

COVER SHEET

1 7 5 2 2 2  
S.E.C. Registration Number

P.S.E. Control Number

V I V A N T C O R P O R A T I O N

(Company's Full Name)

9 T H F L R . O A K R I D G E I T C E N T E R 3

O A K R I D G E B U S I N E S S P A R K A . S .

F O R T U N A S T M A N D A U E C I T Y , C E B U

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

Joan A. Giduquio-Baron  
Contact Persons

(032) 232-0283, 234-2256 and 234-2285  
Telephone Number of the Contact Person

0 9 3 0  
Month Day  
Fiscal Year

SEC FORM 17-Q

0 9 3 0  
Month Day

FORM TYPE

N/A

Secondary license Type, If Applicable

C F D

Dept. Requiring this Doc.

1,417

Total No. of Stockholders

1,023,265,804

Domestic

Amended Articles Number/Section

190,894

Foreign

To be accomplished by SEC Personnel concerned

File Number

Document I.D.

Remarks = Pls. Use black ink for scanning purposes

LCU  
Cashier



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **September 30, 2020**
2. Commission Identification number: **175222**      3. BIR Tax Identification No.: **242-603-734-000**

**Vivant Corporation**

4. Exact name of Issuer as specified in its charter

**City of Mandaluyong**

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code:  (SEC Use Only)

**9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street,  
Brgy. Banilad, Mandaue City, Cebu      6014**

7. Address of issuer's principal office      Postal Code

**(032) 234-2256; (032) 234-2285**

8. Issuer's telephone number, including area code

**907-908 Ayala Life-FGU Center, Mindanao Avenue corner Biliran Road, Cebu Business Park,  
Mindanao Ave. cor Biliran Road, Brgy. Luz, Cebu City**

9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the SRC

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
<b>Common Shares at Php 1.00 per share</b>	<b>Php 1,023,456,698</b>
<b>Amount of debt outstanding</b>	<b>Php 6,349,281,909</b>

11. Are any or all of the securities listed on a Stock Exchange?

Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

**Philippine Stock Exchange**

**Common Stock**



12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Company Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes  No

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

Yes  No

## PART I--FINANCIAL INFORMATION

### Item 1. Financial Statements.

Please refer to attached financial statements and schedules.

### Item 2. Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operations.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following is a discussion and analysis of the Company's consolidated financial condition and results of operations for the interim period ended September 30, 2020 compared with the interim period ended September 30, 2019. This report should be read in conjunction with the consolidated financial statements and the notes thereto.*

#### KEY PERFORMANCE INDICATORS

Management uses the following key performance indicators to evaluate the performance of the Company and its investee companies:

1. **Equity in Net Earnings (or Loss) of Associates.** Equity in net earnings (or loss) of associates is the Company's share in the income or loss of associates, or investee companies accounted for under the equity method. It indicates the profitability of the associates and measures their contribution to the profitability of the parent.
2. **Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).** EBITDA is calculated by taking operating income and adding back to it the interest, depreciation and amortization expenses. Since EBITDA eliminates the effects of financing and accounting decisions, it can provide a relatively good comparison of the performance of the Company with other players in the industry. It also provides a good measure of the Company's ability to generate cash from operations to cover financial charges and income taxes.

3. **Cash Flow Generated.** Cash flow generated indicates the ability of the Company to generate enough cash for operating, investing and financing activities.
4. **Debt-to-Equity Ratio (DER).** DER gives an indication of the Company's leverage position and is computed by dividing total liabilities with total stockholders' equity.
5. **Current Ratio.** Current ratio is computed by dividing current assets by current liabilities. This indicates the liquidity of the Company in the short term and measures the peso amount of current asset available to cover a peso amount of current liability.

#### Year-to-Date (YTD) September 30, 2020 versus YTD September 30, 2019

The table below shows the comparative figures of the key performance indicators for the period in review.

Key Performance Indicators <i>Amounts in Php '000, except for ratios</i>	YTD September 2020	YTD September 2019	YE 2019 Audited
Equity in Net Earnings of Associates and Joint Ventures	1,317,491	1,675,432	
EBITDA	1,841,503	2,618,730	
Net Increase in Cash and cash equivalents	726,104	775,026	
Net cash flows from operating activities	13,279	353,250	
Net cash flows from investing activities	877,529	1,124,287	
Net cash flows used in financing activities	(164,703)	(702,510)	
Debt-to-Equity Ratio (x)	0.41	0.38	0.41
Current Ratio (x)	1.46	7.68	3.42

The Company's share in net earnings of associates and joint ventures as of end-September 2020 amounted to Php 1.3 bn, representing a 21% year-on-year (YoY) decrease from Php 1.7 bn. This was a result of the following:

1. Visayan Electric Company (VECO), the Company's distribution utility, saw a 6% YoY drop in its bottomline contribution, from Php 607.9 mn to Php 569.8 mn. This was mainly attributed to lower volume sold during the period in review (down by 10% YoY).
2. 40%-owned Minergy Power Corporation (MPC) brought in contributions of Php 352.8 mn as of end-September 2020, 27% YoY lower than the Php 483.3 mn recorded in the same period last year. This can be mainly attributed to the 13% YoY reduction in energy sales.
3. 40%-owned Abovant Holdings, Inc. (AHI) posted a 20% YoY decline in its income contribution to Php 217.0 mn from Php 273.0 mn. This was driven by the decrease in profitability of its associate, Cebu Energy Development Corporation (CEDC). The drop in CEDC's performance during the period in review was mainly on account of lower sales at the Wholesale Electricity Spot Market (WESM) and increased maintenance costs.
4. 50%-owned Delta P, Inc. (DPI) showed a 24% YoY reduction from its income contribution from Php 52.5 mn to Php 39.7 mn. The Power Supply Agreement (PSA) for the company's old plant facility ended in April 2020. This was aggravated by the drop in electricity demand caused by the COVID-19 pandemic.

5. 20%-owned Therma Visayas, Inc. (TVI) recorded a negative income contribution of Php 24.7 mn as of end-September 2020, which was a reversal of last year's Php 86.0 mn profit share. This can be attributed to interest payments for the company's debt. In the same period last year, interest expense was capitalized prior to the start of commercial operations of Unit 1 in April 2019. Adding to this were the costs of replacement power during its scheduled maintenance work in the first quarter of 2020.
6. 40%-owned Prism Energy, Inc. (Prism Energy), a Retail Electricity Supplier (RES), contributed earnings of Php 9.6 mn, 51% lower than the Php 19.7 mn in the same period last year. This was mainly a result of the increase in cost of power during the period in review. Electricity demand also fell by 10% YoY due to the decline in contracted capacities and the overall adverse effect of the COVID-19 pandemic.

The above contraction in earnings contributions were tempered by the Company's profit share from 50%-owned Calamian Islands Power Corp (CIPC). CIPC saw a 6% YoY expansion in its income contribution from Php 29.9 mn to Php 31.8 mn. The enhanced income contribution was an effect of lower maintenance cost and lower debt service cost.

EBITDA for the period dropped by 30% YoY to Php 1.8 bn from Php 2.6 bn. This was mainly an outcome of the 35% YoY decrease in operating income, which stemmed from:

1. A 53% reduction in the sale of power. This mainly resulted from the 41% YoY contraction of energy sales in 55.2%-owned 1590 Energy Corporation (1590 EC) and the absence of sales in wholly-owned Vivant Energy Corporation (VEC) during the period in review.

Reduced sales volume of 1590 EC, coupled with the lower spot market prices in the WESM for the sale of its excess capacity as of end-September 2020, brought down its topline performance. In the same period last year, 1590 EC had increased dispatch from its bilateral contract which was terminated in September 2019. Meanwhile, VEC's Independent Power Producer Administrators (IPPA) Agreement with the Power Sector Assets and Liabilities Management (PSALM) was terminated in October 2019.

The decline in energy sales was mitigated by the 40% YoY improvement in the revenues generated by the Retail Electricity Supply (RES) business of 100%-owned Corenergy, Inc. (CORE). In addition, 100%-owned ET-Energy Island, Inc. (ETEI), the special purpose vehicle where all rooftop solar projects of the Company are currently housed, recorded a 10% YoY rise in energy sales for the period in review.

2. 21% drop in equity earnings resulting from the decline in the bottom line of six associates during the period in review. These are VECO, MPC, AHI, DPI, TVI, and Prism Energy.
3. 55% YoY reduction in management and service fees caused by the timing of implementation for some of the management contracts and Service Level Agreements (SLAs).
4. 61% YoY drop in interest income driven by lower interest rates for its short-term investments.
5. 19% YoY rise in operating expenses.

However, this drop in EBITDA was mitigated by a subsidiary's revenues from its water engineering service contracts, and 59% YoY drop in total cost of services.

The Company ended the first nine months of 2020 with a net increase in cash (before considering the effect of changes in the foreign exchange rates) in the amount of Php 726.1 mn, which was 6% lower than last year's net increase in cash of Php 775.0 mn.

Operating activities showed a net cash inflow of Php 13.3 mn during the period in review, from the net cash inflow of Php 353.3 mn as of end-September 2019. The reduction in net cash inflows was mainly due to payment of trade and other payables (mostly for accrued expenses in 1590 EC and VEC). Disbursements for prepayments, inventories, interest on loan and income tax were also factors for the use of cash during the period in review, offset by the collection of trade and other receivables.

Investing activities generated cash in the amount of Php 877.5 mn, which was 22% lower than the net cash inflow of Php 1.1 bn in the same period last year. The down payments made by 65%-owned Isla Norte Energy Corporation (INEC) and 1590 EC to their suppliers mainly accounted for the lower net cash inflow during the period in review. Net cash inflows were further reduced by spending related to projects in ETEI and 100%-owned Vivant Hydrocore Holdings, Inc. (VHHI), and increased capital expenditures for the acquisition of property and equipment (mostly in the Company, ETEI and INEC). This is tempered by the 39% YoY increase in total dividends received from investee companies (VECO, AHI, MPC, CPPC, DPI, Prism Energy and CIPC).

Financing activities as of end-September 2020 recorded a cash usage of Php 164.7 mn, posting a 77% YoY drop vis-à-vis last year's Php 702.5 mn. The proceeds from the short-term notes payable of 1590 EC and INEC, and infusions from a minority shareholder of INEC for its new power plant project in the Visayas mainly accounted for the significant decrease in net cash outflow against the end-September 2019 level. This is tempered by the Company's interest-bearing advances related to the waste-water treatment project of an associate and the Company's dividend payment during the period in review.

Debt-to-Equity ratio remained at 0.41x as of end-September 2020 vis-à-vis end-December 2019 level of 0.41x. Total equity increased by 5%, which was attributed to the earnings for the period, net of the Company's dividend declaration in 2020. Meanwhile, total liabilities rose similarly by 5%, which mainly stemmed from the short-term loans of 1590 EC and a bridge financing facility of INEC. Accrued income tax of 1590 EC, net of the payment of trade payables (mostly in VEC and 1590 EC), also contributed to the increase in liabilities.

The Company's current ratio dropped to 1.46x as of end-September 2020 from year-end 2019 level of 3.42x. Current liabilities showed a significant increase of 192% from end-2019 level, while current assets only recorded a growth of 24%. The Company's outstanding FRCN in the amount of Php 2.8 bn, which is maturing in February 2021, has been recognized as a current liability. Moreover, the availment of short-term notes payable by 1590EC and INEC, and accrued income tax from 1590 EC also contributed to the rise in current liabilities as of the third quarter of 2020.

*Material Changes in Line Items of Registrant's Income Statement*  
*(YTD September 2020 vs. YTD September 2019)*

As of end-September 2020, the Company's total revenues amounted to Php 2.8 bn, recording a 40% YoY decline from Php 4.7 bn in the same period last year.

1. Sale of power reduced by 53% YoY, which was attributed to:

- A 41% YoY contraction of energy sales in 55.2%-owned 1590 EC given the lower energy volume and price per kwh from the sale of its excess capacity to the WESM. In the same period last year, 1590 EC had increased dispatch from its bilateral contract which was terminated in September 2019.
- Also, wholly owned VEC had no energy sales during the period in review after the termination of its IPPA Agreement with PSALM in October 2019.

The decline in energy sales was mitigated by recorded revenue improvements of wholly owned subsidiaries, CORE (RES up by 40% YoY) and ETEI (energy sales of solar rooftop projects were up by 10% YoY).

2. The Company's share in net earnings of associates and joint ventures as of third quarter 2020 amounted to Php 1.3 bn, representing a 21% YoY decrease from Php 1.7 bn. This was a result of the following:

- VECO, the Company's distribution utility, recorded a 6% YoY drop in its bottomline contribution, from Php 607.9 mn to Php 569.8 mn. This was mainly attributed to lower volume sold during the period in review (down by 10% YoY).
- 40%-owned MPC brought in contributions of Php 352.8 mn as of end-September 2020, 27% YoY lower than the Php 483.3 mn recorded in the same period last year. This can be mainly attributed to the 13% YoY reduction in energy sales.
- 40%-owned AHI posted a 20% YoY decline in its income contribution to Php 217.0 mn from Php 273.0 mn. This was driven by the decrease in profitability of its associate, CEDC. The drop in CEDC's performance during the period in review was mainly on account of lower sales at the WESM and increased maintenance costs.
- 50%-owned DPI showed a 24% YoY reduction from its income contribution from Php 52.5 mn to Php 39.7 mn. The PSA for the company's old plant facility ended in April 2020. This was aggravated by the drop in electricity demand caused by the COVID-19 pandemic.
- 20%-owned TVI recorded a negative income contribution of Php 24.7 mn as of end-September 2020, which was a reversal of last year's Php 86.0 mn profit share. This can be attributed to interest payments for the company's debt. In the same period last year, interest expense was capitalized prior to the start of commercial operations of Unit 1 in April 2019. Adding to this were the costs of replacement power during its scheduled maintenance work in the first quarter of 2020.
- 40%-owned Prism Energy, a RES, contributed earnings of Php 9.6 mn, 51% lower than the Php 19.7 mn in the same period last year. This was mainly a result of the increase in cost of power during the period in review. Electricity demand also fell by 10% YoY due to the decline in contracted capacities and the overall adverse effect of the COVID-19 pandemic.

The above contraction in earnings contributions were tempered by the Company's profit share from 50%-owned CIPC. CIPC saw a 6% YoY expansion in its income contribution from Php 29.9 mn to Php 31.8 mn. The enhanced income contribution was an effect of lower maintenance cost and lower debt service cost.

3. Engineering service income significantly grew to Php 105.0 mn from Php 11.7 mn<sup>1</sup>. This was mainly attributed to the engineering service contracts of 60%-owned Watermatic Philippines Corporation (WMP)<sup>2</sup>.
4. Management and service fee went down by 55% YoY to Php 22.4 mn from Php 50.2 mn. This was attributed to the timing of implementation for some of the management contracts and SLAs.
5. Interest income dropped by 61% YoY to Php 48.7 mn, which mainly resulted from lower interest rates on short-term placements.

Total cost of services and operating expenses as of end-September 2020 was reduced by 46% YoY, from Php 2.3 bn to Php 1.3 bn. Said movement can be accounted for by the following:

1. Total cost of services dropped by 59% to Php 782.2 mn from Php 1.9 bn. This can be mainly attributed to the 64% contraction in generation cost to Php 698.0 mn as of end-September 2020 from Php 1.9 bn as of end-September 2019. Lower energy sales of 1590 EC mainly accounted for this decline.

Meanwhile, WMP incurred technical consultancy and materials costs in the amount of Php 84.2 mn for its water engineering services during the period in review. This was a significant increase from the engineering service fees in the amount of Php 1.0 mn<sup>3</sup> as of end-September 2019.

2. Salaries and employee benefits grew by 21% to Php 202.4 mn from Php 166.9 mn. Upward movement in salaries and bonuses mainly accounted for this increase. The advance payment of the 13<sup>th</sup> month pay to employees also contributed to the cost expansion during the first nine months of 2020.
3. Professional fees dropped by 6% YoY at Php 72.4 mn from Php 76.8. In the same period last year, the Company incurred consultancy fees involving various corporate initiatives.
4. Taxes and licenses were significantly higher by 104% at Php 51.0 mn from Php 25.0 mn. The improved prior year revenues of the Company, 1590 EC, VEC, CORE, and ETEI resulted to higher local business taxes. Additional business taxes were incurred due to the change of business address by the Company and its subsidiaries. Payment of documentary stamp taxes (DST) were made as of the third quarter of the year as a result of the share issuance by three subsidiaries and booking of advances from shareholders by another subsidiary that is developing a new power plant project.
5. Depreciation and amortization grew by 62% YoY to Php 35.9 mn from Php 22.2 mn. The increase was attributed to higher depreciation expense due to the purchase of new assets and the depreciation of the right-of-use asset for a lease that was contracted in the fourth quarter of 2019.

<sup>1</sup> Reported as nil in the in the SEC 17 3Q FY 2019 report. Engineering service income of Php 11.7 mn was reclassified from Other Income to conform with the SEC 17 3Q FY 2020 presentation in compliance to Philippine Accounting Standards (PAS) 1, *Presentation of Financial Statements*.

<sup>2</sup> Registered with the Securities and Exchange Commission on July 23, 2019.

<sup>3</sup> Lumped under generation cost in the SEC 17 3Q FY 2019 report. This change in presentation is to conform with the SEC 17 3Q FY 2020 report in compliance to PAS 1, *Presentation of Financial Statements*.



6. Outside services was up by 12% YoY to Php 16.7 mn from Php 15.0 mn, which is materially attributed to the hosting and support fees incurred for the Company's enterprise resource planning (ERP) system and the spot market trading software used by VEC.
7. Travel expenses saw a drop of 57% to Php 5.8 mn from Php 13.5 mn. This can be attributed to reduced travel frequency due to government-mandated travel restrictions as a result of community quarantine in the country.
8. Communication and utilities went down by 10% to Php 4.4 mn from Php 4.9 mn. This was mainly due to delayed billings from the communications service provider.
9. Rent and association dues was significantly higher by 187% at Php 3.1 mn from Php 1.1 mn. This resulted from the increase in association dues for the Company's principal office.
10. Representation expenses were lower by 54% to Php 0.7 mn from Php 1.4 mn. More virtual meetings were held as a result of travel restrictions and physical distancing requirements brought about by the implementation of community quarantine in the country.
11. Other operating expenses rose by 25% YoY to Php 62.8 mn from Php 50.2 mn. This resulted substantially from higher donations to Vivant Foundation Inc (VFI). Higher issuance fees for Stand-by Letters of Credit for new projects, new software subscriptions, and higher repairs expense also contributed to the increase in cost.

Vivant booked Php 128.1 mn in other charges as of end-September 2020, recording a 14% decrease from previous year's other charges of Php 149.4 mn<sup>4</sup>. The following account for the movement:

1. Finance costs on lease liabilities dropped by 8% YoY to Php 57.9 mn from Php 62.6 mn resulting from the amortization of the finance lease under Philippine Financial Reporting Standards (PFRS) 16.
2. An unrealized foreign exchange gain of Php 3.4 mn was taken up as of end-September 2020 against the Php 0.5 mn for the same period last year. This pertains to the restatement of the US Dollar and Euro cash balances of the Company and four subsidiaries (VEC, 1590EC, ETEI, and INEC).
3. Other income of Php 52.0 mn was booked as of end-September 2020, which was 39% higher than the Php 37.5 mn<sup>5</sup> booked in the same period last year. Proceeds from insurance claims mainly accounted for this increase.

The Company posted a 43% YoY drop in accrued consolidated income tax expense to Php 92.4 mn from Php 162.0 mn. This was mainly a result of the decline in the energy sales of 1590 EC, and increased operating expenses in VEC during the period in review.

Taking all of the above into account, the Company recorded a total net income of Php 1.3 bn for the period ending September 30, 2020, which is 35% lower than last year's Php 2.1 bn. Net income

---

<sup>4</sup> Reported as Php 138.7 mn in the SEC 17 3Q FY 2019 report. This change is due to the reclassification of Php 11.7mn in engineering service fees from Other Income to a topline revenue item and Php 1.0 mn in cost of engineering services to cost of services.

<sup>5</sup> Reported as Php 48.2 mn in the SEC 17 3Q FY 2019 report. The change is due to the reclassification of engineering service fees from Other Income to topline revenues.

attributable to parent amounted to Php 1.2 bn, down by 35% from end-September 2019 level of Php 1.8 bn.

Changes in Registrant's Consolidated Resources, Liabilities and Shareholders' Equity  
(End-September 2020 vs. Year-end 2019)

The Company's total assets rose by 5%, from end-2019's level of Php 20.9 bn to Php 21.9 bn. The following are the material movements in the consolidated assets of the Company as of end-September 2020.

1. Cash and cash equivalents grew by 17% to Php 5.1 bn as of end-September 2020. The increase came from the cash generated from operating and investing activities.
2. Trade and other receivables went down by 25% to Php 588.3 mn as of end-September 2020. This decrease was mainly attributed to the collection of trade receivables by 1590 EC and VEC and receipt of dividends for declarations made in 2019 by DPI, Prism Energy and CIPC. Lower energy sales in 1590 EC also contributed to the reduction in trade receivables.
3. Advances to associates and stockholders was higher by 163% at Php 241.5 mn as of end-September 2020. The increase was mainly a result of the interest-bearing advances to an associate for a waste-water treatment project that the Company invested in.
4. Inventories rose by 117% to Php 219.8 mn as of end-September 2020. This was attributed to the purchase of fuel by 1590 EC and INEC, net of the inventory withdrawals of WMP for a contract project involving an expansion of an existing surface water facility.
5. Prepayments and other current assets were higher by 351% YoY at Php 721.1 mn as of end-September 2020. As of end-September 2020, 1590 EC, INEC and ETEI made down payments for plant equipment and engineering services.
6. Right-of-use assets was lower by 19% at Php 749.8 mn, which was due to the depreciation as of end-September 2020.
7. Deferred income tax assets increased by 22% at Php 37.8 mn. This was on account of a temporary tax-deductible difference resulting from the implementation of PFRS 16 in 1590 EC.

Total consolidated liabilities expanded by 5% YoY to Php 6.3 bn as of end-September 2020 from end-2019's Php 6.1 bn. This was mainly brought about by the following:

1. The availment of a short term borrowing by 1590 EC for its working capital requirements and a bridge financing facility by INEC for its new power plant project in the Visayas.
2. Income tax payable increased by 196% to Php 47.4 mn, which was mainly attributed to the accrued income tax of the three subsidiaries as of end-September 2020.
3. A 12% Increase In accrued pension expense by for Parent and VEC.

The rise in liabilities was offset by the following:

1. Trade and other payables were lower by 15% to Php 1.0 bn from Php 1.2 bn. This was attributed to the settlement of trade payables and accrued expenses (mostly in VEC and 1590 EC). The drop in deferred output VAT on the back of collections of trade receivables also contributed to the decrease in payables during the period in review.
2. Current portion of lease liabilities decreased by 28% to Php 259.5 mn from Php 360.1 mn. The amortization of finance lease liability mainly accounted for the liability contraction.
3. Advances from related parties were lower by 81% to Php 3.4 mn from Php 18.3 mn due to the reclassification of a liability to a party that ceased to be a related party after its shares were bought out by two subsidiaries in 2019.
4. Deferred income tax liabilities went down by 7% to Php 188.9 mn from Php 203.4 mn, which was an offshoot of the amortization of 1590 EC's finance lease liability under PFRS 16.

As a result of net income generated during the period in review, total stockholders' equity increased by 5%, from Php 14.8 bn as of year-end 2019 to Php 15.6 bn as of end-September 2020. Meanwhile, equity attributable to parent ended up higher by 5% at Php 14.8 bn as of end-September 2020.

*Material Changes in the Consolidated Liquidity and Cash Reserves of Registrant  
(End September 2020 vs. End September 2019)*

Cash and cash equivalents were higher by 13% YoY, from Php 4.6 bn as of end-September 2019 to Php 5.1 bn as of end-September 2020.

The Company ended the first nine months of 2020 with a net increase in cash (before considering the effect of changes in the foreign exchange rates) in the amount of Php 726.1 mn, which was 6% lower than last year's net increase in cash of Php 775.0 mn.

Operating activities showed a net cash inflow of Php 13.3 mn during the period in review, from the net cash inflow of Php 353.3 mn as of end-September 2019. The reduction in net cash inflows was mainly due to payment of trade and other payables (mostly for accrued expenses in 1590 EC and VEC). Disbursements for prepayments, inventories, interest on loan and income tax were also factors for the use of cash during the period in review, offset by the collection of trade and other receivables.

Investing activities generated cash in the amount of Php 877.5 mn, which was 22% lower than the net cash inflow of Php 1.1 bn in the same period last year. The down payments made by 65%-owned INEC and 1590 EC to their suppliers mainly accounted for the lower net cash inflow during the period in review. Net cash inflows were further reduced by spending related to projects of ETEI and 100%-owned VHHI, and increased capital expenditures for the acquisition of property and equipment (mostly in the Company, ETEI and INEC). This is tempered by the 39% YoY increase in total dividends received from investee companies (VECO, AHI, MPC, CPPC, DPI, Prism Energy and CIPC).

Financing activities as of end-September 2020 recorded a cash usage of Php 164.7 mn, posting a 77% YoY drop vis-à-vis last year's Php 702.5 mn. The proceeds from the short-term notes payable of 1590 EC and INEC, and infusions from a minority shareholder of INEC for its new power plant project in the Visayas mainly accounted for the significant decrease in net cash outflow against the end-September 2019 level. This is tempered by the Company's interest-bearing advances related to the waste-water treatment project of an associate and the Company's dividend payment during the period in review.

### Financial Ratios

Debt-to-Equity ratio remained at 0.41x as of end-September 2020 vis-à-vis end-December 2019 level of 0.41x. Total equity increased by 5%, which was attributed to the earnings for the period, net of the Company's dividend declaration in 2020. Meanwhile, total liabilities rose similarly by 5%, which mainly stemmed from the short-term loans of 1590 EC and a bridge financing facility of INEC. Accrued income tax of 1590 EC, net of the payment of trade payables (mostly in VEC and 1590 EC), also contributed to the increase in liabilities.

The Company's current ratio dropped to 1.46x as of end-September 2020 from year-end 2019 level of 3.42x. Current liabilities showed a significant increase of 192% from end-2019 level, while current assets only recorded a growth of 24%. The Company's outstanding FRCN in the amount of Php 2.8 bn, which is maturing in February 2021, has been recognized as a current liability. Moreover, the availment of short-term notes payable by 1590EC and INEC, and accrued income tax from 1590 EC also contributed to the rise in current liabilities as of the third quarter of 2020.

### Material Events and Uncertainties

- Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The following conditions shall be indicated: whether or not the registrant is having or anticipates having within the next twelve (12) months any cash flow or liquidity problems; whether or not the registrant is in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments; whether or not a significant amount of the registrant's trade payables have not been paid within the stated trade terms.

The Company does not expect any liquidity problems and is not in default of any financial obligations.

- Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

None.

- Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

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

- Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures.

The Company has projects in the pipeline, at varying degrees of development.

### POWER GENERATION

These projects are being undertaken through wholly owned subsidiary, VEC.

- Vivant Malogo Hydropower Inc. (VMHI) is a joint venture that will serve as the project proponent for the development and implementation of a greenfield power plant project, which will involve the construction and operation of a series of run-of-river hydropower facilities in Barangay Kapitan Ramon in Silay City, Negros Occidental. VMHI will implement the project in phases, where Phase 1 will involve the construction and operation of a 6 MW power plant facility along the Malogo river. The company has finalized the detailed engineering plans of the facility. Vivant, however, has decided to put the project on hold given the prevailing transmission constraint in the Negros grid, which is expected to be resolved by 2020 upon the completion of the Cebu-Negros-Panay 230kV backbone project of NGCP. VEC holds an effective equity stake of 67% in VMHI.
- Culna Renewable Energy Corporation (CREC) is the project proponent for the construction and operation of hybrid facilities to supply Cullion Island with a guaranteed dependable capacity of 1.96 MW and to supply Linapacan Island with guaranteed dependable capacity of 0.358 MW. The Cullion Power Station will have a configuration of 2.42 MW Diesel Genset, 2.80 MWp Solar PV and a battery storage system while the Linapacan Power Station's installed capacity will be composed of 540 kW Diesel Gensets and 325 kWp Solar PV. A Joint Application for the approval of the PSA was filed by CREC and BISELCO with the ERC on July 17, 2017, which is pending resolution.
- Global Energy Development Corporation (GLEDC) is a special purpose vehicle that was set up to undertake the construction and operation of a 2x335 MW coal fired power plant in La Union. In December 2017, Vivant, through wholly owned subsidiary Vivant Integrated Generation Corporation (VIGC), and Global Business Power Corporation signed a Pre-Development Agreement to jointly participate in this project. Vivant has an effective ownership of 42.5% in GLEDC.
- In November 2019, the Bantayan Electric Cooperative (BANELCO) concluded a successful competitive selection process by awarding a 15-year contract to supply 15 MW of the island's energy requirements to Isla Norte Energy Corporation (INEC), the joint-venture of Vivant Integrated Diesel Corporation (VIDC), a wholly owned subsidiary of VEC, and Gigawatt Power Inc. In February 2020, INEC and BANELCO signed the PSA. Vivant owns 65% equity in INEC through wholly-owned subsidiaries, VIDC and Vivant Energy.
- The Company, through its Business Development Group, continuously looks for opportunities in the power generation business, whether it be via greenfield, brownfield or acquisition. The Company conducts an extensive evaluation process before any proposed project is undertaken. Several factors are assessed and considered, which include but not limited to, the project's land use requirements, access to the grid, fuel supply availability and arrangements, permits and licenses, competitiveness of the plant and presence of potential offtakers. The Company intends to bankroll these projects via a combination of equity (30%) and debt (70%), where debt will be booked at the project company.

#### WATER INFRASTRUCTURE

These projects are being undertaken through wholly owned subsidiary, Vivant Infracore Holdings Inc. (VIII).

- Watermatic Philippines Corporation (WMP) was established in July 2019 as the joint venture company of Vivant, through VHHL, and its Israeli partner Watermatic International Ltd. (WMI). Vivant's 60%-owned subsidiary specializes in providing solutions for water treatment for a

variety of needs including for industry, drinking water, and agriculture. WMP's services include the design, engineering, construction, installation and operations and maintenance of water and wastewater treatment systems. It also assists clients in the project pre-development stage by providing the necessary technical studies and assessment and designing systems that are tailor-fit to the client's specific needs.

- In February 2020, VHHI acquired a 45% equity interest in Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWs). The transaction resulted in Vivant ultimately owning 40% in Puerto Princesa Water Reclamation and Learning Center, Inc. (PPWRLC), the joint venture company of the City of Puerto Princesa and FLOWs in developing a combined sewerage and septage facility serving the City of Puerto Princesa.
- Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.

The overall economic performance of the Philippines is a key factor in the sale of electricity. Thus, the performance of the Company, including its subsidiaries and associates, is affected by the economic state of the country.

Given the uncontracted portion of the Company's attributable generation capacity, any movement in the spot market price of electricity could have a significant impact on the Company's overall financial performance. Spot price of electricity is mostly determined by the supply and demand situation prevailing in the market.

- Any significant elements of income or loss that did not arise from the registrant's continuing operations

None.

- Any material changes in estimates of amounts reported in prior interim period of the current financial year and interim period of the prior financial year, respectively.

None.

- Any seasonal aspects that had a material effect on the financial condition or results of operations

None

- Any material events subsequent to the end of the interim period that have not been reflected in the financial statements of the interim period

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region. On March 14, 2020, the Office of the Governor of the province of Cebu implemented similar response through issuance of Executive Order Nos. 5-E, 5-F and 5-G. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and enjoined all government agencies and local government units to render full assistance and cooperation to curtail and eliminate the threat of COVID-19. On September 16, 2020, Presidential Proclamation No. 1021 was issued, extending the

State of Calamity throughout the Philippines for a period of one (1) year, effective September 13, 2020 up to September 12, 2021. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

Events surrounding the outbreak that have significant impact to the Company's financial position and performance as of and for the period ended September 30, 2020 are recognized in the statement of financial position and statement of comprehensive income, respectively. Considering the evolving nature of this outbreak, the Company continues to monitor the situation.

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

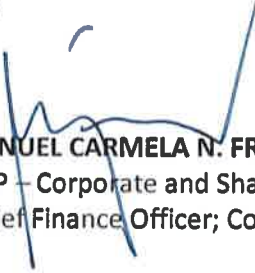
Other than what has been reported, no event has since occurred.

## SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### VIVANT CORPORATION

By:



**MINUEL CARMELA N. FRANCO**  
SVP – Corporate and Shared Services;  
Chief Finance Officer; Compliance Officer



**MARIA VICTORIA E. SEMBRANO**  
SAVP – Controllership

*November 13, 2020*



# **VIVANT CORPORATION AND SUBSIDIARIES**

Unaudited Consolidated Financial Statements  
As of September 30, 2020 (with Comparative Audited Consolidated Figures as of  
December 31, 2019) and for the Nine Months Ended September 30, 2019

**VIVANT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(With Comparative Figures as of December 31, 2019)**  
**(Amounts in Philippine Pesos)**

	Notes	September 30, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	1	₱5,134,758,050	₱4,405,244,649
Trade and other receivables	2	588,272,531	788,842,129
Advances to associates and stockholders	2	241,503,377	91,803,173
Inventories – at cost		219,799,575	101,307,901
Prepayments and other current assets	3	721,148,296	159,912,610
<b>Total Current Assets</b>		<b>6,905,481,829</b>	<b>5,547,110,462</b>
<b>Noncurrent Assets</b>			
Investments in associates and joint ventures	4	11,052,228,249	11,236,867,087
Property, plant and equipment	5	1,347,954,771	1,321,444,974
Right-of-use assets		749,832,944	925,279,293
Investment properties	6	757,280,601	757,280,601
Deferred income tax assets		37,834,223	30,891,693
Other noncurrent assets	7	1,093,047,317	1,048,137,839
<b>Total Noncurrent Assets</b>		<b>15,038,178,105</b>	<b>15,319,901,487</b>
<b>TOTAL ASSETS</b>		<b>₱21,943,659,934</b>	<b>₱20,867,011,949</b>