



208132153568345

**SECURITIES AND EXCHANGE COMMISSION**

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Company Information

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Company Name VIVANT CORPORATION
Industry Classification
Company Type Stock Corporation

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S.E.C. Registration Number

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(Company's Full Name)

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

Joan A. Giduquio-Baron
Contact Persons

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

1	2	3	1
Month		Day	
Fiscal Year			

2nd Quarterly Report 2021
SEC FORM 17-Q

0	6	1	7
Month		Day	
Annual Meeting			

FORM TYPE

N/A

Secondary license Type, If Applicable

C	F	D
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Dept. Requiring this Doc.

1,414

Total No. of Stockholders

1,023,399,979

Domestic

Amended Articles Number/Section

56,719

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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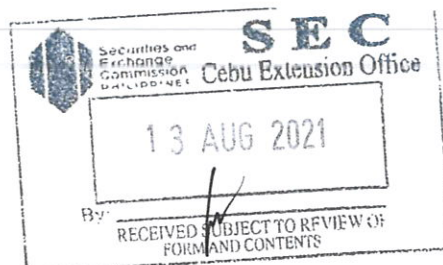
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **June 30, 2021**

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

NA

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

**Common Shares at Php 1.00 per share
Amount of debt outstanding**

**Php 1,023,456,698
Php 6,958,575,757**

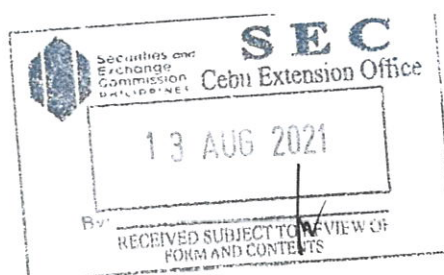
11. Are any or all of the securities listed on a Stock Exchange?

Yes ☒ No ☐

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

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 June 30, 2021 compared with the interim period ended June 30, 2020. 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) June 30, 2021 versus YTD June 30, 2020

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 June 2021	YTD June 2020	YE 2020 Audited
Equity in Net Earnings of Associates and Joint Ventures	852,387	905,462	
EBITDA	1,273,946	1,133,558 ¹	
Net increase in cash and cash equivalents	585,846	98,013	
Net cash flows from (used in) operating activities	169,854	(337,862)	
Net cash flows from investing activities	458,737	625,210	
Net cash flows used in financing activities	(42,745)	(189,335)	
Debt-to-Equity Ratio (x)	0.41	0.41	0.38
Current Ratio (x)	4.42	1.36	1.33

The Company's share in net earnings of associates and joint ventures as of first half (1H) 2021 amounted to Php 852.4 mn, representing a 6% year-on-year (YoY) decrease from Php 905.5 mn. This was a result of the following:

1. Visayan Electric Company (VECO), the Company's distribution utility, recorded a 6% YoY drop in its bottomline contribution, from Php 394.6 mn to Php 372.8 mn. Higher operating expenses (up by 17% YoY) mainly accounted for VECO's contraction in net earnings during the semester in review.
2. 40%-owned Minergy Power Corporation (MPC) brought in contributions of Php 123.2 mn during the semester in review, a 54% YoY decline from Php 266.9 mn. This can be mainly attributed to the drop in the volume of energy sales (down by 12% YoY). The 20% YoY increase in MPC's operating expenses also contributed to the unfavorable YoY variance.
3. 50%-owned Delta P, Inc. (DPI) had an income contribution of Php 18.2 mn as of end-June 2021, which was a 46% YoY drop from Php 34.0 mn as of end-June 2020. The expiry of the company's PSA for its old plant facility in April 2020 and the decline in electricity demand caused by the COVID-19 pandemic accounted for the volume of energy sales to go down by 10% YoY. Rise in

¹ Reported as Php 1,092.4 mn in the SEC 17 2Q FY 2020 report. The restatement to Php 1,133.6 mn was made to align the formula with the Schedule of Financial Soundness Indicators, Annex G8-E of the 2020 Audited Consolidated Financial Statements. In the revised EBITDA computation, operating income includes foreign exchange gain / (loss) and finance cost on finance lease liability is added back.

operating expenses (up by 7% YoY) and debt service cost further contributed to the earnings contraction during the period in review.

4. 50%-owned Calamian Islands Power Corporation (CIPC) saw a 47% YoY reduction in its income contribution from Php 24.6 mn to Php 13.1 mn. This was brought about by the 22% YoY decline in energy sales volume as the COVID-19 pandemic affected overall power demand in the islands. CIPC also incurred costs for the preventive maintenance work done during the first half of 2021.
5. The Company, through wholly owned subsidiary Vivant Renewable Energy Corporation (VREC), invested 34.85% in Buskowitz Finance, Inc. (BFI), a solar engineering, procurement and construction company. As of end June 30, 2021, BFI contributed a net loss of Php 7.9 mn.

The above contraction in earnings contributions were tempered by the following:

1. 20%-owned Therma Visayas, Inc. (TVI) recorded a positive income contribution of Php 85.6 mn as of end-June 2021. This was a reversal from the net loss contribution of Php 44.4 mn as of end-June 2020. The 30% YoY revenue expansion was mainly driven by sales at the Wholesale Electricity Spot Market (WESM) as a result of the favorable prices during the semester in review. Further to this, TVI saw a 17% YoY rise in volume of energy sales from contracts with Retail Electricity Supply (RES) customers. Lower operating expenses during the semester in review also contributed to the enhanced profitability.
2. 40%-owned Prism Energy, Inc. (Prism Energy), an RES, saw a 70% YoY expansion in its income contribution to Php 9.4 mn from Php 5.6 mn. The robust performance can be attributed to the 5% YoY rise in volume of energy sold, enhanced margin per kilowatt hour (kWh) and lower operating expenses during the semester in review.
3. 90%-owned² Bukidnon Power Corporation (BPC) and North Bukidnon Power Corporation (NBPC) shored in fresh income contributions of Php 11.5 mn and Php 6.2 mn, respectively, as of the first semester of 2021. The Company, through wholly owned subsidiaries, VEC and Amberdust Holdings Corporation (AHC), acquired 90% of the outstanding shares of BPC and NBPC. Both companies own bunker-diesel power plants that serve two separate franchise areas in Bukidnon.

EBITDA for the period rose by 12% YoY to Php 1.3 bn from Php 1.1 bn. This was mainly an outcome of the 17% YoY increase in operating income, which stemmed from:

1. Sale of power significantly grew by 101% YoY. This was mainly attributed to:
 - 94% YoY rise in the total energy sales of 55.2%-owned 1590 Energy Corporation (1590 EC), which was mainly attributed to the 109% YoY increased volume sold at the WESM.

² Under PFRS 10, *Consolidated Financial Statements*, an investor controls an investee when it 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 (e.g., direct the revenue-generating activities, among others). The Company, through VEC and AHC, gained control over the investees upon the election of a new set of Board members on June 22, 2021. However, by virtue of the Share Sale and Purchase Agreement (SSPA), the Company, through VEC and AHC, were entitled to their equity share in the net earnings of BPC and NBPC after December 31, 2020, cut-off date.

- 100%-owned Corenergy, Inc. (Corenergy) showed higher RES revenues (up 166% YoY) as of end-June 2021. This strong showing was attributed to the rise in contracted capacity to 11.65MW as of end-June 2021 from 4.4MW as of end-June 2020, which was on the back of additional customers during the semester in review.
- 100%-owned ET Energy Island Corporation (ETEI) posted a 9% YoY expansion in its volume of energy sales.
- 65%-owned Isla Norte Energy Corporation (INEC) shored in a revenue contribution of Php 32.3 mn from its interim power supply agreement with Bantayan Electric Cooperative, Inc. (BANELCO).

However, this rise in EBITDA was tempered by the following:

1. 6% drop in equity earnings resulting from the decline in the income contributions of two associates and two joint ventures during the first half of 2021. These are VECO, MPC, DPI and CIPC. The net loss contribution of 34.85%-owned BFI also accounted for the earnings contraction.
2. There was no management fee income earned as of 1H 2021. This was due to the timing of finalizing the contracts with associates and joint ventures. The Company and VEC had a combined management fee income of Php 6.9 mn in the same period last year.
3. Engineering service income went down by 18% YoY. This mainly resulted from the timing of billings to customers by 60%-owned Watermatic Philippines, Inc. (WMP).
4. Interest income decreased by 72% YoY, which was driven by lower rates for short-term investments.
5. 79% YoY increase in total cost of services, which was mainly attributed to the 91% YoY rise in cost of generation. This was on the back of increased dispatch in 1590 EC, higher cost of purchased power in Corenergy and increased operating expenses to service additional customers of ETEI.
6. 29% YoY rise in operating expenses.

The Company ended the semester in review with a net increase in cash, before considering the effect of changes in the foreign exchange rates, in the amount of Php 585.8 mn. This was significantly higher than the net increase in cash as of 1H 2020 in the amount of Php 98.0 mn. Operating activities posted a net cash inflow as of end-June 2021, which was a turnaround of the net cash outflow as of end-June 2020. Reduced spending for financing activities (dropped by 77% YoY) further contributed to the expansion in cash level. The net increase in cash was tempered by the decline in cash inflows from investing activities (down by 27% YoY) during the semester in review.

Operating activities showed a net cash inflow of Php 169.9 mn during the semester in review, which stemmed from the timing of payment of trade and other payables and accrued expenses. In the same period last year, payments of trade and other payables and accrued expenses (mostly in VEC and 1590 EC) mainly accounted for the net cash outflow of Php 337.9 mn. Lower interest expense, tempered by

disbursements for prepayments and income taxes, also contributed to the improvement in operating cash level as of end-June 2021.

Investing activities generated cash in the amount of Php 458.7 mn vis-à-vis Php 625.2 mn as of end-June 2020. The 27% YoY decline was mainly attributed to the following: (1) acquisition of 34.85% and 90% equity stakes in BFI, BPC and NBPC, respectively; (2) capital expenditure for the purchase of equipment and power plant construction in 65%-owned INEC; (3) pre-development costs for a desalination facility of 100%-owned Isla Mactan-Cordova Corporation (IMCC) and solar projects of 100%-owned ETEI; and (3) purchase of additional shares by wholly-owned VREC in a 35%-owned associate. This was offset by dividends received from investee companies [VECO, MPC, 40%-owned Cebu Private Power Corporation (CPPC) and 40%-owned Abovant Holdings, Inc. (AHI)] and proceeds from the disposal of an associate during the semester in review.

Financing activities as of 1H 2021 showed a net cash outflow of Php 42.7 mn, a 77% YoY reduction from the Php 189.3 mn net cash outflow in the same period last year. Dividends paid by the Company and finance lease payments by 1590 EC were offset by the proceeds of the Company's new Fixed Rate Corporate Note (FRCN) issued in January 2021, proceeds from a bridge financing facility of INEC and infusion from a minority shareholder of INEC during the period in review. Meanwhile, the Company's interest-bearing advances related to the waste-water treatment project of an associate mainly accounted for the net cash outflow as of 1H 2020.

Debt-to-Equity ratio went up to 0.41x as of end-June 2021 vis-à-vis end-December 2020 level of 0.38x. Total equity increased by 4%, which was attributed to the earnings, net of the dividends declared by the Company, as of the semester in review. Meanwhile, total liabilities rose by 11%, which mainly stemmed from the net proceeds from the issuance of the new FRCN and the bridge financing facility of INEC. The increase in payable for fuel and output VAT and accrued income tax of 1590 EC on the back of improved sales, and the accrued pension of the Company and VEC also contributed to the increase in total liabilities.

The Company's current ratio improved to 4.42x as of end-June 2021 from year-end 2020 level of 1.33x. Current assets posted a growth of 12% (attributed to the 12% rise in cash and cash equivalents, increased billings as a result of improved sales of 1590 EC, advances by three subsidiaries to a joint venture and two associates), while current liabilities showed a significant decrease of 66% from end-2020 level. As of December 2020, the Company booked a Php 2.8 bn current liability, which was the outstanding FRCN issued in 2014. The settlement of this outstanding FRCN in February 2021, the payment of 1590 EC and INEC short-term loans and the amortization of finance lease liability-current portion contributed to the decline in current liabilities as of end-June 2021.

Material Changes in Line Items of Registrant's Income Statement
(YTD June 2021 vs. YTD June 2020)

As of end-June 2021, the Company's total revenues amounted to Php 2.5 bn, recording a 37% YoY increase from Php 1.8 bn in the same period last year.

1. Sale of power went up by 101% YoY, which is attributed to the following:

- 94% YoY rise in the total energy sales of 55.2%-owned 1590 EC, which was mainly attributed to the 109% YoY increased volume sold at the WESM.

- 100%-owned Corenergy showed higher RES revenues (up 166% YoY) as of end-June 2021. This strong showing was attributed to the rise in contracted capacity to 11.65MW as of end-June 2021 from 4.4MW as of end-June 2020, which was on the back of additional customers during the semester in review.
- 100%-owned ETEI posted a 9% YoY expansion in its volume of energy sales.
- 65%-owned INEC shored in a revenue contribution of Php 32.3 mn from its interim power supply agreement with BANELCO.

2. The Company's share in net earnings of associates and joint ventures as of the first semester of 2021 amounted to Php 852.4 mn, representing a 6% YoY decrease from Php 905.5 mn. This was a result of the following:

- VECO, the Company's distribution utility, recorded an 6% YoY drop in its bottomline contribution, from Php 394.6 mn to Php 372.8 mn. Higher operating expenses (up by 17% YoY) mainly accounted for VECO's contraction in net earnings during the semester in review.
- 40%-owned MPC brought in contributions of Php 123.2 mn during the semester in review, a 54% YoY decline from Php 266.9 mn. This can be mainly attributed to the drop in the volume of energy sales (down by 12% YoY). The 20% YoY increase in MPC's operating expenses also contributed to the unfavorable YoY variance.
- 50%-owned DPI had an income contribution of Php 18.2 mn as of end-June 2021, which was a 46% YoY drop from Php 34.0 mn as of end-June 2020. The expiry of the company's PSA for its old plant facility in April 2020 and the decline in electricity demand caused by the COVID-19 pandemic accounted for the volume of energy sales to go down by 10% YoY. Rise in operating expenses (up by 7% YoY) and debt service cost further contributed to the earnings contraction during the period in review.
- 50%-owned CIPC saw a 47% YoY reduction in its income contribution from Php 24.6 mn to Php 13.1 mn. This was brought about by the 22% YoY decline in energy sales volume as the COVID-19 pandemic affected overall power demand in the islands. CIPC also incurred costs for the preventive maintenance work done during the first half of 2021.
- The Company, through wholly owned subsidiary VREC, invested 34.85% in BFI, a solar engineering, procurement and construction company. As of end June 30, 2021, BFI contributed a net loss of Php 7.9 mn.

The above contraction in earnings contributions were tempered by the following:

- 20%-owned TVI recorded a positive income contribution of Php 85.6 mn as of end-June 2021. This was a reversal from the net loss contribution of Php 44.4 mn as of end-June 2020. The 30% YoY revenue expansion was mainly driven by sales at the WESM as a result of the price hike during the semester in review. Further to this, TVI saw a 17% YoY rise in volume of energy sales from contracts with RES customers. Lower operating expenses during the semester in review also contributed to the enhanced profitability.

- 40%-owned Prism Energy, an RES, saw a 70% YoY rise in its income contribution to Php 9.4 mn from Php 5.6 mn. The robust performance can be attributed to the 5% YoY rise in volume of energy sold, enhanced margin per kWh and lower operating expenses during the semester in review.
 - 90%-owned³ BPC and NBPC shored in fresh income contribution of Php 11.5 mn and Php 6.2 mn, respectively, as of 1H 2021. The Company, through wholly owned subsidiaries, VEC and AHC, acquired 90% of the outstanding shares of BPC and NBPC. Both companies own bunker-diesel power plants that serve two separate franchise areas in Bukidnon.
3. Management and service fees is nil as of 1H 2021. This was due to the timing of the finalization of the contracts with associates and joint ventures. The Company and VEC had a combined management fee income of Php 6.9 mn in the same period last year.
 4. Engineering service income dropped to Php 68.9 mn from Php 83.8 mn. This was mainly attributed to the timing of billings for the engineering service projects of 60%-owned WMP.
 5. Interest income dropped by 72% YoY to Php 11.4 mn, which mainly resulted from lower interest rates on short-term placements.

Total cost of services and operating expenses as of 1H 2021 expanded by 59% YoY, from Php 861.3 mn to Php 1.4 bn. Said movement can be accounted for by the following:

1. Total cost of services rose by 79% YoY to Php 916.0 mn from Php 512.2 mn. This can be attributed to the 91% YoY increase in generation cost to Php 861.4 mn from Php 450.7 mn, which was attributed to increased fuel consumption on the back of 1590 EC's rise in WESM sales during the semester in review. Higher cost of purchased power was incurred by Corenergy as its energy sales volume went up by 142% YoY. Moreover, the increase in ETEI's cost of services (up by 48% YoY), was attributed to technical consultancy contracts and higher depreciation cost on solar panels to service additional customers.

Meanwhile, engineering service fees ended up lower by 11% YoY to Php 54.7 mn from Php 61.5 mn, which was mainly attributed to lower cost of materials, technical consultancy fees, and water studies of WMP. This was offset by higher cost of engineering services in Corenergy that resulted from improved operations.

2. Salaries and employee benefits went up by 13% YoY to Php 170.7 mn from Php 150.7 mn. Increase in headcount and salary rate mainly accounted for the cost expansion.

³ Under PFRS 10, *Consolidated Financial Statements*, an investor controls an investee when it 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 (e.g., direct the revenue-generating activities, among others). The Company, through VEC and AHC, gained control over the investees upon the election of a new set of Board members on June 22, 2021. However, by virtue of the Share Sale and Purchase Agreement (SSPA), the Company, through VEC and AHC, were entitled to their equity share in the net earnings of BPC and NBPC after December 31, 2020, cut-off date.

3. Professional fees surged by 157% YoY to Php 132.7 mn from Php 51.5 mn. This was mainly due to legal fees incurred by three wholly-owned subsidiaries relating to projects.
4. Taxes and licenses fell by 39% YoY to Php 27.5 mn from Php 44.8 mn. As of end-June 2020, the Company and its subsidiaries incurred additional business taxes due to the change of business address which resulted to higher taxes last year. There were no expenses of the same nature incurred as of 1H 2021.
5. Outside services went down by 15% YoY to Php 10.0 mn from Php 11.7 mn. The Company saw delays in supplier billings for its Enterprise Resource Planning (ERP) system during the semester in review. Further to this, costs as of end-June 2020 included delayed billings from suppliers for services covering 2019.
6. Communication and utilities went up by 65% YoY to Php 4.1 mn from Php 2.5 mn. This was mainly due to delayed billings from the Company's internet and communications service provider covering various months of 2020. Higher consumption for utilities as a result of the business continuity office set-up also contributed to the increase.
7. Travel expenses dropped by 39% YoY to Php 3.1 mn from Php 5.0 mn. This can be attributed to reduced business travel frequency due to government-mandated travel and mobility restrictions that were imposed since the latter part of the first quarter of 2020.
8. Rent and association dues was higher by 44% YoY at Php 2.8 mn from Php 1.9 mn. This resulted from escalation of common use service area fees (CUSA) and delayed billings for association dues covering the fourth quarter of 2020.
9. Representation expenses went up by 208% YoY to Php 1.6 mn from Php 0.5 mn. This was mainly due to increased business meetings with partners and project stakeholders.
10. Other operating expenses rose by 46% YoY to Php 55.5 mn from Php 38.1 mn. This was mainly on account of higher donations to Vivant Foundation Inc (VFI). New memberships in business organizations and software subscriptions, and purchase of health and safety supplies also contributed to the increase in cost.

Vivant booked Php 81.4 mn in other charges as of end-June 2021, recording a 5% increase from the Php 77.5 mn in other charges booked in the same period last year. The following account for the movement:

1. Finance costs on the Company's FRCN was lower by 19% YoY to Php 67.6 mn from Php 83.6 mn. This reduction is attributed to lower rates for the new FRCN issued in January 2021.
2. Finance costs on lease liabilities dropped by 23% YoY to Php 29.9 mn from Php 39.0 mn, which was a result of the amortization of the finance lease under PFRS 16.
3. Unrealized foreign exchange gain is at Php 2.9 mn as of end-June 2021. This pertains to the translation of US Dollar and Euro cash balances of the Company and five subsidiaries. Higher balances of foreign currency denominated monies and a depreciation of the Philippine Peso to Euro accounted for the 36% increase from Php 2.2 mn as of end-June 2020.
4. Other income of Php 13.2 mn was booked as of end-June 2021, which was 69% lower than the Php 43.0 mn booked in the same period last year. As of 1H 2021, VEC and VREC booked a net

gain on the sale of their equity stake in Sabang Renewable Energy Corporation (SREC) and another subsidiary booked charges for cost reimbursement to an associate. This was lower than the proceeds from an insurance claim by a subsidiary within the same semester last year.

As of 1H 2021, the Company booked an accrued consolidated provision for income tax of Php 90.7 mn, which was 104% higher than the Php 44.5 mn in accrued consolidated income tax provision as of the same period last year. This was mainly due to the higher earnings of 1590 EC, INEC, and CORE that was a result of improved performance.

Taking all of the above into account, the Company recorded a total net income of Php 926.8 mn for the period ending June 30, 2021, which is 14% higher than the Php 814.4 mn net income in the same period last year. Net income attributable to parent, net of the share of the minority shareholders of two subsidiaries, amounted to Php 708.7 mn, down by 5% YoY.

Changes in Registrant's Consolidated Resources, Liabilities and Shareholders' Equity
(End-June 2021 vs. Year-end 2020)

The Company's total assets grew by 6%, from end-2020's level of Php 22.6 bn to Php 23.9 bn. The following are the material movements in the consolidated assets of the Company as of 1H 2021.

1. Cash and cash equivalents expanded by 12% to Php 5.5 bn as of end-June 2021 from Php 4.9 mn as of end-2020. This was mainly attributed to the significant reduction in the net cash outflows for financing activities to Php 42.7mn as of end-June 2021 from Php 291.7mn as of end-2020. Higher net cash generated from operating activities of Php 169.9 mn as of end-June 2021 vis-à-vis end-2020 level of Php 103.3 mn also contributed to the cash expansion. Net cash inflows from investing activities amounted to Php 458.7 mn during the semester in review, albeit posting a decline from end-2020's Php 651.2 mn.
2. Trade and other receivables went up to Php 984.6 mn as of end-June 2021 from Php 814.1 mn as of end-2020. This was mainly attributed to increased trade receivables in 1590 EC as a result of improved profitability. The receipt of dividends from MPC that was declared in 2020 tempered the receivable growth.
3. Advances to associates, joint ventures, and stockholders rose by 27% to Php 320.4 mn. This was on account of the advances made by three subsidiaries to a joint venture and two associates.
4. Inventories were reduced by 50% to Php 111.3 mn as of end-June 2021 from Php 220.5 mn as of end-2020. Fuel consumption rose proportionately with the increased volume of energy sales by 1590 EC and INEC.

5. Prepayments and other current assets were higher by 23% at Php 347.7 mn as of end-June 2021. This was attributed to the bid security for a power project and the rise in input VAT (mostly coming from 1590 EC's higher purchased power). This was tempered by the transaction costs related to the Company's new FRCN which was reclassified as a contra-liability account in compliance with PFRS 9⁴ upon drawing in January 2021 and recoupment of INEC's down payments to contractors for the on-going construction of an oil-fired power generation facility.
6. Property, plant, and equipment rose by 12% to Php 2.5 bn, which was mainly attributed to the costs incurred for the construction of an oil-fired power plant by INEC. Project costs for the water desalination plant of wholly-owned IMCC and solar projects of ETEI, and the Company's purchase of service vehicles and other assets also contributed to the increase.
7. Right-of-use assets was lower by 17% at Php 556.0 mn, which was due to the amortization as of end-June 2021.
8. Deferred income tax assets grew by 16% YoY to Php 39.6 mn, as a result of the amortization of 1590 EC's finance lease liability under PFRS 16.

Total consolidated liabilities grew by 11% to Php 7.0 bn as of 1H 2021 from end-2020's Php 6.3 bn. This is mainly attributable to the proceeds from the issuance of the new FRCN, net of the full settlement of the old FRCN, and the long-term loan of INEC to fund the construction of a power plant. Other factors include:

1. Trade and other payables were higher by 37% at Php 1.2 bn as of end-June 2021. This was mainly attributed to the fuel billings and output VAT that arose from the improved operations of 1590 EC, dividends declared by the Company, and the balance of the consideration for the purchase of shares related to the acquisition of equity in BPC and NBPC.
2. Income tax payable significantly increased by 100% to Php 74.1 mn, which was attributed to the earnings of 1590 EC and INEC during 1H 2021.
3. Pension liability rose by 8% to Php 94.4 mn as accruals for pension expense were booked by the Company and VEC during the semester in review.

The growth in liabilities were offset by the following:

1. Short-term note payable decreased by 94% to Php 46.5 mn. This was due to the loan payments made by INEC and 1590 EC during the period in review.
2. Current portion of lease liabilities decreased by 26% to Php 266.5 mn. This was mainly attributed to the amortization of the finance lease recognized in 1590 EC under PFRS 16.

As a result of net income generated during the semester in review, total stockholders' equity increased by 4%, from Php 16.3 bn as of year-end 2020 to Php 16.9 bn as of end-June 2021. Meanwhile, equity attributable to parent ended marginally higher by 2% at Php 15.8 bn as of end-June 2021.

⁴ PFRS 9, *Financial Instruments*, provides that at initial recognition, an entity measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to acquisition or issue of the financial asset or financial liability.

Material Changes in the Consolidated Liquidity and Cash Reserves of Registrant
(End-June 2021 vs. End-June 2020)

Cash and cash equivalents were higher by 21% YoY, from Php 4.5 bn as of end-June 2020 to Php 5.5 bn as of end-June 2021.

The Company ended the semester in review with a net increase in cash, before considering the effect of changes in the foreign exchange rates, in the amount of Php 585.8 mn. This was significantly higher than the net increase in cash as of 1H 2020 in the amount of Php 98.0 mn. Operating activities posted a net cash inflow as of end-June 2021, which was a turnaround of the net cash outflow as of end-June 2020. Reduced spending for financing activities (dropped by 77% YoY) further contributed to the expansion in cash level. The net increase in cash was tempered by the decline in cash inflows from investing activities (down by 27% YoY) during the semester in review.

Operating activities showed a net cash inflow of Php 169.9 mn during the semester in review, which stemmed from the timing of payment of trade and other payables and accrued expenses. In the same period last year, payments of trade and other payables and accrued expenses (mostly in VEC and 1590 EC) mainly attributed for the net cash outflow of Php 337.9 mn. Lower interest expense, tempered by disbursements for prepayments and income taxes, also contributed to the improvement in operating cash level as of 1H 2021.

Investing activities generated cash in the amount of Php 458.7 mn vis-à-vis Php 625.2 mn as of end-June 2020. The 27% YoY decline was mainly attributed to the (1) acquisition of 34.85% and 90% equity stakes in BFI, BPC and NBPC, respectively, (2) capital expenditure for the purchase of equipment and power plant construction in 65%-owned INEC, (3) pre-development costs for a desalination facility of 100%-owned IMCC and solar projects of 100%-owned ETEI, and (3) purchase of additional shares by wholly-owned VREC in a 35%-owned associate. This was offset by dividends received from investee companies (VECO, MPC, CPPC and AHI) and proceeds from the disposal of an associate during the semester in review.

Financing activities as of 1H 2021 showed net cash outflow of Php 42.7 mn, a 77% YoY reduction from the Php 189.3 mn net cash outflow in the same period last year. Dividends paid by the Company and finance lease payments by 1590 EC were offset by the proceeds of the Company's new FRCN issued in January 2021, proceeds from a bridge financing facility of INEC and infusion from a minority shareholder of INEC during the period in review. Meanwhile, the Company's interest-bearing advances related to the waste-water treatment project of an associate mainly accounted for the net cash outflow as of 1H 2020.

Financial Ratios

Debt-to-Equity ratio went up to 0.41x as of end-June 2021 vis-à-vis end-December 2020 level of 0.38x. Total equity increased by 4%, which was attributed to the earnings, net of the dividends declared by the Company, as of the semester in review. Meanwhile, total liabilities rose by 11%, which mainly stemmed from the net proceeds from the issuance of the new FRCN and the bridge financing facility of INEC. The increase in payable for fuel and output VAT and accrued income tax of 1590 EC on the back of improved sales, and the accrued pension of the Company and VEC also contributed to the increase in total liabilities.

The Company's current ratio improved to 4.42x as of end-June 2021 from year-end 2020 level of 1.33x. Current assets posted a growth of 12% (attributed to the 12% rise in cash and cash equivalents, increased billings as a result of improved sales of 1590 EC, advances by three subsidiaries to a joint venture and two associates), while current liabilities showed a significant decrease of 66% from end-2020 level. As of December 2020, the Company booked a Php 2.8 bn current liability, which was the outstanding FRCN issued in 2014. The settlement of this outstanding FRCN in February 2021, the payment of 1590 EC and INEC short-term loans and the amortization of finance lease liability-current portion contributed to the decline in current liabilities as of end-June 2021.

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 has 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 Culion Island with a guaranteed dependable capacity of 1.96 MW and to supply Linapacan Island with guaranteed dependable capacity of 0.358 MW. The Culion 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 INEC, a 65% owned subsidiary of VEC.

In February 2020, INEC entered into a 15-year PSA with BANELCO for the entire capacity of the plant. A Joint Application for the approval of the PSA was filed by INEC and BANELCO with the ERC on October 12, 2020. The power station currently in construction is composed of 2 x 7.496 MW diesel engines and 3 x 2.773 MW diesel engines, and is expected to be operational within the second half of 2021. The project is funded via equity (25%) and debt (75%).

- La Pampanga Energy Corporation (LPEC) is an on-grid project, where VEC currently has a 50% equity stake. The project will involve the construction and operation of an embedded 15MW bunker-fired power plant in Porac, Pampanga. The capacity of the embedded plant will supply the peaking power and ancillary requirements of PELCO II pursuant to the 15-year PSA that was awarded after a successful conduct of CSP by the distribution utility in 2020. The project will be funded through a combination of equity and debt.
- North Bukidnon Power Corporation (NBPC) supplies 5MW of the peaking power requirement in the franchise area of Bukidnon Second Electric Cooperative, Inc. through its bunker-diesel power plant in Lantapan, Bukidnon. Bukidnon Power Corporation (BPC) owns two bunker-diesel power plants that are both contracted to supply energy requirements of First Bukidnon Electric Cooperative, Inc. VEC and AHC acquired 90% of the outstanding shares of BPC and NBPC through Share Sale and Purchase Agreements signed on February 19, 2021.
- Buskowitz Finance Inc. (BFI) is a solar engineering, procurement and construction company and is considered as one of the biggest players in the rooftop solar installation market in the Philippines to date. VREC acquired 34.85% of the total equity of BFI through a Shareholders' Agreement signed on March 10, 2021.

- 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 and debt, where debt will be booked at the project company.

WATER INFRASTRUCTURE

These projects are being undertaken through wholly-owned subsidiary, Vivant Hydrocore Holdings Inc. (VHHI).

- 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.
- In June 2021, VHHI was awarded a 2-year Bulk Water Supply Agreement by the Metropolitan Cebu Water District (MCWD). VHHI will build a utility scale desalination plant that will augment the limited bulk water supply of MCWD by twenty thousand cubic meters (20,000 cu.m) per day of treated and potable water.
- Vivant, through VHHI, is on the look-out for opportunities in water infrastructure which relates to the provision of water and wastewater engineering and technological solutions bulk water supply, water distribution and wastewater treatment services. The Company intends to bankroll these projects via a combination of equity and debt, where debt will be booked at the project company.
- 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

None

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

VP Controller and Corporate Services for Infra

August 13, 2021

VIVANT CORPORATION AND SUBSIDIARIES

Unaudited Consolidated Financial Statements

As of June 30, 2021 (with Comparative Audited Consolidated Figures as of
December 31, 2020) and for the Three Months Ended June 30, 2020

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(With Comparative Figures as of December 31, 2020)

(Amounts in Philippine Pesos)

	Notes	June 30, 2021	December 31, 2020
ASSETS			
Current Assets			
Cash and cash equivalents	1	₱5,461,106,339	₱4,872,331,464
Trade and other receivables	2	984,620,365	814,103,832
Advances to associates, joint ventures and stockholders	2	320,385,807	253,060,382
Inventories – at cost		111,320,017	220,498,758
Prepayments and other current assets	3	347,731,888	281,892,670
Total Current Assets		7,225,164,416	6,441,887,106
Noncurrent Assets			
Investments in associates and joint ventures	4	11,576,282,894	11,247,606,324
Property, plant and equipment	5	2,535,720,339	2,260,461,407
Right-of-use assets		556,042,894	672,222,914
Investment properties	6	757,280,601	757,280,601
Deferred income tax assets		39,587,190	34,013,474
Other noncurrent assets	7	1,188,817,927	1,167,489,781
Total Noncurrent Assets		16,653,731,845	16,139,074,501
TOTAL ASSETS		₱23,878,896,261	₱22,580,961,607

	Notes	June 30, 2021	December 31, 2020
LIABILITIES AND EQUITY			
Current Liabilities			
Current portion of trade and other payables		₱1,200,808,772	₱ 875,837,380
Short term notes payable		46,500,000	749,300,741
Current portion of long-term notes payable		40,349,718	2,819,508,120
Current portion of lease liabilities		266,527,191	360,063,325
Advances from related parties		5,778,466	5,689,112
Income tax payable		74,055,511	36,955,619
Total Current Liabilities		1,634,019,658	4,847,354,297
Noncurrent Liabilities			
Long-term notes payable - net of current portion		3,899,259,533	—
Lease liabilities – net of current portion		303,114,979	303,114,979
Pension liability		94,390,352	87,541,306
Deferred income tax liabilities		188,869,055	189,832,424
Other noncurrent liabilities – net of current portion		838,922,180	837,635,182
Total Noncurrent Liabilities		5,324,556,099	1,418,123,891
Total Liabilities		6,958,575,757	6,265,478,188
Equity Attributable to Equity Holders of the Parent			
Capital stock	8	1,023,456,698	1,023,456,698
Additional paid-in capital		8,339,452	8,339,452
Other components of equity:			
Share in revaluation increment of an associate		1,658,598,674	1,658,598,674
Remeasurement losses on employee benefits		(13,035,095)	(13,035,095)
Share in remeasurement losses on employee benefits of associates and a joint venture		(96,181,114)	(96,181,114)
Unrealized valuation gain on financial assets at fair value through other comprehensive income (FVOCI)		2,862,209	2,862,209
Equity reserves		(25,128,554)	(25,128,554)
Retained earnings:			
Appropriated for business expansion		5,213,900,230	5,213,900,230
Unappropriated		8,025,320,276	7,674,801,422
Equity Attributable to Equity Holders of the Parent		15,798,132,776	15,447,613,922
Equity Attributable to Non-controlling Interests		1,122,187,728	867,869,497
Total Equity		16,920,320,504	16,315,483,419
TOTAL LIABILITIES AND EQUITY		₱23,878,896,261	₱22,580,961,607

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD JANUARY 1 TO JUNE 30, 2021

(With Comparative Figures for the same period in 2020)

(Amounts in Philippine Pesos)

	2021	2020
REVENUE		
Revenue from contracts with customers		
Sale of power	₱1,532,632,612	₱761,001,175
Engineering service income	68,850,999	83,771,144
Management and service fees	—	6,922,907
	1,601,483,611	851,695,226
Equity in net earnings of associates and joint ventures	852,387,370	905,461,746
Interest income	11,355,152	40,413,332
	2,465,226,133	1,797,570,304
COST OF SERVICES		
Generation costs	861,378,454	450,725,465
Engineering service fees	54,662,326	61,492,604
	916,040,780	512,218,069
OPERATING EXPENSES		
Salaries and employee benefits	170,706,904	150,658,130
Professional fees	132,681,578	51,540,769
Taxes and licenses	27,481,793	44,799,616
Depreciation and amortization	23,849,804	23,399,890
Management fees	18,490,413	18,911,608
Outside services	9,991,711	11,701,816
Communication and utilities	4,148,899	2,512,135
Travel	3,071,387	5,026,505
Rent and association dues	2,799,624	1,945,390
Representation	1,564,283	508,297
Other operating expenses	55,534,471	38,054,521
	450,320,867	349,058,677
INCOME FROM OPERATIONS	1,098,864,486	936,293,558
OTHER INCOME (CHARGES)		
Finance costs on loans	(67,581,179)	(83,586,065)
Finance costs on lease liabilities	(29,889,358)	(39,032,277)
Foreign exchange gain (loss) – net	2,928,420	2,156,328
Other income	13,180,555	42,973,051
	(81,361,562)	(77,488,963)
INCOME BEFORE INCOME TAX	1,017,502,924	858,804,595
PROVISION FOR INCOME TAX	90,735,137	44,454,193
NET INCOME	926,767,787	814,350,402
OTHER COMPREHENSIVE INCOME	—	—
TOTAL COMPREHENSIVE INCOME	₱926,767,787	₱814,350,402
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	₱708,728,693	₱743,413,894
Non-controlling interests	218,039,094	70,936,508
	₱926,767,787	₱814,350,402
Basic and diluted earnings per share, for net income for the year attributable to equity holders of the parent (see Note 9)	₱0.692	₱0.726

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED JUNE 30, 2021

(With Comparative Figures for the same period in 2020)

(Amounts in Philippine Pesos)

	2021	2020
REVENUE		
Revenue from contracts with customers		
Sale of power	₱1,101,157,692	₱436,765,320
Engineering service income	64,560,633	63,667,393
Management and service fees	—	6,922,907
	1,165,718,325	507,355,620
Equity in net earnings of associates and joint ventures	515,804,617	411,788,805
Interest income	6,236,808	18,402,228
	1,687,759,750	937,546,653
COST OF SERVICES		
Generation costs	603,888,175	156,263,645
Engineering service fees	34,220,593	49,718,364
	638,108,768	205,982,009
OPERATING EXPENSES		
Salaries and employee benefits	108,176,861	82,956,016
Professional fees	29,785,979	25,466,269
Management fees	15,800,413	15,507,608
Depreciation and amortization	12,243,927	12,510,489
Taxes and licenses	6,928,934	6,000,360
Outside services	5,740,997	4,874,636
Travel	2,260,357	773,096
Communication and utilities	2,223,701	1,043,796
Representation	1,274,962	72,086
Rent and association dues	1,225,123	700,430
Other operating expenses	19,025,715	11,743,079
	204,686,969	161,647,865
INCOME FROM OPERATIONS	844,964,013	569,916,779
OTHER INCOME (CHARGES)		
Finance costs on loans	(31,119,134)	(42,310,524)
Finance costs on lease liabilities	(14,477,627)	(18,937,200)
Foreign exchange gain (loss) – net	1,132,279	(530,951)
Other income	11,370,881	40,930,968
	(33,093,601)	(20,847,707)
INCOME BEFORE INCOME TAX	811,870,412	549,069,072
PROVISION FOR INCOME TAX	69,529,917	49,617,734
NET INCOME	742,340,495	499,451,338
OTHER COMPREHENSIVE INCOME	—	—
TOTAL COMPREHENSIVE INCOME	₱742,340,495	₱499,451,338
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	₱566,737,312	₱422,149,711
Non-controlling interests	175,603,183	77,301,627
	₱742,340,495	₱499,451,338
Basic and diluted earnings per share, for net income for the year attributable to equity holders of the parent	₱0.554	₱0.412

See accompanying Notes to Consolidated Financial Statements.

(Amounts in Philippine Pesos)

[illegible]

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2021
(With Comparative Figures for the same period in 2020)
(Amounts in Philippine Pesos)

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		₱1,017,502,924	₱858,804,595
Adjustments for:			
Equity in net earnings of associates and joint ventures		(852,387,370)	(905,461,746)
Depreciation and amortization		158,972,604	152,135,444
Finance costs on loans		67,581,179	83,586,065
Finance costs on lease liabilities		29,889,358	39,032,277
Interest income		(11,355,152)	(40,413,332)
Pension expense		6,849,046	5,239,461
Gain on disposal of an associate		(3,684,540)	—
Unrealized foreign exchange gains		(2,928,420)	(2,156,328)
Gain on disposal of property and equipment		(12,365)	—
Operating income before working capital changes		410,427,264	190,766,436
Decrease (increase) in:			
Trade and other receivables	2	(387,506,922)	13,574,844
Inventories		109,178,741	(116,566,327)
Prepayments and other current assets	3	(77,129,535)	21,542,427
Increase (decrease) in trade and other payables		277,671,621	(290,175,093)
Cash generated from (used in) operations		332,641,169	(180,857,713)
Interest paid		(102,614,755)	(122,866,141)
Income taxes paid		(60,172,330)	(34,138,002)
Net cash flows from (used in) operating activities		169,854,084	(337,861,856)

	Notes	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates and joint ventures		1,246,755,901	1,178,111,197
Additional investments in and advances to associates and joint ventures	4	(491,603,913)	(87,650,592)
Additions to property, plant and equipment	5	(318,449,521)	(79,067,936)
Proceeds from disposal of an associate		33,225,512	–
Increase in other noncurrent assets		(21,774,795)	(35,198,509)
Interest received		10,745,542	45,026,561
Increase in intangible asset		(174,113)	(467,277)
Proceeds from disposal of property and equipment		12,365	–
Advances to suppliers on purchase of fixed assets		–	(395,543,440)
Net cash flows from investing activities		458,736,978	625,210,004
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of loans		4,076,552,190	493,579,676
Payments of:			
Loans		(3,616,034,568)	(30,000,000)
Cash dividends		(347,861,016)	(484,727,983)
Lease liabilities		(92,517,367)	(62,286,564)
Debt issue cost		(31,926,912)	–
Additional investments and deposits for future stock subscription of non-controlling interest of a subsidiary		36,279,137	31,000,363
Net proceeds (payments) in advances to / from related parties		(67,236,071)	(136,900,723)
Net cash flows used in financing activities		(42,744,607)	(189,335,231)
NET INCREASE IN CASH AND CASH EQUIVALENTS		585,846,455	98,012,917
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
		2,928,420	2,156,328
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD			
Cash and cash equivalents		4,872,331,464	4,405,244,649
Restricted cash		2,002,202	650,000
		4,874,333,666	4,405,894,649
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			
Cash and cash equivalents		5,461,106,339	4,505,413,894
Restricted cash		2,002,202	650,000
		₱5,463,108,541	₱4,506,063,894

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
June 30, 2021

1. Cash and Cash Equivalents

This account consists of:

	June 30, 2021	December 31, 2020
Cash on hand and in banks	P813,658,428	P513,649,511
Short-term investments	4,647,447,911	4,358,681,953
	P5,461,106,339	P4,872,331,464

2. Trade and Other Receivables and Advances to Associates and Stockholders

This account consists of:

	June 30, 2021	December 31, 2020
Trade receivables	P884,177,392	P540,175,502
Dividend receivable	40,000,000	257,600,000
Accounts receivable	23,438,259	7,654,602
Advances to officers and employees	17,511,423	4,321,890
Accrued interest	4,196,780	3,582,634
Others	69,568,546	55,041,239
	1,038,892,400	868,375,867
Less allowance for impairment loss	54,272,035	54,272,035
	P984,620,365	P814,103,832
Advances to associates, joint ventures and stockholders	P320,385,807	P253,060,382

2.1 Aging of Trade and Other Receivables

	June 30, 2021				December 31, 2020			
	0-30 DAYS	31-60 DAYS	OVER 60 DAYS	TOTAL	0-30 DAYS	31-60 DAYS	OVER 60 DAYS	TOTAL
Trade receivables, advances and other current receivables	₱710,198,279	₱16,283,139	₱312,410,982	₱1,038,892,400	₱610,651,931	₱188,070,522	₱69,653,414	₱868,375,867
Less: Allowance for impairment loss			54,272,035	54,272,035			54,272,035	54,272,035
	₱710,198,279	₱16,283,139	₱258,138,947	₱984,620,365	₱610,651,931	₱188,070,522	₱15,381,379	₱814,103,832

3. Prepayments and Other Current Assets

The composition of this account is shown below:

	June 30, 2021	December 31, 2020
Input VAT - current	P137,382,611	P 75,782,374
Advances to suppliers and other parties	112,231,674	126,752,274
Prepaid expenses	18,994,902	41,650,277
Creditable withholding taxes - current	8,438,175	9,082,487
Others	70,684,526	28,625,258
	P347,731,888	P281,892,670

4. Investments in Associates and Joint Ventures

The Company's associates and joint ventures, which are all incorporated in the Philippines, and the corresponding equity ownership as of June 30, 2021 follow:

	Nature of Business	Percentage of Ownership	
		2021	2020
Associates:			
Visayan Electric Company, Inc. (VECO)	Power distribution	34.81	34.81
Lunar Power Core Inc. (LPCI)	Power generation	42.50	42.50
Global Luzon Energy Development Corporation (GLEDC)	Power generation	42.50	42.50
Cebu Private Power Corporation (CPPC)	Power generation	40.00	40.00
Prism Energy Inc (Prism Energy)	Power generation	40.00	40.00
Abovant Holdings Inc. (AHI)	Holding company	40.00	40.00
Minergy Power Corporation (MPC)	Power generation	40.00	40.00
Therma Visayas Inc. (TVI)	Power generation	20.00	20.00
Sabang Renewable Energy Corporation (SREC)	Power generation	-	30.00
Culina Renewable Energy Corp. (CREC)	Power generation	35.00	35.00
Lihangin Wind Energy Corporation (LWEC) ⁵	Power generation	40.00	40.00
Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS)	Holding company	45.00	45.00
Puerto Princesa Water Reclamation And Learning Center, Inc.	Sewage and septage facility	40.31	40.31
Buskowitz Finance, Inc. (BFI)	Solar engineering company	34.85	-
Bukidnon Power Corporation (BPC)	Power generation	90.00	-
North Bukidnon Power Corporation (NBPC)	Power generation	90.00	-
Joint ventures:			
Calamian Islands Power Corp. (CIPC)	Power generation	50.00	50.00
Delta P, Inc. (DPI)	Power generation	50.00	50.00
La Pampanga Energy Corp. (LPEC)	Power generation	50.00	

⁵ Changed its corporate name from 6 Barracuda Energy Corporation (6 Barracuda) to LWEC on June 15, 2020.

The components of the carrying values of investments in associates and joint ventures are as follows:

	June 30, 2021	December 31, 2020
Investment in VECO:		
Acquisition Cost	₱882,952,562	₱882,952,562
Accumulated Equity Earnings-net	113,741,116	470,903,238
Revaluation Surplus	1,802,786,831	1,802,786,831
Carrying Value	2,799,480,509	3,156,642,631
Investment in LPCI:		
Acquisition Cost	114,750,000	114,750,000
Accumulated Equity Earnings-net	(605,108)	(597,848)
Carrying Value	114,144,892	114,152,152
Investment in GLEDC:		
Acquisition Cost	-	-
Accumulated Equity Earnings-net	(33,695,155)	(34,398,627)
Carrying Value	(33,695,155)	(34,398,627)
Investment in CPPC:		
Acquisition Cost	305,119,049	305,119,049
Accumulated Equity Earnings-net	(242,715,997)	(333,659,949)
Carrying Value	62,403,052	(28,540,900)
Investment in Prism Energy:		
Acquisition Cost	8,432,400	6,900,000
Additional investment	-	1,532,400
Accumulated Equity Earnings-net	26,714,940	17,275,001
Carrying Value	35,147,340	25,707,401
Investment in AHI:		
Acquisition Cost	976,784,699	976,784,699
Accumulated Equity Earnings-net	515,158,920	679,653,884
Carrying Value	1,491,943,619	1,656,438,583
Investment in MPC:		
Acquisition Cost	2,756,240,000	2,756,240,000
Accumulated Equity Earnings-net	761,345,989	638,145,239
Carrying Value	3,517,585,989	3,394,385,239
Investment in TVI:		
Acquisition Cost	2,155,304,701	2,155,304,701
Accumulated Equity Earnings-net	372,422,367	286,781,176
Carrying Value	2,527,727,068	2,442,085,877
Investment in SREC:		
Acquisition Cost	45,000,000	40,200,000
Additional investment	-	4,800,000
Accumulated Equity Earnings-net	(15,459,028)	(10,635,763)
Disposal of investments	(29,540,972)	-
Carrying Value	-	34,364,237
Investment in CREC:		
Acquisition Cost	10,593,000	10,592,000
Additional investment	4,514,450	1,000
Accumulated Equity Earnings-net	(789,379)	(785,144)
Carrying Value	14,318,071	9,807,856

	June 30, 2021	December 31, 2020
Investment in LWEC:		
Acquisition Cost	12,730,910	12,730,910
Additional investment	2,200,000	(2,146,070)
Accumulated Equity Earnings-net	(2,998,364)	
Carrying Value	11,932,546	10,584,840
Investment in FLOWS:		
Acquisition Cost	65,000,000	65,000,000
Accumulated Equity Earnings-net	(2,148,810)	(2,122,511)
Carrying Value	62,851,190	62,877,489
Investment in PPWRLC:		
Acquisition Cost	-	-
Accumulated Equity Earnings-net	(125,527)	-
Carrying Value	(125,527)	-
Investment in BFI:		
Acquisition Cost	94,000,000	-
Accumulated Equity Earnings-net	(7,922,794)	-
Carrying Value	86,077,206	-
Investment in BPC:		
Acquisition Cost	205,539,483	-
Accumulated Equity Earnings-net	11,469,922	-
Carrying Value	217,009,405	-
Investment in NBPC:		
Acquisition Cost	228,282,141	-
Accumulated Equity Earnings-net	6,249,243	-
Carrying Value	234,531,384	-
Investment in CIPC:		
Acquisition Cost	102,097,169	102,097,169
Accumulated Equity Earnings-net	68,747,566	55,608,928
Carrying Value	170,844,735	157,706,097
Investment in DPI:		
Acquisition Cost	235,261,426	255,411,833
Additional investment	-	19,849,593
Redemption of shares	-	(40,000,000)
Accumulated Equity Earnings-net	28,760,452	10,532,023
Carrying Value	264,021,878	245,793,449
Investment in LPEC:		
Acquisition Cost	450,000	-
Accumulated Equity Earnings-net	(365,308)	-
Carrying Value	84,692	-
Total Carrying Value of Investments	₱11,576,282,894	₱11,247,606,324

VEC and AHC acquired 90% of the outstanding shares of BPC and NBPC through Share Sale and Purchase Agreements signed on February 19, 2021. NBPC supplies 5MW of the peaking power requirement in the franchise area of Bukidnon Second Electric Cooperative, Inc. through its bunker-diesel power plant in Lantapan, Bukidnon. BPC owns two bunker-diesel power plants that are both contracted to supply energy requirements of First Bukidnon Electric Cooperative, Inc.

VREC acquired 34.85% of the total equity of BFI through a Shareholders' Agreement signed on March 10, 2021. BFI is a solar engineering, procurement and construction company and is considered as one of the biggest players in the rooftop solar installation market in the Philippines to date.

LPEC is an on-grid project where VEC and AHC have a combined equity stake of 50%. In June 2021, a fifteen (15)-year power supply agreement (PSA) with Pampanga II Electric Cooperative, Inc. (PELCO II) was signed by LPEC. LPEC will construct and operate a power generation facility with a total dependable capacity of 15 MW that will supply the peaking power and ancillary requirements of PELCO II.

In May 2021, VEC and VREC sold their 30% combined shareholdings in SREC consisting of 11,250 common shares and 33,750 preferred shares. The Company recognized a consolidated gain amounting to Php 3.7 mn as a result of the sale.

5. Property, Plant and Equipment

Property, plant and equipment consists of the following major classifications:

	June 30, 2021								
	Land	Plant Machineries and Equipment	Condominium Units, Building and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Tools and Other Assets	Leasehold and Land Improvements	Construction in Progress	Total
Cost									
At January 1	₱38,373,755	₱446,465,014	₱36,421,603	₱71,595,486	₱82,393,435	₱108,620,458	₱85,141,819	₱1,843,810,605	2,712,822,175
Additions	-	396,668	-	24,326,773	2,314,084	47,100	380,000	290,984,896	318,449,521
Disposal	-	-	-	-	(595,354)	-	-	-	(595,354)
Reclassification	-	-	-	-	4,934,429	7,743,555	-	(12,677,984)	-
At June 30	38,373,755	446,861,682	36,421,603	95,922,259	89,046,594	116,411,113	85,521,819	2,122,117,517	3,030,676,342
Accumulated Depreciation and Amortization									
At January 1	-	274,297,222	24,168,840	44,386,158	61,054,645	19,607,611	28,846,292	-	452,360,768
Depreciation	-	21,256,761	243,565	5,427,524	5,630,655	3,467,645	7,025,694	-	43,051,844
Disposal	-	-	-	-	(456,609)	-	-	-	(456,609)
At June 30	-	295,553,983	24,412,405	49,813,682	66,228,691	23,075,256	35,871,986	-	494,956,003
Net Book Value	₱38,373,755	₱151,307,699	₱12,009,198	₱46,108,577	₱22,817,903	₱93,335,857	₱49,649,833	₱2,122,117,517	₱2,535,720,339
					December 31, 2020				
	Land	Plant Machineries and Equipment	Condominium Units, Building and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Tools and Other Assets	Leasehold and Land Improvements	Construction in Progress	Total
Cost									
At January 1	30,731,600	₱369,568,177	₱36,421,603	₱61,933,130	₱68,361,383	₱82,290,699	₱50,439,728	₱1,003,959,166	₱1,703,705,486
Additions	7,742,155	77,012,702	-	10,900,560	9,733,096	645,741	472,091	904,213,570	1,010,719,915
Reclassification	(100,000)	(115,865)	-	-	4,372,978	25,684,018	34,230,000	(64,362,131)	(291,000)
Disposal	-	-	-	(1,238,204)	(74,022)	-	-	-	(1,312,226)
At December 31	38,373,755	446,465,014	36,421,603	71,595,486	82,393,435	108,620,458	85,141,819	1,843,810,605	2,712,822,175
Accumulated Depreciation and Amortization									
At January 1	-	242,497,577	23,681,714	36,273,281	50,444,337	13,359,106	16,004,497	-	382,260,512
Depreciat on	-	31,823,545	487,126	9,351,081	10,684,330	6,224,605	12,878,401	-	71,449,088
Reclassification	-	(23,900)	-	-	-	23,900	(36,606)	-	(36,606)
Disposal	-	-	-	(1,238,204)	(74,022)	-	-	-	(1,312,226)
At December 31	-	274,297,222	24,168,840	44,386,158	61,054,645	19,607,611	28,846,292	-	452,360,768
Net Book Value	38,373,755	₱172,167,792	₱12,252,763	₱27,209,328	₱21,338,790	₱89,012,847	₱56,295,527	₱1,843,810,605	₱2,260,461,407

6. Investment Properties

	June 30, 2021	December 31, 2020
Land		
Cost	P733,195,868	P733,195,868
Condominium Units		
Cost	24,084,733	24,084,733
Total Investment Properties	P757,280,601	P757,280,601

Some of the Company's investment properties were leased out to the Parent company and outside parties to earn rental income. Total rental income amounting to Php 0.7 mn and Php 0.6 mn as of end-June 2021 and end-June 2020, respectively, were recorded as part of "Other income" in the consolidated statements of comprehensive income.

Management assessed that there is no significant change in the fair value of the Group's investment properties from the valuation date until June 30, 2021.

Direct costs pertain to real property taxes amounting to Php 1.4 mn and Php 0.8 mn as of end-June 2021 and 2020, respectively, are included under "Taxes and licenses" account in the consolidated statements of comprehensive income.

The Company has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct, or develop investment properties.

7. Other Noncurrent Assets

The details of this account are shown below:

	June 30, 2021	December 31, 2020
Advances to suppliers and other parties	P718,694,310	P718,694,310
Creditable withholding taxes - noncurrent	216,052,759	214,245,466
Input VAT - noncurrent	141,890,510	124,343,584
Goodwill	82,381,116	82,381,116
Financial assets at FVOCI	7,400,000	7,400,000
Software cost – net	860,789	902,260
Others - net of allowance for impairment loss of Php 48.05 mn	21,538,443	19,523,045
	P1,188,817,927	P1,167,489,781

8. Capital Stock

The details of the capital stock account are as follows:

	June 30, 2021	December 31, 2020
Authorized Capital Stock – P1.00 par value		
Authorized - 2,000,000	P2,000,000,000	P2,000,000,000
Issued – 1,023,456,698 shares	1,023,456,698	1,023,456,698

9. Earnings Per Share (EPS)

The financial information pertinent to the derivation of earnings per share follows:

	June 30, 2021	December 31, 2020
Net income attributable to the shareholders of the Parent company	₱708,728,693	₱1,442,131,978
Weighted average number of outstanding common shares	1,023,456,698	1,023,456,698
Basic EPS	₱0.692	₱1.409

10. OTHER DISCLOSURES

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The principal accounting policies and methods of computation used in the annual financial statements were also followed in the preparation of the interim financial statements.

There are no significant changes in estimates in amounts reported in prior financial years that have a material effect in the current interim period.

There are no material events subsequent to the end of the interim period that has not been reflected in the financial statements for the interim period.

There are no material contingencies, events or transactions that are material to an understanding of the current interim period.

Vivant Corporation made full payment on the principal of the 7-year fixed rate note issued on February 3, 2014 and March 31, 2014 for Php. 2.82 bn in February 2021.

Vivant Corporation issued an FRCN last January 27, 2021 with a total size of Php 3.0 bn. Proceeds from the issue were used to partially refinance the balloon payment on the then maturing 7-year FRCN last February 2021 and for general corporate purposes.

The FRCN issue was done in two tranches. The first tranche of notes amounting to Php 1.0 bn and the second tranche of notes amounting to Php 2.0 bn were issued at an interest rate of 3.4510% per annum (p.a.) and 4.3000% p.a., respectively. The first tranche is for a term of two years and payable on January 27, 2023 while the second tranche is for a term of five years and will mature on January 27, 2026 with principal payment of Php 50.0 mn for the first four years and a balloon payment of Php 1.8 bn on maturity.

The issue was fully subscribed by a consortium of local financial institutions composed of Metropolitan Bank and Trust Company, Land Bank of the Philippines, Robinsons Bank Corporation and BDO Unibank Inc. – Trust and Investment Group as Investment Manager for BDO Life Assurance Company, Inc. and BDO Retirement Fund.

The Company is not required to disclose segment information in its interim financial statements.

There have been no changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

The Company has contingent liabilities or contingent assets since the last annual balance sheet date.

Financial Instruments and Financial Risk Management

The Company and its subsidiaries (the "Group") are exposed to a variety of financial risks which resulted from its operating and investing activities. The Group focuses on actively securing its short-to-medium term cash flows by minimizing the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

Credit Risk

Credit Risk represents the risk of loss the Group would incur if counterparties fail to perform their contractual obligations. The Group's credit risk arises principally from its receivables.

Generally, the maximum credit risk exposure of financial assets is their carrying amount as shown in the balance sheets. Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount. The Group's receivables are actively monitored to avoid significant concentrations of credit risk. Please refer to the Note 2.1 of the Notes to the interim Financial Statements as of June 30, 2021 for the aging analysis of the Group's receivables.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors and maintains a level of cash deemed adequate by management to finance its operations and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained from related party advances and short-term loans, when necessary.

Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the Philippine Peso (PHP), which are United States Dollar (USD) and European Euro (€).

The Group's exposure to foreign currency risk based on amounts is as follows:

	June 30, 2021
Loan Receivables	USD –
Trade Receivables	USD –
Cash	USD 935,401
	Euro 2,541
Trade Payables	USD –
	Euro –
Gross Exposure	USD 935,401
	Euro 2,541

The average exchange rates for the quarter ended June 30, 2021 are as follows:

US Dollar-Philippine Peso	US\$1 = Php 48.18
Euro-Philippine Peso	Eu€1 = Php 57.99

The exchange rates applicable as of June 30, 2021 are the following:

US Dollar-Philippine Peso	US\$1 = Php 48.80
Euro-Philippine Peso	Eu€1 = Php 57.77

Sensitivity Analysis

A 10% strengthening of the Philippine Peso against US Dollar and European Euro as of June 30, 2021 would have decreased equity and profit by Php 4.6 mn. A 10% weakening of the Philippine Peso against the US Dollar and European Euro as of June 30, 2021 would have an equal but opposite effect, on the basis that all other variables remain constant.

The Group absorbs the risk and favorable and unfavorable exchange rate movement as they arise.

The Company neither issues nor invests in complex securities, particularly on derivatives.

The Company does not have investments in foreign securities.

The carrying values of cash and cash equivalents, receivables, trade, and other payables approximate their fair values due to short-term maturity of these instruments.

The Company has minimal financial instruments in the form of available for sale shares of stock which are traded in the market. These financial instruments are however not traded actively.