,279,338	₱679,870,375	₱641,393,798
Depreciation and amortization	12	215,464,865	181,440,676	163,675,367
Outside services		81,266,354	74,947,323	88,165,461
Utilities		54,487,989	50,416,075	44,627,258
Salaries and employee benefits		52,827,531	47,047,472	35,992,272
Rental	24	26,035,216	17,269,829	25,528,447
Repairs and maintenance		22,660,919	25,645,799	46,731,687
Supplies		9,260,307	13,627,047	2,784,840
Insurance		7,462,799	8,595,095	8,001,465
Retirement benefits cost		1,584,209	1,321,098	183,678
Taxes and licenses		1,390,604	1,479,113	1,359,109
Transportation and travel		792,570	927,455	1,082,402
Others		7,088,773	4,641,954	3,973,087
		₱1,250,601,474	₱1,107,229,311	₱1,063,498,871

19. General and Administrative Expenses

This account consists of:

	Note	2025	2024	2023
Salaries and employee benefits		₱59,219,099	₱54,933,178	₱53,686,942
Taxes and licenses		29,251,882	20,934,523	20,084,368
Transportation and travel		15,301,624	16,139,452	15,642,174
Outside services		13,824,321	14,731,415	22,075,195
Professional services		10,907,617	7,618,029	5,283,933
Depreciation and amortization	12	10,190,578	8,258,108	7,946,417
Utilities		6,887,603	6,274,878	6,576,860
Representation and entertainment		6,407,323	7,751,261	7,275,175
Repairs and maintenance		5,064,917	7,036,106	8,615,793
Retirement benefits cost		4,005,788	3,657,686	5,011,273
Association dues		2,683,820	3,174,491	3,655,186
Insurance		2,373,466	1,435,790	1,375,886
Donation		1,956,857	1,124,334	2,131,998
Office supplies		1,009,056	1,571,464	764,573
Rental	24	920,707	982,915	948,105
Energy Regulations (ER) 1-94 fund	24	852,229	923,265	934,381
Computer software		696,737	1,357,886	1,142,155
Trainings and seminars		243,214	134,893	428,511
Advertising		111,351	108,577	194,557
Provision for ECL	5	–	3,916,384	–
Others		5,965,120	10,214,797	9,460,549
		₱177,873,309	₱172,279,432	₱173,234,031

Others include government share, parking and toll fees, and other miscellaneous expenses.

20. Personnel Costs

Total salaries and employee benefits consist of:

	Note	2025	2024	2023
Salaries and wages		₱87,469,286	₱81,566,153	₱74,108,355
Other employee benefits		15,674,266	12,633,449	9,983,929
Statutory contributions		8,903,078	7,781,048	5,586,930
Retirement benefits cost	23	5,589,997	4,978,784	5,194,951
		₱117,636,627	₱106,959,434	₱94,874,165

Salaries and employee benefits are distributed as follows:

	Note	2025	2024	2023
Direct costs	18	₱52,827,531	₱47,047,472	₱35,992,272
Retirement benefit cost under direct costs	18	1,584,209	1,321,098	183,678
General and administrative expenses	19	59,219,099	54,933,178	53,686,942
Retirement benefit cost under general and administrative expenses	19	4,005,788	3,657,686	5,011,273
		₱117,636,627	₱106,959,434	₱94,874,165

21. Other Charges - Net

This account consists of:

	Note	2025	2024	2023
Net discount	6	(₱23,038,664)	₱-	₱-
Bank charges		(5,653,456)	(3,582,931)	(4,331,256)
Net unrealized foreign exchange gain		3,234	12,495	3,291
Others		523,127	663,194	528,559
		(₱28,165,759)	(₱2,907,242)	(₱3,799,406)

Other income mainly pertains to sale of scrap materials.

22. Related Party Transactions

The Group's transactions with its related parties are summarized below:

Related Party	Nature	Note	Amounts of Transaction		Outstanding Balances	
			2025	2024	2025	2024
Due from Related Parties						
Under common management	Cash advances		₱10,465,956	₱27,295,572		
	Collections		(32,756,954)	(13,837,430)	₱68,253,656	₱90,544,654
Associate	Collections		(6,992,320)	(18,991,426)		
	Cash advances		-	-	21,942,240	28,934,560
Stockholders	Collections		-	(3,373)	280,568	280,568
					₱90,476,464	₱119,759,782
Trade Payables						
Under common management	Operations and maintenance fees	14	₱59,293,265	₱54,430,730		
	Construction Payments	24	77,866,317	87,262,691		
			(99,571,697)	(209,539,692)	₱256,123,092	₱218,535,207
Retention Payables						
Under common management	Construction	14	₱-	₱-	₱19,782,484	₱19,782,484
Stockholders	Payment		-	(10,474,396)	196,997,454	196,997,454
					₱216,779,938	₱216,779,938

(Forward)

Related Party	Nature	Note	Amounts of Transaction		Outstanding Balances	
			2025	2024	2025	2024
Accrued Expenses		14				
Under common management	Operations and maintenance fees	24	₱11,845,103	₱4,391,061		
	Construction Payment		(6,716,475)	(23,708,658)	₱9,519,689	₱4,391,061
Due to Related Parties						
Stockholders	Cash advances		₱50,000,000	₱30,895,365		
	Payments		(14,117,289)	–	₱212,793,163	₱176,910,452
Under common management	Cash advances		1,861,933	19,805,696		
	Payments		(22,378,335)	(4,140,005)	70,284,138	90,800,540
					₱283,077,301	₱267,710,992

Terms and Conditions

Due from Related Parties. The Group has advances for working capital requirements. These receivables are unsecured, noninterest-bearing and collectible in cash upon demand. No provision for ECL on due from related parties was recognized in 2025, 2024 and 2023.

Due to Related Parties. Amounts due to related parties are mainly attributable to advances from stockholders for investment purposes. These payables are unsecured, noninterest-bearing and payable in cash upon demand.

There has been no guarantee provided or received for any related party receivables or payables.

Intercompany transactions eliminated in consolidation pertain to due to/from related parties, intercompany revenue and dividend income. Total due to/from related parties eliminated amounted to ₱115.5 million and ₱172.7 million as at December 31, 2025 and 2024, respectively. Intercompany revenue eliminated amounted to ₱34.6 million, ₱37.2 million and ₱33.1 million in 2025, 2024 and 2023, respectively.

Compensation of Key Management Personnel

Compensation of key management personnel, consisting of short-term salaries and other employee benefits, amounted to ₱41.74 million, ₱40.1 million and ₱39.4 million in 2025, 2024 and 2023, respectively.

23. Retirement Benefits Liability

The Group has an unfunded, non-contributory retirement plan covering all qualified employees. The benefit shall be payable to employees who retire from service who are at least 60 years old and with at least five years of continuous service. Under the current plan, the employees are entitled to retirement benefits of 85% of the final monthly salary at retirement date for employees who have rendered at least five years of service by the time of retirement. The most recent actuarial valuation reports were dated March 30, 2026. The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

Retirement benefits cost recognized in the consolidated statements of comprehensive income in respect of this defined benefit plan is included as part of “Direct costs” and “General and administrative expenses”:

	2025	2024	2023
Current service cost	₱3,348,541	₱3,038,847	₱2,829,948
Interest cost	2,241,456	1,939,937	2,365,003
	₱5,589,997	₱4,978,784	₱5,194,951

Movements in the present value of defined benefit obligation are as follows:

	2025	2024
Balance at beginning of year	₱37,090,892	₱45,304,689
Current service cost	3,348,541	3,038,847
Interest cost	2,241,456	1,939,937
Actuarial gain	(4,415,207)	–
Retirement benefits paid	–	(13,192,581)
Balance at end of year	₱38,265,682	₱37,090,892

The principal assumptions used for purposes of the actuarial valuations are as follows:

	2025	2024
Discount rate	6.15%	6.04%
Expected rate of salary increases	5.00%	5.00%

The schedule of expected future benefit payments of the Group is as follows:

Years	2025	2024
Within one to five years	₱18,330,940	₱14,031,497
Within six to 10 years	26,268,163	27,531,987

The sensitivity analysis on the defined benefits obligations follows:

	Change in assumption	2025	2024
Discount rate	+0.5%	(₱1,462,501)	(₱1,068,984)
	-0.5%	1,563,317	1,161,603
Salary increase rate	+0.5%	1,577,434	1,170,085
	-0.5%	(1,678,250)	(1,086,630)

Remeasurement Gain

The cumulative remeasurement gains on retirement benefits liability recognized in OCI follows:

	2025		
	Cumulative Remeasurement Gains	Deferred Tax (see Note 26)	Net
Balance at beginning of year	₱27,090,059	₱5,065,408	₱22,024,651
Remeasurement gain	4,415,207	1,108,421	3,306,786
Balance at end of year	₱31,505,266	₱6,173,829	₱25,331,437

	2024		
	Cumulative Remeasurement Gains	Deferred Tax (see Note 26)	Net
Balance at beginning and end of year	₱27,090,059	₱5,065,408	₱22,024,651

The average duration of the benefit obligation is 7.75 years as at December 31, 2025 and 2024.

The plan exposes the Group to the following risks:

- Salary risk - any increase in the retirement plan participants' salary will increase the retirement plan's liability.
- Longevity risk - any increase in the plan participants' life expectancy will increase the retirement plan's liability.
- Interest rate risk - a decrease in bond interest rate will result to a higher present value of retirement benefits liability.

24. Significant Contracts and Commitments

Lease of Water Facilities and Power Plant Site

CWWC has a lease agreement with the LGU of Tabuk, in the province of Kalinga. Under the Agreement, CWWC will manage, operate and maintain the water facilities developed and owned by the LGU within a defined service area. CWWC initially paid for the installation and rehabilitation of the water facilities in Tabuk on behalf of the LGU. The related receivable from the LGU is disclosed in Note 5. CWWC shall make the lease payments to the LGU based on agreed amounts.

The monthly fees paid to the LGU are based on the current billed volume. The related water revenue from operating the water facilities in Tabuk amounted to ₱49.8 million, ₱35.5 million and ₱32.0 million in 2025, 2024 and 2023, respectively.

Relevant information of the lease agreement are as follows:

- Monthly supervision fee of ₱5.00 per service connection subject to adjustment. Supervision and regulatory fees amounted to ₱323,940, ₱318,040 and ₱305,350 in 2025, 2024 and 2023, respectively;
- Annual lease fee ranging from ₱1.4 million to ₱8.8 million during the lease period. The related rental expense amounted to ₱8.8 million in 2023 and 2022; and
- Performance security through a bank guarantee valid for 12 months, renewable annually. Special bank deposit amounted to ₱4.5 million as at December 31, 2025 and 2024 (see Note 13).

In April 2024, the lease agreement with the LGU of Tabuk was amended to extend the lease term for another 15 years, expiring on September 30, 2046. The lease is renewable upon mutual agreement of both parties. Amendments to the contract include:

- Removal of the variable lease fee based on billed volume; and
- Acknowledgment of the unpaid lease fee by CWWC to be settled in monthly installment until 2044 after offsetting the receivable from LGU amounting to ₱10.1 million.

As at December 31, 2025 and 2024, installment payable amounted to ₱38.4 million and ₱40.6 million, respectively. Current portion of installment payable amounting to ₱2.2 million as at December 31, 2025 and 2024 is presented as part of “Trade payable to third parties” under “Trade and other payables” account in the consolidated statements of financial position.

In 2024, CWWC recognized ROU asset and lease liability for the remaining portion of lease agreement with the LGU of Tabuk.

Long-term Lease for Power Plant Site

OPI leases a parcel of land owned by ORMECO for the 8MW Modular Bunker Fuel-Fired Power Plant’s site. The term of the lease is for 15 years starting from February 9, 2010 with an annual rental of ₱10,000 inclusive of VAT and may be renewed for another 15 years, under terms and conditions mutually agreed upon by the parties.

On March 7, 2025, the lease agreement was modified to extend the lease term for another 15 years in connection to the new PSA for CDPP 2 with increase in scope and monthly rental fee. As a result, the Group recognized ROU asset and lease liability.

The balance of and movements in ROU assets and lease liabilities as at December 31, 2025 are as follows:

ROU Assets

	Note	2025	2024
Cost			
Balance at beginning of year		₱76,959,127	₱–
Additions		8,974,284	76,959,127
Balance at end of year		85,933,411	76,959,127
Accumulated Amortization			
Balance at beginning of year		3,382,819	–
Amortization	12	3,822,735	3,382,819
Balance at end of year		7,205,554	3,382,819
Carrying Amount		₱78,727,857	₱73,576,308

Lease Liabilities

	Note	2025	2024
Balance at beginning of year		₱76,075,278	₱–
Additions		8,974,284	76,959,127
Rental payments		(9,499,286)	(8,785,000)
Interest	15	8,265,529	7,901,151
Balance at end of year		83,815,805	76,075,278
Less current portion		1,408,513	979,502
Noncurrent portion		₱82,407,292	₱75,095,776

The incremental borrowing rates applied to the lease liabilities range from 6.23% to 10.32% in 2025 and 2024.

The future minimum lease payments and present value as at December 31, 2025 follow:

	Minimum Lease Payments	Present value
Within one year	₱9,642,143	₱6,768,666
After one year but not more than five years	39,425,714	21,079,295
More than five years	147,303,036	33,296,958
	₱196,370,893	₱61,144,919

Customers' Deposits

CWWC requires its new customers to pay a deposit which shall be returned to the customer upon termination of the service connection. Customers' deposits amounted to ₱43.8 million and ₱40.7 million as at December 31, 2025 and 2024, respectively.

Construction Agreements for Waterworks System

CWWC entered into a contract with an entity under common management for Phase 2 of the waterworks system development and expansion plan (the "Project"). The total contract price of the Project is ₱356.5 million. Actual construction costs, including other costs capitalized such as design and engineering costs, and cost of feasibility studies, amounting to ₱465.7 million were reclassified to "Water utilities and distribution system" after the construction was completed in December 2024 (see Note 12).

Related retention payable amounted to ₱19.8 million as at December 31, 2025 and 2024.

In 2025, CWWC entered into a new construction contract with the same entity under common management for Calapan Waterworks Development Plan (the "Development Plan"). The total contract price of the Development Plan is ₱435.8 million and is expected to be completed within six years.

As at December 31, 2025, the Development Plan is 19.70% completed with an actual construction costs of ₱85.7 million.

Service Agreement

In September 2022, CWWC renewed its service agreement with an entity under common management for the operations and maintenance of its water system facilities for a period of three (3) years.

Operations and maintenance fees amounted to ₱64.6 million, ₱55.3 million and ₱47.5 million in 2025, 2024 and 2023, respectively. These are recorded as part of "Outside services" under "Direct costs" account in the consolidated statements of comprehensive income.

Power Supply Agreement (PSA)

Modular Bunker Fuel-Fired Power Plant. On February 9, 2010, OPI entered into a PSA with ORMECO wherein OPI agreed to supply the power needs of ORMECO for a period of 15 years, subject to renewal for another 15 years upon mutual agreement of the parties, and to construct, operate and maintain the needed power generation plant on a Build-Own-Operate basis. This agreement includes responsibilities of both parties on the construction, testing and operation of the power plant which will also be owned by OPI.

OPI agreed to supply ORMECO more or less 4,939,200 kWh of energy per month or a maximum of 8MW Power at any given time during the cooperation period for which electricity and other fees shall be paid by ORMECO on a monthly basis. ORMECO agreed to buy the electricity up to the plant's production capacity.

10 MW Baseload Guaranteed Dependable Capacity Bunker Power Plant (CDPP 2). On April 30, 2025, OPI entered into a new PSA with ORMECO wherein OPI shall supply and deliver the guaranteed dependable capacity of 10MW and monthly contracted energy of 7,300,000 kWh. Delivery of agreed contracted energy shall commence in April 2027 or upon the issuance of ERC approval, whichever comes later.

This agreement includes responsibilities of both parties on the testing and commissioning, completion, and operation of the power plant which will also be owned by OPI.

Inabasan Mini-Hydroelectric Power Plant (IMHPP). On July 18, 2012, OPI entered into a PSA with ORMECO wherein OPI agreed to supply the power needs of ORMECO for a period of 25 years, subject to extension upon mutual agreement of the parties, and to construct, operate and maintain the IMHPP to be located at the Municipality of San Teodoro, Oriental Mindoro. This agreement includes responsibilities of both parties on the construction, testing and operation of the power facility which will also be owned by OPI.

OPI agreed to supply ORMECO a minimum of 4,083,000 kWh up to the maximum of 4,320,000 kWh of energy per month at any given time during the cooperation period for which the generation rate shall be paid by ORMECO on a monthly basis.

Power sales generated from the power plants attributable to ORMECO aggregated ₱616.6 million, ₱692.0 million and ₱679.8 million in 2025, 2024 and 2023, respectively.

Subsidy Agreement between NPC, ORMECO and OPI

In 2011 and 2019, NPC, ORMECO and OPI signed the subsidy agreement which governs the availment by OPI of the Missionary Electrification Subsidy (ME Subsidy) as a New Power Provider (NPP) in the province of Mindoro. The agreement shall take effect from the time of execution until expiration of the PSA or termination of the Subsidy Agreement, as provided under Section 8 of the Subsidy Agreement, whichever comes earlier.

The ME Subsidy shall be computed as the difference between the True Cost of Generation Rate (TCGR) computed under the PSA and the Socially Acceptable Generation Rate (SAGR) paid by ORMECO. The amount of the ME Subsidy shall be taken from the Universal Charge-Missionary Electrification (UC-ME) fund being maintained by NPC.

Power sales to NPC amounted to ₱451.4 million, ₱377.6 million and ₱348.8 million in 2025, 2024 and 2023, respectively.

Cash Incentive Entitlement

Under ERC Resolution No. 7, Series of 2014, OPI, being an RE Developer registered with the DOE operating in Oriental Mindoro (a missionary area identified under the Missionary Electrification Development Plan [MEDP]) shall be entitled to generation-based cash incentive from the UC-ME to the extent of the amount approved by the ERC for the purpose determined in accordance with the requirements and procedures under the amended guidelines issued pursuant to ERC Resolution No. 21, Series of 2011, subject to the availability of funds.

OPI, when availing the cash incentive, shall submit to Power Sector Assets and Liabilities Management (PSALM) its duly accomplished UC-ME Cash Incentive Claim form together with other supporting documents. The rate of ₱1.1789/kWh shall be the Cash Incentive due to RE Developer applied to the net generation (net of station use) based on the energy delivered by generation company to the DUs, consistent with Section 5, Article III of ERC Resolution No.7, Series of 2014.

On April 29, 2022, ERC issued its Decision on ERC Case No. 2014-135 RC "In the Matter of the Petition for the Approval of the Proposed New SAGR and the UC-ME for the Years 2015-2016", wherein PSALM directed to release or disburse to NPC any amount collected from the implementation of the UC-ME, except for the accrued collections for the RE Developers' Cash Incentive (REDCI) at ₱0.0017/kWh and ₱2.9907/kWh shall apply for Oriental Mindoro as REDCI rate for calendar year 2016 and prior years. Also, ERC found it just and reasonable to grant an interim relief to those RE Developers not yet included in the petition. Grant of interim relief shall be subject to adjustments as determined in the year they are included in the subsequent UC-ME petition of NPC. The grant of interim REDCI rate shall be subject to conditions and OPI has been granted with such relief.

Subsequently, on October 30, 2024, ERC issued an Order on ERC Case No. 2024-36 RC "In the Matter of the Petition for the Approval of the Availment from the UCME for CY 2025, with Prayer for the Issuance of Provisional Authority or Interim Relief", wherein ERC granted interim relief for the availment of the UCME subsidy for CY 2025, and reiterated the interim REDCI rate of ₱2.9907/kWh shall apply for RE Developers operating in Mindoro from CY 2025 until revised by the Commission. PSALM was likewise authorized to release the additional REDCI to RE Developers deemed eligible.

OPI's cash incentive amounted to ₱87.0 million, ₱131.7 million and ₱341.7 million in 2025, 2024 and 2023, respectively, and included under the "Power sales" as part of "Revenue" account in the consolidated statements of comprehensive income.

Hydropower Service Contract

On March 25, 2010, OPI entered into a Hydropower Service Contract with the DOE pursuant to Section 2, Article XII of the 1987 Constitution and Republic Act No. 9513, otherwise known as the Renewable Energy Act of 2008. OPI was appointed and constituted by the DOE as the exclusive party to explore, develop and utilize the hydropower resources within Inabasan River in the Municipality of San Teodoro, Oriental Mindoro. OPI may pursue any additional investment or new investment within the Inabasan River and shall provide the services, technology, equipment, and financing. Technical and financial risk under the contract shall be assumed by OPI in case no hydropower resource in quantities of electricity is determined during the pre-development stage.

The IMHPP was commissioned on January 14, 2019. The Contract states that OPI, as a RE developer, shall remit the government share, which shall be equal to one percent (1%) of the gross income of the RE developer within 60 days following the end of each calendar quarter. The payment of government share shall accrue from the time and only when the resource is utilized commercially.

The government share remitted by OPI amounting to ₱1.6 million, ₱4.0 million and ₱5.1 million in 2025, 2024 and 2023, respectively, is presented under "General and administrative expenses" account in the consolidated statements of comprehensive income.

Memorandum of Agreements (MOA)

OPI entered into a MOA with the DOE for the granting of financial benefits to the host communities of the energy-generation company and/or energy resources for its 8 MW Modular Bunker Fuel-Fired Power Plant and 10 MW Inabasan Hydroelectric Power Plant in compliance with ER1-94 and the Implementing Rules and Regulations of Electric Power Industry Reform Act of 2001. As agreed, OPI shall provide financial benefits equivalent to one centavo per kilowatt-hour (₱0.01/kWh) of the total electricity sales of the generation facility to the region, province, city or municipality and barangay that host the generation facility. The computation of financial benefits commenced upon the start of the commercial operation of the power plant facilities.

The amount of ER1-94 fund payments is disclosed in Note 19.

Fuel Supply and Management Agreement (FSMA)

Pursuant to the PSA, OPI also entered into a FSMA with ORMECO to ensure the continued and timely supply of fuel and lube oil to the power plant in the needed quantities and qualities and to put in place a transparent process in order to ensure at all times the lowest cost thereof. OPI owns the storage tanks and dispensing pumps that were installed at the power plant and all the structures, fixtures and equipment used in connection with the supply of fuel and lube oil. This agreement has the same duration as that of the PSA unless otherwise agreed by both parties.

Amount of fuel as at December 31, 2025 and 2024 is disclosed in Note 7.

Power Generation Project and Operation and Maintenance Agreement

On July 26, 2017, OPI entered into a Power Generation Project and Operation and Maintenance Agreement (the "Agreement") with a local service provider for the operation, maintenance and management services for OPI's 8MW Modular Bunker Fuel-Fired Power Plant. It included the hiring of contractors for repair services; sourcing and procuring of the required maintenance parts and other specific duties required by the Agreement.

On September 26, 2023, the local service provider and OPI mutually agreed to end the Agreement. From the same date onwards, the plant's operation and maintenance is directly undertaken by OPI.

Total service fees incurred by OPI amounted to ₱26.5 million in 2023 which is presented as part of "Outside services" under "Direct Costs" account in the consolidated statements of comprehensive income.

Other Lease Agreements

Group as a Lessor. The Group leased its various investment properties and certain furniture, furnishings and equipment under operating lease with various lessees. The lease shall be for a period of one year and renewable upon mutual agreement of the parties.

Rental income recognized in the consolidated statements of comprehensive income is disclosed in Note 17.

The amount of security deposits is disclosed in Note 14

Group as a Lessee. The Group leases several office spaces for a period of one year, renewable upon mutual agreement of the parties.

CWWC entered into a renewable lease agreement for properties where wells and boosters are located for a period of one year, renewable upon mutual agreement of the parties.

Total rental expense is charged to profit or loss as follows:

	Note	2025	2024	2023
Direct costs	18	₱26,035,216	₱17,269,829	₱25,528,447
General and administrative expenses	19	920,707	982,915	948,105
		₱26,955,923	₱18,252,744	₱26,476,552

25. Earnings Per Share

The calculation of the basic and diluted income per share is based on the following data:

	2025	2024	2023
Net income attributable to Parent Company	₱121,350,706	₱227,138,329	₱404,839,996
Weighted average number of ordinary shares issued and outstanding	281,500,000	281,500,000	281,500,000
	₱0.4311	₱0.8069	₱1.4382

The weighted average number of shares refers to shares in issued and outstanding during the period.

In 2025, 2024 and 2023, the Group has no dilutive or potential dilutive shares.

26. Income Taxes

Components of provision for income tax are as follows:

	2025	2024	2023
Profit or loss:			
Current	₱33,165,458	₱14,251,377	₱13,866,849
Deferred	29,311,679	24,614,905	44,842,006
	62,477,137	38,866,282	58,708,855
OCI -			
Deferred	1,108,421	–	1,607,149
	₱63,585,558	₱38,866,282	₱60,316,004

The components of the Group's net deferred tax assets and liabilities as at December 31, 2025 and 2024 are as follows:

	2025	2024
Net deferred tax assets:		
Retirement benefits liability	₱5,741,278	₱5,449,014
NOLCO	1,887,688	10,869,051
Effect of PFRS 16	1,225,572	624,743
Excess MCIT over RCIT	862,390	1,977,093
Allowance for ECL on receivables	680,407	680,407
Prepaid rental	79,937	33,522
Capitalized borrowing costs	(2,086,843)	(2,296,843)
Unrealized foreign exchange gain	(809)	(3,124)
	₱8,389,620	₱17,333,863
Net deferred tax liabilities:		
Fair value adjustments on investment properties	₱376,177,363	₱357,825,846
Revaluation surplus	41,028,406	41,028,406
NOLCO	(6,549,758)	(12,145,788)
Excess MCIT over RCIT	(3,767,721)	(2,422,970)
Retirement benefits liability	(3,331,780)	(3,447,331)
Allowance for ECL on deposits	(1,187,953)	(1,187,953)
Allowance for ECL on receivables	(19,678)	(19,678)
	₱402,348,879	₱379,630,532

Under the Republic Act No. 11494, Bayanihan to Recover As One Act, and Revenue Regulations No. 25-2021, the Group is allowed to carry over its operating losses incurred for the taxable years 2020 and 2021 for the next five years immediately following the year of such loss.

The details of the Group's NOLCO are as follows:

Year	Amount	Incurred	Utilized	Expired	Balance	Expiry Year
2025	₱-	₱3,317,095	₱-	₱-	₱3,317,095	2028
2024	7,510,400	-	(3,748,833)	-	3,761,567	2027
2023	24,562,961	-	(20,346,828)	-	4,216,133	2026
2022	12,462,358	-	(9,791,720)	(2,670,638)	-	2025
2021	27,062,149	-	-	-	27,062,149	2026
2020	27,436,501	-	(1,732,014)	(25,704,487)	-	2025
	₱99,034,369	₱3,317,095	(₱35,619,395)	(₱28,375,125)	₱38,356,944	

Deferred tax asset pertaining to NOLCO of subsidiaries amounting to ₱0.8 million, ₱0.9 million and ₱0.7 million as at December 31, 2025, 2024 and 2023, respectively, was not recognized since management has assessed that there may be no sufficient future taxable profit against which the deferred tax asset can be utilized within the period allowed by the tax regulations.

Details of the Group's MCIT, which can be claimed as credit against future income tax liability, are as follows:

Year	Amount	Incurred	Utilized	Expired	Balance	Expiry Year
2025	₱-	₱1,869,853	₱-	₱-	₱1,869,853	2028
2024	2,568,168	-	(737,624)	-	1,830,544	2027
2023	1,226,737	-	(297,023)	-	929,714	2026
2022	605,158	-	(207,843)	(397,315)	-	2025
	₱4,400,063	₱1,869,853	(₱1,242,490)	(₱397,315)	₱4,630,111	

The reconciliation of provision for income tax computed at the statutory income tax rates and the effective income tax rates follows:

	2025	2024	2023
At the applicable statutory income tax rates	₱70,216,153	₱90,393,703	₱204,647,712
Tax effects of:			
Net income under income tax holiday	(20,405,390)	(52,901,946)	(148,971,841)
Nondeductible expenses	6,578,213	1,386,150	686,916
Expired NOLCO	6,514,867	-	-
Interest income already subjected to final tax	(586,162)	(356,155)	(260,495)
Expired MCIT	397,315	228,165	133,296
Change in unrecognized deferred tax assets	(245,594)	118,768	134,806
Change in tax rate	7,735	(2,403)	2,338,461
At effective income tax rates	₱62,477,137	₱38,866,282	₱58,708,855

OPI is registered with the BOI under the Omnibus Investments Code of 1987. As an incentive, OPI is entitled to income tax holiday for seven years from actual commercial operations of IMHPP.

On November 8, 2024, the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act was signed into law, with effectivity date of November 28, 2024. This Act introduces several tax reforms, including a reduction in the corporate income tax rate for registered business enterprises from 25% to 20% and enhanced deductions, such as a 100% additional deduction for power expenses.

The Implementing Rules and Regulations for CREATE MORE was signed on February 17, 2025, providing further guidance on the eligibility, application process, and compliance requirements for tax incentives. OPI will evaluate the eligibility for additional deductions and other incentives, as well as their potential impact on future periods, once further guidance and implementation details become available.

27. Reconciliation of Liabilities Arising from Financing Activities

The table below details the changes in the Group's liabilities arising from financing activities, including cash and noncash changes:

	Loans Payable	Due to Related Parties	Dividends Payable	Lease Liabilities	Long-term Trade Payable	Accrued Interest
Balance as at December 31, 2023	₱1,303,241,494	₱221,149,936	₱173,329,136	₱-	₱-	₱-
Cash charges:						
Availments	430,339,450	-	-	-	-	-
Payments	(530,267,307)	(4,140,005)	(5,806,726)	(8,785,000)	(1,097,175)	(76,921,007)
Advances	-	50,701,061	-	-	-	-
Noncash charges:						
Recognition	-	-	-	76,959,127	-	-
Reclassification	-	-	-	-	43,886,981	-
Application	-	-	(11,157,030)	-	-	-
Interest expense	-	-	-	7,901,151	-	76,921,007
Balance as at December 31, 2024	₱1,203,313,637	₱267,710,992	₱156,365,380	₱76,075,278	₱42,789,806	₱-
Cash charges:						
Availments	₱521,856,827	₱-	₱-	₱-	₱-	₱-
Payments	(690,852,012)	(36,495,624)	(9,156,673)	(9,499,286)	(2,194,349)	(67,598,998)
Advances	-	51,861,933	-	-	-	-
Noncash charges:						
Recognition	-	-	152,778,415	8,974,284	-	-
Reclassification	-	-	-	-	-	-
Application	-	-	-	-	-	-
Interest expense	-	-	-	8,265,529	-	67,598,998
Balance as at December 31, 2025	₱1,034,318,452	₱283,077,301	₱299,987,122	₱83,815,805	₱40,595,457	₱-

28. Financial Instruments - Risk Management and Fair Value Disclosures

The Group's financial assets consist primarily of cash and cash equivalents, trade and other receivables, receivable arising from ERC order, due from related parties; short-term placement, deposits and guarantee deposit (all presented as part of "Other current assets" account), financial assets at FVOCI and other noncurrent assets. The Group's principal financial liabilities include trade and other payables (excluding statutory payables), payable arising from ERC order, loans payable, lease liabilities, due to related parties, dividends payable, installment payable and customers' deposits. These financial instruments are utilized to support the Group's operational and strategic requirements.

The Group is exposed to financial risks, including interest rate risk, credit risk, and liquidity risk, which are actively managed by the BOD and management. Risk management policies are reviewed periodically to reflect changes in market conditions and the Group's activities. The following summarizes the Group's financial risk management objectives, policies and fair value measurement:

Financial Risk Management

Interest Rate Risk

Interest rate risk arises from fluctuations in market interest rates that could affect the fair value or future cash flows of financial instruments. The Group's primary exposure to this risk relates to bank loans.

- *Risk Exposure.* The Group's long-term loans have fixed interest rates, exposing the Group to fair value interest rate risk rather than cash flow interest rate risk.
- *Risk Management.* The Group regularly monitors interest rate movements, utilizing current and projected economic and monetary data to evaluate financing options. Future interest rate changes are not expected to materially impact the Group's net income; hence, no sensitivity analysis is presented. The interest rates of these loans are disclosed in Note 15.

Credit Risk

Credit risk is the risk when a counterparty fails to meet its contractual obligations. The Group's maximum exposure to credit risk, before considering collateral and credit enhancements, is as follows:

	2025	2024
Cash in banks and cash equivalents	₱255,586,090	₱177,729,019
Trade and other receivables	821,437,355	749,308,133
Receivable arising from ERC order	526,803,708	-
Due from related parties	90,476,464	119,759,782
Short-term placement*	17,883,790	17,593,474
Deposits*	113,000	108,000
Guarantee deposit*	-	122,000,000
Other noncurrent assets	12,132,573	43,557,756
	₱1,724,432,980	₱1,230,056,164

*Presented as part of other current assets (see Note 8)

- *Risk Management.* The Group minimizes credit risk by transacting only with reputable banks and customers with strong financial position. Credit ratings, financial history, and other relevant factors are reviewed to assess counterparties. Internal risk limits are set, monitored, and periodically reassessed by management.

- **Impairment and ECL.** The Group applies the simplified approach under PFRS 9, measuring lifetime ECL for trade and other receivables. Provision rates are based on historical trends, customer segments, and current and forward-looking information. Receivables are written off if past due for more than 360 days and enforcement actions are deemed impractical.

Using the ECL allowance, the credit risk exposure on the Group's trade and other receivables is disclosed in Note 5.

Sales to customers are required to be settled in cash, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The credit quality of financial assets at amortized cost is managed by the Group using the internal credit quality ratings as follows:

	2025			
	Neither Past Due Nor Impaired			Total
	High Grade	Standard Grade	Substandard Grade	
Cash in banks and cash equivalents	P255,586,090	P-	P-	P255,586,090
Trade and other receivables	-	816,613,553	4,823,802	821,437,355
Receivable arising from ERC order	-	526,803,708	-	526,803,708
Due from related parties	-	90,476,464	-	90,476,464
Short-term placement*	-	17,883,790	-	17,883,790
Deposits*	-	113,000	-	113,000
Other noncurrent assets	-	9,482,932	2,649,641	12,132,573
Total	P255,586,090	P1,461,373,447	P7,473,443	P1,724,432,980

*Presented as part of other current assets (see Note 8)

	2024			
	Neither Past Due Nor Impaired			Total
	High Grade	Standard Grade	Substandard Grade	
Cash in banks and cash equivalents	P177,729,019	P-	P-	P177,729,019
Trade and other receivables	-	744,484,331	4,823,802	749,308,133
Due from related parties	-	119,759,782	-	119,759,782
Short-term placement*	-	17,593,474	-	17,593,474
Deposits*	-	108,000	-	108,000
Guarantee deposit*	-	122,000,000	-	122,000,000
Other noncurrent assets	-	40,908,115	2,649,641	43,557,756
Total	P177,729,019	P1,044,853,702	P7,473,443	P1,230,056,164

*Presented as part of other current assets (see Note 8)

- **High Grade.** Pertains to counterparty who is not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions and companies. Credit quality was determined based on the credit standing of the counterparty.
- **Standard Grade.** Other financial assets not belonging to high-grade financial assets are included in this category.
- **Substandard Grade.** Substandard grade financial assets are those which have the probability of impairment based on historical trend.

Liquidity Risk

Liquidity risk arises from the potential difficulty in meeting financial obligations as they fall due. The Group aims to maintain sufficient liquidity to meet its liabilities, even under stressed conditions, without incurring unacceptable losses or risking its reputation.

- *Risk Management.* The Group regularly monitors cashflow forecasts and matches the maturities of financial assets and liabilities.

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31, 2025 and 2024 based on undiscounted cash flows:

	2025			Total
	Payable Within One Year	One to Five Years	Over Five Years	
Trade and other payables*	₱974,283,872	₱–	₱–	₱974,283,872
Payable arising from ERC order	64,957,678	259,830,711	232,765,012	557,553,401
Loans payable	654,319,070	379,999,382	–	1,034,318,452
Lease liabilities	9,642,143	39,425,714	147,303,036	196,370,893
Due to related parties	283,077,301	–	–	283,077,301
Dividends payable	299,987,122	–	–	299,987,122
Installment payable	–	10,971,745	27,429,363	38,401,108
Customers' deposits	–	–	43,768,723	43,768,723
Future interest on loans	41,486,177	110,933,583	–	152,419,760
	₱2,327,753,363	₱801,161,135	₱451,266,134	₱3,580,180,632

*Excluding statutory payables (see Note 14)

	2024			Total
	Payable Within One Year	One to Five Years	Over Five Years	
Trade and other payables*	₱839,888,505	₱–	₱–	₱839,888,505
Loans payable	941,301,998	262,011,639	–	1,203,313,637
Lease liabilities	8,785,000	35,140,000	147,373,750	191,298,750
Due to related parties	267,710,992	–	–	267,710,992
Dividends payable	156,365,380	–	–	156,365,380
Installment payable	–	10,971,745	29,623,712	40,595,457
Customers' deposits	–	–	40,672,940	40,672,940
Future interest on loans	27,865,397	8,257,362	–	36,122,759
	₱2,241,917,272	₱316,380,746	₱217,670,402	₱2,775,968,420

*Excluding statutory payables (see Note 14)

Fair Value of Financial Measurements

The carrying amounts and fair value of the Group's financial instruments as at December 31, 2025 and 2024 are as follows:

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Financial Assets at FVOCI -				
Investment in unquoted				
Shares of stocks	₱109,606,202	₱109,606,202	₱113,871,047	₱113,871,047
Financial Assets				
at Amortized Cost:				
Cash and cash equivalents	255,997,089	255,997,089	178,090,019	178,090,019
Trade and other receivables	816,613,553	816,613,553	744,484,331	744,484,331
Receivable arising from ERC order	526,803,708	526,803,708	–	–
Due from related parties	90,476,464	90,476,464	119,759,782	119,759,782
Short-term placement*	17,883,790	17,883,790	17,593,474	17,593,474
Deposits*	113,000	113,000	108,000	108,000
Guarantee deposit*	–	–	122,000,000	122,000,000
Other noncurrent assets	9,482,932	9,482,932	40,908,115	40,908,115
	₱1,826,976,738	₱1,826,976,738	₱1,336,814,768	₱1,336,814,768

*Presented as part of other current assets (see Note 8)

Financial Liabilities

Financial Liabilities				
at amortized cost:				
Trade and other payables*	₱974,283,872	₱974,283,872	₱839,888,505	₱839,888,505
Payable arising from ERC order	440,295,282	440,295,282	–	–
Loans payable	1,034,318,452	1,034,073,060	1,203,313,637	1,115,493,322
Due to related parties	283,077,301	283,077,301	267,710,992	267,710,992
Dividends payable	299,987,122	299,987,122	156,365,380	156,365,380
Installment payable	38,401,108	38,401,108	40,595,457	40,595,457
Customers' deposits	43,768,723	43,768,723	40,672,940	40,672,940
	₱3,114,131,860	₱3,113,886,468	₱2,548,546,911	₱2,460,726,596

*Excluding statutory payables (see Note 14)

The Group has determined that carrying amounts of cash and cash equivalents, trade and other receivables, due from related parties, short-term placement, deposits, guarantee deposit, trade and other payables (excluding statutory payables), due to related parties and dividends payable approximate their fair values because these are mostly short term in nature.

The fair value of investment in unquoted shares is determined using the adjusted net asset method (Level 3). Significant increase (decrease) in the net asset value would result in a significantly lower (higher) fair value measurement.

The fair value of other noncurrent assets, installment payable and customers' deposits approximates its carrying amount. Management assessed that the effect of discounting is not material. These are classified under Level 3 of the fair value hierarchy groups.

The fair value of the receivable and payable arising from ERC order is determined based on the discounted cash flow analysis using effective interest rate of 5.69%. Significant increase (decrease) in the discount rate would result in a significantly lower (higher) fair value measurement. This financial asset and liability is classified under Level 3 of the fair value hierarchy groups.

The fair value of the loans payable is determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. Significant increase (decrease) in the discount rate would result in a significantly lower (higher) fair value measurement. This financial liability is classified under Level 3 of the fair value hierarchy groups.

The fair value hierarchy groups the financial assets and liabilities into Levels 1 to 3 based on the degree to which the fair value is observable. There were no transfers among levels in 2025 and 2024.

29. Operating Segment Information

The financial information for reportable segments presented below has been aligned with the mandatory categories of income and expenses under PFRS 18. Details are as follows:

	2025					Total
	Power Sales	Water Utilities	Rentals	Technical Services	Others	
Operating Category						
External revenue	₱1,252,769,601	₱378,444,785	₱62,258,381	₱28,798,642	₱-	₱1,722,271,409
Inter-segment revenue	-	-	12,140,177	22,487,657	-	34,627,834
Operating profit (loss)	204,968,536	94,235,706	55,167,690	(19,448,263)	4,113,265	339,036,934
Investing Category						
Interest income	₱1,357,132	₱462,760	₱265,790	₱177,134	₱165,251	₱2,428,067
Investing profit (loss)	206,325,668	94,698,466	55,433,480	(19,271,129)	4,278,516	341,465,001
Financing Category						
Interest expense	₱64,261,268	₱11,370,578	₱127,728	₱104,953	₱-	₱75,864,527
Financing profit (loss)	142,064,400	83,327,888	55,305,752	(19,376,082)	4,278,516	265,600,474
Total assets	₱4,155,455,362	₱1,175,222,254	₱1,928,441,108	₱169,929,341	₱257,541,059	₱7,686,589,124
Total liabilities	₱2,244,168,795	₱526,904,872	₱765,112,490	₱106,973,917	₱77,915,413	₱3,721,075,487
Additions to - Property, plant and equipment	₱174,790,106	₱122,921,916	₱23,145,895	₱2,825,473	₱-	₱323,683,390
Other information - Depreciation and amortization	₱153,790,237	₱56,051,458	₱14,773,847	₱1,039,901	₱-	₱225,655,443

2024						
	Power Sales	Water Utilities	Rentals	Technical Services	Others	Total
Operating Category						
External revenue	₱1,201,158,256	₱313,795,774	₱55,132,399	₱27,801,147	₱-	₱1,597,887,576
Inter-segment revenue	-	-	13,099,740	24,090,034	-	37,189,774
Operating profit (loss)	291,611,747	70,929,573	103,998,486	(29,673,740)	(860,474)	436,005,592
Investing Category						
Interest income	₱121,331	₱343,341	₱316,998	₱188,407	₱703,359	₱1,673,436
Investing profit (loss)	291,733,078	71,272,914	104,315,484	(29,485,333)	(157,115)	437,679,028
Financing Category						
Interest expense	₱74,662,863	₱9,947,108	₱116,478	₱95,709	₱-	₱84,822,158
Financing profit (loss)	217,070,215	61,325,806	104,199,006	(29,581,042)	(157,115)	352,856,870
Total assets	₱3,635,973,970	₱1,067,829,187	₱1,850,181,305	₱190,296,297	₱265,837,762	₱7,010,118,521
Total liabilities	₱1,787,424,010	₱520,772,904	₱588,451,284	₱117,720,665	₱79,622,884	₱3,093,991,747
Additions to -						
Property, plant and equipment	₱64,959,087	₱84,841,542	₱21,153,058	₱2,670,859	₱-	₱173,624,546
Other information -						
Depreciation and amortization	₱150,312,941	₱26,096,735	₱12,705,932	₱583,176	₱-	₱189,698,784
2023						
	Power Sales	Water Utilities	Rentals	Technical Services	Others	Total
Operating Category						
External revenue	₱1,370,173,669	₱298,104,333	₱54,617,878	₱24,428,483	₱-	₱1,747,324,363
Inter-segment revenue	-	-	12,897,750	20,165,394	-	33,063,144
Operating profit (loss)	473,692,430	67,618,423	64,497,631	36,826,088	72,309,085	714,943,657
Investing Category						
Interest income	₱139,371	₱333,501	₱365,994	₱69,076	₱183,653	₱1,091,595
Investing profit (loss)	473,831,801	67,951,924	64,863,625	36,895,164	72,492,738	716,035,252
Financing Category						
Interest expense	₱96,876,102	₱2,515,286	₱-	₱-	₱-	₱99,391,388
Financing profit (loss)	376,955,699	65,436,638	64,863,625	36,895,164	72,492,738	616,643,864
Total assets	₱3,696,766,106	₱935,496,311	₱1,796,529,443	₱191,373,265	₱162,157,513	₱6,782,322,638
Total liabilities	₱2,136,048,088	₱352,590,628	₱518,506,830	₱98,753,858	₱78,678,744	₱3,184,578,148
Additions to -						
Property, plant and equipment	₱27,230,696	₱68,473,402	₱9,119,953	₱-	₱-	₱104,824,051
Other information -						
Depreciation and amortization	₱132,388,134	₱32,371,116	₱6,242,660	₱619,874	₱-	₱171,621,784

Major Customer

Other than ORMECO and NPC, the Group does not have any other single external customer from which sales revenue generated amounted to 10% or more of the total revenues of the Group.

30. Contingencies

The Group is a party to certain lawsuits or claims arising from the ordinary course of business. The Group's management and legal counsel believes that the eventual liabilities under these lawsuit or claims, if any, will not have a material effect on the consolidated financial statements, and thus, no provision has been made for these contingent liabilities.

Details of pending cases are as follows:

a. Parent Company vs. Philippine British Assurance Co., Inc.

- Civil Case No. 044051, Regional Trial Court, National Capital Judicial Region, Branch 143, Makati City

In 2004, the Parent Company filed a Complaint [With Application for The Issuance of A Writ of Preliminary Attachment] (the Complaint) with the Regional Trial Court (RTC) of Makati City. The Complaint sought the recovery of the Parent Company's outstanding insurance claims against defendant Philippine British Assurance Co., Inc. (PBAC) amounting to at least ₱34.9 million, exclusive of interest. In addition, the Parent Company prayed for the payment of ₱2.0 million by way of exemplary damages and ₱1.0 million as attorney's fees and litigation expenses.

In 2016, the Parent Company received a copy of the Decision dated December 7, 2016, where the trial court rendered judgement in favor of the Parent Company and against PBAC. In the said Decision, PBAC was ordered to pay the Parent Company the following:

1. ₱25.0 million under the Policy HOF01FD-FL-S001737 for the damage to the machineries, equipment and other facilities usual to the Parent Company's business including building improvements and betterments thereon, plus interest of 12% per annum from November 21, 2001, until fully paid;
2. ₱10.0 million under Policy HOF01FD-FI-S001738 for office furniture, fixtures, fittings and other equipment usual to the Parent Company's business including building improvements and betterments thereon, plus 12% per annum from November 21, 2001, until fully paid; and
3. Costs of suit.

In 2017, the Parent Company received a copy of defendant PBAC's Notice of Appeal on the ground that the Decision are supposedly not in accord with the facts established by evidence on record and are contrary to law. The Parent Company then received a copy of the Court's Order giving due course to the Notice of Appeal and directing the transmittal of the records of the case to the Court of Appeals for proper disposition.

- CA G.R. CV No. 109088, Court of Appeals (CA), Manila, Special Fifteenth (15th) Division

In 2017, plaintiff-appellee the Parent Company received a letter dated from the Court of Appeals, which noted a deficiency in the original records of the case transmitted by the trial court to the Court of Appeals, specifically, the unsigned Transcript of Stenographic Notes and directing the Clerk of the Court of the trial court to cure said defect within ten (10) days from notice.

In 2018, plaintiff-appellee the Parent Company received a copy of the Notice to File Brief issued by the Honorable Court, requiring defendant-appellant PBAC to file its Appellant's Brief within forty-five (45) days from notice and giving plaintiff-appellee the Parent Company the same period from receipt thereof within which to file the Parent Company's Brief. Likewise, defendant-appellant PBAC was given twenty (20) days from receipt of plaintiff-appellee the Parent Company's Brief within which to file its Reply Brief.

In 2019, plaintiff-appellee the Parent Company filed its Appellee's Brief, in response to the defendant-appellant PBAC brief, through counsel with the Court of Appeals, 7th Division through registered mail.

On October 9, 2020, the Parent Company received the CA Decision dated September 24, 2020, which favorably dismissed the appeal of PBAC and affirmed the RTC decision dated December 7, 2016 but reduced the interest rate from 12% to 6% per annum reckoned from November 21, 2001 until the finality of the judgment and until its full satisfaction.

On November 3, 2020, PBAC filed motion for reconsideration which was denied by the CA on its Resolution dated June 1, 2021. On July 9, 2021, the Parent Company received the CA's Resolution dated June 4, 2021, rectifying the Resolution dated June 1, 2021, to reflect the true import and meaning of the CA Decision.

- G.R. No. 256680, Supreme Court (SC), Manila, Third (3rd) Division

On July 30, 2021, PBAC filed its Petition for Review on Certiorari dated July 27, 2021, praying for the reversal and setting aside of the CA Decision and CA Resolutions.

On November 29, 2021, the Parent Company received a copy of the SC's Resolution dated October 11, 2021, which, among others, denied the Petition for Review on Certiorari for failure to sufficiently show any reversible error in the assailed judgment to warrant the exercise of the SC's discretionary appellate jurisdiction.

On December 20, 2021, the Parent Company received a copy of PBAC's Motion for Reconsideration (MR) dated December 6, 2021.

On March 20, 2023, the Parent Company received the PBAC's Supplemental MR dated March 6, 2023, which claimed that the Parent Company's non-disclosure of co-insurance prevents the claims, a matter which was not raised in its MR.

On August 18, 2023, the Parent Company received a Resolution from the SC ordering the Parent Company to file its Comment to the MR filed by PBAC.

On September 7, 2023, the Parent Company filed a Comment/Opposition on the MR filed by PBAC on December 6, 2021, and on the Supplemental MR filed on March 6, 2023.

On October 20, 2023, the Parent Company received a copy of PBAC's Motion to File and Admit Reply dated October 9, 2023.

On September 5, 2024, the Parent Company received a copy of PBAC's Omnibus Motion dated August 29, 2024.

On July 8, 2025, the Parent Company received a copy of the SC resolution granting PBAC's Motion for Reconsideration dated December 6, 2021.

On July 23, 2025, the Parent Company filed Motion for Reconsideration of even date, praying for the reconsideration of the Resolution dated March 5, 2025 and for the SC to render a decision denying PBAC's Motion for reconsideration dated December 6, 2021 and Supplemental Motion for Reconsideration dated March 6, 2023. As of reporting date, the Parent Company's Motion for Reconsideration is pending resolution.

b. Legal Cases involving OPI:

In the Matter of the Application for Approval of the Power Supply Agreement (PSA) between ORMECO and OPI with Prayer for Issuance of Provisional Authority (PA), ERC Case No. 2011-017 RC

On June 21, 2016, the ERC issued its Decision approving the PSA between ORMECO and OPI for the Modular Bunker Fuel-Fired Power Plant in Calapan City subject to the condition that the approved rates shall be ₱2.0931/kWh (pre-maximization) and ₱1.9686/kWh (post-maximization) as opposed to the PSA generation rate of ₱2.95/kWh.

On October 17, 2016, OPI filed an Omnibus Motion for Partial Reconsideration and for the issuance of a Status Quo Order to the ERC (Omnibus Motion). In its Omnibus Motion, OPI requested that the ERC should reconsider to (1) include the pre-operating expenses, contingency, permits/licenses and other development costs in ERC's computation of the total project cost as a component of the capacity fee and (2) use the historical average of the actual delivered energy instead of the contracted energy of 3,800,000 kWh/month and 4,939,200 kWh/month in fixing the billing determinants. In the Omnibus Motion, OPI prayed for the issuance of a Status Quo Order enjoining the ORMECO and NPC to observe the status prevailing prior to the issuance of the Decision dated June 21, 2016.

In response, the ERC issued a Status Quo Ante Order on June 6, 2017 deferring the implementation of the approved generation rates for a period of no more than six (6) months or until the issues raised in OPI's Motions have been resolved. The ERC has extended the Status Quo Order until September 5, 2019 to review further the case in view of the discrepancies of the rate components prescribed under the PSA and the presented in the Omnibus Motion.

On June 8, 2020, OPI received ERC's Order dated September 3, 2019, partially granting OPI's Motion for Reconsideration and Supplementary Motion for Consideration and pronounced the basic tariff rate, net of fuel, of ₱2.2959 (pre-maximization) using the contracted energy of 3,800,000 kWh/month and ₱2.1522 (post-maximization) using the contracted energy of 4,939,200 kWh/month.

In the said Order, ERC also directed OPI and ORMECO to file recovery and refund schemes based on the final rates approved. OPI filed its Manifestation with the ERC recognizing the above-mentioned rates on June 23, 2020, and also filed its Notice of Compliance on July 8, 2020, detailing the recovery and refund scheme.

On January 22, 2021, OPI filed a Motion for Clarification dated January 14, 2021, seeking to clarify or confirm whether the indexation per approved adjustment formula in the Decision dated June 21, 2016, remains applicable in computing the operation and maintenance (O&M) fees. In addition, OPI requested ERC to require NPC to settle the unpaid portion of OPI's billed O&M fees pertaining to adjustment, with interest from the time it was unilaterally withheld until full payment is made, considering that OPI was detrimentally affected by the act of NPC, and has resorted to borrowings to finance its continuous operation. OPI is still awaiting reply from ERC.

Additionally, on April 15, 2021, OPI filed a Comment to ORMECO's Compliance Ad Cautelam dated July 28, 2020, and prayed that the same be duly considered in the resolution of OPI's Recovery Scheme submitted to implement ERC Order dated September 3, 2019.

On October 24, 2022, OPI wrote a Letter-Request to the ERC for Notice of Finality. OPI asserted that, based on records, no appeal from the September 3, 2019 Order was filed by any of the parties within the reglementary period. Thus, applying the relevant provisions of the ERC's Rules of Practice and Procedure the Decision dated 21 June 2016 has already become final and unappealable. In view of the foregoing, OPI requested the Honorable Commission for the issuance of a Notice of Finality of its Decision in ERC Case No. 2011-017 RC.

Also, on January 27, 2023, OPI filed a Reply with Motion to Resolve before the ERC. OPI alleged the following:

- a. NPC has already prematurely implemented the reliefs being prayed for pre-empting the Honorable Commission's ruling;
- b. In doing so, NPC seemed to disregard the Honorable Commission's mandate as the sole approving authority to grant rates, including appropriate adjustment and/or indexation thereof;
- c. In its letter to NPC dated 26 January 2022, ERC said that NPC's inclination to suspend approved rates pending prior approval from the Honorable Commission was inappropriate and without legal basis, and that NPC should refrain from continuing its act of withholding payments absent any formal ruling of the Commission thereon;
- d. O&M Fees are subject of indexation/adjustment:
 1. The adjustment/indexation of the O&M Fees is mutually agreed upon by OPI and ORMECO under their PSA;
 2. The adjustment/indexation was approved by the Honorable Commission in its 2016 Decision;
 3. OPI did not seek reconsideration of the O&M Fees, not being part of its Omnibus Motion for Partial Reconsideration, which was resolved in the 2019 Order. Further, the 2019 Order did not order OPI to discontinue the previously approved indexation/adjustment of the O&M Fees;

4. Subjecting the O&M Fees to the approved adjustment formula is also in accordance with Section 43 (f) of the Electric Power Industry Reform Act of 2001 (“EPIRA”) providing that rates must be such as to allow the recovery of just and reasonable costs to enable the entity, in this case OPI, to operate;
 5. Adjustment/indexation is in line with the ERC’s policy of allowing indexation of O&M Fees owing to its nature as recurring expenses in the operation of power plant facilities. By directly collecting from OPI, NPC conveniently failed to mention the fact that ORMECO has yet to pay its obligation to OPI and that, in turn, OPI can only fulfill its financial obligations to NPC once OPI receives payment from ORMECO.
- e. OPI prayed that its Motion for Clarification dated 14 January 2021 be resolved.

On June 6, 2023, OPI prayed that the instant Urgent Motion for Resolution be duly approved and OPI’s Motion for Clarification dated January 22, 2021, be immediately resolved. On June 20, 2023, NPC prayed for the resolution of its Manifestation and Motion dated June 25, 2020, and OPI’s Motion for Clarification dated January 14, 2021. On December 24, 2023, OPI prayed that the 2nd Urgent Motion for Resolution be duly considered and approved, and OPI’s Motion for Clarification filed on January 22, 2021, be immediately resolved through the issuance of an Order on the following:

1. Clarifying that OPI’s O&M Fees are subject to indexation/adjustment as per approved adjustment formula under the 2016 Decision; and
2. Directing NPC to settle all the unpaid portions of OPI’s billed O&M Fees pertaining to the withheld adjustment amounting to ₱86.2 million as of September 25, 2023, and counting, plus interest from the time it was unilaterally withheld until the full payment and/or resolution thereof.

The ERC, in its Order dated September 3, 2019 on ERC Case No. 2011-017 RC, directed OPI and ORMECO to submit a refund/recovery scheme for the following period considering that there is a difference between the provisional rate and the recalculated final rate, viz:

	For the contracted energy of 3,800,000 kWh/month	For the contracted energy of 4,939,200 kWh/month
Period covered	From the date of actual implementation up to the last date of implementation of the original contracted capacity	From the date of the actual implementation of the additional contracted capacity up to the month before the implementation of the Order on the Partial Motion for Reconsideration

In OPI’s Notice of Compliance dated July 7, 2020, OPI computed the difference between the provisional and re-computed final rates to be ₱667.1 million, which represents OPI’s total collectibles from ORMECO. On the other hand, OPI is to refund the amount of ₱554.1 million to NPC for overpaid subsidy. Both the receivable and payable are inclusive of VAT.

On October 28, 2025, the ERC issued its final order in ERC Case No. 2011-017 RC directing OPI to refund to the UCMCE funds the difference of the implemented Provisional Rate against the Final rate within a period similar to the period of implementation.

The ERC, in its Letter dated March 30, 2026, clarified that the statement “*within a period similar to the period of implementation*” refers to the period from the start of implementation of the Provisional Authority Order dated 11 April 2011 up to the period before implementing the Final Authority rate, which was approved in the Order dated September 3, 2019. Hence, NPC’s monthly collection shall be based on said recovery period.

Based on OPI and NPC’s reconciliation, OPI incurred an over-recovery of approximately ₱557.6 million payable to NPC while ORMECO owes OPI ₱667.1 million representing under-recovery covering November 2011 to May 2020.

In accordance with the ERC Order dated October 28, 2025, and pursuant to reconciliation between OPI and NPC, OPI shall refund a net amount of ₱402.0 million representing the difference between the recomputed OPI’s refund to NPC’s UCMCE fund amounting to ₱557.6 million and the allowable O&M Indexation for OPI amounting to ₱155.6 million, within a period similar to the period of implementation as clarified in ERC Letter dated March 30, 2026.

As to OPI’s collectible from ORMECO, there is no ERC directive nor reconciliation yet as to the amount of recovery and its period of implementation.

Based on the ERC’s order and partial reconciliation, OPI recognized a ₱97.8 million revenue adjustment representing the net increase in transaction price arising from the reconciliation (computed as the difference between the recoverable amount from ORMECO and the over-recovery payable to NPC). In accordance with PFRS 15, the adjustment is recognized as revenue because

- a) it relates to electricity services previously delivered;
- b) it is based on ERC Order dated 03 September 2019 declaring the recalculated CRF by using the billing determinant - the determination of which shall be based on the Total Energy Output using the net dependable capacity of the plant and the number of available hours in a year, and not on the Actual Energy Delivered; and
- c) it is based on the reconciliation made by OPI and NPC.

The receivable from ORMECO is recognized as a long-term receivable, measured at present value due to the extended recovery period. The subsequent unwinding of the discount will be recognized as finance income over the recovery period. Correspondingly, the ₱440.3 million net amount payable to NPC is recognized as a long-term contract liability, also measured at present value, with the subsequent unwinding of the discount recognized as finance cost over the settlement period. Refer to Note 6 for details.

Management exercised significant judgement in determining the timing of revenue recognition, evaluating collectibility from ORMECO, assessing the existence of an enforceable right of set-off with NPC, and determining the appropriate measurement of long-term receivable and long-term contract payable. The settlement arrangements and related agreements substantively confirm the enforceability of rights and obligations arising from the ERC order.

In the Matter of the Approval of the Power Supply Agreement (PSA) between ORMECO and OPI with Prayer for Issuance of Provisional Authority (PA), ERC Case No. 2013-212 RC

On January 20, 2014, the ERC issued a PA on ERC Case No. 2013-212 RC with ₱5.90/kWh tariff rate. In addition, on January 12, 2015, ERC again issued another Order extending the aforesaid PA.

On December 22, 2021, OPI filed an Entry of Appearance with Omnibus Motions and Submission of Actual Costs dated December 16, 2021, relative to ERC's Resolution No. 02, Series of 2015 requiring the joint filing of applications for approval of PSAs by Distribution Utilities and Generation Companies. OPI joins ORMECO as a party in the application. Additionally, in the same motion, OPI prayed for the following:

- a. counsel's Entry of Appearance for OPI be duly noted;
- b. that the Omnibus Motions requesting the immediate, final resolution of the Application, reflecting therein inflation and foreign exchange variations, and exemption from electronic filing under RC Resolution No. 09, Series of 2020 be approved;
- c. that the Submission of its Actual Costs, including the attached exhibits, be duly admitted and considered in the final evaluation of the instant case; and
- d. that a Decision approving the subject PSA between ORMECO and OPI, particularly the proposed rate of ₱6.00/kWh, with the ERC's customarily approved/existing adjustment mechanisms for hydropower plants, be immediately issued.

On February 14, 2023, ERC issued an Order directing OPI to submit the following: (i) Justification/Supporting Documents for the proposed Consumer Price Index (CPI) Adjustment; (ii) Water Permit from the National Water Resources Board (NWRB); and (iii) Board of Investment (BOI) Certificate of Registration with attached Terms and Conditions. On March 26, 2023, OPI filed a Notice of Compliance and submitted the following:

- a. Memo on Inflationary Adjustments on O&M to justify the proposed adjustment/indexation to address inflation and foreign exchange fluctuations together with the AFS for 2019 to 2021;
- b. Water Permit from NWRB; and
- c. BOI Certificate of Registration with Terms and Conditions.

On April 12, 2023, OPI filed a Verified Motion and prayed that Order be issued by the Honorable Commission:

- a. To amend its directive of using fair market value for the transfer of the Calangatan Switchyard to NPC-Small Power Utilities Group (SPUG); instead, the acquisition cost be used in the transfer of the Calangatan Switchyard;
- b. In the alternative, should such transfer be based on fair market value, to qualify that "fair market value of the Calangatan Switchyard be based on commissioning date" bereft of depreciation.

As of May 8, 2026, OPI is currently waiting for the issuance of the Decision approving the PSA and its rates and adjustments (final authority) for IMHPP.

In Matter of the Application for the Approval of the PSA between ORMECO and OPI with Motions for Confidential Treatment of Information and Issuance of Provisional Authority (PA) or Interim Relief, ERC Case No. 2025-176 RC.

On December 10, 2025, the ERC issued an Order on ERC Case No. 2025-176 RC granting PA to implement the PSA with ₱3.7116/kWh tariff rate [capital recovery rate (CRR) of ₱2.5000/kWh, FOMR of ₱0.9243/kWh, and variable operation and maintenance rate (VOMR) of ₱0.2873/kWh] with guaranteed fuel and lube oil rate of ₱0.22 li/kWh and ₱0.0006 li/kWh, respectively. In addition, ERC disallowed the foreign exchange adjustment in the CRR and VOMR.

On December 29, 2025, OPI filed a Motion for Additional Time praying that it be given an additional period of thirty (30) days or until 29 January 2026, within which to submit the required supporting documents in compliance with the ERC's Order dated 10 December 2025.

On January 19, 2026, NPC filed a Memorandum praying that ERC consider its Memorandum in the resolution of OPI's application, and:

- a) Rule that in case OPI conducts emergency procurement of fuel, the price of fuel from the said emergency procurement should be based on the rate of fuel from the main supplier or based on the previous purchased price from other suppliers, whichever is lower.
- b) Direct OPI to submit the list and breakdown of its manpower (including number and position) that was considered on the derivation of its Fixed Operation and Maintenance Fee.
- c) Direct OPI to submit or attach meter reading reports per generating unit showing the Previous and Present Reading in its monthly subsidy claim.
- d) Order the non-entitlement of OPI to the UCME subsidy once Oriental Mindoro is interconnected to the main grid.
- e) Issue a separate Order approving the subsidy requirements of the instant application upon the issuance of Provisional Order or Final Order.

On January 30, 2026, OPI filed to ERC its Notice of Compliance with Motion and praying that the instant Notice of Compliance with Motion be DULY ADMITTED, thereby GRANTING (i) the foreign exchange adjustment in the CRR and VOMR, and (ii) a Guaranteed Fuel Consumption Rate of ₱0.2500 li/kWh and the Guaranteed Lube Oil Consumption Rate ₱0.0010 li/kWh.

May 8, 2026, OPI is waiting for the ERC ORDER on its Notice of Compliance with Motion and the final approval of the PSA.

31. Transition to PFRS 18

The Group applied PFRS 18 retrospectively. The following table reconciles the consolidated statements of comprehensive income for the years ended December 31, 2024 and 2023, as previously reported under PAS 1, to the restated presentation under PFRS 18:

	2024 (As previously reported under PAS 1)	Reclassification	2024 (As restated under PFRS 18)	PFRS 18 Category
REVENUE	₱1,597,887,576	₱-	₱1,597,887,576	Operating
DIRECT COSTS	(1,107,229,311)	-	(1,107,229,311)	Operating
GROSS PROFIT	490,658,265	-	490,658,265	
GENERAL AND ADMINISTRATIVE EXPENSES	(172,279,432)	-	(172,279,432)	Operating
FAIR VALUE GAIN ON INVESTMENT PROPERTIES	120,534,001	-	120,534,001	Operating
FINANCE COSTS	(84,822,158)	84,822,158	-	Operating
OTHER CHARGES - Net	(1,233,806)	(1,673,436)	(2,907,242)	Operating
OPERATING PROFIT	-	438,912,834	436,005,592	New Subtotal
INTEREST INCOME	-	1,673,436	1,673,436	Investing
PROFIT BEFORE FINANCING AND INCOME TAX	352,856,870	440,586,270	437,679,028	New Subtotal
FINANCE COSTS	-	(84,822,158)	(84,822,158)	Financing
PROFIT BEFORE INCOME TAX	352,856,870	-	352,856,870	
PROVISION FOR INCOME TAX	(38,866,282)	-	(38,866,282)	Tax
NET INCOME	313,990,588	-	313,990,588	
OTHER COMPREHENSIVE LOSS	(2,765,334)	-	(2,765,334)	
TOTAL COMPREHENSIVE INCOME	₱311,225,254	₱-	₱311,225,254	

	2023 (As previously reported under PAS 1)	Reclassification	2023 (As restated under PFRS 18)	PFRS 18 Category
REVENUE	₱1,747,324,363	₱-	₱1,747,324,363	Operating
DIRECT COSTS	(1,063,498,871)	-	(1,063,498,871)	Operating
GROSS PROFIT	683,825,492	-	683,825,492	
GENERAL AND ADMINISTRATIVE EXPENSES	(173,234,031)	-	(173,234,031)	Operating
FAIR VALUE GAIN ON INVESTMENT PROPERTIES	204,293,682	-	204,293,682	Operating
GAIN ON SALE ON INVESTMENT	-	3,857,920	3,857,920	
FINANCE COSTS	(99,391,388)	(99,391,388)	-	Operating
OTHER CHARGES - Net	(1,150,109)	(4,949,515)	(3,799,406)	Operating
OPERATING PROFIT	-	714,885,143	714,943,657	New Subtotal
INTEREST INCOME	-	1,091,595	1,091,595	Investing
PROFIT BEFORE FINANCING AND INCOME TAX	616,643,864	715,976,738	716,035,252	New Subtotal
FINANCE COSTS	-	(99,391,388)	(99,391,388)	Financing
PROFIT BEFORE INCOME TAX	616,643,864	-	616,643,864	
PROVISION FOR INCOME TAX	(58,708,855)	-	(58,708,855)	Tax
NET INCOME	557,935,009	-	557,935,009	
OTHER COMPREHENSIVE INCOME	88,929,179	-	88,929,179	
TOTAL COMPREHENSIVE INCOME	₱646,864,188	₱-	₱646,864,188	



INDEPENDENT AUDITORS REPORT ON ON SUPPLEMENTARY SCHEDULE

The Stockholders and the Board of Directors
JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
4/F 20 Lansbergh Place Bldg.
170 Tomas Morato Ave. cor. Scout Castor St.
Quezon City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES (the "Group") as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023, and have issued our report thereon dated May 8, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole.

The following supplementary schedules are the responsibility of the Group's management. These are presented for purposes of complying with the Revised Securities Regulation Code (SRC) Rule 68 Part II, and are not part of the basic consolidated financial statements.

- Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration as at December 31, 2025
- Schedules required by Annex 68-J as at December 31, 2025
- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2025 and 2024
- Conglomerate Map as at December 31, 2025

The supplementary schedules have been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

The Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management.



The financial soundness indicators are not measures of operating performance defined by the Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the years ended December 31, 2025 and 2024.

REYES TACANDONG & CO.

WILSON P. TEO

Partner

CPA Certificate No. 92765

Tax Identification No. 191-520-944-000

BOA Accreditation No. 4782/P-012; Valid until June 6, 2026

SEC Accreditation No. 92765-SEC Group A

Issued January 28, 2020

Valid for Financial Periods 2023 to 2025

BIR Accreditation No. 08-005144-014-2025

Valid until August 10, 2028

PTR No. 10764040

Issued January 2, 2026, Makati City

May 8, 2026

Makati City, Metro Manila

**RECONCILIATION OF THE PARENT COMPANY'S RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION**

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025

JOLLIVILLE HOLDINGS CORPORATION

4/F 20 LANSBERGH PLACE BLDG. 170 TOMAS MORATO AVE. COR. SCOUT CASTOR ST. QUEZON CITY

	Amount
Unappropriated retained earnings, beginning of reporting period	₱395,948,910
Add: Category A: Items that are directly credited to unappropriated retained earnings	
Reversal of retained earnings appropriation/s	₱185,862,750
Effect of restatements or prior-period adjustments	-
Others (describe nature)	-
Less: Category B: Items that are directly debited to unappropriated retained earnings	
Dividend declaration during the reporting period	(152,778,415)
Retained earnings appropriated during the reporting period	-
Effect of restatements or prior-period adjustments	-
Others (describe nature)	-
Unappropriated retained earnings, as adjusted	429,033,245
Add: Net income for the current year	4,728,544
Less: Category C.1 Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	-
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPL)	-
Unrealized fair value gain of investment property	(5,401,425)
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the Philippine Financial Reporting Standards (PFRS) (describe nature)	-
Sub-total	(5,401,425)
Add: Category C.2 Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	-
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVPL	-
Realized fair value of investment property	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-
Sub-total	₱-

(Forward)

	Amount
Add: <u>Category C.3</u> Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	P-
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at FVPL	-
Reversal of previously recorded fair value of investment property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-
Sub-total	-
Adjusted net income (loss)	(672,881)
Add: <u>Category D:</u> Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	-
Sub-total	-
Add/less: <u>Category E:</u> Adjustments related to relief granted by the SEC	
Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others (describe nature)	-
Sub-total	-
Add/less: <u>Category F:</u> Other items that should be excluded from the determination of the amount of available dividends distribution	-
Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(272,583)
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set-up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
Adjustment due to deviation from PFRS/GAAP – gain (loss)	-
Others (describe nature)	-
Sub-total	(272,583)
Total retained earnings, end of the reporting period available for dividend	P428,087,781

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2025 AND 2024

Below is a schedule showing financial soundness indicators of the Group as at and for the years ended December 31, 2025 and 2024.

Ratio	Formula	2025	2024
Current ratio			
	Current assets	₱1,498,623,563	₱1,459,698,422
	Divided by current liabilities	2,336,551,327	2,258,894,511
	Current Ratio	0.64	0.65
Quick ratio			
	Current assets less inventory	₱1,456,346,406	₱1,419,494,490
	Divided by current liabilities	2,336,551,327	2,258,894,511
	Quick Ratio	0.62	0.63
Solvency ratio			
	Net income before depreciation and amortization	₱428,778,780	₱503,689,372
	Divided by total liabilities	3,721,075,487	3,093,991,747
	Solvency Ratio	0.12	0.16
Interest coverage ratio			
	Earnings before interest and taxes	₱341,465,001	₱437,679,028
	Divided by interest expense	75,864,527	84,822,158
	Interest Coverage Ratio	4.50	5.16
Debt-to-equity ratio			
	Total liabilities	₱3,721,075,487	₱3,093,991,747
	Divided by total equity	3,965,513,637	3,916,126,774
	Debt-to-Equity Ratio	0.94	0.79
Asset-to-equity ratio			
	Total assets	₱7,686,589,124	₱7,010,118,521
	Divided by total equity	3,965,513,637	3,916,126,774
	Asset-to-Equity Ratio	1.94	1.79
Return on equity			
	Net income attributable to equity holders of the Parent Company	₱121,350,706	₱227,138,329
	Divided by average equity	2,939,733,514	2,843,739,901
	Return on Equity	4.13%	7.99%
Return on assets			
	Net income attributable to equity holders of the Parent Company	₱121,350,706	₱227,138,329
	Divided by average total assets	7,348,353,823	6,896,220,580
	Return on Assets	1.65%	3.29%

Ratio	Formula	2025	2024
Net profit margin			
	Net income attributable to equity holders of the Parent Company	₱121,350,706	₱227,138,329
	Divided by revenue	1,722,271,409	1,597,887,576
	Net Profit Margin	7.05%	14.21%
Gross profit margin			
	Gross profit	₱471,669,935	₱490,658,265
	Divided by revenue	1,722,271,409	1,597,887,576
	Gross Profit Margin	27.39%	30.71%
Price/earnings ratio			
	Price per share	₱3.08	₱6.79
	Divided by earnings per common share	0.43	0.81
	Price/Earnings Ratio	7.16	8.38

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES

Supplementary Schedules of External Auditor Fee Related Information

DECEMBER 31, 2025 AND 2024

	2025	2024
Total Audit Fees	₱2,421,188	₱2,290,000
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
Total Non-Audit Fees	—	—
Total Audit and Non-audit Fees	₱2,421,188	₱2,290,000

Audit and Non-audit Fees of Other Related Entities

	2025	2024
Audit Fees	₱—	₱—
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
Total Audit and Non-audit Fees of Other Related Entities	₱—	₱—

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES AS REQUIRED BY PART II of SRC RULE 68 AS AMENDED
DECEMBER 31, 2025

<u>Schedule</u>	<u>Description</u>	<u>Page</u>
A	Financial Assets	<u>1</u>
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	<u>N/A</u>
C	Amounts Receivable from Related Parties which are eliminated during the consolidation of the financial statements	<u>2</u>
D	Long-Term Debt	<u>3</u>
E	Indebtedness to Related Parties (Long-term Loans from Related Companies)	<u>N/A</u>
F	Guarantees of Securities of Other Issuers	<u>N/A</u>
G	Capital Stock	<u>4</u>

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES

**Schedule A
Financial Assets
DECEMBER 31, 2025**

Name of issuing entity and the description of investment	Number of shares or principal amount of securities	Amount in pesos	Equity in net losses of investee for the period	Excess of equity in net loss over cost	Others	Other Number of shares or principal amount of securities	Amount in pesos*	Dividends received from investment not accounted by equity method
Metro Agoon Waterworks Inc. (Investment in Associate)	4,800,000	₱4,800,000						—
Jolliville Leisure & Resort Corporation (Financial Asset at FVOCI)	14,500,000	14,500,000						—
Granville Ventures Inc. (Financial Asset at FVOCI)	500,000	500,000						—

Amount shown is part of Investment in Unquoted Shares account in the Consolidated Statement of Financial Position.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES

Schedule C

**Amounts Receivable from Related Parties which are Eliminated
During the Consolidation of the Financial Statements
DECEMBER 31, 2025**

Name of Related Parties	Balance at Beginning of Year	Balance at End of Year
Philippine Hydro Electric Ventures Inc. and a subsidiary	₱159,845,290	₱105,845,290
Ormina Realty & Development Corp.	31,523,358	37,523,358
2Big Philippines Inc. and subsidiaries	152,457,220	139,647,689
Jollideal Marketing Corporation	10,756,492	11,089,335
Ormin Holdings Corporation and subsidiaries	56,939,816	25,958,032
	₱411,522,176	₱320,063,704

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES

**Schedule D
Long-Term Debt
DECEMBER 31, 2025**

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown as Current	Amount Shown as Long-Term	Total Outstanding Loans Payable	Interest Rate	Number of Monthly Installment
Ormin Power Inc.						
Bank loan (PBB)	₱429,964,209	₱53,745,528	₱376,218,681	₱429,964,209	8.01%	32
Bank loan (DBP)	1,395,813,750	244,501,060	–	244,501,060	6.00% - 7.69%	105 - 114
Bank loan (MBTC)	4,601,600	1,507,488	1,938,411	3,445,900	8.93%	36
Bank loan (MBTC)	3,192,000	1,153,992	100,562	1,254,554	9.17%	35
Bank loan (RBR)	1,812,250	617,177	504,577	1,121,753	10.00%	35
Bank loan (MBTC)	2,232,000	786,391	278,264	1,064,655	8.70%	35
Bank loan (MBTC)	854,071	235,029	–	235,029	8.70%	36
Calapan Waterworks Corporation						
Bank loan (RBR)	1,703,200	594,540	320,030	914,570	10.00%	36
Ormina Realty and Development Corporation						
Bank loan (RBR)	1,866,400	651,508	350,695	1,002,203	10.00%	36
Servwell BPO International Inc.						
Bank loan (RBR)	1,533,600	535,337	288,162	823,499	10.00%	36
	₱1,843,573,080	₱304,328,050	₱379,999,382	₱684,327,432		

Note: The terms, interest rate, collaterals and other relevant information are shown in Note 15 to the Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES

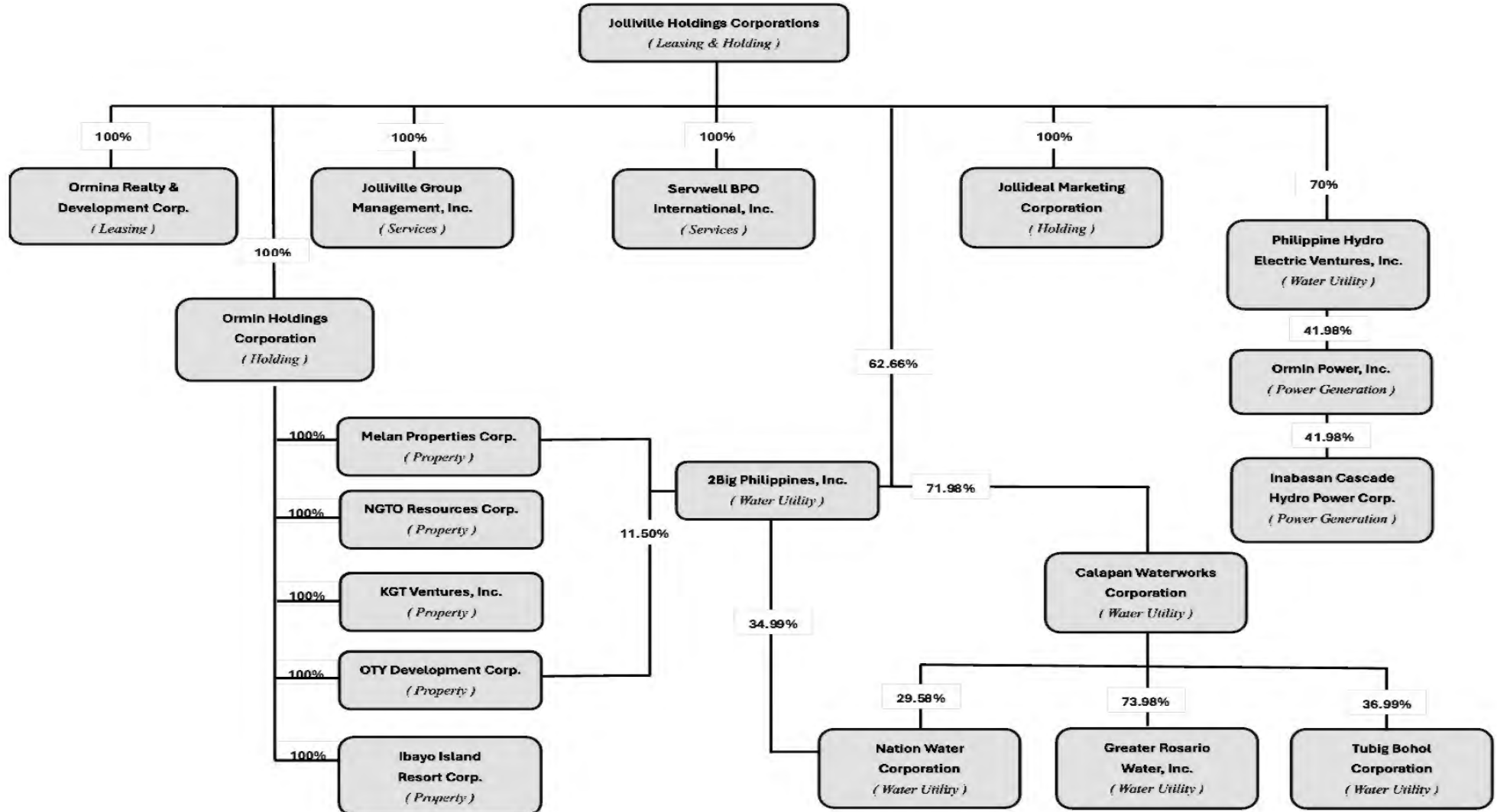
**Schedule G - Capital Stock
DECEMBER 31, 2025**

<i>Title of issue</i>	<i>Number of shares authorized</i>	<i>Number of shares issued and outstanding as shown under the related statement of financial position caption</i>	<i>Number of shares reserved for options, warrants, conversion and other rights</i>	<i>Deductions</i>		
				<i>Related parties</i>	<i>Directors, officers and employees*</i>	<i>Others</i>
Common Stock	1,000,000,000	281,500,000	-	175,799,491	9,310,002	96,390,507

**includes indirectly held but beneficially owned shares*

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES

CONGLOMERATE MAP DECEMBER 31, 2025



**JOLLIVILLE HOLDINGS
CORPORATION AND
SUBSIDIARIES**

**SUSTAINABILITY
REPORT**

For the year ended December 31, 2025

SUSTAINABILTY REPORT

Contextual Information

Company Details	
Name of Organization	Jolliville Holdings Corporation
Location of Headquarters	<i>Principal Place of Business:</i> 4 th Floor 20 Lansbergh Place Bldg., 170 Tomas Morato Ave., cor. Sct. Castor St., Quezon City
Location of Operations	<p>I. Holding II. Leasing III. General Management Services IV. Business Process Outsourcing Services</p> <p>Location of Operations of I-IV is at 4th Floor 20 Lansbergh Place, 170 Tomas Morato Avenue, Quezon City</p> <p>V. Water Utility A. Strong Republic, Nautical Hi-way, Bayanan 1, Calapan City, Oriental Mindoro B. Czare Building, Provincial Road, Magsaysay, Tabuk City, Kalinga</p> <p>VI. Energy and Power A. 9.6 MW Diesel Power Plant Barangay Sta. Isabel, Calapan City, Oriental Mindoro B. 10 MW Mini-Hydro Power Facility Municipality of San Teodoro, Oriental Mindoro</p>
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This report involves the business operations of the Group: <ol style="list-style-type: none"> 1. Parent Company Jolliville Holdings Corporation (JOH) 2. Subsidiaries <ol style="list-style-type: none"> a. Calapan Waterworks Corporation (CWWC) b. Ormin Power Inc. (OPI)
Business Model, including Primary Activities, Brands, Products, and Services	The Parent Company operates as a Holding company while subsidiaries focus on real property business, general management and business process outsourcing, water utility and power generation..
Reporting Period	December 31, 2025
Highest Ranking Person responsible for this report.	Ortrud T. Yao, Chief Finance Officer

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.

Materiality is set taking into consideration the sources of the Group revenues. Materiality is set at 10% of the Group revenues.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	1,631,214,386	PhP
Direct economic value distributed:		
a. Operating Costs	89,193,818	PhP
b. Employee wages	59,433,414	PhP
c. Payments to suppliers, other operating costs	1,180,780,743	PhP
d. Dividends given to stockholders and interest payments to loan providers.	75,864,527	PhP
e. Taxes given to government	31,065,175	PhP
f. Investments to community (e.g. donations, CSR)	1,024,857	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which Stakeholders are affected?	Management Approach
Group's net income for the year ended December 31, 2025 decreased by ₱110,867,251 or 35% compared to ₱313,990,588 reported in 2024. The significant decrease is due to lower fair value gain on investment properties and net amortized discount from the receivable and payable arising from ERC order that was recognized in 2025.	Stockholders and Employees	Net income declined by 35% year-on year, mainly due to lower fair value gains from investment properties and net amortized discount. These were driven by external market conditions and conservative revaluation approaches. Moving forward, we are focusing on cost control, improving operational efficiencies, and strengthening our core revenue streams.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Climate	Shareholders, Employees, and Government	The Company closely monitors weather forecasts and climate trends, recognizing that conditions like El Niño can negatively impact the power generation capacity of OPI's

		hydroelectric power plant and may pose risks to the water supply managed by CWWC. Severe weather events, such as typhoons, also have the potential to damage plant infrastructure and equipment. To mitigate these risks, the Company conducts annual maintenance to ensure the resilience and safety of its power facilities. In addition, the water utility division undertakes various development projects aimed at delivering reliable services and long-term sustainable solutions to its customers.
Higher fuel prices	Shareholders, Customers and Government	Management is currently in discussions with fuel suppliers to secure more favorable credit terms for OPI.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
New service areas for water utility and New service contracts for power generation	Shareholders, Employees, Government and the Public	Management continuously explores and evaluates potential new service areas and alternative power sources through ongoing research and studies.

Climate-related risks and opportunities

Governance	Strategy	Risk Management	Metrics and Targets
<i>Disclose the Organization's governance around climate-related risks and opportunities</i>	<i>Disclose the Actual and potential impacts of climate-related risks and opportunities on the organization's business strategy, and financial planning where such information is material</i>	<i>Disclose How the organization identifies, assesses, and manages climate-related risks</i>	<i>Disclose the Metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</i>
Recommended Disclosures			
a) The BOD through its Board Risk Oversight Committee (BROC) oversees the climate-related risks and opportunities. It ensures that a special meeting or regular meeting is held and that these risks and opportunities are being discussed.	a) The climate-related issues relevant to the Company are the erratic climate conditions and weather disturbances that may affect the operations of the company's water utility and Inabasan power facility.	a) The Company identifies key risk areas and monitors these factors with due diligence, including the establishment of a sound enterprise risk management framework to monitor, assess, and manage climate-related risks.	a) The BROC and the management evaluate the climate-related risks and opportunities by determining their impact in the business operations of the Company.

<p>b) BROC shall be responsible in the assessments of climate-related risks.</p>	<p>b) The impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning are reduction in revenue, impairment of assets, or increase in capital expenditures for possible rehabilitation of the Company's facilities.</p>	<p>b) The Company manages its climate-related risks and opportunities in the same manner as provided above.</p>	<p>b) JOH shall aim to incorporate the climate-related risks and opportunities on its enterprise risk management system in order to establish the targets in managing the unpredictability of climate-related risks and opportunities and performance against targets and minimize potential adverse impact on its operating performance and financial condition.</p>
	<p>c) The Company has experienced difficulties in the past yet shown resilience over the risks brought about by weather disturbances such as typhoon, flooding, and even during summer time. The capacity of the Company to overcome the climate-related risks and opportunities needs further improvement in order to develop strategies.</p>	<p>c) While climate-related risks have not yet been included in the Company's risk management system, the Company practices identification and evaluation of the climate-related risks and opportunities.</p>	

Procurement Practices

Proportion of spending local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	98	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which Stakeholders are affected?	Management Approach
<p>The procurement practices occur in the business operations of the Company within which it maintains a good business relationship with its suppliers.</p> <p>The Company's procurement involves locally based suppliers which is advantageous to the Company as it:</p> <ol style="list-style-type: none"> 1. offers flexibility on changes in the materials as it is quickly being adjusted and delivered; 2. ensures all the products and materials meet the required specifications since the suppliers can visit the plant; and 3. entails minimal logistics cost. 	Employees, Suppliers, and Government	<ol style="list-style-type: none"> 1. Optimum level of inventory is properly observed 2. Plant visit and testing are regularly conducted 3. Ensures that reorder point is properly established and followed
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Close supplier and customer relationships can lead to issues with ethical supplier selection.	Employees and Suppliers, Shareholders	<p>Management sets levels of approval to mitigate possible collusion and fraud in the procurement process. Alternate quotations from other qualified suppliers are required before awarding to a particular supplier.</p> <p>Management objectively reviews supplier performance periodically. Procurement contracts are also evaluated before renewals are negotiated.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Good procurement practices ensure that value is created within the supply chain.	Employees, Suppliers and Government and Shareholders	Same as above.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	0	%
Percentage of directors and management that have received anti-corruption training	0	%
Percentage of Employees that have received anti-corruption training	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>JOH has implemented Conflict of Interest guidelines requiring all individuals to fully disclose any existing business interests, personal activities, or relationships that could potentially interfere—directly or indirectly—with the proper performance of their duties. This disclosure is made under penalty of perjury. The Board is responsible for assessing whether such interests or relationships constitute a conflict with the individual's responsibilities within the Company. All employees are expected to engage in fair business dealings with the Company and to ensure that their personal interests do not compromise or conflict with the Company's interests.</p>	<p>Suppliers, Employees, Shareholders, Government</p>	<p>The Company will develop a comprehensive anti-corruption policy and procedure, which will be communicated to all directors, officers, employees, and key consultants (collectively referred to as the "Personnel").</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>The risks identified are loss of assets, loss of sales or customers, higher costs due to corruption, and reputational risk.</p>	<p>Stakeholders affected are the Company, Employees, Suppliers, and the Government.</p>	<p>The Company is committed to addressing corruption-related issues through an internal resolution process that upholds integrity, fairness, and accountability. All reports or allegations of corruption will be handled with the utmost prudence, ensuring that investigations are conducted promptly, thoroughly, and impartially. The Company will take appropriate disciplinary action against any individual found to have engaged in corrupt practices, in accordance with its internal policies and applicable laws. In doing so, the Company aims to foster a culture of</p>

		transparency and ethical conduct across all levels of the organization.
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What are the Opportunity/ies identified?	Which stakeholders are affected?	Management Approach
The Company's business operations will be more profitable once anti-corruption policies and procedures are communicated to the personnel and trainings are provided as the Company shall not incur losses for paying any possible fines and penalties on account of corrupt practices.	Company, Employees, Shareholders, Suppliers, and the Government	<p>JOH will develop a comprehensive anti-corruption policy and provide proper training to its employees to ensure awareness and compliance. This policy will be aligned with the Company's Corporate Governance Manual to promote integrity, transparency, and ethical conduct across the organization.</p> <p>The Company values the importance of internal controls and having a tone at the top in ensuring leadership demonstrates visible, unwavering ethical commitment.</p>

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which Stakeholders are affected?	Management Approach
Not material		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not material		

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not material		

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	-	GJ
Energy consumption (SFO)	496,780	GJ
Energy consumption (gasoline)	456	GJ
Energy consumption (LPG)	-	GJ
Energy consumption (diesel)	16,431	GJ
Energy consumption (electricity)	5,854,299	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy consumption (gasoline)	-	GJ
Energy consumption (LPG)	-	GJ
Energy consumption (diesel)	-	GJ
Energy consumption (electricity)	-	GJ
Energy consumption (gasoline)	-	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Uninterrupted supply of energy in our water utility business is necessary to ensure continuous water supply to our customers.	Company, Employees, Shareholders, Community, and Government	<ul style="list-style-type: none"> • All well sites have full back up power generators to ensure continuous supply of water even during blackouts.
What are the Risk/s Identified?	Shareholders	<ul style="list-style-type: none"> • During break hours, employees are accustomed to switching off the lights in their respective work places or offices. • Proper use and regular preventive maintenance of electrical and fuel devices, vehicles, and other equipment are practiced. • CWWC has initiated the construction of solar farm this year to help with electricity consumption and support sustainable energy consumption. Target completion and usage is set for 2026.
Irresponsible consumption of energy is wasteful.		

What are the Opportunity/ies Identified?	Shareholders and Employees	Management will continue to hold meetings through video conferencing where practicable. Some employees have a hybrid work setup. Management is constantly seeking ways to counteract the effect of rising fuel prices which affect the Company's workforce on a daily basis.
During the pandemic, there was a significant reduction in transportation costs incurred by the company.		

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	-	Cubic meters
Water consumption	1,939	Cubic meters
Water recycled and reused	-	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Water consumption of the group is not material.		
What are the Risk/s Identified?		
Not material		
What are the Opportunity/ies Identified?		
Not material		

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume	0	
<ul style="list-style-type: none"> Renewable 	0	Kg/liters
<ul style="list-style-type: none"> Non-renewable 	0	%
Percentage of recycled input materials used to manufacture the organization's primary products and services	0	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not material to the Company since it does not mainly engage in products manufacturing.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not material		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not material		

Ecosystem and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	0	
Habitats protected or restored	0	Ha
IUCN Red List species and national conservation list species with habitats in areas affected by operations	0	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not material		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not material		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not material		

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	0	<u>Tonnes</u> <u>Co2e</u>
Energy indirect (Scope 2) GHG Emissions	0	<u>Tonnes</u> <u>Co2e</u>
Emissions of ozone-depleting substances (ODS)	0	<u>Tonnes</u> <u>Co2e</u>

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not material		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not material		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not material		

Air pollutants

Disclosure	Quantity	Units
NO _x	0	kg
SO _x	0	kg
Persistent organic pollutants (POPs)	0	kg
Volatile organic compounds (VOCs)	0	kg
Hazardous air pollutants (HAPs)	0	kg
Particulate matter (PM)	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not material		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not material		

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not material		

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	2,791	Kg
Reusable	504	Kg
Recyclable	523	Kg
Composted	1,693	Kg
Incinerated	-	Kg
Residuals/Landfilled	185	Kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Ensuring cleanliness and minimizing pollution that could impact health and the environment is a priority. The organization takes a hands-on approach, with daily cleaning of the surroundings to maintain a healthy and eco-friendly environment.	Employees, Communities, and Government	The Company follows effective waste management practices, including waste segregation and responsible disposal. It ensures that all waste is recycled and reused wherever possible, with only a minimal amount being discarded. Additionally, the Company utilizes recycled scratch paper for printing vouchers to minimize waste.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Solid waste can block canals and irrigation systems, leading to water pollution and the release of harmful toxins, which pose risks to both human health and the environment.	Employees, Communities, and Government	This is discussed in the same manner as provided above.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Recyclable materials such as scraps can be reused or sold, reducing the Company's waste disposal and supporting environmental sustainability. This practice also	Employees, Communities, and Government	This is discussed in the same manner as provided above.

helps conserve resources and can generate additional revenue.		
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Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	202	L
Total weight if hazardous waste transported	27	L

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Mismanagement of hazardous waste can harm both human health and the environment. It can lead to pollution, soil and water contamination, and the release of toxic leachate, posing serious long-term risks.	Employees, Community, and Government	<p>The Company adopts a systematic and compliant approach to managing hazardous waste to minimize its impact on human health and the environment. This includes:</p> <ol style="list-style-type: none"> 1. Identification and Classification – All hazardous wastes are properly identified, labeled, and classified in accordance with regulatory standards. 2. Safe Handling and Storage – Hazardous materials are stored in secure, clearly marked containers in designated areas to prevent leaks, spills, or accidental exposure. 3. Training and Awareness – Employees handling hazardous waste are provided with regular training on safe practices, emergency response, and proper disposal procedures. 4. Partnering with Licensed Haulers – The Company works with accredited third-party waste haulers and treatment facilities to ensure compliant and environmentally safe disposal. 5. Documentation and Monitoring – All hazardous waste activities are logged, monitored, and reported in compliance with government regulations to ensure full traceability and accountability. 6. Continuous Improvement – The Company regularly reviews its waste management practices to

		identify opportunities for improvement, including waste minimization, recycling, and safer alternatives.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Potential hazards like fires, explosions, chemical spills, toxic exposure, and dangerous reactions can put employees and nearby individuals at serious risk. Improper handling of hazardous waste may lead to injuries or, in severe cases, fatalities.	Employees, Community, and Government	This is discussed in the same manner as provided above.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There are no significant opportunities identified.		

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	-	m ³
Percent of wastewater recycled	-	Rate

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not material		
What are the Risk/s Identified?		
Not material		
What are the Opportunity/ies Identified?		
Not material		

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	-	PHP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	-	
No. of cases resolved through dispute resolution mechanism	-	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not material.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No risks identified		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No opportunities identified.		

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ¹⁸	149	#
a. Number of female employees	39	#
b. Number of male employees	110	#
Attrition rate	5%	Rate
Ratio of lowest paid employee against minimum wage	No available ratio yet	Ratio

Employee benefits

List of benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	100%	100%
PhilHealth	Y	100%	100%
Pag-ibig	Y	100%	100%
Parental leaves	Y	10%	1%
Vacation Leaves	Y	10%	34%
Sick Leaves	Y	8%	14%
Medical Benefits (aside from Philhealth)	Y	13%	4%
Housing assistance (aside from Pag-ibig)	N		
Retirement fund (aside from SSS)	N		
Further education support	N		
Company stock options	N		
Telecommuting	N		
Flexible-working hours	N		
(Others)			

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>The Company recognizes its employees as vital assets in achieving its goals and overall success. It also acknowledges that satisfied and motivated employees are more likely to contribute meaningfully to the organization's growth and performance.</p>	<p>JOH values its employees and is committed to providing them with appropriate benefits and support. The Company fully complies with labor laws, ensuring that all government-mandated contributions are paid promptly. To foster continuous growth, JOH offers training programs and seminars aimed at enhancing employees' knowledge and personal development in their respective roles. In support of a positive and engaging work culture, JOH promotes the "Jolly Workplace" initiative—an ongoing series of activities designed to encourage work-life balance, physical wellness, mental well-being, and the discovery of individual talents. Activities held during the</p>

	year include Sportsfest, Team Building, Quiz Bee Contest, basketball, volleyball and badminton games, best in corporate attires , Spooktacular Costume Showdown and the Chairman’s 80 th Birthday Special - Song & Dance Showdown 70’s Vibes. The Company also celebrates monthly employee birthdays to recognize and appreciate its workforce.
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What are the Risk/s Identified?	Management Approach
Low quality of hires and higher attrition rate may lead to project delays and overworked employees, which could cause higher occupational injuries and illnesses. The Company also identifies demotivation and demoralization as factors for employees’ inefficiency and dishonesty.	The effectiveness of the Company’s hiring process, along with its approach to employee motivation, serves as a key indicator of how well its overall human resource management system functions. A streamlined recruitment process ensures the selection of qualified candidates who align with the Company’s values and goals, while strong motivational strategies contribute to employee engagement, retention, and productivity. Recognizing the importance of continuous improvement, the Company is committed to enhancing its existing systems and practices to achieve greater efficiency, attract top talent, and foster a motivated and high-performing workforce.
What are the Opportunity/ies Identified?	
When employees feel heard, valued, and work in a safe, motivating environment, the Company experiences lower attrition and reduced risks. A supportive workplace enhances retention, prevents conflicts, and promotes well-being, leading to a healthier, more productive workforce. This approach ultimately drives long-term success for both employees and the Company.	

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female Employees	80	Hours
b. Male Employees	0	Hours
Average Training hours provided to employees		
c. Female Employees	40	hours/employee
d. Male Employees	0	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>Training is one of the most important means of learning and skill development for employees.</p> <p>The Company hold various online seminars wherein employees learned to assess and recognize their knowledge and skills and also their strengths and weaknesses. This also helped employees to develop interpersonal relationships.</p>	<p>JOH maintains a comprehensive policy and detailed records regarding the sponsored training programs and seminars provided to employees. These initiatives are carefully planned to ensure that employees have access to the necessary resources and opportunities for professional growth. The Company is dedicated to offering training programs that are not only relevant to employees' current roles but also aligned with their career development goals. By providing targeted training and skill-building activities, JOH aims to enhance employee performance, improve job satisfaction, and foster positive employee relations. These programs are designed to equip employees with the knowledge and expertise needed to excel in their roles, adapt to new challenges, and contribute to the overall success of the Company.</p> <p>Additionally, the Company ensures that its training activities promote a collaborative work environment, encourage continuous learning, and support both personal and professional development.</p>
What are the Risk/s Identified?	
No risks identified.	
What are the Opportunity/ies Identified?	
<p>Successful training programs lead to enhanced employee performance and increased morale. Through effective coaching and teamwork, employees' competitiveness is strengthened, fostering a collaborative work environment. Additionally, these initiatives help minimize, if not completely eliminate, redundancy within the organization.</p>	

Labor - Management Relations

Disclosure	Quantity	Units
% of Employees covered with collective Bargaining agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Group contributes to the growth of the employment rate in the country and empowerment of its employees.	Constant communication with every employee is being sustained.
What are the Risk/s Identified?	
Not material	
What are the Opportunity/ies Identified?	
Not material	

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	26	%
% of male workers in the workforce	74	%
Numbers of employees from indigenous communities and/or vulnerable sector*	0	#

*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company observes equal opportunity and workplace diversity as this will benefit not only the company but also contribute to the employment rate in the country and sustain healthy relationships with employees.	The Company follows a standardized hiring process to ensure that the most qualified individual, based on their qualifications, knowledge, and experience, is selected for a job or promotion. The Company is committed to a non-discriminatory approach, ensuring that gender, marital status, age, or health condition do not affect employment decisions, and fosters a culture of inclusivity and teamwork.
What are the Risk/s Identified?	
None.	
What are the Opportunity/ies Identified?	
A non-discriminatory work place leads to increased productivity, low employee turnover and a secure work environment.	

Workplace Conditions, Labor Standards, and Human Rights

Occupational health and Safety

<u>Disclosure</u>	<u>Quantity</u>	<u>Units</u>
Sale Man-Hours	0	Man-hours
No. of work-related injuries	0	#
No. of work related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	1	#

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
<p>The Company aims to provide quality and timely health and welfare services to its employees in order to avoid interruption on their jobs and to prevent conditions (physical, mental or social) that will preclude them from giving their full attention to their work.</p>	<p>JOH is committed to continuously identifying and exploring opportunities to enhance the implementation of safety measures within the organization. The Company recognizes that a proactive approach to safety not only protects the well-being of employees but also contributes to the overall efficiency and success of the business. By regularly assessing and updating safety protocols, JOH ensures that it stays ahead of potential risks and complies with industry standards. This ongoing improvement process involves the integration of the latest safety technologies, conducting safety audits, and encouraging employee feedback on how safety practices can be further strengthened. Ultimately, JOH strives to create a work environment where both the Company and its employees benefit from a culture of safety, reducing accidents, boosting morale, and improving productivity.</p>
<p>What are the Risk/s Identified?</p>	
<p>Failure to maintain a healthy and safe working environment may hamper the Company’s business operations and will lead to delays in deliveries of service caused by accidents or illnesses.</p>	
<p>What are the Opportunity/ies Identified?</p>	
<p>Injuries, accidents, and illnesses are minimized if a healthy working environment is in place.</p>	

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced Labor	N	
Child Labor	N	
Human rights	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
JOH complies with labor laws and does not hire minors and nor allow forced labor. The Company has no formal policy on human rights.	The Company shall establish a formal policy on human rights and incorporate the same with its existing policies.
What are the Risk/s Identified?	
Not material	
What are the Opportunity/ies Identified?	
Not material	

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link the policy:
The Company has no supplier accreditation policy.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	The Company has not yet established a supplier policy.
Forced Labor	Y	
Child Labor	Y	
Human rights	Y	
Bribery and corruption	Y	

<p>What is the impact and where does it occur? What is the organization's involvement in the impact?</p>	<p>Management Approach</p>
<p>The Company has not yet established a supplier accreditation policy.</p>	<p>JOH shall consider establishing supplier accreditation policy.</p>
<p>What are the Risk/s Identified?</p>	
<p>Establishing an accreditation procedure may, in some cases, be counterproductive as it may favor suppliers who have a good track record but not necessary offer the best price or service.</p>	
<p>What are the Opportunity/ies Identified?</p>	
<p>An accreditation process may reduce risks for the Company and facilitate better procurement lead times.</p>	

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (Positive or negative) Impacts on local communities (exclude CSR projects; this has to be business operations)	Locations	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measure (if negative) or enhancement measures (if positive)
<p>The Company maintains a harmonious relationship with our local host communities through many environmental, health, and awareness programs that we participate in.</p> <p>Since the Company is in the water utility and power generation industry, any interruption in supply may adversely affect the general public including the vulnerable groups within the community.</p>	<ul style="list-style-type: none"> •Calapan Or. Mindoro •Province of Oriental Mindoro •Tabuk City, Kalinga 	<p>Indigenous People, Children and youth, Elderly, Persons with disabilities, People with diseases</p>	<p>Y</p>	<p>No Collective or individual rights have been identified</p>	<p>Ormin Power and Calapan Water conducts various CSR projects in conjunction with Likasdiwa Foundation Inc.</p> <p>Various community programs such as tree planting, mangrove reforestation, book donations, health campaigns are implemented based on relevant needs of the local community.</p> <p>Ormin Power also assists in feeding and educational programs involving Indigenous People.</p> <p>Water Supply interruptions are minimized and scheduled with prior advance notice to customers.</p>

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and prior informed Consent (FPIC) undergoing consultations and Certification preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____

Certificates	Quantity	Units
FPIC process is still undergoing	-	#
CP secured	1	#

What are the Risk/s Identified?	Management Approach
Not material	
What are the Opportunity/ies Identified?	Management Approach
Not material	

Customer Management

Customer satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Formal structure is not available	No record available	<u>N</u>

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Customer satisfaction contributes to building a long term partnership with the customers.	<p>JOH is committed to continuously improving and reinforcing the application of industry best practices to enhance customer satisfaction. The Company recognizes that meeting and exceeding customer expectations is essential to building trust, loyalty, and long-term relationships. To achieve this, JOH regularly reviews its customer service processes, gathers feedback, and benchmarks its practices against industry standards to identify areas for improvement.</p> <p>Efforts include employee training on customer service excellence, implementation of efficient response systems for inquiries and concerns, and the use of technology to streamline customer interactions. By strengthening these practices, JOH aims to deliver high-quality services, respond proactively to customer needs, and ensure a consistently positive customer experience across all touchpoints.</p>
What are the Risk/s Identified?	
Customer's dissatisfaction may lead to financial loss if it is not properly addressed.	

What are the Opportunity/ies Identified?	
While the services being provided meet the customer expectation, having a formal structure in place would help the Company gather data that is useful to address current and future customer concerns.	

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	
No. of complaints addressed	0	

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
There were no substantiated complaints from customers that went through the organization's formal communication channels and grievance mechanism nor were there complaints that were lodged to and acted upon by government agencies.	Service interruptions such as scheduled pipe flushing are properly communicated to customers ahead of schedule through radio campaigns and SMS alerts.
What are the Risk/s Identified?	
Nonconformity to health standards will negatively affect customer satisfaction and well-being.	A regular bacteriological and chemical/physical test is being done to ensure that all of CWWC's water sources conform to the Philippine National Standards for Drinking Water (PNSDW).
What are the Opportunity/ies Identified?	
Full compliance to health standards ensure our customers safe potable water and contribute greatly to the health and wellness of the community.	

Marketing and Labeling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by the government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach

Not material	
What are the Risk/s Identified?	
Not material	
What are the Opportunity/ies Identified?	Management Approach
Not material	

Customer Privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	
No. of complaints addressed	0	
No. of Customers, users and account holders whose information is used for secondary purposes	0	

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by the government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
There was no complaint nor reported any violation of customer's privacy. JOH is confident that customer's full trust and confidence on the Company is maintained.	<p>The Company strictly complies with the provisions of the Data Protection Act, officially known as the "Data Privacy Act of 2012," which upholds the fundamental human right to privacy and the confidentiality of communication. This law also supports the responsible and secure flow of information to encourage innovation, economic progress, and improved public service.</p> <p>In alignment with this, JOH is fully committed to safeguarding the confidentiality, integrity, and availability of all personal data collected from its customers. The Company implements robust data protection policies, secure data handling procedures, and appropriate technological safeguards to ensure that personal information is used only for legitimate purposes and is protected from unauthorized access, use, or disclosure. Furthermore, JOH promotes data privacy awareness among its employees through regular training and ensures that data privacy principles are integrated into its operations, reinforcing its commitment to maintaining customer trust and upholding ethical standards in all aspects of its business.</p>
What are the Risk/s Identified?	
•Loss of Customer	

<ul style="list-style-type: none"> •The Company, employees or officers may face civil, administrative or criminal liabilities.
What are the Opportunity/ies Identified?
Protection of customer’s data or sensitive information will allow the Company to have a stronger business ties with its customers.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	None	

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
Not material to JOH due to absence of substantiated complaint or reported violation of customer’s privacy.	Management shall train data front liners on proper data handling and continuously educate them on relevant provisions of the Data Privacy Act.
What are the Risk/s Identified?	Management Approach
The Company, employees or officers may face civil, administrative or criminal liabilities if found in violation of the Data Privacy Act.	<u>Same as above.</u>
What are the Opportunity/ies Identified?	Management Approach
Proper management of data increases customer satisfaction in the long term.	<u>Same as above.</u>

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value/ Contribution to UN SDGs	Potential negative impact of Contribution	Management Approach to negative impact
<p><u>Services 1</u></p> <p>Holding</p> <p>Leasing</p> <p>General Management Services</p> <p>Business Process Outsourcing Services</p>	<ul style="list-style-type: none"> •Job opportunities •Providing business venues to potential businesses •Trainings that could further develop employees’ knowledge and skills •Transparency 	<p>Conflict of Interest over a particular transaction</p>	<p>The Company is fully committed to ensuring that it, along with its subsidiaries, affiliates, and personnel, remains in full compliance when it comes to disclosing any business interests, shareholdings, personal activities, or relationships that could potentially conflict—directly or indirectly—with their roles and responsibilities. It is also a standard practice of the Company to promote fair and ethical dealings with customers, suppliers, competitors, and other third parties.</p>
<p><u>Services 2</u></p> <p>Water Utility</p>	<ul style="list-style-type: none"> •Job opportunities •Potable water •Availability and access to water services is fundamental to fighting the COVID-19 and preserving the health and well-being of the residents of Calapan City Oriental Mindoro and Tabuk City Kalinga 	<p>A person’s health may be at stake due to preventable water and sanitation-related diarrheal diseases</p> <p>Shortfall in the supply of clean water may lead to quicker transmission of diseases as customers’ personal hygiene routines are compromised.</p>	<p>CWWC conducts regular bacteriological and chemical/physical testing to ensure that all its water sources meet the requirements of the Philippine National Standards for Drinking Water (PNSDW).</p> <p>The Company maintains fully operational wells and reservoirs to guarantee uninterrupted operations and a consistent water supply.</p>

Key Products and Services	Societal Value/ Contribution to UN SDGs	Potential negative impact of Contribution	Management Approach to negative impact
<p><u>Services 3</u></p> <p>Energy and Power</p>	<ul style="list-style-type: none"> •Job opportunities •Helps community of Calapan City and San Teodoro 	<p>Limited access to reliable energy can significantly hinder the sustained growth and development of businesses operating in the province of Oriental Mindoro. Energy is a fundamental requirement for nearly all business operations—from powering equipment and facilities to supporting technology and communication systems. Without consistent and adequate energy supply, businesses may face operational disruptions, reduced productivity, and increased costs, which could ultimately discourage investment and expansion. Furthermore, energy shortages can impact local employment opportunities and slow down economic progress in the region.</p>	<p>The Company addresses limited energy access through key initiatives:</p> <p>Capacity Expansion – Investing in additional power generation to meet growing demand.</p> <p>Renewable Integration – Incorporating hydro sources for a more reliable and sustainable supply.</p> <p>System Upgrades – Enhancing grid infrastructure to reduce losses and improve service.</p> <p>Efficient Maintenance – Conducting regular maintenance and providing advance outage notifications.</p> <p>Stakeholder Coordination – Working with LGUs and agencies to support local development.</p> <p>Customer Support – Promoting energy efficiency and keeping customers informed.</p> <p>These efforts aim to ensure continuous, reliable power to support business growth in the province.</p>