



SECURITIES AND EXCHANGE COMMISSION

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DECLARATION OF AUTHENTICITY

SECURITIES AND EXCHANGE COMMISSION

7907 Makati Avenue, Salcedo Village
Bel-Air, Makati City, 1209

I, FLORIZA D. FORLALES, designated as Compliance Officer of TARLAC ELECTRIC INC., with contact number (045) 606-1834, and office address at Mabini St., Tarlac City, do hereby certify the authenticity of the attached SEC Form 17-A Annual Report with attached audited financial statements for the years ended December 31, 2025, 2024 and 2023.


FLORIZA D. FORLALES
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

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

1. For the fiscal year ended **31 DECEMBER 2025**
2. SEC Identification Number **23874** 3. BIR Tax Identification No. **004-070-881**
4. Exact name of issuer as specified in its charter **TARLAC ELECTRIC INC.**
5. **TARLAC CITY, TARLAC, PHILIPPINES** 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. **MABINI, ST., TARLAC CITY, TARLAC, PHILIPPINES** **2300**
Address of principal office Postal Code
8. **(045) 606-1834**
Issuer's telephone number, including area code
9. **NOT APPLICABLE**
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
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<u>COMMON SHARES</u>	<u>5,750,000</u>
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11. Are any or all of these securities listed on a Stock Exchange.

Yes [] No [X]

If yes, state the name of such stock exchange and the classes of securities listed therein:

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and [SRC Rule 17.1](#) thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [X] No []

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

Yes [X] No []

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B"). ₱665,000,000.00

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [] No [] **NOT APPLICABLE**

DOCUMENTS INCORPORATED BY REFERENCE

15. TEI Prospectus dated 28 June 2021 filed with the SEC with its Registration Statement. Attached in this report as Exhibit A-1.

**TARLAC ELECTRIC INC.
SEC Form 17-A**

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PART I. BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

(A) Description of Business

1. Business Development

Tarlac Electric Inc. (“TEI” or “the Company”) is a domestic corporation duly organized under and by virtue of the laws of the Republic of the Philippines. It is a private electric distribution utility which holds a congressional franchise under Republic Act No. 10795 for a period of twenty-five (25) years from 18 October 2016. TEI’s Franchise grants it the authority to construct, operate, and maintain the electric power requirements of the City of Tarlac in the Province of Tarlac. On 17 November 2017, the Energy Regulatory Commission (“ERC”) issued TEI a Certificate of Public Convenience and Necessity (“CPCN”) for the operation of electric service within its franchise area.

TEI’s authorized capital stock is at One Billion Pesos (₱1,000,000,000.00), divided into Ten Million (10,000,000) common shares with a par value of One Hundred Pesos (₱100.00).

On 28 June 2021, the SEC approved TEI’s application for the registration of Five Million Seven Hundred Fifty Thousand (5,750,000) common shares of which One Million Seven Hundred Fifty Thousand (1,750,000) common shares were issued and offered for sale to the general public by way of primary offering at an initial price of Three Hundred Eighty Pesos (₱380.00) per share. All of the One Million Seven Hundred Fifty Thousand (1,750,000) common shares offered for sale to the general public were fully subscribed as of 09 July 2021, with Two Hundred Twenty-Five Thousand (225,000) shares having been sold to retail investors, and One Million Five Hundred Twenty-Five Thousand (1,525,000) common shares to institutional investors.

As of 31 December 2025, TEI provides the electric power needs of ninety-nine thousand five-hundred seventy-three (99,573) customers in the City of Tarlac.

2. Business

a. Description of the Company

i. Principal Services

The Company’s primary business is the distribution of electric power through its distribution network facilities in the City of Tarlac, Province of Tarlac.

ii. Distribution

At present, the Company's distribution system is composed of six (6) substations with a total capacity of one hundred seventy-nine megavolt amperes (179 MVA), connecting twenty (24) feeders, as shown in the table hereunder:

Substation Name	Number of Feeders Connected	Power Transformer Capacity (MVA)	Total Capacity (MVA)
LIP Substation	6	30 & 33	63
Maliwalo Substation ¹	-	-	-
Panganiban Substation	6	25 & 10	35
TPC Substation	2	20	20
San Rafael Substation	5	28	28
San Vicente Substation	5	33	33
Total	24	179	179

TABLE A: TEI SUBSTATIONS

The circuit lengths of the lines in the distribution system are shown in the table below:

Circuit Description	Unit	2023	2024	2025
Sub-transmission Circuit Length	km	52.00	53.73	53.77
Primary Lines Circuit Length	km	429.85	440.38	455.12
Secondary Lines Circuit Length	km	752.55	765.29	778.88

TABLE B: CIRCUIT LENGTHS OF LINES

iii. Percentage of foreign Sales

The Company does not derive any income from foreign sales.

iv. State of any-publicly announced new product or service.

Apart from the services described above, the Company has no publicly announced product or service in any stage of development.

v. Competition

As the sole franchise grantee for the covered franchise area, TEI holds a natural monopoly in the power distribution business in the City of Tarlac, Province of Tarlac.

The promulgation of the Retail Competition and Open Access ("RCOA"), Electric Retail Aggregation Program, and the Green Energy Option

¹ Maliwalo Substation had no available capacity as it was undergoing rehabilitation and upgrade, from 2024 to February 2026. The upgrade to a 33MVA capacity was completed in March 2026.

Program (“GEOP”) had no impact on the distribution business activities of distribution utilities.

Under RCOA and Electric Retail Aggregation Program, qualified customers are given the option to choose their supplier of electricity. Meanwhile under GEOP, qualified customers have the option to choose renewable energy (“RE”) resources as their source of energy. Notwithstanding the aforementioned programs, delivery or the conveyance of electricity to qualified customers remains to be the function of distribution utilities such as TEI. As of 31 December 2025, TEI is servicing twenty-two (22) qualified contestable customers under RCOA, of which fifteen (15) have already switched to the Competitive Retail Electricity Market (CREM). In addition, two (2) groups with a minimum aggregated demand of 500kW have also switched to CREM under the Retail Aggregation Program (RAP). TEI also has seventy-six (76) customers who are qualified to join GEOP, one (1) of which has already switched to an RE Supplier. Retail services to Captive, Contestable, GEOP and Retail Aggregated Customers likewise remains the function of distribution utilities.

On the other hand, the growing number of solar power installations, both from net-metering customers and those generating electricity for their own use, whether residential or non-residential, will likely impact the Company’s distribution business. Similarly, the growing availability of distributed energy resources provides customers with alternative supply options.

Customers have the option to install renewable energy generation facilities in their premises under the Net-metering Program provided that the capacity of the generation facility shall not exceed one hundred kilowatts (100kW). As of 31 December 2025, TEI has four hundred thirty-eight (438) net-metering customers, 406 of whom had ERC meters installed, while 17 customers waived the installation of REC meter.

On 9 November 2022, ERC has promulgated Resolution No. 11, Series of 2022 entitled, “A Resolution Adopting the Rules Governing Distributed Energy Resources (DER)”. DER rules shall only be applicable to DER utilizing renewable energy for end-user's consumption and export to distribution system of the DUs with nameplate capacity of which shall be greater than 100kW and up to one megawatt (1MW) and to DER whose supply is for End-User's consumption only, regardless of technology, capacity and grid location (on or off-grid), wherein the DER owner and End-user are not one and the same entity.

Energy exported by DERs may affect DUs’ contracted capacity. As such, DER Rules provided remedies to address any resulting displaced contracted capacity by DUs. As of 31 December 2025, TEI has one (1) DER customer with Certificate of Compliance (COC) issued by the ERC, and three (3) end-users who signified their intent to construct a DER

facility and began processing the necessary documents and applications to finalize the switch.

Distribution utilities such as the Company shall also be the sole Metering Service Provider (“MSP”) for the retail market until such time that the ERC determines that the provision of metering services at the retail level is competitive.

On 10 October 2023, ERC has promulgated Resolution No. 16. Series of 2023 entitled, “Implementing Guidelines for the Procurement, Execution, and Evaluation of Power Supply Agreements Entered into by Distribution Utilities for the Supply of Electricity to their Captive Market”. These rules are applicable to all DUs and aim to enhance the efficiency of procurement and process of evaluation and approval of Power Supply Agreements (PSAs) on a timely basis. These rules also aim to promote fair competition by providing equal opportunity to all eligible, existing or new, and qualified suppliers to participate in the procurement process to ensure least cost pricing of generation rate charged to the Captive Market.

The Company holds exclusive authority to operate a distribution system within the City of Tarlac until the expiration of its franchise on 18 October 2041. However, pursuant to Republic Act No. 7916, otherwise known as the Special Economic Zone Act of 1995, as amended by Republic Act No. 8748, and Republic Act No. 11646, or the Microgrid Systems Act, other entities may be authorized to establish and operate their own distribution systems within the Company’s franchise area, provided they comply with the requirements under these laws and secure the necessary licenses and approvals.

In 2025, Tarlac Enerzone Corporation (TEZ) applied for a connection agreement with the Company to supply electricity to TARI Estate, a PEZA-registered zone located in Brgy. Lourdes, Tarlac City. TEZ will serve as the PEZA-accredited distribution utility responsible for meeting the power requirements of the TARI Estate. The first locator within the estate is expected to commence operations by July 2026. Furthermore, TEZ will be directly connected to the grid.

As of the reporting date, no Microgrid System operator was operating within the Company’s franchise area.

The Company remains committed to delivering quality, efficient, and reliable service to its customers. It shall continue to comply with all regulatory requirements, reports, and submissions mandated by the government and its instrumentalities. Moreover, the Company will steadfastly perform its duties and functions as a distribution utility.

vi. Suppliers

Power Supply Contracts

The Company has two (2) power suppliers, namely, GNPowder Mariveles Energy Center Ltd. Co. (formerly, GNPowder Mariveles Coal Plant Ltd. Co. or GMCP) (“GMEC”) and Tarlac Power Corporation (“TPC”).

Below are the details of TEI’s power supply contracts:

Supplier	Contracted Capacity	Duration of Contract
TPC	14.88MW ²	April 2011 – April 2026
GMEC	46.4MW ³	26 February 2014 – 25 February 2029

TABLE C: POWER SUPPLY CONTRACTS

In 2023, TEI requested a renegotiation with its suppliers to reduce its contracted capacity. GMEC, in its letter dated 13 March 2024, agreed to reduce TEI’s contracted capacity by 20% or by 11.6MW. A manifestation was filed with the Energy Regulatory Commission on 31 May 2024 relative to the reduction effective 01 June 2024.

TEI also procures its electricity from the Wholesale Electricity Spot Market (“WESM”) where it has been a direct member since 10 March 2014.

TEI is dependent on the above-named suppliers for its electric power supply, as procurement from other suppliers requires prior approval from the ERC. In addition, the Company must secure power supply agreements with eligible renewable energy suppliers to meet its Renewable Energy Certificate (REC) obligations under the Renewable Portfolio Standards (RPS).

In line with these, the Company commenced a Competitive Selection Process (CSP) in January 2025 for a 10 MW renewable energy supply for ten (10) years starting 26 December 2025. However, the same was declared a failure on 24 June 2025. Consequently, the Company proceeded with direct negotiations with Trustpower Corporation (Trustpower) for the supply of 10MW renewable energy for a period of ten (10) years which shall take effect immediately from effective date and from such date, shall remain in force and effect for ten (10) contract years or one hundred (120) billings from the date of ERC’s final approval. The application for the approval of the Power Supply Agreement (PSA), docketed as ERC Case No. 2026-001 RC, has already been approved by the ERC on 26 March 2026 .

² Allowable annual contracted demand is 178.56MW

³ Effective 01 June 2024

Moreover, another CSP has been initiated for a 10 MW open technology power supply, with escalation of up to 25 MW, for a period of fifteen (15) years, commencing on 26 December 2026. Said CSP was declared a success upon the conclusion of the bid opening conducted on 21 November 2025. The PSA was awarded to Sual Power Inc. (SPI), having offered the lowest responsive bid, on 26 December 2025. The bid of SPI also includes the provision of RECs based on the actual capacity delivered. The PSA was signed by the parties on 14 January 2026, and the application for its approval with ERC was filed and docketed as ERC Case No. 2026-048 RC .

Furthermore, on 17 April 2026, TEI signed a Renewable Energy Supply Agreement (RESA) with Sto. Niño Solar Power Corporation (SNSPC), a related party under common ownership, for 9.6 MW renewable energy for a period of twenty (20) years. The RESA is exempt from CSP under Section 2.3.4 of DOE DC2023-06-0021 and Section 5 of ERC Resolution No/ 16, Series of 2023. The pre-filing of the application for the approval of the RESA with ERC is currently underway.

Finally, the Company intends to conduct a CSP during the last quarter of 2026 for a 15 MW intermediate/mid-merit, open-technology power supply contract with a term of ten (10) years. The resulting PSA is scheduled to commence on 26 February 2029.

Transmission and Metering Supply Contract

TEI maintains an existing contract with the National Grid Corporation of the Philippines (“NGCP”) for transmission and metering services, which is set to expire on 25 December 2028. As NGCP is the sole provider of these services, the Company remains fully dependent on it to meet its transmission and metering requirements..

Supplies of Materials and Services

The Company is not limited to or dependent on any other supplier of materials and services.

vii. Customers

The Company has a franchise area of two hundred seventy-five square kilometers (275 sq.km.) and currently services six (6) consumer classes, consisting of the following: Residential, Small Commercial, Secondary, Primary, Sixty-Nine Kilovolt (69kV), and Streetlights. Primary and 69KV customers include contestable customers who have already switched to the Retail Competition and Open Access (RCOA), Green Energy Option Program (GEOP) and Distributed Energy resources (DER).

Residential customers comprise ninety-three and 87/100 percent (93.87%) of TEI’s consumer base and contributes fifty-three and 02/100 percent (53.02%) to its revenues. This customer class covers all

residential customers for domestic purposes in a single-family dwelling unit, individual apartments, and boarding houses.

Small Commercial customers comprise five and 76/100 percent (5.76%) of TEI's consumer base and contributes fifteen and 24/100 percent (15.24%) to its revenues. This customer class covers all commercial and other non-residential customers whose demand is less than twenty-five kilowatts (25kW).

The Secondary, Primary, and Sixty-Nine Kilovolt (69kV) customer classes comprise less than one percent (<1%) of TEI's consumer base but contributes thirty-one and 34/100 percent (31.34%) to its revenues. These customer classes are applicable to all commercial, industrial, and other non-residential customers whose demand is at least twenty-five kilowatts (25kW).

The Streetlights customer class comprises less than one percent (<1%) of TEI's consumer base and approximately 39/100 percent (0.39%) of its revenues. These accounts primarily pertain to streetlights within Tarlac City.

As of 31 December 2025, TEI has a total of ninety-nine thousand five hundred seventy-three (99,573) customers, including the seventeen (17) Contestable Customers, 2 Retail Aggregated Groups (RAG) and one (1) GEOP customer.

TEI's energy sales for the year ended 31 December 2025 was five hundred forty-four thousand five hundred fourteen megawatt-hours (544,514MWh).

The table hereunder shows the total number of customers, energy sales per class, and respective percentage of sales, excluding subsidies and other income, and distribution revenue per customer class based on audited balances as of 31 December 2025:

Customer Class	No. of Customers	%	Energy Sales in MWh	%	% of Total Sales	Percentage of Total Distribution Revenue
Residential	93,473	93.87%	220,932	40.57%	56.05%	53.02%
Small Commercial	5,733	5.76%	63,714	11.70%	15.97%	15.24%
Secondary	273	0.27%	57,553	10.57%	13.22%	11.06%
Primary	67	0.07%	177,354	32.57%	13.59%	18.56%
69 KV	2	0.00%	22,970	4.22%	0.79%	1.73%
Streetlights	25	0.03%	1,991	0.37%	0.38%	0.39%
Total	99,573	100.00%	544,514	100.00%	100.00%	100.00%

TABLE D: ENERGY SALES PER CUSTOMER CLASS

On the other hand, the table below compares the revenue per customer class for the past three (3) years:

Customer Class	2025 <i>(in thousands)</i>	%	2024 <i>(in thousands)</i>	%	2023 <i>(in thousands)</i>	%
Residential	2,328,721	56.05%	2,273,961	55.06%	2,185,870	52.43%
Small Commercial	663,347	15.97%	609,452	14.76%	605,978	14.53%
Secondary	549,071	13.22%	549,588	13.31%	596,843	14.32%
Primary	564,736	13.59%	652,282	15.79%	737,732	17.69%
69 kV	32,791	0.79%	27,103	0.66%	23,289	0.56%
MS/FLAT	15,871	0.38%	17,458	0.42%	19,636	0.47%
Total Revenue	4,154,537	100.00%	4,129,844	100.00%	4,169,348	100.00%

TABLE E: REVENUE PER CONSUMER CLASS (EXCLUDING SUBSIDIES AND OTHER INCOME)

The Company generates its revenues primarily from (1) Generation, Transmission and System Loss, which are pass-through charges; (2) Distribution Charges consisting of Distribution, Supply and Metering Charges; and (3) other charges related to its services such as Reconnection Fees, Penalties and Surcharges on overdue accounts, Violation of Contract Charges, and Pole Rental.

Pass-through Charges are revenue-neutral to the Company. The ERC evaluates these pass-through charges every three (3) years for any over or under recoveries. Upon the ERC's approval, the over or under-recoveries are either refunded to or collected from TEI's customers.

Distribution Charges are based on the last approved rates of the Company for the regulatory year 2014 under a Performance-Based Regulation basis. This is the Company's main line of business and source of revenue. No changes in distribution charges can be made by the Company without the ERC's approval.

viii. Dependence on a single or a few customers

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

ix. Related Party Transactions

In the last two (2) years, the Company has entered into the following related party transactions with its directors, executive officers, nominees, stockholders, or any of their spouses, parents, children, siblings, and in-laws:

Names of Related Party	Position or Interest in the Company	Type of Transaction	Amount of Transaction Value in 2025	Amount of Transaction Value in 2023
Vitus M. Romero	President and General Manager	Rental Agreement	300,000.00	300,000.00
Vivencio M. Romero, Jr.	Chairman	Director's Fee	4,585,000.00	445,000.00

TABLE F: Related Party Transactions

There is no outstanding balance related to the above transactions as of 31 December 2025.

In determining the rental rates for the spaces listed above, the Company has taken into account the location, prevailing market rates in the area, and the terms of its existing rental agreements with third parties to ensure that the transactions are at arm's-length. Whereas the Board proposed, deliberated on, and approved the director's fee without the participation of the Chairman⁴.

Below is the Company's summary of transactions for the year ended 31 December 2025 and the corresponding outstanding balances as of 31 December 2025 and 2024 with related parties under common ownership:

Related Party	Type of Transaction	Amount of Transactions		Outstanding Balance	
		2025	2024	2025	2024
Tarlac Power Corp. (TPC)	Purchase of electric energy	160,738,912	192,106,934	9,798,172	21,696,974
Meka Corp.	Purchase of Supplies	267,857	15,128,107	-	-
	Lease of lot and transportation equipment	12,248,195	12,648,856	423,720	560,680
ETM Inc..	Purchase of Supplies	5,236,607	16,940,240	-	1,662,321
	Lease of lot and transportation equipment	14,273,626	10,872,909	385,200	385,200

TABLE G: TRANSACTIONS WITH RELATED PARTIES UNDER COMMON OWNERSHIP

The foregoing related party transactions have been reflected in Note 22 of the 31 December 2025 Audited Financial Statements.

⁴ Approved by the Board of Directors on 17 April 2026

x. *Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements*

The Company was granted a legislative franchise for a period of twenty-five (25) years from 18 October 2016 to provide the electric power needs of the City of Tarlac in accordance with Republic Act No. 10795, otherwise known as An Act Extending for a Period of Twenty-Five (25) Years the Term of the Franchise Granted to Tarlac Electric Inc. (Formerly Known as Tarlac Enterprises, Inc.) to Construct, Operate, and Maintain an Electric Light, Heat, and Power System in the City of Tarlac, Province of Tarlac, Provided Under Republic Act No. 7606, and issued the related Certificate of Public Convenience and Necessity (CPCN) valid for the same period.

The Company does not own any patent, trademark, copyright, franchise (other than the legislative franchise mentioned above), concession, or royalty agreement.

xi. *Regulatory Approvals*

The Company has several pending applications with ERC for the approval of its capital expenditure projects, power supply agreements and true-up calculations.

The filing of applications for the approval of its capital expenditures, rate-related cases, power supply agreements and for other matters as may be required by ERC must be done in accordance with the Rules of Practice as promulgated by ERC. The applicant is required to submit all documentary requirements and undergo a pre-filing requirement, comply with publication and other requirements prior to its formal filing. Once filed, the application shall then be scheduled for an expository and judicial hearing.

In light of the COVID-19 pandemic, ERC issued ERC Resolution No. 8 Series of 2020, entitled "*Guidelines Governing Electronic Application, Filings and Virtual Hearing Before the Energy Regulatory Commission*" providing for the standard rules of procedure for the filing and approval of ERC applications.

Below is the list of applications with ERC pending approval:

	ERC CASE NO.	TITLE	Date Applied
1	2023-010 RC	In the Matter of the Application for Authority to Implement Capital Expenditure Program for Regulatory Years (RY) 2021 and 2022	01/31/2023
2	2023-033 CF	In the Matter of the Application for Confirmation of True-up Calculation of Automatic Pass-Through Costs Implemented for the Billing Period from January 2020 to December 2022	05/22/2023
3	2022-074 RC	In the Matter of Application for Confirmation of True-up Calculation of Actual Weighted Average Tariff (AWAT) Against the Maximum Average Price (MAP) Implemented During the Lapsed Period	08/13/2022
4	2020-030 CF	In the Matter of the Application for Confirmation of Calculation of Over and Under Recoveries of Automatic Pass-Thru Cost Adjustments Implemented for the Period from January 2017 to December 2019	08/03/2020
5	2019-063 RC	In the Matter of the Application for Authority to Implement the 2nd Batch of the Capital Expenditure Program for Regulatory Years (RY) 2019 and 2020	08/20/2019
6	2017-026 RC	In the Matter of the Application for Authority to Implement the Proposed Capital Expenditure Program for Regulatory Years (RY) 2017 and 2018	03/21/2017

TABLE H: ERC APPLICATIONS PENDING APPROVAL

Also, ERC issued the following Orders authorizing TEI to implement the following applications subject to ERC's final evaluation:

	ERC CASE NO.	TITLE	Date Applied	Date of ERC Order
1	2017-004 CF	In Matter of the Application for the Confirmation of Calculation of Over and Under Recoveries of Automatic Pass-Thru Cost Adjustments (January 2014-December 2016)	03/31/2017	12/05/2019
2	2014-037 CF	In Matter of the Application for the Confirmation of Calculation of Over and Under Recoveries of Automatic Pass-Thru Cost Adjustments (January 2011-December 2013)	03/31/2014	12/05/2019
3	2020-030 CF	In the Matter of the Application for Confirmation of Calculation of Over and Under Recoveries of Automatic Pass-Thru Cost Adjustments Implemented for the Period from January 2017-December 2019	2020-030 CF	01/28/2021

4	2001-46	In the Matter of the Application for Extension of Provisional Authority of its Certificate of Public Convenience and Necessity (CPCN)		12/18/2025 CLOSED and TERMINATED
5	2018-003 MC	In the Matter of the Application for the Approval of the Increase in Capital Stock	03/06/2018	12/16/2025 DISMISSED
6	2024-097 RC	In the Matter of Application for Approval of Capital Expenditure Program for Regulatory Years (RY) 2023 and 2024	08/02/2024	09/10/2025

TABLE I: ERC APPLICATIONS WITH PROVISIONAL AUTHORITY TO IMPLEMENT, PENDING FINAL APPROVAL

On 22 May 2023, in compliance with ERC’s letter to TEI dated 25 April 2022, directing TEI to file its Annual Weighted Average Tariff (AWAT), TEI filed an application with ERC docketed as ERC Case No. 2022-074 RC entitled “In the Matter of the Application for Confirmation of True-up Calculation of Automatic Pass-Through Costs Implemented for the Billing Period from January 2020 to December 2022”. The application is in accordance with the Over/Under Recovery Formula as provided in Section 4.3.1, Article IV of the Revised Rules for Setting the Distribution Wheeling Rates (ERC Resolution No. 10, Series of 2021)⁵.

On 31 January 2023, in compliance with ERC Resolutions No. 26, Series of 2009 and No. 17, Series of 2011, TEI filed an application with ERC docketed as ERC Case No. 2023-010 RC entitled "In the Matter of the Application for Authority to Implement Capital Expenditure Program for Regulatory Years (RY) 2021 and 2022.

On 02 August 2024, in compliance with ERC Resolutions No. 26, Series of 2009 and No. 17, Series of 2011, TEI filed, through the Energy Virtual One-Stop Shop (EVOSS) portal, an application with ERC docketed as ERC Case No. 2024-097 RC entitled “In the Matter of Application for Approval of Capital Expenditure Program for Regulatory Years (RY) 2023 And 2024”.

xii. Effect of existing or probable government regulations on the business

The Company belongs to a highly regulated industry, bound by laws and rules set in place to ensure uninterrupted enjoyment of reliable and reasonably priced electricity by the public.

⁵ An amended application was filed in April 2026 to update the period covered until 31 December 2025. The amended application was scheduled for hearing in June 2026.

The passage of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (“EPIRA”) has paved the way for new reforms aimed at privatizing and deregulating certain sectors of the power industry.

Under the said law, the distribution of electricity to end-users shall be a regulated business requiring a national franchise. The distribution of electric power to all end-users may be undertaken by private distribution utilities, cooperatives, local government units presently undertaking this function, and other duly authorized entities, subject to regulation by the ERC. As such, the company is under the regulation of the ERC.

On 26 February 2021, ERC Resolution No. 12, Series of 2020 took effect which further expanded the coverage of the Retail Competition and Open Access (“RCOA”) to include electricity end-users with an average monthly demand of five hundred kilowatts (500kW) effective 26 February 2021 per ERC Resolution No. 12, Series of 2020. The coverage of RCOA is designed to gradually expand up to the household level as mandated under Section 31 of the EPIRA. The initial implementation of RCOA covered electricity end-users with a demand of one megawatt (1MW) and above making them eligible to migrate to other Retail Electricity Suppliers (RES).

On 19 August 2021, ERC has promulgated ERC Resolution No. 8, Series of 2021, entitled “*Rules for the Green Energy Option Program (GEOP)*”. The program encourages end users to choose renewable energy resources. Said program may be availed by (1) end-users with an average peak demand of one hundred kilowatts (100kW) and above for the past twelve months; (2) those newly connected end-user whose estimated average monthly peak demand of three hundred kilowatts (300kW) and above for the next twelve (12) months based on load profiling; and (3) those newly connected end-users with an average peak demand of one hundred kilowatts (100kW) and above for three (3) consecutive months.

To further expand the base of end-users having the ability to choose their suppliers of electricity, ERC has promulgated ERC Resolution No. 4, Series of 2020, entitled “Rules for the Electric Retail Aggregation Program” on 24 June 2022. Rules for the Aggregation of the electricity requirements of End-users, whose monthly average peak demand is at least 500kW and are located within a Contiguous Area is effective beginning 26 December 2022.

In line with this initiative, the ERC also promulgated ERC Resolution No. 13, Series of 2024, entitled 'A Resolution Adopting the Omnibus Rules for Customer Choice Programs in the Retail Market', which aims to consolidate regulations governing Customer Choice Programs and Retail Market participants. These rules amend relevant ERC issuances related to RCOA, GEOP, and RAP, and are designed to provide

responsive regulations that can adapt to market developments. Moreover, they streamline the processes for license application and renewal, while enhancing consumer protection against market power abuse and other discriminatory or anti-competitive practices.

The ERC has lowered the threshold for the RCOA and RAP from 500 kW to 100 kW average monthly peak demand, effective 26 June 2026.

As of 31 December 2025, TEI has twenty-two (22) qualified contestable customers, seventeen (17) of which have already switched to RCOA. Also, TEI has seventy-six (76) customers who are qualified to join GEOP, one (1) of which has already switched to an RE Supplier.

As of 31 December 2025, two groups have availed Electric Retail Aggregation Program.

The continuous migration of eligible consumers to RCOA and GEOP, increasing number of net-metering eligible customers, customers installing RE facility for their own use and the availability of RAP and DER, coupled with the implementation of the rules on aggregation and the need to acquire the required number of Renewable Energy Certificates (RECs) to comply with RPS, will likely result in additional stranded contracted capacity. The impact may be mitigated by the consistent growth in the Company's energy and demand requirement. To further address this, TEI and GMEC filed a joint manifestation with ERC relative to the reduction of its contracted capacity by 20% on 01 June 2024.

TEI commits to continually review its contracted capacities, initiate further renegotiation if needed, and consult with ERC to prevent any dispute that may result from the renegotiation. TEI may also offer any excess capacity to Retail Electricity Suppliers (RES) or sell the excess capacity to the WESM in accordance with the pertinent rules and regulations.

TEI is also required to comply with the Renewable Portfolio Standards pursuant to DOE Circular DC2017-12-0015 "Promulgating the Rules and Guidelines Governing the Establishment of the Renewable Portfolio Standards for On-Grid Areas", as amended, which requires that portion of its supply shall be sourced from renewable energy supplier.

For Power Supply Agreements, TEI is also required to comply with the rules set forth under the Competitive Selection Process Guidelines pursuant to ERC Resolution No. 16, Series of 2023, entitled "Implementing Guidelines for the Procurement, Execution, and Evaluation of Power Supply Agreements Entered into by Distribution Utilities for the Supply of Electricity to Their Captive Market." , these guidelines aim to ensure fair, transparent, and efficient procurement processes for power supply agreements, benefiting both consumers and the energy industry. It also reinforces the obligation of Distribution

Utilities (DUs) under the Electric Power Industry Reform Act (EPIRA) to supply electricity to their captive market in the least-cost manner.

Furthermore, the Energy Regulatory Commission (ERC) issued Resolution No. 08, Series of 2023, entitled “A Resolution Adopting the Procurement Guidelines for the Regulated Transmission and Distribution Assets of Regulated Entities.” This resolution establishes and governs the conduct of a Competitive Selection Process (CSP) for the procurement of assets by regulated utilities.

Below are other relevant resolutions promulgated by ERC in 2025 which may impact the Company:

Resolution No.	Title	Brief Overview
Resolution No. 01, Series of 2025	A Resolution Adopting the Approving/Signing Authorities for Verified Consumer Complaints Cases	This resolution is pursuant to the Commission’s mandate to promote and protect consumer interests under R.A. No. 9136, as well as to achieve its 2025 priorities and address agency backlogs. As part of this effort, the Commission agreed to delegate the review and resolution of verified consumer complaint cases to three members—Commissioner Alexis M. Lumbatan, Commissioner Floresinda G. Baldo-Digal, and Commissioner Marko Romeo L. Fuentes—who will form an Ad Hoc Committee on verified consumer complaints, responsible for reviewing and resolving such cases on behalf of the Commission en banc.
Resolution No. 05, Series of 2025	A Resolution Adopting the Energy Regulatory Commission (ERC) Alternative Dispute Resolution (ADR) Policy and Manual with Attachments	The ERC officially established the ADR Policy and issued the ADR Manual, institutionalizing ADR as an effective alternative tool for resolving disputes between regulated entities and their consumers. The ADR Policy aims to provide a speedy, cost-effective, and impartial means of settling disputes for all ERC stakeholders. It also serves as reference material for handling officers, particularly those newly assigned, ensuring they are well-informed about the procedures and guidelines for conducting ADR processes. This resolution further seeks to improve the efficiency and effectiveness of managing consumer complaints, encouraging amicable settlements and minimizing the need for formal adjudication.
Resolution No. 06, Series of 2025	A Resolution Adopting the Guidelines on the Collection of the Green Energy Auction Allowance (GEA-ALL) and the Disbursement of the GEA-ALL Fund	The resolution establishes guidelines for the collection and disbursement of the Green Energy Auction Allowance (GEA-All) fund in the Philippines, ensuring a transparent and efficient funding mechanism to support renewable energy development. The Commission emphasized the importance of establishing separate guidelines for collecting and disbursing the GEA-All Fund, distinct from the Feed-In-Tariff Allowance (FIT-All) Fund. This ensures transparency and prevents the mixing of funds. While both support renewable energy development, the FIT-All compensates RE supply under the FIT program, while the GEA-All shall fund payments to RE developers under the GEAP.

Resolution No. 07, Series of 2025	A Resolution Setting the Installed Generating Capacity and Market Share Limitation Per Grid and National Grid for 2025	<p>This resolution is issued pursuant to the ERC's mandate to promote free and fair competition in the generation and supply of electricity, ensure consumer protection, and enhance the competitive operation of the markets for generation and supply of electricity</p> <p>The Energy Regulatory Commission (ERC) sets the IGC and MSL per Grid and National Grid for 2025 using Pmax as the maximum capacity adopted for generation facilities covering January to December 2024 operations.</p> <p style="text-align: center;">Table 1. 2025 IGC and MSL (Initial Setting)</p> <table border="1" data-bbox="783 577 1442 752"> <thead> <tr> <th>Grid</th> <th>IGC (kW)</th> <th>% MSL as per RA 9136</th> <th>MSL (kW)</th> </tr> </thead> <tbody> <tr> <td>Luzon</td> <td>19,419,592</td> <td>30%</td> <td>5,825,878</td> </tr> <tr> <td>Visayas</td> <td>3,383,868</td> <td>30%</td> <td>1,015,160</td> </tr> <tr> <td>Mindanao</td> <td>4,292,586</td> <td>30%</td> <td>1,287,776</td> </tr> <tr> <td>National</td> <td>27,096,046</td> <td>25%</td> <td>6,774,012</td> </tr> </tbody> </table>	Grid	IGC (kW)	% MSL as per RA 9136	MSL (kW)	Luzon	19,419,592	30%	5,825,878	Visayas	3,383,868	30%	1,015,160	Mindanao	4,292,586	30%	1,287,776	National	27,096,046	25%	6,774,012
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Resolution No. 09, Series of 2025	A Resolution Adopting the Green Energy Auction Reserve (GEAR) Prices for Round 4 of the Green Energy Auction Program (GEAP)	<p>This resolution approves the Final Green Energy Auction Reserve (GEAR) Prices for Round 4 of the Green Energy Auction Program (GEAP) in the Philippines. It aims to support cost recovery for renewable energy projects, ensure fair pricing, and protect public interest. It also sets parameters and pricing methodologies for various renewable energy resources, including rooftop solar, ground-mounted solar, floating solar, onshore wind, and solar with energy storage systems (ESS). This resolution also requires the development of dispatch protocols to ensure that the Integrated Renewable Energy and Storage System (IRESS) is used primarily for load shifting or peak shaving, resulting in a least-cost power supply.</p> <p>The Commission hereby Resolves to Approve and Adopt the following Final Green Energy Auction Reserve (GEAR) Prices for Round 4 of the Green Energy Auction Program (GEAP):</p> <table border="1" data-bbox="770 1391 1385 1655"> <thead> <tr> <th>Renewable Energy Resource</th> <th>Final GEAR4 Prices (PhP/kWh)</th> </tr> </thead> <tbody> <tr> <td>Rooftop Solar</td> <td>5.6800</td> </tr> <tr> <td>Ground-mounted Solar</td> <td>4.4832</td> </tr> <tr> <td>Floating Solar</td> <td>6.5258</td> </tr> <tr> <td>Onshore Wind</td> <td>6.0859</td> </tr> <tr> <td>Solar + ESS</td> <td>5.4028</td> </tr> </tbody> </table>	Renewable Energy Resource	Final GEAR4 Prices (PhP/kWh)	Rooftop Solar	5.6800	Ground-mounted Solar	4.4832	Floating Solar	6.5258	Onshore Wind	6.0859	Solar + ESS	5.4028								
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Resolution No. 10, Series of 2025	A Resolution Adopting the Interim Guidelines on the Conduct of Open Commission Meetings	<p>This Resolution seeks to advance transparency, accountability, good governance, and social responsibility, by reinforcing public trust in the Energy Regulatory Commission's decision-making process. By encouraging broader public scrutiny and participation, the resolution aims to make decisions and policies more responsive to stakeholder needs, promote consumer awareness, and uphold fairness, professionalism, and inclusivity in matters related to electricity rates. This resolution shall take effect immediately following its publication/posting in the ERC website.</p>																				

		<p>Key points:</p> <ul style="list-style-type: none"> • Meetings will be held at least once every quarter. • Stakeholders can access meeting materials, audio/video recordings, and transcripts through the ERC website and social media platforms. • Meeting procedures will include scheduling, deliberations, voting, and record-keeping. • Sensitive or confidential matters may be discussed in closed sessions.
Resolution No. 11, Series of 2025	A Resolution Adopting the Institutionalization and Strengthening of Frontline Customer Services in All Distribution Utilities (DUs), Microgrid System Providers (MGSPs), and Retail Suppliers (RS)	<p>The Commission institutionalizes and strengthens frontline customer services in all Distribution Utilities (DUs), Microgrid System Providers (MGSPs), and Retail Suppliers (RS) by promulgating ERC Resolution No. 11, Series of 2025. It supersedes outdated 2005 and 2006 rules to align with evolving consumer protection standards under the Electric Power Industry Reform Act (EPIRA) and related policies . The resolution requires the establishment of Consumer Welfare Desks (CWDs), prescribes qualifications, duties, reporting and audit mechanisms for CWD Officers, and mandates continuous training, consumer education, and recognition of exemplary service.</p> <p>Key points:</p> <p>Institutionalize Consumer Welfare Desks across all DUs, MGSPs, and RS.</p> <p>Standardize qualifications, duties, and authority of CWD Officers.</p> <p>Enforce strict timelines for complaint resolution and service delivery.</p> <p>Mandate annual and post-disaster reporting to ERC.</p> <p>Implement audit-ready record-keeping of complaint handling for 5 years.</p> <p>Require regular training and certification through EMREP.</p> <p>Recognize exemplary CWD performance via customer satisfaction surveys.</p> <p>Strengthen consumer education campaigns using modern communication channels.</p> <p>Provide a six-month transition period for compliance, particularly on the following:</p> <p>Establish a Consumer Welfare Desk (CWD).</p> <p>Hire and designate qualified CWD Officers where none exist or where additional officers are needed.</p> <p>3. Submit their Customer Service Standards to the ERC, in line with the Philippine Distribution Code (PDC) 2017 or service performance standards established in their Performance Based Regulation (PBR).</p>
Resolution No. 13, Series of 2025	A Resolution Providing for the Guidelines Establishing an Enhanced Mandatory Regulatory Education Program (EMREP) and Providing Qualifications, Functions, and	<p>This resolution establishes guidelines for the Enhanced Mandatory Regulatory Education Program (EMREP) and sets the qualifications, functions, and certification requirements for Regulatory Compliance Officers (RCOs). It supersedes older RCO rules (Resolutions No. 4 and 5, Series of 2006) to address the expanded industry landscape, which now includes not only Distribution Utilities and Generation Companies, but also Retail Electricity Suppliers, Distributed Energy Resources, Self-Generating Facilities, and Microgrid Service Providers. This resolution aims to strengthen RCOs' competencies, training, and responsibilities to ensure prompt and consistent compliance with ERC rules, regulations, decisions, and policies. It</p>

	Certification of Regulatory Compliance Officers (RCOs).	further seeks to equip RCOs with the necessary knowledge and skills, promote accountability and professionalism among Regulated Entities, mitigate risks of administrative fines and penalties, and support the successful restructuring and modernization of the electric power industry as mandated by the Electric Power Industry Reform Act of 2001 (EPIRA).
Resolution No. 14, Series of 2025	A Resolution Setting the Adjusted Installed Generating Capacity and Market Share Limitation Per Grid and National Grid for 2025	<p>This resolution aims to set the adjusted Installed Generating Capacity (IGC) and Market Share Limitation (MSL) per grid and the national grid for the year 2025. This adjustment is in compliance with the Electric Power Industry Reform Act of 2001 (EPIRA) and its Implementing Rules and Regulations (IRR), ensuring fair competition, operational efficiency, and consumer protection in the electricity generation and supply markets.</p> <p>The initial IGC and MSL for 2025 were determined based on the maximum capacities (Pmax) of generation facilities for January to December 2024 operations. After reviewing these initial settings and carefully considering subsequent market developments—such as the entry of new generation facilities with newly issued Certificates of Compliance (COC) or Provisional Authorities to Operate (PAO), as well as changes in maximum capacity (Pmax) based on the latest submitted Generating Unit Capability Test (GUCT) results and certificates of existing generation facilities—the ERC found it necessary to adjust the 2025 IGC and MSL for each Grid and for the National Grid, using data and information as of 25 July 2025.</p>
Resolution No. 15, Series of 2025	A Resolution Amending ERC Resolution No. 6, Series of 2019, entitled "A Resolution Adopting the Amendments to the Rules Enabling the Net-Metering Program for Renewable Energy"	<p>ERC Resolution No. 15, Series of 2025 introduces several significant changes to the rules governing the Net-Metering Program for Renewable Energy in the Philippines. These amendments aim to enhance the program's implementation, address stakeholder concerns, and align with updated policies from the Department of Energy (DOE):</p> <p>DC2020-10-0022 - Implementation of the period of one (1) year for the banking of Net-metering credits; Application to Off-grid or Island Grid Systems; Publication of the DUs Net-metering Program including their respective hosting capacities of Distribution Systems for Net-metering purposes; and Development of a Net-metering Guidebook</p> <p>DC2024-08-0025 - Amending the threshold capacity of net-metering installations based on the capacity limit provided under R.A. No. 9513; Net-metering credits may be banked, rolled-over and credited to the End-user's electricity consumption; REC Meter shall no longer be required subsequent to the ERC's issuance of a methodology for computing or estimating the energy or generation out of the Net-metering facility</p> <p>This resolution also aims to:</p> <p>Encourage participation in renewable electricity generation by end-users. Enhance the viability and integration of the net-metering program into the grid through data gathering and efficient energy planning.</p>

		<p>Simplify permitting procedures and reduce installation costs for renewable energy facilities.</p> <p>Facilitate the development of renewable energy systems by providing clear guidelines for interconnection, pricing, and commercial arrangements.</p> <p>This resolution also includes the following additional Annexes: Annex A-2.1: Amended Net-metering Agreement Template for With REC Meter Annex A-2.2: Amended Net-metering Agreement Template for Without REC Meter Annex 4: Affidavit and Waiver Template Annex 5: Hosting Capacity Template</p>
Resolution No. 16, Series of 2025	A Resolution Adopting Summary Proceedings in Applications for Authority to Develop and Own or Operate Dedicated Point-to-Point Limited Transmission Facilities, Capital Expenditure Projects, Over/Under Recoveries, Contracts for the Supply of Electric Energy, Issuance of Certificates of Public Convenience and Necessity, and Business Separation and Unbundling Plans Before the Energy Regulatory Commission	<p>The resolution aims to adopt summary proceedings for specific applications filed before the Energy Regulatory Commission (ERC) to expedite the processing and evaluation of these applications. This is in line with the policy of the State under the Electric Power Industry Reform Act of 2001 (EPIRA) to ensure total electrification, as well as the quality, reliability, security, and affordability of electric power supply in the Philippines.</p> <p>Resolution No. 16, Series of 2025, approves the use of summary proceedings under Rule 17 of the Commission's Revised Rules of Practice and Procedure (RRPP) for applications related to:</p> <ul style="list-style-type: none"> Authority to develop and own or operate dedicated point-to-point limited transmission facilities. (P2P facilities) Approval of Capital Expenditure projects (CAPEX) Confirmation of Over/Under recoveries. Approval of contracts for the supply of electric energy (Supply contracts) Issuance of Certificates of Public Convenience and Necessity (CPCN) Approval of business separation and unbundling plans (BSUP) <p>Summary proceedings will apply to uncontested applications or those with intervenors, provided all parties agree to the process. This resolution aims to streamline the approval process, ensuring faster and more efficient handling of applications while maintaining justice and compliance with legal requirements.</p>
Resolution No. 17, Series of 2025	A Resolution Amending Sections 1.4 and 2.2 of Resolution No. 9, Series of 2011, Requiring Generation Companies and Distribution Utilities Which Are Not Publicly Listed to Offer and Sell to the Public a Portion of Not Less Than Fifteen	<p>This resolution amends Sections 1.4 and 2.2 of Resolution No. 9, Series of 2011 to clarify the rules requiring non-publicly listed generation companies and distribution utilities (DUs) to offer at least 15% of their common shares to the public, ensuring compliance with Section 43(t) of EPIRA and Rule 3, Section 4(m) of its IRR. The amendment aims to support the restructuring and modernization of the electric power industry, broaden ownership across generation, transmission, and distribution sectors, align the Public Offering Requirement (POR) with Philippine Stock Exchange (PSE) listing standards, and address compliance challenges faced by small-scale generation companies and DUs.</p> <p>Public Offering Requirement (POR) for Distribution Utilities (DUs)</p>

	Percent (15%) of Their Common Shares of Stock, Pursuant to Section 43(t) of Republic Act No. 9136 and Rule 3, Section 4(m) of Its Implementing Rules and Regulations (IRR)	<p>POR Obligation: DUs not publicly listed must offer at least 15% of their common shares to the public. If their holding company is publicly listed, they are considered compliant.</p> <p>Compliance Period: The public offering must be completed within five years from qualifying for PSE listing or from the resolution's effectivity, whichever is later.</p> <p>Reporting Requirements: DUs must submit an annual verified declaration (every January 15 of each year) confirming financial performance, stockholders' equity, market capitalization, operating history, authorized capital stock, number of stockholders, and other relevant facts proving that they are not yet qualified to list with the PSE.</p> <p>Penalties for Non-Compliance: Non-compliance may result in administrative liability, fines, penalties, cancellation of CPCN, or closure orders by the ERC.</p> <p>Monitoring: DUs must notify the ERC within 30 days of meeting PSE listing requirements and initiate their listing application.</p>
Resolution No. 18, Series of 2025	A Resolution Amending Modules B1.1, C5.1.c.i and C6.1.F.i of the Omnibus Rules for Customer Choice Programs in the Retail Market	This resolution amends Modules C5.1.c.i and C6.1.f.i of the Omnibus Rules for Customer Choice Programs in the Retail Market. It updates the definition of Average Expected Annual Expenses (AEAE) and introduces a new definition for Total Operating Expenses (TOE) to ensure clarity and accuracy in financial requirements. It also revises the financial capability requirements for Retail Electricity Suppliers (RES) to strengthen their financial position while reducing barriers to entry in the contestable market.
Resolution No. 19, Series of 2025	A Resolution Adopting the Commission's Policy Direction with Respect to the Supreme Court Decision dated 8 October 2019 in G.R. No. 226443	The resolution adopts the ERC's policy direction in compliance with the Supreme Court Decision dated 08 October 2019 in G.R. No. 226443 (NASECORE v. ERC). It provides guidance on the proper valuation methodology for MERALCO's Regulatory Asset Base (RAB) and sets parameters for determining which expenses may be passed on to consumers, consistent with the requirement to supply electricity 'in the least cost manner.' The resolution also clarifies that the Supreme Court ruling applies only to MERALCO's unbundled rates from June 2003 to June 2007 and does not extend to later years or to other private distribution utilities (PDUs).
Resolution No. 20, Series of 2025	A Resolution Adopting the Amended Rules to Govern the Implementation of Advanced Metering Infrastructure (AMI) by Distribution Utilities and ERC-Authorized Entities	<p>This resolution establishes a framework for the approval, execution, and deployment of AMI to promote energy efficiency, enhance system reliability, strengthen security measures, improve customer engagement, and advance the development of an intelligent and sustainable distribution network.</p> <p>Objectives of the AMI Rules Improve services (accurate billing, real-time energy data). Promote energy efficiency and demand-side management. Enhance operational efficiency and grid reliability. Set standards for AMI components (smart meters, communication systems, software).</p>

		Strengthen cybersecurity and data privacy protections. • Support market programs (RCOA, GEOP, Net-Metering).
Resolution No. 22, Series of 2025	A Resolution Lowering the Eligibility Threshold for Retail Competition and Open Access (RCOA) and Retail Aggregation Program (RAP)	The resolution lowers the eligibility threshold for participation in RCOA and RAP to an average monthly peak demand of at least 100 kW, effective June 26, 2026, to expand consumer choice, enhance competition, and improve efficiency in the electricity market in line with EPIRA. It adopts a phased implementation to ensure operational stability, market readiness, and infrastructure preparedness. It also aligns with the Green Energy Option Program and mandates the preparation of a comprehensive roadmap for future threshold reductions, including household-level participation.
Resolution No. 23, Series of 2025	A Resolution Directing All Private Distribution Utilities to File their Respective AWAT Applications for the Lapsed Period	The purpose of this Resolution is to address the lapsed regulatory periods of privately-owned distribution utilities (PDUs) operating under Performance-Based Regulation (PBR). It aims to Clarify and Address Lapsed Periods, adopt a Confirmation and True-Up Process, and requires PDUs to file AWAT applications to confirm and update their rates for the lapsed periods, ensuring transparency and accountability.
Resolution No. 24, Series of 2025	A Resolution Adopting the Applicable Load Billing Determinant in the Computation of Ancillary Service (AS) Charges	The purpose of this Resolution is to adopt the applicable load billing determinant for the computation of Ancillary Service (AS) charges. After due consideration and evaluation of the foregoing issues, and in light of the pendency of the Draft AS Rules, the ERC finds it proper and necessary to align existing policies on the applicable load billing determinant and, for purposes of AS charge computation, to adopt the following: (1) the load billing determinant shall be the average of the twelve (12) monthly demands coincident with the monthly transmission system peak; and (2) the AS billing determinant shall follow the load billing determinant under Rule F(AI)3.2 of the OATS 2022 Edition.
Resolution No. 25, Series of 2025	A Resolution Adopting the Applicable Load Billing Determinant in the Computation of Ancillary Service (AS) Charges	The purpose of this Resolution is to adopt the applicable load billing determinant for the computation of Ancillary Service (AS) charges. After due consideration and evaluation of the foregoing issues, and in light of the pendency of the Draft AS Rules, the ERC finds it proper and necessary to align existing policies on the applicable load billing determinant and, for purposes of AS charge computation, to adopt the following: (1) the load billing determinant shall be the average of the twelve (12) monthly demands coincident with the monthly transmission system peak; and (2) the AS billing determinant shall follow the load billing determinant under Rule F(AI)3.2 of the OATS 2022 Edition.
Resolution No. 26, Series of 2025	A Resolution Amending Resolution No. 07, Series of 2021, Entitled "A Resolution Adopting Amendments to Resolution No. 04,	The resolution set the framework for implementing the Secondary Price Cap (SPC) in the WESM as a consumer protection mechanism, while balancing the need for efficient generator marginal cost recovery to maintain operational and market efficiency. Key objectives include: Transparency - Establishing a clear mechanism for SPC imposition, with defined parameters and trigger conditions.

	Series of 2017 Entitled "Amendments to the Pre-Emptive Mitigating Measure in the Wholesale Electricity Spot Market (WESM)	<p>Periodic Review - Providing a process to regularly update SPC parameters to reflect evolving cost structures and market dynamics.</p> <p>Consumer Protection- Shielding consumers from sustained or excessive price spikes, while preserving efficient price signals and allowing for temporary intervention during extreme events.</p> <p>Market Sustainability - Implementing safeguards in a manner that does not discourage the entry or continued participation of generation investments.</p> <p>An SPC value of PhP7,423/MWh will be implemented in the Wholesale Electricity Spot Market (WESM) energy market if the Cumulative Price Threshold (CPT) of PhP12,413/MWh is exceeded, as determined by the Generator Weighted Average Price (GWAP) over a rolling 72-hour period.</p>
Resolution No. 27, Series of 2025	A resolution adopting the Feed-In Tariff (FIT) rate for the 4th round of Run-of-River (ROR) hydro until the full subscription of the 100MW installation target	The Energy Regulatory Commission (ERC) has approved a new Feed-in Tariff (FIT4) rate of PhP6.9282/kWh for run-of-river hydropower projects, valid until 31 December 2026, with a 0.5% annual depression until the full 100 MW target is subscribed. The FIT rate aims to accelerate renewable energy investments and support the country's goal of a 35% RE energy mix by 2030.

TABLE J: ERC ISSUANCES

The Company is likewise covered by the issuances issued by the Department of Energy ("DOE"):

Department Circular No.	Title	Brief Overview
DC 2025-01-0001	Institutionalizing the Energy Sector Cybersecurity and Cyber Resilience Framework	<p>This circular aims to protect the energy sector's critical infrastructure from cyber threats, ensuring the continuous and reliable operation of the energy grid and other essential services by adhering to the following General Policies and Principles:</p> <ul style="list-style-type: none"> ▪ Aligns with the National Cybersecurity Plan (NCSP) 2023-2028. ▪ Establishes governance and compliance with cybersecurity standards. ▪ Enhances cybersecurity measures and ensures cyber resilience. ▪ Promotes collaboration and information sharing among stakeholders. ▪ Increases cybersecurity professionals and expertise. • Encourages investments in cybersecurity.

DC 2025-06-0009	Amendment to DC No. DC2025-03-0004 titled "Providing the Revised Guidelines for the Green Energy Auction Program in the Philippines"	<ul style="list-style-type: none"> The purpose of the revision is to clarify the indexation mechanism for the Green Energy Tariffs (GETs) under the Green Energy Auction Program (GEAP) Guidelines. Specifically, it amends provisions to ensure that the GETs of Winning Bidders resulting from auctions include indexation, with the Energy Regulatory Commission (ERC) determining the formula and streamlined procedure for such adjustments. The revision also specifies that the indexation adjustment will occur only once, between the issuance of the Certificate of Award and the commencement of commercial operations of the Winning Bidder's renewable energy facility.
DC2025-08-0010	Providing Supplemental Framework for the Procurement of Ancillary Services, Amending Thereby Department Circular No. DC2021-10-0031, Otherwise Known as 'Prescribing the Policy for the Transparent and Efficient Procurement of Ancillary Services by the System Operator	<ol style="list-style-type: none"> This Circular Amends Department Circular No. DC2021-10-0031 to address issues such as insufficient supply of AS and price volatility in the Reserve Market. This also aims to expedite the procurement process, ensure the reliability of the Philippine grid, and achieve a sustainable, reliable, and efficient level of AS at a cost that is reasonable and fair to all electric power industry participants and electricity consumers.
DC2025-08-0011	Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) Rules and Various WESM Market Manuals on the Interruptible Load Program Implementation.	These amendments introduce further revisions to the Wholesale Electricity Spot Market (WESM) Rules and Market Manuals to strengthen the implementation of the Interruptible Load Program (ILP). They are intended to mitigate power shortages, facilitate the effective participation of Contestable Customers (CCs) and Directly Connected Customers (DCCs) in the ILP, and enhance the accuracy and transparency of key processes such as bilateral contract quantity declarations, dispatch protocols, and settlement procedures. The amendments also align with the

		objectives of the Electric Power Industry Reform Act (EPIRA) and the WESM to ensure a reliable and efficient electricity market.
DC2025-08-0012	Prescribing the Policy and Guidelines for Integrating the Charging Infrastructure Development Plan to the Distribution Development Plan Pursuant to the Electric Vehicle Industry Development Act and the Comprehensive Roadmap for the Electric Vehicle Industry	The purpose of this Circular is to establish the policy and guidelines for integrating the Charging Infrastructure Development Plan (CIDP) of Electric Vehicle Charging Stations (EVCS) into the Distribution Development Plan (DDP). It supports the effective implementation of the Electric Vehicle Industry Development Act (EVIDA) and the Comprehensive Roadmap for the Electric Vehicle Industry (CREVI). The circular aims to ensure the development of electric vehicle charging infrastructure, promote the use of renewable energy, support public transport electrification, and encourage public-private partnerships to foster investment in electric vehicle charging stations.
DC2025-09-0014	Prescribing Amendments to Department Circular No. DC2009-05-0008 titled, 'Rules and Regulations Implementing Republic Act No. 9513, otherwise known as the Renewable Energy Act of 2008	The purpose of this Circular is to streamline and rationalize the conditions for the availment of the incentives provided under the Renewable Energy Act Implementing Rules and Regulations (RE Act IRR). This includes updating definitions, clarifying fiscal incentives, and establishing conditions for registration, accreditation, and endorsement processes to facilitate the development and commercialization of renewable energy projects.

DC2025-10-0019	Framework for the Intergration of Nuclear Energy in the Country's Generation Mix to Implement the Clean Energy Scenario under the Philippine Energy Plan 2023-2050	The policy aims to integrate nuclear energy into the Philippines' power mix to help meet the Clean Energy Scenario (CES) under the Philippine Energy Plan (2023-2050). It targets a phased rollout of nuclear capacity: 1,200 MW by 2032, 2,600 MW by 2035, and 4,800 MW by 2050. The goal is to enhance energy security, environmental sustainability, and competitive pricing, while also driving local economic growth, job creation, and investment. Additionally, it seeks to create enabling environment for building and operating nuclear power plants, starting with the Pioneer NPP, to support the country's shift to a low-carbon economy and inclusive growth.
DC2025-10-0020	Supplemental Policy to the Net-Metering Program Integrating Renewable Energy Certificate Trading and Multi-Site and Aggregate Net-Metering to Enhance Participant Benefits and Market Access.	The DOE issued this Department Circular to enhance the Net-Metering Program for Renewable Energy Systems. This supplemental policy integrates Renewable Energy Certificate (REC) trading and introduces multi-site and aggregate net-metering to improve participant benefits and market access. Key provisions include REC ownership allocation, trading mechanisms, and the ability for Qualified End-Users to share Net-Metering Credits across multiple accounts within the same distribution utility franchise area. This initiative aims to address barriers to participation, promote renewable energy utilization, and support the country's energy self-reliance goals.
DC2025-10-0022	Prescribing Policies to Enhance the Procurement of Power Supply by Distribution Utilities for the Captive Market, Amending and Supplementing for this Purpose Department Circular No. DC2023-06-0021	The DOE issued this circular to enhance policies for the procurement of power supply by Distribution Utilities (DUs) for their captive market. This circular amends and supplements DC No. DC2023-06-0021, emphasizing the prioritization of renewable energy (RE) development, strengthening grid infrastructure, promoting emerging RE technologies, and ensuring transparent, efficient, and least-cost power supply procurement. One of the major amendments includes the addition of Section

		<p>2.3.5, which introduces the exercise of the Right of First Refusal (ROFR). This allows Distribution Utilities (DUs) to procure the available capacity of Renewable Energy (RE) Plants—exceeding the 10MW exemption—within their franchise area, provided that the procurement is for Renewable Portfolio Standards (RPS) compliance in accordance with the Distribution Development Plan (DDP).</p> <p>The circular aims to align energy procurement with the Philippine Energy Plan and the Renewable Portfolio Standards (RPS) while protecting public interest and promoting sustainable energy practices.</p>
DC2025-10-0023	<p>Promulgating the Enhanced Policy to Rationalize the Provision of Benefits to Communities Hosting Energy Generation and Resource Development Facilities, Including Generating Facilities with Integrated Energy Storage System Facilities, Amending Rule 29 (A) of the Implementing Rules and Regulations of Republic Act No. 9136</p>	<p>This department circular seeks to rationalize and improve the provision of financial and non-financial benefits to LGUs, regions, ICCs/IPs, and host communities of energy generation and resource development facilities, including those with energy storage systems. It aims to ensure transparent and efficient management and distribution of benefits while promoting rural development, socio-economic progress, environmental protection, and total electrification.</p> <p>Responsibilities of Distribution Utilities (DUs):</p> <ul style="list-style-type: none"> ▪ Open and maintain trust accounts for Electrification Funds (EF). ▪ Accept remittances and issue receipts for funds. ▪ Prepare and implement priority projects aligned with approved plans (LTER and DDP). ▪ Ensure timely project implementation and compliance with accounting/auditing rules. • Facilitate electricity rate subsidies if applicable.

DC2025-10-0024	Guidelines on Virtual Power Purchase Agreements	The Circular aims to regulate VPPAs to help expand renewable energy in the Philippines and support the country's clean energy targets. It enables renewable energy (RE) developers to enter into financial arrangements for the transfer of Voluntary Renewable Energy Certificates (Voluntary RECs) to businesses and industries. In doing so, it supports the objectives of the Renewable Energy Act of 2008 (RE Act) and related policies, by facilitating the financing and development of RE projects while contributing to national clean energy goals.
DC2025-10-0025	Guidelines on Energy Certificates	This circular sets out the rules and guidelines for the generation, classification, use, and trading of Energy Certificates. It seeks to establish a transparent and credible system that supports the government's commitments under the Paris Agreement and other international climate change initiatives, facilitate adherence to domestic policies and targets under the National Renewable Energy Program (NREP) and Renewable Portfolio Standards (RPS), and encourage private sector and voluntary clean energy initiatives. The circular advances environmental sustainability and economic resilience by promoting the transition to renewable energy, energy efficiency, and clean energy use in the electric power industry.
DC2025-11-0026	Framework for the Integration of Waste-To-Energy Facilities in the Country's Power Generation Mix to Implement the Clean Energy Scenario under the Philippine Energy Plan 2023-2050, Providing Incentives for Pioneer Waste-To-Energy Projects and Supplementing the Green Energy Auction Program Guidelines under Department Circular No. DC2021-11-0036 for the Purpose	This Circular establishes the policy framework for integrating Waste-to-Energy (WTE) into the Philippines' power generation mix to support the Clean Energy Scenario (CES) under the Philippine Energy Plan (PEP) 2023–2050. It aims to enhance energy security, promote environmental sustainability, and improve solid waste management through WTE technologies. The Circular also seeks to expand renewable energy use, reduce dependence on fossil fuels, and ensure compliance with environmental regulations.

TABLE K: DOE ISSUANCES

xiii. Research and Development

The Company does not maintain a dedicated research and development (R&D) department and has not engaged in any formal R&D activities. This is primarily because changes in the electric distribution industry have been relatively gradual compared to other sectors, and the research function has been integrated into the responsibilities of the Company's network, retail, and IT groups. The existing infrastructure and systems have generally proven sufficient to meet the growing demand for safe and efficient power distribution. Consequently, there has been no necessity to establish a separate R&D department to date.

This is still true even with the emergence of technology and the government's implementation of a national smart grid policy framework for the Philippine electric power industry and roadmap for distribution utilities due to the sufficiency of the available products and technologies in the market.

xiv. Cost and effects of compliance with environmental laws

Prior to the 2020 revision of the DENR's Coverage Screening Guidelines and Standardized Requirements, on 23 October 2019, the Company was granted an Environmental Compliance Certificate by the DENR for the operation of one of its existing substations and transmission line project located at Luisita Industrial Park, Brgy. San Miguel, Tarlac City and Conception, Tarlac.

The Company's substations and offices are all Category C projects under the Department of Environment and Natural Resources' ("DENR") Coverage Screening Guidelines and Standardized Requirements in the Philippine EIS system. Under such category, the Company is required to secure a Certificate of Non-Coverage ("CNC") for projects that are not expected to have a significant impact on the environment. A copy of the approved CNCs issued to the Company for its substations and offices are attached herewith as *Exhibit D-1 to D-4*.

The Company is required to hire an accredited treater and transporter of hazardous materials. The accredited treater and transporter will then issue the Company a certification that its hazardous waste was properly treated and disposed of.

Also, the Company has been in the process of replacing distribution transformers that are not compliant with the requirements set forth in Republic Act No. 6969, otherwise known as Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990.

As of December 31, 2025, a total of 307 units of suspected PCB contaminated distribution transformers have been tested with result as follows:

Classifications	Total No. of Equipment
PCB-Free Equipment (less 2mg/kg)	244
Non-PCB Equipment (2-50mg/kg)	35
PCB Contaminated Equipment (50-500 mg/kg)	19
PCB Equipment (more than 500mg/kg)	9
TOTAL	307

TABLE L: SUMMARY OF RESULTS – BASED ON PCB CONCENTRATIONS

The disposal and treatment of PCB-contaminated transformers are ongoing in compliance with DENR requirements. Similarly, the disposal of PCB-free transformers is also in progress.

xv. *Employees and Labor Relations*

As of 31 December 2025, the Company has one hundred ninety-five (195) employees, plus twenty-one (21) probationary employees. Ninety-six (96) are office employees and ninety-nine (99) are field employees. TEI's employees are further categorized as follows: fifteen (15) managerial employees; fifty-two (52) administrative employees; fourteen (14) clerical employees; and one hundred fourteen (114) in operations.

The Company expects to hire seven (7) administrative employees, and nine (9) in operations for a total of sixteen (16) additional employees in 2026.

Sixty-three (63) of TEI's employees are members of the Tarlac Electric Workers' Union affiliated with the National Federation of Workers' Union. Historically, the Company has not had any issues when it comes to bargaining with the Union since CBA negotiations are always amicably concluded. The employees of the Company have always had good labor relations with the management and owners of the Company.

In the past three (3) years from the date of this report, the Union has neither conducted any strikes nor has it picketed against the Company. The Company's existing CBA will expire on 30 June 2028.

In addition to the benefits as mandated by law, the Company provides its employees with additional benefits in accordance with its CBA as disclosed in its Prospectus dated 28 June 2021, pages 94 to 95, attached in this report as Exhibit "A-1".

xvi. Risks Related to the Company and its Industry

The Company identified the following risks discussed in detail in its Prospectus dated 28 June 2021, pages 22 to 31, attached in this report as Exhibit "A-1":

- Operational Risk
- Regulatory Risk
- Risk of Not Obtaining Sustained, Extended, or Renewed Permits, Licenses, and Operating Agreements
- Occupational Health and Safety Risks
- Emerging Technologies
- Risks Related to the Implementation of Expansion Strategies
- Failure to Obtain Financing
- Counterparty Risks
- Third Party Contests and Easements Over Company Projects
- High Capital Requirements
- Cashflow Risk
- Reliance on Key Personnel or Managers
- Non-Insurance of Asset
- Retail Competition and Open Access
- Energy Sales Mix
- Unionized Workforce
- Other Inherent Risk Factors in the Business and Industry
- Risk of Not Sustaining the Company's Operating Expenses

ITEM 2. PROPERTIES

Below are the real properties in the name of Tarlac Electric Inc.:

	TCT No./Evidence of Ownership	Location	Description	Liens/Mortgages /Encumbrance, if any	Use of Property
1	282186	San Isidro	5,683.00sqm	N/A	Being used for Warehouse
2	043-2019008370	San Miguel	943.00sqm	N/A	For future Substation and/or Warehouse
3	(312821) 043-2017002849	San Miguel	1,747.00sqm	N/A	Being used for Substation
4	(T-265348) 043-2017002848	San Miguel	4,000.00sqm	N/A	Being used for Substation
5	(272323) 043-2017002850	Baras-Baras	3,332.00sqm	N/A	Right of Way for Lines
6	(272321) 043-2017002851	Sinait	18,294.00sqm	N/A	Right of Way for Lines
7	(T-221171) 043-2017002846	Maliwalo	2,185.00sqm	N/A	Being used for Substation
8	(218589) 043-2017002847	Maliwalo	468.00sqm	N/A	Being used for Substation
9	388378	Maliwalo	759.00sqm	N/A	Being used for Substation
10	446558	San Rafael	100.00sqm	N/A	Right of Way
11	398002	San Rafael	6,128.00sqm	N/A	Being used for Warehouse, Office and Substation
12	043-2010000329	San Rafael	5,000.00sqm	N/A	Being used for Warehouse, Office and Substation
13	043-2016009646	San Vicente	3,000.00sqm	N/A	Being used for Warehouse and new Substation
14	043-2016006917	San Vicente	615.00sqm	N/A	Being used for Warehouse and new Substation
15	043-2016006916	San Vicente	449.00sqm	N/A	Being used for Warehouse and new Substation
16	043-2016006915	San Vicente	563.00sqm	N/A	Being used for Warehouse and new Substation
17	043-2016006914	San Vicente	621.00sqm	N/A	Being used for Warehouse and new Substation
18	276453	Sto. Cristo & Matatalaib	1,088.00sqm	N/A	Being used for Substation
19	(341046) 043-2017002852	Sto. Cristo & Matatalaib	741.00sqm	N/A	Being used for Substation
20	(104850) 043-104850	Mabini	1,767.00sqm	N/A	Being used for Office
21	(188071) 043-2017002843	Mabini	590.00sqm	N/A	Being used for Office
22	(248202) 043-2017002844	Mabini	591.00sqm	N/A	Being used for Office

23	(284201) 043-2017002845	Mabini	998.00sqm	N/A	Being used for Office
24	5001031803 ⁶	San Miguel	7,111.00sqm	N/A	For future Substation
25	5001031804 ⁷	San Miguel	2,975.00sqm	N/A	For future Substation
26	140967 ⁸	Suizo	58,838.00sqm ⁹	N/A	For future switching substation, offices, meter laboratory and warehouse

TABLE M: LAND

Below is the list of buildings and warehouses owned by the Company:

	Description	Location	Liens, Mortgages, Encumbrances, if any	Use of Property
1	Mabini Main Office	Mabini St., Tarlac City	N/A	Being used for Office
2	LIP Substation	LIP, San Miguel, Tarlac City	N/A	Being used for Substation
3	Maliwalo Substation	Maliwalo, Tarlac City	N/A	Being used for Substation
4	Panganiban Substation	Panganiban St., Sto. Cristo, Tarlac City	N/A	Being used for Substation
5	San Rafael Substation	San Rafael, Tarlac City	N/A	Being used for Substation
6	San Rafael Office	San Rafael, Tarlac City	N/A	Being used for Office
7	San Rafael Warehouse	San Rafael, Tarlac City	N/A	Being used for Warehouse
8	San Isidro Warehouse	San Isidro Tarlac City	N/A	Being used for Warehouse
9	San Vicente Warehouse	San Vicente, Tarlac City	N/A	Being used for Warehouse
10	San Vicente Substation	San Vicente, Tarlac City	N/A	Being used for Substation

TABLE N: PLANT AND BUILDING

⁶ Under Contract to Sell

⁷ Under Contract to Sell

⁸ Under Contract to Sell

⁹ Under Contract to Sell; for amendment of land area to 60,632 sqm

The Company also owns the following vehicles:

	Description	Quantity	Unit of Measure	Liens, Mortgages, Encumbrances, if any	Use of Property
1	Truck, Crane Truck	1	units	N/A	Used as service vehicle
2	Truck, Drill	3	units	N/A	Used as service vehicle
3	Truck, Dropside w/ Boom	1	units	N/A	Used as service vehicle
4	Truck, FVM	1	units	N/A	Used as service vehicle
5	Truck, Manlift	5	units	N/A	Used as service vehicle
6	Truck, Passenger Van, FX	2	units	N/A	Used as service vehicle
7	Vehicle, Pick-up	11	units	N/A	Used as service vehicle
8	Vehicle, Pickup with Campershell	13	units	N/A	Used as service vehicle
9	Vehicle, Pickup with Aerial Platform	2	Units	N/A	Used as service vehicle
10	Vehicle, MUV	4	units	N/A	Used as service vehicle
11	Motorcycle	1	units	N/A	Used as service vehicle

TABLE O: VEHICLES

The Company also owns equipment and other properties such as power transformers and other substation equipment, sub-transmission and distribution lines including poles and attachments, distribution transformers, meters and other metering equipment which are installed within the Company's franchise area, as described in its Prospectus dated 28 June 2021, pages 113 to 133, attached in this report as Exhibit "A-1" with updates resulting from the implementation of the Company's Capital Expenditure Projects as filed for the approval of ERC.

ITEM 3. LEGAL PROCEEDINGS

The Company has no on-going legal proceedings involving it and any of its properties, whether material or non-material.

The Company has not undergone any bankruptcy, receivership, or other similar proceeding in the past three (3) years from the date of this report.

The Company has no reportable matters under SEC Form 17-C, Item 5 (Legal Proceedings) as of 31 December 2025.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There is no matter submitted to the vote of security holders, through solicitation of proxies or otherwise, from the time the Registration Statement was approved until the fourth quarter of the fiscal year.

PART II. OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

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

(1) Market Information

(a) Principal Market

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

(2) Holders

As of 31 December 2025, the Company has a total of Five Million Seven Hundred Fifty Thousand (5,750,000) issued and outstanding common shares divided among its fifty (50) stockholders.

Below are the top twenty (20) stockholders of the Company's common shares as of 31 December 2025:

	Name of Stockholder	No. of Shares Held	% to Total Outstanding Shares
1.	Maria Veronica M. Romero	582,600	10.13%
2.	Vitus M. Romero	582,599	10.13%
3.	Ana Cecilia R. San Pascual	580,000	10.09%
4.	Dagupan Electric Corporation	400,000	6.96%
5.	J-Ten Equities, Inc.	400,000	6.96%
6.	ABWR888 Holdings	380,000	6.61%
7.	Mavwin Properties, Inc.	300,000	5.22%
8.	Rodolfo Vivencio K. Romero	290,000	5.04%
9.	Frances Bernadette K. Romero	290,000	5.04%
10.	New Move Realty, Inc.	200,000	3.48%
11.	Anna Marie M. Duldulao	166,866	2.90%
12.	Aileen M. Zurbano	166,667	2.90%
13.	Anne M. Lacsamana	166,667	2.90%
14.	RDGuzman Inc.	160,000	2.78%
15.	Alejandro Emilio B. Romero	139,850	2.43%
16.	Paul Martin B. Romero	139,850	2.43%
17.	Marga Isabel B. Romero	139,850	2.43%
18.	Angela Marie B. Romero	139,850	2.43%
19.	EDM Construction and General Services Corp.	65,000	1.13%
20.	Anna Bianca R. Morales	50,000	0.87%

TABLE P: TOP 20 STOCKHOLDERS

(3) Dividends

(a) Dividends Declared

The BOD approved the declaration of cash dividends in 2025, 2024, and 2023 as shown below.

Date of Declaration	Record Date	Dividend per Share	Total
2025			
16 May 2025	31 May 2025	₱12.81	₱73,657,500.00
2024			
17 May 2024	01 August 2024	₱13.34	₱76,705,000.00
2023			
18 September 2023	01 December 2023	₱14.08	₱80,960,000.00

TABLE Q: DIVIDENDS DECLARED

(b) Appropriated Retained Earnings

On 15 December 2025, TEI's BOD approved the reversal of the appropriations for 2025 projects amounting to Three Hundred Million Pesos (₱300,000,000.00), and likewise approved the appropriations of Three Hundred Seventy Million Pesos (₱370,000,000.00) for the following 2025 projects:

	Project Name	Amount
1	Cresendo Substation	₱100,000,000.00
2	Sub-transmission Line Extension and Upgrading	70,000,000.00
3	Annual Network Requirements	200,000,000.00
	Total	₱ 370,000,000.00

TABLE R: RETAINED EARNINGS

(4) Sales of Unregistered or Exempt Securities

There are no recent sales of unregistered or exempt securities from 2020 to 31 December 2025.

B. Description of the Issuer's Securities

On 07 July 2020, the SEC approved TEI's application for reclassification of its shares from two (2) classes of common shares to a single class with a par value of One Hundred Pesos (₱100.00) each and the inclusion of additional restrictions to the transfer of shares in the Company.

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

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's Audited Financial Statements for the period ended 31 December 2025, as well as the notes thereto included elsewhere in this report.

DISCUSSION ON CHANGES IN FINANCIAL POSITION

For the Period Ended 31 December 2025 and 31 December 2024

As of 31 December 2025, Total Assets amounted to around ₱4.1 billion, consisting of Non-Current Assets of ₱3.1 billion and Current Assets of ₱1 billion, whereas as of 31 December 2024, Total Assets amounted to around ₱3.8 billion consisting of Non-Current Assets of ₱2.7 billion and Current Assets of ₱1.1 billion.

The table below presents a comparison of the Company's Non-Current Assets as of 31 December 2025 and 31 December 2024:

Non-Current Assets	2025 (in thousands)	2024 (in thousands)	Inc/(Dec)	%
Property and equipment – net	2,818,956.00	2,548,817.00	270,139	10.60%
Deferred tax assets – net	32,371.00	41,096.00	-8,725	-21.23%
Retirement benefit fund – net	0.00	1,062.00	-1,062	-100.00%
Other non-current assets – net	264,160.00	156,922.00	107,238	68.34%
TOTAL	3,115,487.00	2,747,896.00	367,591.00	13.38%

TABLE S: NON-CURRENT ASSETS (2025 and 2024)

As disclosed in Note 2(2.1) (b) of the 2025 Audited Financial Statements, the Company revised the presentation of changes in non-current advances to suppliers in the statement of cash flows previously presented as part of changes in Other Assets under the Operating Activities section to the Investing Activities. Comparative information for the 2024 statement of cash flow was accordingly reclassified to conform with the current year presentation. Such presentation only affected the presentation aspect in the statement of cash flows. In addition, the Company reclassified certain non-trade accounts payable amounting to around ₱53 million and ₱66 million from current Accrued Expenses and Other Payables to non-current Accrued Expenses and Other Payables in the statement of financial position. The reclassification was made to improve clarity and ensure that the liabilities are presented in accordance with their expected timing of settlement.

The increase in the total Non-Current Assets of 13.38% was primarily due to the increase in Property and Equipment of around ₱270 million. The increase reflects the completed and on-going construction and/or implementation of TEI's capital expenditure projects such as, but not limited, to the extension, upgrading, and rehabilitation of the Company's primary, secondary, and sub-transmission lines, completion of new substation, as well as the rehabilitation of existing substations,

implementation of SCADA equipment; purchase and installation of meters, and distribution transformers; acquisition of transportation equipment, and purchase of various information and operation technology equipment, including network security systems and related infrastructure.

The net decrease in Deferred Tax Assets of ₱8.7 million is due to the recognition of provisions for net under recoveries on power cost and adjustments on retirement benefit obligations.

The entire amount Retirement Benefit Fund of P1 million was reversed based on the results of the actuarial valuation of the fund as of 31 December 2025. As of 31 December 2025, the present value of the retirement benefit obligation is higher than the fair value of the plan assets.

The increase in Other Non-Current Assets of ₱107 million was primarily attributable to the payment made for the acquisition of Suizo Lot. The Suizo lot is planned to be utilized for the Company's switching substation, warehouse, meter laboratory and Retail Services Group office. The increase was likewise driven by the increase in computer software supporting the Company's utility operations and distribution management systems, as well as its cybersecurity requirements.

The table below presents a comparison of the Company's Current Assets as of 31 December 2025 and 31 December 2024:

Current Assets	2025 <i>(in thousands)</i>	2024 <i>(in thousands)</i>	Inc/(Dec)	%
Cash and Cash Equivalents	216,686.00	271,085.00	-54,399.00	-20.07%
Trade and other receivables - net	589,280.00	589,107.00	173.00	0.03%
Other current assets	241,797.00	213,673.00	28,124.00	13.16%
TOTAL	1,047,763.00	1,073,865.00	-26,102.00	-2.43%

TABLE T: CURRENT ASSETS (2025 and 2024)

The Company's Current Assets declined compared to the previous year by ₱26.1 million or 2.43%. The decline is primarily due to a 20.07% decrease in Cash and Cash Equivalents, driven by net cash outflows from investing activities, mainly for property and equipment, and from financing activities. This was mitigated by the net cash provided by the Company's operating activities.

On the other hand, the increase in Other Current Assets ₱28.1 million was due to the increase in the cost of the Company's supplies inventories by ₱31.2 million and increase in receivable from retirement fund of ₱4.4 million mitigated by the decrease in deferred input vat and other prepayments by ₱7.5 million.

TEI's Total Liabilities amounted to around ₱1.8 billion consisting of Non-Current Liabilities of ₱834 million and Current Liabilities of ₱926 million. As of 31 December 2024 Total Liabilities amounted to around ₱1.7 billion consisting of Non-Current Liabilities of around ₱760 million and Current Liabilities of ₱927 million.

The table below shows the comparison of the Company's Non-Current Liabilities as of 31 December 2025 and 31 December 2024:

Non-Current Liabilities	2025 <i>(in thousands)</i>	2024 <i>(in thousands)</i>	Inc/(Dec)	%
Refundable deposits	471,383.00	475,095.00	-3,712.00	-0.78%
Advances from customers	264,491.00	183,935.00	80,556.00	43.80%
Accrued expenses	69,732.00	97,984.00	-28,252.00	-28.83%
Lease liabilities-non-current	2,082.00	2,517.00	-435.00	-17.28%
Retirement benefit obligation-net	26,477.00	0	26,477.00	100.00%
TOTAL	834,165.00	759,531.00	74,634.00	9.83%

TABLE U: NON-CURRENT LIABILITIES (2025 and 2024)

TEI's Total Non-Current Liabilities increased by 9.83% or ₱74.6 million. Notable changes in its component is the increase of ₱80.6 million in Advances from Customers which represent the amount of advances from customers to cover the necessary expenditures relative to its connection and are refundable in accordance with the provision of the DSOAR, increase in Retirement benefit obligation of ₱26.5 million, and was mitigated by the decrease on accrued expenses lease liabilities, and refundable deposits.

The table below presents the comparison of the Company's Current Liabilities as of 31 December 2025 and of 31 December 2024:

Current Liabilities	2025 <i>(in thousands)</i>	2024 <i>(in thousands)</i>	Inc/(Dec)	%
Interest-bearing loans and borrowings	152,156.00	100,844.00	51,312.00	50.88%
Trade payables	329,530.00	356,096.00	-26,566.00	-7.46%
Accrued expenses and other payables	354,100.00	324,571.00	29,529.00	9.10%
Provisions	58,511.00	133,512.00	-75,001.00	-56.18%
Lease liabilities	2,729.00	2,177.00	552.00	25.36%
Income tax payable	29,411.00	9,857.00	19,554.00	198.38%
TOTAL	926,437.00	927,057.00	-620.00	-0.07%

TABLE V: CURRENT LIABILITIES (2025 and 2024)

The Company's Current Liabilities had decreased by ₱620 thousand or 0.07% compared to 31 December 2024 balance. The decrease was brought by the decrease in Trade Payables of ₱26.6 million and decrease in Provisions of ₱75 million, mitigated by the increase in Interest-bearing loans and borrowings of ₱51.3 million, increase in Accrued expenses and other payables ₱29.5 million, increase in Income Tax Payable of around ₱19.6 million, and minimal increase in Lease Liabilities of ₱552 thousand.

Total Equity increased by ₱267 million. The increase was primarily due to the Company's result of operations for the period ended 31 December 2025 net of dividends declared in May 2025.

On 16 May 2025, the Company's Board of Directors (BOD) approved the declaration of cash dividends of ₱12.81 per share to stockholders on record as of 31 May 2025.

On 17 May 2024, the Company's Board of Directors (BOD) approved the declaration of cash dividends of ₱13.34 per share to stockholders on record as of 31 May 2024.

On 19 December 2025, the BOD approved the reversal of the appropriations for 2025 projects amounting to ₱300 million and the appropriations for 2026 projects of ₱370 million.

On 07 July 2020, the Securities and Exchange Commission approved the conversion of the Company's Two Hundred Thousand (200,000) Class A common shares with par value of One Thousand Pesos (₱1,000.00) per share to Two Million (2,000,000) common shares with par value of One Hundred Pesos (₱100.00) per share, thereby increasing its issued and outstanding capital stock to Four Million (4,000,000) common shares.

On 28 June 2021, the Securities and Exchange Commission (SEC) approved the Company's Registration Statement of Five Million Seven Hundred Fifty Thousand (5,750,000) common shares, out of which, One Million Seven Hundred Fifty Thousand (1,750,000) common shares will be issued and offered for sale to the general public by way of primary offering at an initial price of P380 per share pursuant to Sections 8 and 12 of the Securities Regulation Code.

For the Period Ended 31 December 2024 and 31 December 2023

Property, Plant, and Equipment amounted to Two Billion Five Hundred Forty-Eight Million Eight Hundred Seventeen Thousand Pesos (₱2,548,817,000.00) as of 31 December 2024, which is One Hundred Seventy-Nine Million Six Hundred Thirty-Nine Thousand Pesos (₱179,639,000.00) or seven and 58/100 percent (7.58%) more than the Two Billion Three Hundred Sixty-Nine Million One Hundred Seventy-Eight Thousand Pesos (₱2,369,178,000.00) as of 31 December 2023. The increase reflects the completed and on-going construction of TEI's capital expenditure projects such as, but not limited, to the extension, upgrading, and rehabilitation of the Company's primary, secondary, and sub-transmission lines, upgrading and rehabilitation of existing substations, SCADA System; purchase and installation of meters, and distribution transformers; ancillary works for its Mabini main office, and purchase of various information and operation technology software and hardware, including data management and security.

Deferred Tax Assets – net decreased by Thirteen Million Seven Hundred Twenty-Four Thousand Pesos (₱13,724,000.00) due to the recognition of provisions for net under recoveries on power cost and adjustments on retirement benefit obligations.

The decrease in Retirement Benefit Fund of Five Million Two Hundred Sixty-Four Thousand Pesos (₱5,264,000.00) resulted from the actuarial valuation of the fund as of 31 December 2024.

The increase in Other Non-Current Assets of Eighty-Four Million Six Hundred Twelve Thousand Pesos (₱84,612,000.00) from Seventy-Two Million Three Hundred Ten Thousand Pesos (₱72,310,000.00) as of 31 December 2023 to One Hundred Fifty-Six

Million Nine Hundred Twenty-Two Thousand Pesos (₱156,922,000.00) as of 31 December 2024 was primarily attributable to the downpayment made for the acquisition of Suizo Lot, reduced by the decrease in computer software and deferred input vat. Suizo lot is planned to be utilized for the Company's switching substation, warehouse, meter laboratory and Retail Group Services office.

The increase in Cash and Cash Equivalents of Sixteen Million Six Hundred Seventeen Thousand Pesos (₱16,617,000.00) or an increase of six and 53/100 percent (6.53%) was brought by net cash from operating activities of Four Hundred Seventy-Two Million One Hundred Sixty Thousand Pesos (₱472,160,000.00) mitigated by net cash used in investing activities of Three Hundred Ninety-Five Million Sixty-Four Thousand Pesos (₱395,064,000.00) and financing activities of Sixty Million Four Hundred Seventy-Nine Thousand Pesos (₱60,479,000.00).

The decrease in Other Current Assets of One Million Four Hundred Ninety-Four Thousand Pesos (₱1,494,000.00) or 69/100 percent (0.69%) was due to the decrease in receivable from retirement fund and decrease in deferred input vat, mitigated by the increase in the cost of the Company's supplies inventories.

TEI's Total Liabilities increased by One Hundred Three Million Nine Hundred Fifty Thousand Pesos (₱103,950,000.00) from One Billion Five Hundred Eighty-Two Million Six Hundred Thirty-Eight Thousand Pesos (₱1,582,638,000.00) as of 31 December 2023 to One Billion Six Hundred Eighty-Six Million Five Hundred Eighty-Eight Thousand Pesos (₱1,686,588,000.00) as of 31 December 2024.

TEI's Total Non-Current Liabilities increased by Seventy-Nine Million Four Hundred Fourteen Thousand Pesos (₱79,414,000.00). Notable changes in its components are the increase of Sixty-Seven Million Nine Hundred Sixty-One Thousand Pesos (₱67,961,000.00) in Refundable Deposits which pertain to deposits for bills obtained at the inception of its customers' service contracts and updated accordingly based on the provisions of the Distribution Services and Open Access Rules (DSOAR); increase of Twelve Million Nine Hundred Seventy-Four Thousand Pesos (₱12,974,000.00) in Advances from Customers which represent the amount of advances from customers to cover the necessary expenditures relative to its connection and are refundable in accordance with the provision of the DSOAR, mitigated by the decrease on lease liabilities.

The Company's Current Liabilities increased by Twenty-Four Million Five Hundred Thirty-Seven Thousand Pesos (₱24,537,000.00) or two and 57/100 percent (2.57%) compared to 31 December 2023 balance. The increase was primarily due to the increase in Interest-bearing loans and borrowings of Twenty Million One Hundred Twenty-One Thousand Pesos (₱20,121,000.00) and increase in Trade Payables of Ninety-Six Million Six Hundred Forty-Four Thousand Pesos (₱96,644,000.00), mitigated by the decrease in Accrued Expenses and Other Payables of Twelve Million Five Hundred Eighty-Eight Thousand Pesos (₱12,588,000.00), decrease in Provisions of Fifty-Three Million Forty-Six Thousand Pesos (₱53,046,000.00), decrease in Income Tax Payable of Twenty-Six Million Three Hundred Twenty-Nine Thousand Pesos (₱26,329,000.00), and minimal decrease in Lease Liabilities of Two Hundred Sixty-Six Thousand Pesos (₱266,000.00).

Total Equity increased by One Hundred Seventy-Two Million Two Hundred Forty-Nine Thousand Pesos (₱172,249,000.00). The increase was primarily due to the Company's result of operations for the period ended 31 December 2024.

On 17 May 2024, the Company's Board of Directors (BOD) approved the declaration of cash dividends of Thirteen Pesos and 34/100 (₱13.34) per share to stockholders on record as of 31 May 2024.

On 20 December 2024, the BOD approved the reversal of the appropriations for 2024 projects amounting to Two Hundred Eighty Million Pesos (₱280,000,000.00) and the appropriations for 2025 projects of Three Hundred Million Pesos (₱300,000,000.00).

On 07 July 2020, the Securities and Exchange Commission approved the conversion of the Company's Two Hundred Thousand (200,000) Class A common shares with par value of One Thousand Pesos (₱1,000.00) per share to Two Million (2,000,000) common shares with par value of One Hundred Pesos (₱100.00) per share, thereby increasing its issued and outstanding capital stock to Four Million (4,000,000) common shares.

On 28 June 2021, the Securities and Exchange Commission (SEC) approved the Company's Registration Statement of Five Million Seven Hundred Fifty Thousand (5,750,000) common shares, out of which, One Million Seven Hundred Fifty Thousand (1,750,000) common shares will be issued and offered for sale to the general public by way of primary offering at an initial price of ₱380 per share pursuant to Sections 8 and 12 of the Securities Regulation Code.

For the Period Ended 31 December 2023 and 31 December 2022

Property, Plant, and Equipment amounted to Two Billion Three Hundred Sixty-Nine Million One Hundred Seventy-Eight Thousand Pesos (₱2,369,178,000.00) as of 31 December 2023, which is Two Hundred Eighty-One Million Eight Hundred Thirty-Nine Thousand Pesos (₱281,839,000.00) or thirteen and 50/100 percent (13.50%) more than the Two Billion Eighty-Seven Million Three Hundred Thirty-Nine Thousand Pesos (₱2,087,339,000.00) as of 31 December 2022. The increase reflects the completed and on-going construction of TEL's capital expenditure projects such as, but not limited, to the extension, upgrading, and rehabilitation of the Company's primary, secondary, and sub-transmission lines, upgrading and rehabilitation of existing substations and construction of new substations, purchase and installation of meters, and distribution transformers; construction of its new three-story headquarters, and purchase of various software and information technology equipment, construction of communication towers, and installation of fiber optic cables.

Deferred Tax Assets – net increased by Forty-Two Million Four Hundred Eighty-Two Thousand Pesos (₱42,482,000.00) due to the recognition of provisions for allowance for doubtful account, net over recoveries on power cost and adjustments on retirement benefit obligations.

The decrease in Retirement Benefit Fund of Twenty-Three Million Three Hundred Twenty-Eight Thousand Pesos (₱23,328,000.00) resulted from the actuarial valuation of the fund as of 31 December 2023.

The increase in Other Non-Current Assets of Twenty-Nine Million One Hundred Thirty-One Thousand Pesos (₱29,131,000.00) from Forty-Three Million One Hundred Seventy-Nine Thousand Pesos (₱43,179,000.00) as of 31 December 2022 to Seventy-Two Million Three Hundred Ten Thousand Pesos (₱72,310,000.00) as of 31 December 2023 is primarily attributable to the additional Computer Software acquired during the year.

The decrease in Cash and Cash Equivalents of Sixty-Three Million One Hundred Sixty Thousand Pesos (₱63,160,000.00) or a decrease of nineteen and 89/100 percent (19.89%) was brought by the net cash used in investing activities of Four Hundred Thirty-Seven Million Nine Hundred Forty-Four Thousand Pesos (₱437,944,000.00) and financing activities of Two Hundred Seven Million Six Hundred Thirty-Two Thousand Pesos (₱207,632,000.00), mitigated by net cash from operating activities of Five Hundred Eighty-Two Million Four Hundred Sixteen Thousand Pesos (₱582,416,000.00).

The decrease in Trade Receivables of One Hundred Forty-Three Million Seven Hundred Thirty-Eight Thousand Pesos (₱143,738,000.00) was due to the decrease in the Company's revenue resulting mainly from a lower average rate in 2023.

The increase in Other Current Assets of Two Million Five Hundred Sixty-Five Thousand Pesos (₱ 2,565,000.00) or one and 21/100 percent (1.21%) was due to the increase in receivable from retirement fund mitigated by the decrease in deferred input vat and decrease in the cost of the Company's supplies inventories.

TEI's Total Liabilities decreased by Thirty-Six Million Eighty-Six Thousand Pesos (₱36,086,000.00) from One Billion Six Hundred Eighteen Million Seven Hundred Twenty-Four Thousand Pesos (₱1,618,724,000.00) as of 31 December 2022 to One Billion Five Hundred Eighty-Two Million Six Hundred Thirty-Eight Thousand Pesos (₱1,582,638,000.00) as of 31 December 2023.

TEI's Total Non-Current Liabilities increased by Twenty-One Million One Hundred Sixty-Two Thousand Pesos (₱21,162,000). Notable changes in its components are the decrease of Eight Million Seven Hundred Seventy-Seven Thousand Pesos (₱8,777,000) in Refundable Deposits which pertain to deposits for bills obtained at the inception of its customers' service contracts and updated accordingly in based on the provisions of the Distribution Services and Open Access Rules (DSOAR); increase of Twenty- Six Million Sixty-Eight Thousand Pesos (₱26,068,000.00) in Advances from Customers which represent the amount of advances from customers to cover the necessary expenditures relative to its connection and are refundable in accordance with the provision of the DSOAR.

The Company's Current Liabilities decreased by Fifty-Seven Million Two Hundred Forty-Nine Thousand Pesos (₱57,249,000.00) or five and 65/100 percent (5.65%) of the 31 December 2022 balance due to the decrease in Interest- bearing loans and borrowings of One Hundred Twenty-Two Million Nine Hundred Twenty-Four Thousand Pesos (₱122,924,000.00) and decrease in Trade Payables of One Hundred Eleven Million Four Hundred Forty Thousand Pesos (₱111,440,000.00), mitigated by the increase in Accrued Expenses and Other Payables of Thirty-Three Million Two

Hundred Ninety-Seven Thousand Pesos (₱33,297,000.00), increase in Provisions of One Hundred Forty Million One Hundred Thirty-Seven Thousand Pesos (₱140,137,000.00), and minimal increase in Lease Liabilities of Six Hundred Thirty-Two Thousand Pesos (₱632,000.00).

Total Equity increased by One Hundred Sixty-One Million Eight Hundred Seventy-Seven Thousand Pesos (₱161,877,000.00). The increase was primarily due to the Company's result of operations for the period ended 31 December 2023.

On 18 September 2023, the Company's Board of Directors (BOD) approved the declaration of cash dividends of Fourteen Pesos and 08/100 (₱14.08) per share to stockholders of record as of 30 September 2023.

On 15 December 2023, the BOD approved the reversal of the appropriations for 2023 projects amounting to Three Hundred Fifty Million Pesos (₱350,000,000.00) and the appropriations for 2024 projects of Two Hundred Eighty Million Pesos (₱280,000,000.00).

On 07 July 2020, the Securities and Exchange Commission approved the conversion of the Company's Two Hundred Thousand (200,000) Class A common shares with par value of One Thousand Pesos (₱1,000.00) per share to Two Million (2,000,000) common shares with par value of One Hundred Pesos (₱100.00) per share, thereby increasing its issued and outstanding capital stock to Four Million (4,000,000) common shares.

On 28 June 2021, the Securities and Exchange Commission (SEC) approved the Company's Registration Statement of Five Million Seven Hundred Fifty Thousand (5,750,000) common shares, out of which, One Million Seven Hundred Fifty Thousand (1,750,000) common shares will be issued and offered for sale to the general public by way of primary offering at an initial price of P380 per share pursuant to Sections 8 and 12 of the Securities Regulation Code.

DISCUSSION ON FINANCIAL OPERATION

For the Period Ended 31 December 2025 and 31 December 2024

Revenues

The Company generates its revenues primarily from (1) Generation, Transmission and System Loss, which are pass-through charges; (2) Distribution Charges consisting of Distribution, Supply, and Metering Charges; and (3) other charges related to its services such as Reconnection Fees, Penalties and Surcharges on overdue accounts, Violation of Contract Charges, and Pole Rental.

Pass-through Charges are revenue-neutral to the Company. The rates for these charges are computed monthly in accordance with the formula prescribed under ERC Resolution No. 14, Series of 2022. The same resolution also mandates a review of pass-through charges every three (3) years to account for any over- or under-recoveries. Upon the ERC's approval, such over- or under-recoveries are either refunded to or collected from TEI's customers.

The distribution charges currently applied by the Company are based on the last approved rates for Regulatory Year 2014 under the Performance-Based Regulation (PBR) framework. In August 2016, TEI adopted a preferential rate scheme, granting discounts on distribution charges to its customers pursuant to ERC Resolution No. 23, Series of 2007, otherwise known as the *'Resolution Adopting the Policy that the Grant of Preferential Rates to Qualified Customers shall be Considered as Management Prerogatives.'*

On 15 August 2025, the Company's BOD approved the recall of the preferential rate scheme and the implementation of the approved rates effective October 2025 billing subject to certain conditions. One of the conditions set forth is the confirmation by the ERC that both the implementation and subsequent recall are within the prerogative of management. On 27 August 2025, ERC confirms, in its letter, that the implementation of the preferential rates is a management prerogative which does not require prior approval from ERC and TEI may or may not continue the preferential rate scheme, provided that customers are adequately informed of the change and TEI continues to comply with all applicable regulatory and reportorial requirements. With this, TEI's preferential rate was recalled effective October 2025 billing period and the approved rates for RY 2014 will be implemented accordingly. Furthermore, it is important to note that no other changes to the distribution charges may be implemented by the Company without prior approval from the ERC.

The Company distributes electricity to six (6) customer classes, namely: (1) Residential; (2) Small Commercial; (3) Secondary; (4) Primary; (5) 69KV; and (6) Streetlights. These customers include contestable customers who have already switched to the Competitive Retail Electricity Market (CREM), Green Energy Option Program (GEOP) and Retail Aggregation Program (RAP).

Total Revenue for the period ended 31 December 2025 and 2024 are as follows:

Revenue	2025 (in thousands)	%	2024 (in thousands)	%	Inc/ (Dec)
Generation	2,311,795.00	54.48%	2,492,214.00	59.08%	-7.24%
Distribution	768,951.00	18.12%	714,581.00	16.94%	7.61%
Transmission	558,364.00	13.16%	410,337.00	9.73%	36.07%
System loss	205,402.00	4.84%	215,496.00	5.11%	-4.68%
Supply	159,536.00	3.76%	152,980.00	3.63%	4.29%
Metering	150,516.00	3.55%	144,561.00	3.43%	4.12%
Others	89,187.00	2.10%	88,479.00	2.10%	0.80%
TOTAL	4,243,751.00	100%	4,218,648.00	100.00%	0.60%

TABLE W: COMPARATIVE TOTAL REVENUE (DECEMBER 2025 AND 2024)

The sale of electricity has increased by 0.60% for the period ended 31 December 2025, compared to 2024. This modest growth was driven by a slight rise in energy sales, higher transmission rates, and the recall of the Company's preferential rate effective October 2025. These factors were partially offset by lower generation and system loss rates during the year.

Generation Revenue has decreased by 7.24%. The decrease was mainly due to lower generation rates in 2025. On the other hand, higher transmission rate driven by elevated Ancillary Service Charge resulted to a higher Transmission Revenue by 36.07% during the period. The lower generation rates during the year resulted to a decline in System Loss Revenue of 4.68%. System Loss rate per customer class is computed based on the generation and transmission rates during the same period.

TEI recorded increases of 7.61% in distribution revenue, 4.29% in supply revenue, and 4.12% in metering revenue. The growth in distribution revenue was mainly attributable to the recall of the Company's preferential rate scheme and the subsequent implementation of its approved rates for RY2014 beginning October 2025, coupled by a modest rise in customers' energy and demand requirements. Meanwhile, the increases in supply and metering revenues were primarily driven by the growth in the Company's customer base and the slight increase in the energy sales.

The following table presents the energy sales per customer class for the year ended 31 December 2025 and 2024, together with the corresponding customer count for each year:

Customer Class	Energy Sales in MWh			No. of Customers		
	2025	2024	Inc/ (Dec)	2025	2024	Inc/ (Dec)
Residential	220,932	214,170	3.16%	93,473	90,745	3.01%
Small Commercial	63,714	58,295	9.30%	5,733	5,548	3.33%
Secondary	57,553	57,273	0.49%	273	266	2.63%
Primary	177,354	182,241	-2.68%	67	66	1.52%
69 KV	22,970	21,871	5.02%	2	2	0.00%
Streetlights	1,991	2,049	-2.83%	25	25	0.00%
Total	544,514	535,899	1.61%	99,573	96,652	3.02%

TABLE X: TEI CUSTOMER COUNT AND ENERGY SALES (2025 and 2024)

The total energy sales increased by 1.61% from 535,899MWh in 2024 to 544,514MWh in 2025, while the Company's total number of customers has increased by 3.02% or a total of 2,921 customers.

The energy sales to residential customers, which accounted for 40.57% of the Company's total energy sales for the year ended 31 December 2025 has increased by 3.16% compared to 2024, whereas the energy sales to non-residential customers composing of primary, commercial and industrial customers and accounted for 59.06% of the total energy sales for the year ended 31 December 2025, has likewise grew by 12.13%.

The overall customer count increased by 3.02%, from 96,652 customers as of 31 December 2024 to 99,652 customers as of 31 December 2025, or a total year-on-year addition of 2,921 new accounts.

Costs and Expenses

The consolidated costs and expenses for the year ended 31 December 2025 amounted to ₱3.8 billion, which is lower by around ₱100 million compared to the consolidated costs and expenses of ₱3.9 billion in 2024. The following table shows the breakdown of consolidated costs and expenses:

Particulars	in Thousands				% Inc/(Dec)
	2025		2024		
Net purchased power	₱3,012,350.00	78.54%	₱3,149,357.00	80.04%	-4.35%
Depreciation and amortization	220,911.00	5.76%	180,497.00	4.59%	22.39%
Salaries and employee benefits	182,699.00	4.76%	176,441.00	4.48%	3.55%
Outside services	137,185.00	3.58%	134,573.00	3.42%	1.94%
Repairs and maintenance	59,465.00	1.55%	54,863.00	1.39%	8.39%
Taxes and licenses	43,264.00	1.13%	40,251.00	1.02%	7.49%
Rent	27,083.00	0.71%	29,905.00	0.76%	-9.44%
Security Services	25,974.00	0.68%	23,321.00	0.59%	11.38%
Impairment losses	22,992.00	0.60%	9,255.00	0.24%	148.43%
Utilities	22,899.00	0.60%	24,950.00	0.63%	-8.22%
Professional fees	12,359.00	0.32%	11,083.00	0.28%	11.51%
Insurance	9,008.00	0.23%	7,511.00	0.19%	19.93%
Director's Fee	5,620.00	0.15%	860.00	0.02%	553.49%
Office supplies	4,975.00	0.13%	4,472.00	0.11%	11.25%
Transportation and travel	3,914.00	0.10%	3,780.00	0.10%	3.54%
Representation	3,527.00	0.09%	2,594.00	0.07%	35.97%
Others	40,966.00	1.07%	81,179.00	2.06%	-49.54%
TOTAL	₱3,835,191.00	100%	₱3,934,892.00	100%	-2.53%

TABLE Y: BREAKDOWN OF CONSOLIDATED COSTS AND EXPENSES (DECEMBER 2025 AND DECEMBER 2024)

The net purchased power, consisting of generation and transmission costs, net of any applicable discounts, accounted for 78.54% for the year ended 31 December 2025 and 80.04% in 2024. The slight decrease of 4.35% was primarily due to lower generation costs during the year. The Company sources its power requirements through its duly ERC-approved Power Supply Agreement (PSA), including energy supplied by net-metering eligible customers. Any supply shortfall is procured from the Wholesale Electricity Spot Market (WESM). Meanwhile, transmission costs represent charges for services provided by the National Grid Corporation of the Philippines, as well as ancillary service costs.

Depreciation and amortization amounted to ₱221 million, which was higher by 22.39% compared to the previous year. The increase was primarily driven by the revision in the estimated useful life of digital meters, from 25 years to 15 years, and further reduced to 10 years effective November 2025, following the issuance of the Regulatory Asset Base Roll Forward Handbook in October 2025. The increase also resulted from additional depreciation expense recognized for the completed capital expenditures during the year.

Salaries and employee benefits increased by 3.55% from 2024 to 2025, primarily due to salary adjustments granted by the Company in line with its Collective Bargaining Agreement and annual performance evaluations.

Outside services increased by 1.94% from the last year. Outsourced services include information system services, customer-related expenses such as billings and collections, meter reading, and messengerial and janitorial services, among others.

Repairs and maintenance increased by 8.39% compared to the previous year. This account covers costs related to the repairs and maintenance of the Company's distribution network system, buildings, vehicles, and equipment, among others. The increase was mainly driven by higher maintenance costs for the Company's primary and secondary lines, as well as expenses incurred for the reinstallation of refilled cylinders for the fire suppression system during the year.

Taxes and licenses which amounted to ₱43 million is higher by 7.49% compared to the previous year. The increase was primarily attributable to additional radio station license fees and higher real property taxes paid during the year.

Rent Expenses decreased by 9.94% primarily due to the termination of contract for certain equipment during the year.

Security Services increased by 11.38% during the year. The increase was mainly attributable to the implementation of DOLE Wage Order RBIII-25 and an increase in the number of security personnel.

Impairment losses increased by 148.43%. The increase was primarily driven by higher weighted average annual loss rate arising from adverse forward-looking information including inflation and GDP growth. Impairment losses pertain to the provisions recognized relative to the impairment of the Company's Trade Accounts Receivable.

Utilities Expense decreased by 8.22% due to lower company usage resulting from the installation and use of solar panels.

Professional Fees increased by 11.51%. The increase was primarily due to additional consultancy agreements entered into by the Company with industry experts in 2025.

Insurance expense increased by 19.93%, primarily due to the contractor's all-risk insurance coverage secured for the ongoing construction of the Maliwalo and Cresendo Substations in 2025.

Director's fee increased by 553.49% primarily due to the recognition of director's fees for the Chairman of the Board. Prior to 2025, the Chairman, in his capacity as an executive director, received compensation recorded under Salaries and Wages. Following his retirement as an executive director in December 2024, the Board approved the payment of directors' fees for his services as Chairman of the Board beginning January 2025.

Office Supplies increased by 11.25% primarily due to higher consumption on printer consumables to support the operational requirements.

Other expenses consisting of representation expense, transportation and travel and other necessary operating expenses accounted 1.26% of the total costs and expenses

for the year ended 31 December 2025. Other expenses include payments of deficiency taxes for taxable year 2020 amounting to ₱13 million.

The Company's Cost of Electricity Sold which ₱3.36 billion for the year ended 31 December 2025 was 3.03% lower compared to the ₱3.46 billion for the year ended 31 December 2024.

The details of cost of electricity sold is summarized in the following table:

Particulars	<i>in Thousands</i>		Inc/ (-Dec)
	2025	2024	
Net Purchased Power	3,012,350.00	3,149,357.00	-4.35%
Outsourced Services	110,777.00	112,101.00	-1.18%
Salaries and Employee Benefits	68,774.00	66,169.00	3.94%
Depreciation Expense	100,466.00	71,414.00	40.68%
Rental Expense	26,522.00	29,142.00	-8.99%
Repairs and Maintenance	40,165.00	35,750.00	12.35%
Total	3,359,054.00	3,463,933.00	-3.03%

TABLE Z: COST OF ELECTRICITY SOLD (DECEMBER 2025 AND DECEMBER 2024)

Other Charges

The net over recoveries as of 31 December 2025 as computed in accordance with ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 14, Series of 2022, has decreased by ₱75 million. Consequently, the amount recognized as of 31 December 2024 was adjusted downward.

The net finance costs for the year ended 31 December 2025 amounting to ₱7.3 million pertains to interest and finance charges incurred by the Company on loans, refundable deposits and adjustments arising from the valuation of Company's retirement fund, net of interests earned on bank deposits.

For the Period Ended 31 December 2024 and 31 December 2023

Revenues

The Company generates its revenues primarily from (1) Generation, Transmission and System Loss, which are pass-through charges; (2) Distribution Charges consisting of Distribution, Supply, and Metering Charges; and (3) other charges related to its services such as Reconnection Fees, Penalties and Surcharges on overdue accounts, Violation of Contract Charges, and Pole Rental.

Pass-through Charges are revenue-neutral to the Company. The ERC evaluates these pass-through charges every three (3) years for any over or under recoveries. A revised guideline, ERC Resolution No. 14, Series of 2022, otherwise known as a Resolution adopting the Revised Rules Governing the Automatic Cost Adjustment and True-up Mechanisms and Corresponding Confirmation Process for Distribution Utilities was promulgated by ERC in December 2022.

Distribution Charges are based on the last approved rates of the Company for regulatory year 2014 under the Performance-Based Regulation. No changes in the Company's distribution charges can be made without ERC's prior approval.

The Company distributes electricity to six (6) customer classes, namely: (1) Residential; (2) Small Commercial; (3) Secondary; (4) Primary; (5) 69KV; and (6) Streetlights. Primary and 69KV customers include contestable customers who have already switched to the Retail Competition and Open Access (RCOA) and Green Energy Option Program (GEOP).

Total Revenue for the period ended 31 December 2024 and 2023 are as follows:

Revenue	2024 (in thousands)	%	2023 (in thousands)	%	Inc/ (Dec)
Generation	2,492,214.00	59.08%	2,733,570.00	64.14%	-8.83%
Distribution	714,581.00	16.94%	649,869.00	15.25%	9.96%
Transmission	410,337.00	9.73%	309,319.00	7.26%	32.66%
System loss	215,496.00	5.11%	212,158.00	4.98%	1.57%
Supply	152,980.00	3.63%	134,811.00	3.16%	13.48%
Metering	144,561.00	3.43%	129,199.00	3.03%	11.89%
Others	88,479.00	2.10%	93,283.00	2.19%	-5.15%
TOTAL	4,218,648.00	100%	4,262,209.00	100.00%	-1.02%

TABLE AA: COMPARATIVE TOTAL REVENUE (DECEMBER 2024 AND 2023)

The decrease in sale of electricity of one and 02/100 percent (1.02%) amounting to Forty-Three Million Five Sixty-Two Thousand Pesos (₱43,562,000.00) for the period ended 31 December 2024, compared to 2023. The decrease was primarily attributable to the lower average rate during the period resulting from the refund of net over recoveries on pass-through charges in March 2024 in accordance with applicable rules. Generation Revenue which account for fifty-nine and 08/100 percent (59.08%) of the Company's total revenue during the year decreased by eight and 83/100 percent (8.83%).

On the other hand, Transmission Revenue increased by thirty-two and 66/100 percent (32.66%) due to higher transmission rates as a consequence of a higher Ancillary Services Charges during the period. System Loss Revenue increased by one and 57/100 percent (1.57%). System Loss rate per customer class is computed based on the generation and transmission rates during the same period.

TEI registered an increase in its distribution revenue of nine and 96/100 percent (9.96%), supply revenue of thirteen and 48/100 percent (13.48%), and metering revenue of eleven and 89/100 percent (11.89%). The increase was primarily due to the increase in the Company's number of customers and the growth in the energy sales and demand requirement of its customers.

The following table summarizes the energy sales per customer class for the year ended 31 December 2024 and 2023, as well as the customer count as of 31 December 2024 and 2023:

Customer Class	Energy Sales in MWh			No. of Customers		
	2024	2023	Inc/ (Dec)	2024	2023	Inc/ (Dec)
Residential	214,170	186,640	14.75%	90,745	87,642	3.54%
Small Commercial	58,295	51,588	13.00%	5,548	5,256	5.56%
Secondary	57,273	54,198	5.67%	266	261	1.92%
Primary	182,241	178,809	1.92%	66	64	3.13%
69 KV	21,871	21,110	3.60%	2	2	0.00%
Streetlights	2,049	1,918	6.83%	25	26	-3.85%
Total	535,899	494,263	8.42%	96,652	93,251	3.65%

TABLE BB: TEI CUSTOMER COUNT AND ENERGY SALES (2024 and 2023)

The total energy sales increased by eight and 42/100 percent (8.42%) or by approximately forty-one thousand six hundred thirty-six MWh (41,636 MWh). The increase is primarily due to the increasing requirement of the Company's existing customers, coupled by the energy requirement of its new customers.

The energy sales to residential customers account for thirty-nine and 96/100 percent (39.96%) of the Company's total energy sales for the year ended 31 December 2024, increased by fourteen and 75/100 percent (14.75%) compared to the energy sales in 2023, whereas the energy sales to non-residential customers, primary, commercial and industrial customers which accounted for fifty-nine and 75/100 percent (59.75%) of the total energy sales for the year ended 31 December 2024, increased by twenty-four and 20/100 percent (24.20%).

The overall customer count increased by three and 65/100 percent (3.65%), from ninety-three thousand two hundred fifty-one (93,251) customers as of 31 December 2023 to ninety-six thousand six hundred fifty-two (96,652) customers as of 31 December 2024, or a total year-on-year addition of three thousand four hundred one (3,401) new accounts.

Costs and Expenses

The consolidated costs and expenses for the year ended 31 December 2024 amounted to Three Billion Nine Hundred Thirty-Four Million Eight Hundred Ninety-Three Thousand Pesos (₱3,934,893,000.00), which is higher by One Hundred Fifty-Six Million Seven Hundred Eighty-Four Thousand Pesos (₱156,784,000.00) compared to the consolidated costs and expenses of Three Billion Seven Hundred Seventy-Eight Million One Hundred Nine Thousand Pesos (₱3,778,109,000.00) in 2023. The following table shows the breakdown of consolidated costs and expenses:

Particulars	<i>in Thousands</i>				% Inc/(Dec)
	2024		2023		
Net purchased power	₱ 3,149,357.00	80.04%	₱ 3,141,825.00	83.16%	0.24%
Depreciation and amortization	180,497.00	4.59%	115,981.00	3.07%	55.63%
Salaries and employee benefits	177,301.00	4.51%	162,216.00	4.29%	9.30%
Outside services	134,573.00	3.42%	109,269.00	2.89%	23.16%
Repairs and maintenance	54,863.00	1.39%	38,729.00	1.03%	41.66%
Taxes and licenses	40,251.00	1.02%	40,679.00	1.08%	-1.05%
Rent	29,905.00	0.76%	35,868.00	0.95%	-16.62%
Utilities	24,950.00	0.63%	24,895.00	0.66%	0.22%
Security Services	23,321.00	0.59%	21,332.00	0.56%	9.32%
Professional fees	11,083.00	0.28%	8,699.00	0.23%	27.41%
Impairment losses	9,255.00	0.24%	25,671.00	0.68%	63.95%
Insurance	7,511.00	0.19%	6,497.00	0.17%	15.61%
Office supplies	4,472.00	0.11%	4,650.00	0.12%	-3.83%
Transportation and travel	3,780.00	0.10%	3,518.00	0.09%	7.45%
Representation	2,594.00	0.07%	3,474.00	0.09%	-25.33%
Others	81,180.00	2.06%	34,806.00	0.93%	133.24%
TOTAL	₱ 3,934,893.00	100.00%	₱ 3,778,109.00	100.00%	4.15%

TABLE CC: BREAKDOWN OF CONSOLIDATED COSTS AND EXPENSES (DECEMBER 2024 AND DECEMBER 2023)

The net purchased power, consisting of generation and transmission costs net of any applicable discounts, accounted for eighty and 04/100 percent (80.04%) for the year ended 31 December 2024 and eighty-three and 16/100 percent (83.16%) 2023. The electricity distributed by the Company is purchased through its Power Purchase Supply Agreement (PPSA) duly approved by the ERC, including imports from its net-metering eligible customers. Any imbalance was purchased from the WESM.

Depreciation and amortization amounted to One Hundred Eighty Million Four Hundred Ninety-Seven Thousand Pesos (₱180,497,000.00), which was higher by Sixty-Four Million Five Hundred Sixteen Thousand Pesos (₱64,516,000.00) or fifty-five and 63/100 percent (55.63%) compared to the previous year. The increase resulted from additional depreciation expense recognized for the completed capital expenditures during the year.

Salaries and employee benefits increased by nine and 30/100 percent (9.30%) from 2023 to 2024. This was due to the salary increase provided by the Company to its employees.

Outside services increased by twenty-three and 16/100 percent (23.16%) from the last year. Outsourced services include information system services, customer-related expenses such as billings and collections, meter reading, and messengerial and janitorial services, among others.

Repairs and maintenance increased by forty-one and 66/100 percent (41.66%) compared to the previous year. Repairs and maintenance account include all expenses incurred relative to the repairs and maintenance of the Company's distribution network system, buildings, vehicles, and equipment, among others. The increase in the account balance this year was primarily attributable to repairs and maintenance of computers and communication equipment.

Rent Expenses decreased by sixteen and 62/100 percent (16.62%), primarily due to the closure of certain office branches and facilities following the completion of the Company's main office building.

Security Services increased by nine and 32/100 percent (9.32%) during the year. The increase resulted from the increase resulted from the implementation of DOLE Wage Order RBIII-25, and the mandated increase in PhilHealth and HDMF premiums.

Professional Fees increased by twenty-seven and 41/100 percent (27.41%). The increase pertains to the additional consultancy agreements entered by the Company with industry experts in 2024.

Impairment losses decreased by Sixteen Million Four Hundred Sixteen Thousand (₱16,416,000.00) or sixty-three and 95/100 percent (63.95%). Impairment losses pertain to the provisions recognized relative to the impairment of the Company's Trade Accounts Receivable.

Insurance expense increased by fifteen and 61/100 percent (15.61%). The increase is due to the contractor's all-risk insurance for the ongoing constructions at Maliwalo Substation in 2024.

Other expenses consisting of taxes and licenses, utilities, office supplies, transportation and travel, representation and other necessary operating expenses accounted for four percent (4.00%) of the total costs and expenses for the year ended 31 December 2024. Other expenses include payments of deficiency taxes for taxable year 2019 amounting to Twenty Million One Hundred Twenty-Three Thousand Pesos

(₱20,123,000.00) and taxable year 2020 amounting to Twelve Million Forty-Eight Thousand Pesos (₱12,048,000.00).

The Company's Cost of Electricity Sold which amounted to Three Billion Four Hundred Sixty-Three Million Nine Hundred Thirty-Three Thousand Pesos (₱3,463,933,000.00) for the year ended 31 December 2024 was one and 32/100 (1.32%) higher compared to the Three Billion Four Hundred Eighteen Million Seven Hundred Four Thousand Pesos (₱3,418,704,000.00) for the year ended 31 December 2023.

The details of cost of electricity sold is summarized in the following table:

Particulars	<i>in Thousands</i>		Inc/ (-Dec)
	2024	2023	
Net Purchased Power	3,149,357.00	3,141,825.00	0.24%
Outsourced Services	112,101.00	84,065.00	-4.68%
Salaries and Employee Benefits	66,169.00	69,417.00	18.61%
Depreciation Expense	71,414.00	60,208.00	33.35%
Rental Expense	29,142.00	32,444.00	-10.18%
Repairs and Maintenance	35,750.00	30,745.00	16.28%
Total	₱3,463,933.00	₱3,418,704.00	1.31%

TABLE DD: COST OF ELECTRICITY SOLD (DECEMBER 2024 AND DECEMBER 2023)

Other Charges

The net over recoveries as of 31 December 2024 as computed in accordance with ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 14, Series of 2022, has decreased by Fifty-Three Million Forty-Six Thousand Pesos (₱53,046,000.00). Consequently, the amount recognized as of 31 December 2023 was adjusted downward.

The net finance costs for the year ended 31 December 2024 amounting to Five Million Four Hundred Seventy-Eight Thousand Pesos (₱5,478,000.00) pertains to interest and finance charges incurred by the Company on loans, refundable deposits and adjustments arising from the valuation of Company's retirement fund, net of interests earned on bank deposits.

For the Period Ended 31 December 2023 and 31 December 2022

Revenues

The Company generates its revenues primarily from (1) Generation, Transmission and System Loss, which are pass-through charges; (2) Distribution Charges consisting of Distribution, Supply, and Metering Charges; and (3) other charges related to its services such as Reconnection Fees, Penalties and Surcharges on overdue accounts, Violation of Contract Charges, and Pole Rental.

Pass-through Charges are revenue-neutral to the Company. The ERC evaluates these pass-through charges every three (3) years for any over or under recoveries. A revised guideline, ERC Resolution No. 14, Series of 2022, otherwise known as a

Resolution adopting the Revised Rules Governing the Automatic Cost Adjustment and True-up Mechanisms and Corresponding Confirmation Process for Distribution Utilities was promulgated by ERC in December 2022.

Distribution Charges are based on the last approved rates of the Company for regulatory year 2014 under the Performance-Based Regulation. No changes in the Company's distribution charges can be made without ERC's prior approval.

The Company distributes electricity to six (6) customer classes, namely: (1) Residential; (2) Small Commercial; (3) Secondary; (4) Primary; (5) 69KV; and (6) Streetlights. Primary and 69KV customers include contestable customers who have already switched to the Retail Competition and Open Access (RCOA) and Green Energy Option Program (GEOP).

Total Revenue for the period ended 31 December 2023 and 2022 are as follows:

Revenue	2023 (in thousands)	%	2022 (in thousands)	%
Generation	2,733,570.00	64.14%	3,122,175.00	66.97%
Distribution	649,869.00	15.25%	629,113.00	13.49%
Transmission	309,319.00	7.26%	385,515.00	8.27%
System loss	212,158.00	4.98%	204,069.00	4.38%
Supply	134,811.00	3.16%	128,700.00	2.76%
Metering	129,199.00	3.03%	123,368.00	2.65%
Others	93,283.00	2.19%	68,959.00	1.48%
TOTAL	4,262,209.00	100.00%	4,661,899.00	100.00%

TABLE EE: COMPARATIVE TOTAL REVENUE (DECEMBER 2023 AND 2022)

The decrease in sale of electricity amounting to Three Hundred Ninety-Nine Million Six Hundred Ninety Thousand Pesos (₱399,690,000.00) or eight and 57/100 percent (8.57%) for the period ended 31 December 2023, compared to 2022, was primarily attributable to lower generation and transmission rates during the year. Generation Revenue decreased by twelve and 45/100 percent (12.45%), whereas, Transmission Revenue decreased by nineteen and 76/100 percent (19.76%).

On the other hand, System Loss Revenue increased by three and 96/100 percent (3.96%). System Loss rates is computed based on the generation and transmission rates during the same period, the increase however resulted from a higher system loss rate in 2023 compared to 2022.

TEI registered a minimal increase in its revenues on distribution, supply, and metering by approximately three and 30/100 percent (3.30%), four and 75/100 percent (4.75%) and four and 73/100 percent (4.73%), respectively. The increase is primarily due to the increase in the energy sales and demand requirement of its customers.

The following table summarizes the energy sales per customer class for the year ended 31 December 2023 and 2022, as well as the customer count as of 31 December 2022 and 2021:

Customer Class	Energy Sales in MWh		No. of Customers	
	2023	2022	2023	2022
Residential	186,640	180,692	87,642	84,695
Small Commercial	51,588	46,227	5,256	5,164
Secondary	54,198	50,289	261	253
Primary	178,809	177,882	64	61
69 KV	21,110	23,408	2	2
Streetlights	1,918	2,341	26	26
Total	494,263	480,839	93,251	90,201

TABLE FF: TEI CUSTOMER COUNT AND ENERGY SALES (2023 and 2022)

The total energy sales increased by two and 79/100 percent (2.79%) or by approximately thirteen thousand four hundred twenty-four MWh (13,424 MWh). The energy sales to non-residential customers, primary, commercial and industrial customers which accounted for sixty-one and 85/100 percent (61.85%) of the total energy sales for the year ended 31 December 2023, increased by ten and 7/100 percent (10.07%) as business establishments continued to operate.

The energy sales to residential customers account for thirty-seven and 76/100 percent (37.76%) of the Company's total energy sales for the year ended 31 December 2023, decreased by three and 29/100 percent (3.29%) compared to the energy sales in 2022.

The overall customer count also grew by three and 38/100 percent (3.38%), from ninety thousand two hundred one (90,201) customers as of 31 December 2022 to ninety-three thousand two hundred fifty-one (93,251) customers as of 31 December 2023, or a total year-on-year addition of three thousand fifty (3,050) new accounts.

Costs and Expenses

The consolidated costs and expenses for the year ended 31 December 2023 amounted to Three Billion Seven Hundred Seventy-Eight Million One Hundred Nine Thousand Pesos (₱3,778,109,000.00), which is lower by Four Hundred Ninety-Six Million Four Hundred Nine Thousand Pesos (₱496,409,000.00) compared to the consolidated costs and expenses of Four Billion Two Hundred Seventy-Four Million Five Hundred Eighteen Thousand Pesos (₱4,274,518,000.00) in 2022. The following table shows the breakdown of consolidated costs and expenses:

Particulars	<i>in Thousands</i>		% Inc/(Dec)
	2023	2022	
Net purchased power	₱3,141,825.00	₱3,675,760.00	-14.53%
Salaries and employee benefits	162,216.00	155,088.00	4.60%
Depreciation and amortization	115,981.00	106,248.00	9.16%
Outside services	109,269.00	110,587.00	-1.19%
Taxes and licenses	40,679.00	44,817.00	-9.23%
Repairs and maintenance	38,729.00	40,081.00	-3.37%
Rent	35,868.00	35,527.00	0.96%
Impairment losses	25,671.00	11,921.00	115.34%
Utilities	24,895.00	24,679.00	0.88%
Security Services	21,332.00	20,249.00	5.35%
Professional fees	8,699.00	6,308.00	37.90%
Insurance	6,497.00	6,759.00	-3.88%
Office supplies	4,650.00	4,151.00	12.02%
Transportation and travel	3,518.00	4,603.00	-23.57%
Representation	3,474.00	2,493.00	39.35%
Others	34,806.00	25,247.00	37.86%
TOTAL	₱3,778,109.00	₱4,274,518.00	-11.61%

TABLE GG: BREAKDOWN OF CONSOLIDATED COSTS AND EXPENSES (DECEMBER 2023 AND DECEMBER 2022)

The net purchased power, consisting of generation and transmission costs net of any applicable discounts, accounted for eighty-three and 16/100 percent (83.16%) for the year ended 31 December 2023 and eighty-five and 99/100 percent (85.99%) 2022. The electricity distributed by the Company is purchased through its Power Purchase Supply Agreement (PPSA) duly approved by the ERC, whereas any imbalance was purchased from the WESM.

The net purchased power cost in 2023 decreased by fourteen and 53/100 percent (14.53%) due to lower fuel cost and transmission rates compared to 2022. The Company's energy purchase in 2023 from GMEC, a coal power plant, is fifty-two and 54/100 percent (52.54%) of the total purchased power.

Salaries and employee benefits increased by four and 60/100 percent (4.60%) from 2022 to 2023. This was due to the salary increase provided by the Company to its employees.

Depreciation and amortization amounted to One Hundred Fifteen Million Nine Hundred Eighty-One Thousand Pesos (₱115,981,000.00), which was higher by Nine Million Seven Hundred Thirty-Three Thousand Pesos (₱9,733,000.00) or nine and 16/100 percent (9.16%) compared to the previous year. The increase resulted from capital expenditures during the year, primarily the completion of the Company's main office building and communication towers.

Outside services decreased by one and 19/100 percent (1.19%) from the last year. Outsourced services include information system services, customer-related expenses such as billings and collections, meter reading, and messengerial and janitorial services, among others.

Taxes and Licenses decreased by Four Million One Hundred Thirty-Eight Thousand Pesos (₱4,138,000.00) or nine and 23/100 percent (9.23%) compared to 2022. The decrease was primarily due to lower local franchise tax for the year resulting from lower sales from electricity.

Repairs and maintenance decreased by three and 37/100 percent (3.37%) compared to the previous year. Repairs and maintenance account includes all expenses incurred relative to the repairs and maintenance of the Company's distribution network system, buildings, vehicles, and equipment, among others.

Security Services increased by five and 35/100 percent (5.35%) during the year. The increase resulted from the additional security guards hired during the year and the increase in rate relative to the increase in PhilHealth premium.

Impairment losses increased by Thirteen Million Seven Hundred Fifty-One Thousand or one hundred fifteen and 34/100 percent (115.34%). Impairment losses pertain to the provisions recognized relative to the impairment of the Company's Trade Accounts Receivable.

Professional Fees increased by thirty-seven and 90/100 percent (37.90%). The increase pertains to the additional consultancy agreements entered into by the Company with industry experts in 2023.

Other expenses consisting of rent, utilities, insurance, transportation and travel, office supplies, representation expenses and other necessary operating expenses accounted for three and 01/100 percent (3.01%) of the total costs and expenses for the year ended 31 December 2023.

The Company's Cost of Electricity Sold which amounted to Three Billion Four Hundred Eighteen Million Seven Hundred Four Thousand Pesos (₱3,418,704,000.00) for the year ended 31 December 2023 was twelve and 78/100 (12.78%) lower compared to the Three Billion Nine Hundred Nineteen Million Four Hundred Sixty-One Thousand Pesos (₱3,919,461,000.00) for the year ended 31 December 2022.

The details of costs and expenses are summarized in the following table:

Particulars	<i>in Thousands</i>	
	2023	2022
Net Purchased Power	3,141,825.00	3,675,760.00
Outsourced Services	84,065.00	62,384.00
Salaries and Employee Benefits	69,417.00	62,413.00
Depreciation Expense	60,208.00	56,240.00
Rental Expense	32,444.00	32,429.00
Repairs and Maintenance	30,745.00	30,235.00
Total	₱3,418,704.00	₱3,919,461.00

TABLE HH: COST OF ELECTRICITY SOLD (DECEMBER 2023 AND DECEMBER 2022)

Other Charges

Provisions for the year ended 31 December 2023 amounted to One Hundred Forty Million One Hundred Thirty- Seven Thousand Pesos (₱140,137,000.00). The amount pertains to the provision for power cost over recoveries as of 31 December 2023 computed in accordance with ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 14, Series of 2022.

The net finance costs for the year ended 31 December 2023 amounting to Four Million Six Hundred Sixteen Thousand Pesos (₱4,616,000.00) pertains to interest and finance charges incurred by the Company on loans, refundable deposits and adjustments arising from the valuation of Company's retirement fund, net of interests earned on bank deposits.

KEY PERFORMANCE INDICATORS

The relevant key performance indicators of the Company are shown below:

	2025	2024	2023
Return on Equity			
<i>Net Profit divided by Average Equity</i>	0.16	0.12	0.14
Return on Assets			
<i>Net Profit divided by Average Assets</i>	0.09	0.06	0.07
Debt to Equity Ratio			
<i>Total Liabilities divided by Total Equity</i>	0.73	0.79	0.81
Current Ratio			
<i>Total Current Assets divided by Total Current Liabilities</i>	1.13	1.16	1.09
Average Collection Period			
<i>Average Accounts Receivable divided by Average Sales per day (Sale of Electricity divided 365 days)</i>	51 days	50 days	55 days

TABLE II: KEY PERFORMANCE INDICATORS

LIQUIDITY RISKS

The Company considers the following items to pose a risk on its ability to meet its obligations as they fall due: close of business due to pandemic, labor strike, typhoon or any force majeure event, and non-payment or delays in payment by its customers.

The Company manages its liquidity risks by carefully monitoring scheduled debt servicing payments as well as cash outflows due in a day-to-day business. Liquidity needs are monitored periodically, on a day-to-day, week-to-week basis, as well as on the basis of a rolling 30-day projection.

As of 31 December 2025, the Company's financial liabilities have contractual maturities as presented below:

	Notes	Current		Non-current	
		Within 6 Months	6-12 Months	1 to 5 years	Later than 5 years
Trade Payables	15	₱ 329,529,537	-	-	-
Accrued Expenses and other Payables	16	176,775,198	-	₱69,731,974	-
Interest-bearing loans and borrowings	12	153,119,464	-	-	-
Advances from Customers	14, 16	116,015,192	-	264,491,370	-
Refundable Deposits	13	-	-	-	₱471,618,603
Lease Liability	7	1,490,372	₱1,490,372	2,173,208	-
		₱ 776,929,763	₱1,490,372	₱336,396,552	₱471,618,603

TABLE JJ: CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES

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

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

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

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

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

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

The Company does not have any material commitments for capital expenditures other than those described under the *Exhibit "C" Planned Capital Expenditures Program*, of this report.

COMMITMENTS AND CONTINGENCIES

The breakdown of the Company's provisions are as follows:

<i>(Amounts in PHP)</i>	Power Cost Over Recoveries (Note 26.1)	DWSA (Note 26.2)	Total
Balance at January 1, 2025	123,686,538	9,825,738	133,512,276
Reversal of provision	<u>(75,001,503)</u>	<u>-</u>	<u>(75,001,503)</u>
Balance at December 31, 2025	<u>48,685,035</u>	<u>9,825,738</u>	<u>58,510,773</u>
Balance at January 1, 2024	176,732,011	9,825,738	186,557,749
Reversal of provision	<u>(53,045,473)</u>	<u>-</u>	<u>(53,045,473)</u>
Balance at December 31, 2024	<u>123,686,538</u>	<u>9,825,738</u>	<u>133,512,276</u>
Balance at January 1, 2023	36,594,890	9,825,738	46,420,628
Provision	<u>140,137,121</u>	<u>-</u>	<u>140,137,121</u>
Balance at December 31, 2023	<u>176,732,011</u>	<u>9,825,738</u>	<u>186,557,749</u>

TABLE KK: COMMITMENTS AND CONTINGENCIES

ITEM 7. FINANCIAL STATEMENTS

The Audited Financial Statements of the Company as of and for the year ended 31 December 2025 and the schedules listed in the accompanying index to Supplementary Schedules are filed as part of this report as *Exhibit "A" in pages 91 to 162*.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The audited financial statements (“AFS”) of the Company, for the years ended 31 December 2025 and 31 December 2024 have been audited by P&A Grant Thornton, independent or external auditor.

The Company has had no disagreements with its independent or external auditor on any matter of accounting principles or practices, financial statements disclosure, or auditing scope or procedure from the periods ending 31 December 2025 and 31 December 2024.

PART III. CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND OFFICERS OF THE ISSUER

(A) DIRECTORS, EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL

(1) DIRECTORS AND EXECUTIVE OFFICERS

The overall management and supervision of the Company is undertaken by its Board of Directors. The Board of Directors is empowered to direct, manage, supervise the affairs of the Company. Pursuant to the Articles of Incorporation, the Company has six (6) members of the Board, namely:

NAME	AGE	CITIZENSHIP	POSITION	TERM
Vivencio M. Romero, Jr.	70	Filipino	Chairman of the Board/Director	One (1) year
Vitus M. Romero	57	Filipino/American ¹	President and General Manager/Director	One (1) year
Venus M. Romero	58	Filipino	Vice-President and ITCS Head/Director	One (1) year
Maria Victoria R. San Pascual	68	Filipino	Director	One (1) year
Miriam S. Galvez	60	Filipino	Independent Director	One (1) year
Augusto D. Sarmiento	66	Filipino	Independent Director	One (1) year
Leandro Rodel V. Atienza	38	Filipino	Corporate Secretary	One (1) year
Maria Elisa B. Abaya	57	Filipino	Treasurer and Treasury Head	One (1) year as Treasurer
Floriza D. Forlales	46	Filipino	Compliance Head and Compliance Officer ²	One (1) year as Compliance Officer

TABLE LL: TEI DIRECTORS AND EXECUTIVE OFFICERS

¹Dual citizen, re-acquired Filipino citizenship on 14 November 2005 pursuant to the Citizenship Retention and Re-acquisition Act of 2003 ("R.A. 9225") in relation to Administrative Order No. 91, S. 2004-09-08 and Memorandum Circular No. AFF-2004-01

² Also the Company's Regulatory Compliance Officer and Data Protection Officer

The business experience of the directors and executive officers are for at least the past five (5) years from the date of this report.

VIVENCIO M. ROMERO JR.
Chairman

Engr. Vivencio M. Romero Jr. has been the Chairman of the Board of Tarlac Electric Inc. since 1992. He was the President and General Manager of the company from 1992 to 2018. He joined the company in 1982 as Assistant Operations Manager.

He was elected as member of the Board Audit Committee and Board Corporate Governance Committee in March 2021 and November 2021, serving in these capacities until June 2025, respectively. He no longer holds membership in any of the Board Committees.

Engr. Vivencio M. Romero, Jr. is also a director and/or officer of the following non-reporting companies and associations:

Company	Position
Tarlac Power Corporation	Chairman, President and General Manager
Me-Ka Corporation	Director, Vice-President and General Manager
ETM Incorporated	Director and Vice-President
V.M.R. Incorporated	Director and Vice-President
Sto. Nino Solar Power Corporation	Chairman, President and General Manager
BENVIV land Inc.	Director and Treasurer
Bizmark Promo Specialists Inc.	Director

TABLE MM: OTHER POSITIONS HELD BY VIVENCIO M. ROMERO, JR.

VITUS M. ROMERO
President and General Manager
Director

Engr. Vitus M. Romero is the President and General Manager of TEI. He was elected to the position of President in May 2018. Prior to his election as President, he was elected General Manager at the annual stockholders' meeting in 2016, a position he holds up to this day. He joined the company in 2006 and was appointed as the Head of the Retail Services Group which oversees the Consumer and Technical Services Departments. He was also elected as a Director in April 2007. In November 2021, he was elected Chairman of the Company's Board Corporate Governance Committee (CGC), a position he held until June 2025, after which he was elected as a member of the CGC. In addition, he served as a member of the Board Risk Oversight Committee from July 2022 to June 2025.

He is also a director and/or officer of the following non-reporting companies:

Company	Position
Tarlac Power Corporation	Director
Me-Ka Corporation	Director
ETM Incorporated	Director
V.M.R. Incorporated	Director
Sto. Nino Solar Power Corporation	Director

TABLE NN: OTHER POSITIONS HELD BY VITUS M. ROMERO

As President and General Manager, he is directly responsible for the overall management of the Company's operations, including monitoring of the Company's overall performance to meet targets and implementing of BOD decisions and policies.

VENUS M. ROMERO
Vice President and ITCS Head
Director

Mr. Venus M. Romero was elected Vice President in May 2018. Aside from being a member of the Board of Directors, he has been the Head of the Information Technology Communications Services Department since 1991. He was elected as a Director in April 1997. In November 2021, he was elected Chairman of the Company's Board Risk Oversight Committee (BROC), a position he held until June 2025, after which he was elected as a member. In addition, he served as a member of the Board Corporate Governance Committee from July 2022 to June 2025.

He is also a director and/or officer of the following non-reporting companies:

Company	Position
Tarlac Power Corporation	Director and Vice-President
Me-Ka Corporation	Chairman and President
ETM Incorporated	Chairman and President
V.M.R. Incorporated	Chairman and President
Sto. Nino Solar Power Corporation	Director and Vice-President

TABLE OO: OTHER POSITIONS HELD BY VENUS M. ROMERO

As ITCS Head, he is directly responsible for the overall strategic planning and management of the Company's Information and Operations Technology, including the implementation and maintenance of computer systems, backup of databases, files, records and development and maintenance of computer systems, hardware, and infrastructure. He also leads the Company's effort to meet cybersecurity standards, such as policies, governance, risk assessment, compliance, and deployment of advanced cybersecurity technologies. Furthermore, he oversees the implementation of the Company's project in compliance with the industry's roadmap to Smart Grid.

MARIA VICTORIA R. SAN PASCUAL*Director*

Ms. Maria Victoria R. San Pascual was elected to the Board of Directors on May 2017. She was also the Corporate Secretary from 2005 to June 2019. Prior to those positions, she was the Administrative Manager from 1983-1995. She also served as a consultant until 2021. She was elected as Member of the Company's Board Audit Committee in March 2021

At present, she is also a director and/or officer of the following non-reporting companies:

Company	Position
Me-Ka Corporation	Director and Treasurer
ETM Incorporated	Director and Treasurer
V.M.R. Incorporated	Director and Treasurer
Sto. Nino Solar Power Corporation	Director

TABLE PP: OTHER POSITIONS HELD BY MARIA VICTORIA R. SAN PASCUAL

AUGUSTO D. SARMIENTO*Independent Director*

Engr. Augusto D. Sarmiento was elected as Independent Director on 27 June 2025. He was also elected as Chairman of the Board Risk Oversight Committee and Board Corporate Governance Committee, and as a member of the Board Audit Committee in June 2025.

Engr. Sarmiento earned his Bachelor of Science in Electrical Engineering degree from the Holy Angel University in 1980 and completed his Master of Business Administration from University of Pangasinan-PHINMA in 2013. He is both a Registered Electrical Engineer and a Professional Electrical Engineer. With decades of experience in the electric industry, Engr. Sarmiento began his career with a private distribution utility company as Cadet Engineer in 1981. He was subsequently promoted as Line Supervisor in 1983, Senior Supervising Engineer QCO in 1986, and Assistant Area Manager-QCO in 1996. He later served, in the same company, as Operations Manager in 2001, Network Operations Manager in 2004 and as Chief Operating Officer from 2019 until his retirement in 2024.

At present, he is also the Chairman of the Board of Lahat Uunlad Multi-purpose Cooperative.

MIRIAM S. GALVEZ
Independent Director

Engr. Miriam S. Galvez was initially elected as Independent Director on 27 January 2021 to serve for the remaining term of the resigning director, Mr. Virgilio M. Romero. She was re-elected as Independent Director at the 2022, 2023, 2024 and 2025 Annual Stockholders' Meetings. She was also elected as Chairperson of the Board Audit Committee in March 2021, and as member of the Board Risk Oversight Committee in July 2022, and a member of the Board Corporate Governance Committee in June 2025. She is a Registered Electrical Engineer. She earned her Masters in Engineering Education Major in Electrical Engineering degree and Doctor of Education degree from the Central Luzon Polytechnic College (now NEUST) in 1990 and 2006, respectively. She has been a faculty member of Tarlac State University since 1991, served as Dean of the College of Engineering and Technology from 2014 to August 2022 and Chairperson of the College of Engineering Graduate Program. In July 2024, she was re-appointed as Dean of the College of Engineering.

LEANDRO RODEL V. ATIENZA
Corporate Secretary

Atty. Leandro Rodel V. Atienza has been the Company's legal counsel since 2014. He was elected as the Corporate Secretary of the Company in 2019. He has been the Managing Partner of Atienza Law Offices since 2014.

MARIA ELISA B. ABAYA
Treasurer and Treasury Head

Ms. Maria Elisa Abaya is the company's Treasurer and Treasury Head. She was appointed as Treasurer in May 2019. Prior to her appointment as Treasurer, she held the position of Administrative Services Head from July 2006 to May 2019. She joined the company in 1991 and held various accounting and audit positions.

As Treasury Head, she ensures that the Company has efficient liquidity planning and controls related to the company's financial activities.

FLORIZA D. FORLALES
Compliance Head and Compliance Officer

Ms. Floriza D. Forlales is the Compliance Head and Compliance Officer. She joined the Company in 2002 as a Corporate Accountant. She was appointed as Chief Accountant in January 2008 and as Regulatory Compliance Officer in April 2017. She was appointed as the Company's Compliance Officer on 15 January 2021, and as Data Protection Officer on 01 March 2024.

As Compliance Officer, she is responsible for ensuring the Company's full adherence to regulatory requirements set by the Securities and Exchange Commission and other relevant government agencies. In her role as Regulatory Compliance Officer, she oversees the Company's compliance with industry regulations issued by the Energy Regulatory Commission, the Department of Energy, and other applicable authorities.

As Data Protection Officer, she is responsible for the Company's full compliance to the Data Privacy Act of 2012, its Implementing Rules and Regulations, issuances by the National Privacy Commission (NPC) and other applicable laws and regulations relating to privacy and data protection. She also serves as the main point of contact between the Company and the relevant data protection authorities.

(2) SIGNIFICANT EMPLOYEES

The following persons are the significant employees of the Company who are expected to make significant contributions to the business of TEI:

NAME	AGE	CITIZENSHIP	POSITION
Roy Y. Yutuc	52	Filipino	Substation Operations and Maintenance Head
Alvin T. Mercado	51	Filipino	System Planning and Design Head
Jayson T. Fider	38	Filipino	Lines Operations and Maintenance Head
Anna Bianca R. Morales	37	Filipino	Acting Regulatory Services Head
Frederick C. Calma	57	Filipino	Metering Services Head
Nelson L. Gutierrez	49	Filipino	Technical Services Head
Angeline Rina M. Ramos	39	Filipino	Consumer Services Head
Lorna J. Ragasa	49	Filipino	Accounting Head
Wendy V. Abad	33	Filipino	Human Resources Head
Jinalyn D. Quiazon	44	Filipino	General Services Head
Henry John G. Sacaguing	62	Filipino	Consultant, Network Services

TABLE QQ: SIGNIFICANT EMPLOYEES

The business experience of the directors and executive officers are for at least the past five (5) years from the date of this report.

ROY Y. YUTUC***Substation Operations and Maintenance Head***

Engr. Roy Y. Yutuc has been the Substation Operations and Maintenance Head from 2012. He joined the Company in 1997 as a Junior Electrical Engineer.

As Substation Operations and Maintenance Head, he is responsible for the overall management and safety of the distribution system, substation operations and maintenance.

ALVIN T. MERCADO***System Planning and Design Head***

Engr. Alvin T. Mercado is the System Planning and Design Head since 2012. He joined the Company in 1997 as a Junior Electrical Engineer.

As System Planning and Design Head, he is directly responsible for the overall management of the Company's system planning and engineering design.

JAYSON T. FIDER***Lines Operations and Maintenance Head***

Engr. Jayson T. Fider is the Lines Operations and Maintenance Head since June 2022. He joined the Company in 2011 as Electrical Engineer Lines Operations and Maintenance and was appointed as Line Maintenance Engineer in 2018.

As Lines Operations and Maintenance Head, he is responsible for the overall efficient management and safety of the distribution and sub-transmission line system.

ANNA BIANCA R. MORALES***Acting Retail Services Group Head***

Ms. Anna Bianca R. Morales was appointed as Acting Retail Services Head in June 2022. She was appointed as Acting Consumer Services Head in January 2020 and as Consumer Services Head in November 2021. She joined the Company in 2014 as a Management Trainee and headed the Treasury Department in July 2016.

As Acting Retail Services Head, she closely monitors the departments that involve retail activities, Consumer, Metering and Technical Services. She ensures that retail activities operate efficiently, from customer experience to metering and meter lab activities.

She is also a director and the President of ABWR888 Holdings, Inc.

She is the niece of the following directors of TEI: Mr. Vivencio M. Romero, Jr., Mr. Vitus M. Romero, Mr. Venus M. Romero, and Mrs. Maria Victoria R. San Pascual.

FREDERICK C. CALMA
Metering Services Head

Engr. Frederick C. Calma has been the Metering Services Head since 2019. He joined the Company in 1994 as a Meter Engineer, a position he held until 2015. He was the Company's Procurement Officer from 2000 to 2012. He was also appointed as Complaint and Inspection Head from 2015 to 2017 and Project Scheduler from 2017 to 2018.

As Metering Services Head, he is responsible for ensuring the effective and efficient installation of meters, metering equipment and service drops for new connections and for the monitoring and maintenance of existing connections including changing, transferring and rehabilitation of billing meters, metering equipment and service drops.

NELSON L. GUTIERREZ
Technical Services Head

Engr. Nelson L. Gutierrez was appointed as Technical Services Head on January 16, 2021. Prior to his appointment as Technical Services Head, he was the Meter Laboratory Head from 2015 to 2020. He joined the Company in 2012 as New Connection and Complaints Head until 2013, then Power Metering Head from 2013 to 2015.

As Technical Services Head, he ensures the efficiency and alignment of the distribution mapping, facility monitoring, pole attachment management and meter laboratory's operations with the Company's overall direction.

ANGELINE RINA M. RAMOS
Consumer Services Head

Ms. Angeline Rina M. Ramos is the Consumer Services Head since June 2022. She joined the Company in 2010 as Administrative Assistant appointed as Accounts Management Head in 2013, as Consumer Welfare Desk Officer (CWD Officer) in 2014, as Acting Asst. Manager in 2015, and as Assistant Consumer Services Head in 2016.

As Consumer Services Head, she ensures that the Company is responsibly performing administrative functions directly involving consumer welfare from new meter application, meter reading, billing, collection, disconnection, and reconnection, and is able to establish quality relationships with customers. Her department ensures that all customer related concerns are met with efficient operational procedures.

LORNA J. RAGASA
Accounting Head

Ms. Lorna J. Ragasa was appointed as Accounting Head on 19 January 2024. She was previously the Acting Internal Audit Head and Chief Risk Officer appointed in June 2022. Prior to her current position, she held several positions in Accounting Department as she rose from the ranks and appointed as Assistant Accounting Head in 2018. She joined the Company in 1997 as Accounting Assistant.

As Accounting Head, she is responsible for the efficient and effective implementation of controls and procedures involving the recording of financial transactions, and timely preparation of financial statement and related analysis and reports.

WENDY V. ABAD
Human Resources Head

Ms. Wendy V. Abad has been appointed as Human Resource Head last September 18, 2023. She handles all human resource-related operations and helps the Company identify needs, develop action plans and facilitate changes to improve organization performance, employee acquisition, engagement, retention, morale and communication.

She also designs, facilitates, and conducts organizational development interventions, and training programs such as leadership and management, strategic planning, team building, coaching, crafting corporation vision, mission and values, customer service, trainers' training, sales presentation, presentation and facilitation skills and personal financial management.

JINALYN D. QUIAZON
General Services Head

Ms. Jinalyn D. Quiazon has been the General Services Head since December 2019. She joined the Company in June 2019 as a Management Trainee. Prior to joining the Company, she has had extensive experience in procurement since 2007 at her previous employment in manufacturing companies.

As General Services Head, she manages and oversees overall activities of procurement, warehousing and inventory, security, and property management sections.

HENRY JOHN G. SACAGUING
Consultant, Network Services

Engr. Henry John Sacaguing is a Consultant for Network Services Group. He was the Network Services Head of the Company prior to his retirement on 30 October 2023 being appointed to the position in April 2016. He also served as the Lines Operations and Maintenance Head from 1998. He joined the Company in 1983 as Electrical Lineman.

The Company is highly dependent on the services of the following key personnel:

1. Engr. Vitus M. Romero
2. Mr. Venus M. Romero
3. Ms. Maria Elisa B. Abaya
4. Ms. Floriza D. Forlales
5. Engr. Roy Y. Yutuc
6. Engr. Alvin T. Mercado
7. Engr. Jayson T. Fider
8. Ms. Anna Bianca R. Morales
9. Engr. Frederick C. Calma
10. Engr. Nelson L. Gutierrez
11. Ms. Angeline Rina M. Ramos
12. Ms. Lorna J. Ragasa
13. Ms. Wendy V. Abad
14. Ms. Jinalyn D. Quiazon
15. Engr Henry John G. Sacaguing

The Company has no specific arrangement to ensure that the foregoing personnel will remain with the TEI. Neither does the Company implement a non-compete to the said persons in case of their termination from employment.

(3) FAMILY RELATIONSHIPS

TEI's Chairman, Engr. Vivencio M. Romero Jr., President, General Manager and Director, Engr. Vitus M. Romero, Vice-President, ITCSD Head and Director, Mr. Venus M. Romero and its Director, Ms. Maria Victoria R. San Pascual are all brothers and sisters.

The Acting Retail Services Group Head, Ms. Anna Bianca R. Morales, is related to the foregoing Directors within the third degree of consanguinity.

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

(4) INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

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

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

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

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

On 20 February 2023, the Securities and Exchange Commission issued a letter reprimanding the following directors, officers and stockholders relative to the show cause letter dated 11 October 2022 for the late filing of SEC Form 23-A:

Name	Position	SRC Case No.
Floriza D. Forlales	Accounting Head and Compliance Officer	MSRD-SRD-117-2022
Henry John G. Sacaguing	Network Services Group Head	MSRD-SRD-118-2022
Leandro Rodel V. Atienza	Corporate Secretary	MSRD-SRD-119-2022
Maria Elisa B. Abaya	Treasurer and Treasury Head	MSRD-SRD-120-2022
Maria Veronica M. Romero	Stockholder	MSRD-SRD-121-2022
Maria Victoria R. San Pascual	Director	MSRD-SRD-122-2022
Miriam S. Galvez	Independent Director	MSRD-SRD-123-2022
Venus M. Romero	Vice President and ITCS Head; Director	MSRD-SRD-124-2022
Vitus M. Romero	President and General Manager; Director	MSRD-SRD-125-2022
Vivencio M. Romero, Jr.	Chairman of the Board	MSRD-SRD-126-2022

TABLE RR: DIRECTORS, OFFICERS, AND STOCKHOLDERS RELATIVE TO SHOW CAUSE LETTER

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

ITEM 10. EXECUTIVE COMPENSATION

The figures set forth in the table below shall be understood to be in Philippine Peso.

NAME AND PRINCIPAL POSITION	YEAR COVERED	SALARY	BONUS	OTHER ANNUAL COMPENSATION
Vivencio M. Romero, Jr. <i>Chairman of the Board¹</i>	2024	3,167,684.30	985,829.90	495,100.00
	2025	-	-	4,585,500.00 ²
	2026*	-	-	4,200,000.00 ³
Vitus M. Romero <i>President and General Manager</i>	2024	4,912,380.96	1,517,991.18	534,029.41
	2025	5,075,831.33	1,286,099.66	1,039,839.93
	2026*	5,777,174.26	1,544,425.10	1,143,823.92
Venus M. Romero <i>Vice-President and IT and Communications Services Head</i>	2024	4,141,468.13	1,282,347.71	699,856.95
	2025	4,716,461.15	1,182,282.88	753,851.35
	2026*	4,895,939.80	1,308,842.69	829,236.49
Maria Elisa B. Abaya <i>Treasurer and Treasury Head</i>	2024	2,382,637.96	532,931.00	110,475.67
	2025	2,542,447.27	627,888.44	202,839.80
	2026*	2,621,018.61	700,682.85	223,123.78
All Other Officers and Directors as a Group	2024	1,839,985.67	583,044.04	950,644.46
	2025	2,098,980.32	522,063.15	1,105,601.00
	2026*	2,179,347.72	582,609.97	1,318,211.11
	2025	-	-	4,585,500.00 ²
	2026*	-	-	4,600,000.00

TABLE SS: EXECUTIVE COMPENSATION

*Estimated compensation for the ensuing year

¹ In December 2024, the Company's Board of Directors approved the Director's Fee for management consultancy rendered by Engr. Romero. Engr. Romero did not participate in the proposal, deliberation and approval of the director's fee.

² Presented as Director's Fee under Note 19, Cost and Operating Expenses by Nature, of the 2025 Audited Financial Statements.

³ The estimated annual director fee is based on a monthly rate of ₱350,000.00, as approved by the Board of Directors on 17 April 2026. In accordance with applicable laws and governance best practices, the Chairman did not participate in the proposal, deliberation, or approval of the director fee.

COMPENSATION OF DIRECTORS

Standard Arrangements

The Directors receive a per diem of Twenty-Five Thousand Pesos (₱25,000.00) for each meeting attended.

Pursuant to the Company's Manual on Corporate Governance, which was approved by the Company on 16 January 2021, the Company shall have three (3) committees namely, the Corporate Governance Committee, Board Risk Oversight Committee, and Audit Committee. The Committee chairpersons shall be entitled to a per diem of Twenty Thousand Pesos (₱20,000.00) for each meeting attended while committee members shall be entitled to a per diem of Fifteen Thousand Pesos (₱15,000.00) for each meeting attended.

Except for the Chairman, Directors are not paid any compensation, in whatever form, other than per diem for services rendered in their capacity as directors of the Company.

Below are Directors' summary of compensations for 2025 and estimated compensations for 2026:

Name	Position	Compensation for 2025	Estimated Compensation for 2026
Vivencio M. Romero, Jr.	Chairman of the Board	₱4,585,000.00 ^{1,2}	₱4,200,000.00 ⁴
Vitus M Romero	President and General Manager/ Director	380,000.00 ³	380,000.00
Venus M. Romero	Vice-President and ITCS Head/Director	375,000.00 ³	380,000.00
Maria Victoria R. San Pascual	Director	400,000.00 ²	400,000.00
Miriam S. Galvez	Independent Director	415,000.00 ²	415,000.00
Augusto D. Sarmiento	Independent Director	220,000.00 ²	440,000.00

TABLE TT: DIRECTORS' COMPENSATION

¹In December 2024, the Company's Board of Directors approved the Director's Fee for management consultancy rendered by Engr. Romero. Engr. Romero did not participate in the proposal, deliberation and approval of the director's fee.

²Presented as Director's Fee under Note 19, Cost and Operating Expenses by Nature, of the 2025 Audited Financial Statements.

³Presented as part of Salaries and Wages under Note 19, Cost and Operating Expenses by Nature, of the 2025 Audited Financial Statements

⁴ The estimated annual director fee is based on a monthly rate of ₱350,000.00, as approved by the Board of Directors on 17 April 2026. In accordance with applicable laws and governance best practices, the Chairman did not participate in the proposal, deliberation, or approval of the director fee.

EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS

Employment Contract with Executive Officer

There are no employment contracts between the Company and its executive officers.

Compensatory Plan or Arrangement

The Company has no existing compensatory plan or arrangement with any of its named executive officers, that will result from the resignation, retirement, or any other termination of such executive officer, a change-in-control of the Company, or a change in said executive officers' responsibilities following a change in Company control that will exceed an aggregate sum of Two Million Five Hundred Thousand Pesos (₱2,500,000.00).

WARRANTS AND OPTIONS OUTSTANDING: REPRICING

There are no outstanding warrants or options held by the Company's President, named executive officers, and all its officers and directors as a group.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

On 28 June 2021, the SEC approved the registration of Five Million Seven Hundred Fifty Thousand (5,750,000) common shares of the Company, out of which, One Million Seven Hundred Fifty Thousand (1,750,000) common shares was issued and offered for sale to the general public by way of primary offering, pursuant to Sections 8 and 12 of the Securities Regulation Code. As a result of the primary offering completed in July 2021, TEI now has fifty (50) holders of its sole class of common equity, all of whom are listed in the table below.

The table below sets forth the security ownership of record of the Company's voting shares as of 31 December 2025. Any variance in percentages is a result of rounding up:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Maria Veronica M. Romero F. Tañedo St., Brgy. San Nicolas, Tarlac City <i>Stockholder</i>	N/A	Filipino/ American ¹	582,600	10.13%
Common	Vitus M. Romero F. Tañedo St., Brgy. San Nicolas, Tarlac City <i>Director, President, General Manager</i>	N/A	Filipino/ American ¹	582,599	10.13%
Common	Ana Cecilia R. San Pascual Gilmore Townhomes, Valencia, Quezon City <i>Stockholder</i>	N/A	Filipino	580,000	10.09%
Common	Dagupan Electric Corporation 3/F Veria I Bldg. 62 West Avenue, Q.C. <i>Stockholder</i>	N/A	Filipino	400,000	6.96%
Common	J-Ten Equities, Inc. 1905 Robinsons Equitable Tower, ADB cor Poveda St., Pasig City <i>Stockholder</i>	N/A	Filipino	400,000	6.96%

Common	ABWR888 Holdings, Inc. 50 Perez Ave. San Sebastian Village, Tarlac City <i>Stockholder</i>	N/A	Filipino	380,000	6.61%
Common	Mavwin Properties, Inc. 1905 Robinsons Equitable Tower, ADB cor Poveda St., Pasig City <i>Stockholder</i>	N/A	Filipino	300,000	5.22%
Common	Rodolfo Vivencio K. Romero Sta. Monica Heights Subd., San Rafael, Tarlac City <i>Stockholder</i>	N/A	Filipino	290,000	5.04%
Common	Frances Bernadette K. Romero Sta. Monica Heights Subd., San Rafael, Tarlac City <i>Stockholder</i>	N/A	Filipino	290,000	5.04%
	Total			3,750,200	65.22%

TABLE UU: SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

¹Dual citizen, re-acquired Filipino citizenship pursuant to the Citizenship Retention and Re-acquisition Act of 2003 (R.A. 9225)

SECURITY OWNERSHIP OF MANAGEMENT

The following table reflects the security ownership of the management of the Company as of 31 December 2025:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Vivencio M. Romero, Jr.	23,999 shares, Direct Ownership	Filipino	0.42%
Common	Vitus M. Romero	582,599 shares, Direct Ownership	Filipino/American ¹	10.13%
Common	Venus M. Romero	2,800 shares, Direct Ownership	Filipino	0.05%
Common	Maria Elisa B. Abaya	24,000 shares, Direct Ownership	Filipino	0.42%
Common	Floriza D. Forlaes	20,000 shares, Direct Ownership	Filipino	0.35%

TABLE VV: SECURITY OWNERSHIP OF THE MANAGEMENT

¹Dual citizen, re-acquired Filipino citizenship pursuant to the Citizenship Retention and Re-acquisition Act of 2003 (R.A. 9225)

VOTING TRUST

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

CHANGE IN CONTROL ARRANGEMENTS

There are no contracts, agreements, or arrangements with respect to the issued and outstanding shares which will result in a change in control of the Company.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

There are no transactions with or involving the Company or any of its subsidiaries in which a director, executive officer, stockholder owns ten percent (10%) or more of the total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest other than those shown in Table F, Related Party Transactions, of this report.

PART IV. CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

As of 31 December 2025, the Company was able to put up the following policies and procedures as approved by the BOD shown below:

Policies and Procedures	Board Resolution	Date of Approval
Board Diversity Policy	BR No. 2021/12/04	17 December 2021
Board Performance Assessment Policies and Procedures	BR No. 2022/12/03	16 December 2022
Code of Business Conduct and Ethics	BR No. 2022/12/03	16 December 2022
Corporate Disclosure Policies and Procedures	BR No. 2022/12/03	16 December 2022
Related Party Transactions Policy	BR No. 2022/12/03	16 December 2022
Alternative Dispute Resolution Policy	BR No. 2023/05/03	19 May 2023
Anti-Bribery and Anti-Corruption Policy	BR No. 2023/05/03	19 May 2023
Whistleblowing Policy	BR No. 2023/05/03	19 May 2023

TABLE WW: COMPANY'S POLICIES AND PROCEDURES

The Company is continually reviewing its policies and procedures necessary under its Corporate Governance Manual.

The Company, as approved by its Board of Directors, has already established its Board Audit Committee¹⁰ and Board Corporate Governance Committee¹¹ and Board Risk Oversight Committee¹².

On 15 November 2024, the SEC approved the Company's Amended By-Laws which changed the date of the Annual Stockholders Meeting from the 3rd Friday of May of each calendar year to 4th Friday of June of each calendar year under Article 4, Section 1:

1. **Annual Meetings** – The regular annual meetings of the stockholders of the corporation shall be held after the year 1963 on the **4th Friday of June** of each calendar year, for the purpose of electing directors and for the transaction of such other business as may be properly brought before the meeting.

On 26 July 2024, the Company's Board of Directors approved the amendment of its Articles of Incorporation to increase the number of directors to six (6), thereby raising the number of independent directors to two (2). This amendment was subsequently

¹⁰ Established March 2021

¹¹ Established November 2021

¹² Established July 2022

ratified by the Company's stockholders during a Special Stockholders' Meeting held on 18 October 2024, which was specifically convened for this purpose and was finally approved¹³ by the SEC on 06 May 2025.

The Company is committed to doing business in accordance with the highest professional standards, business conduct and ethics, and all applicable laws, rules, and regulations. The Company, together with its directors, officers, and employees are dedicated to promoting and adhere to the principles of good corporate governance by observing and maintaining its core business principles of accountability, integrity, fairness, and transparency.

The Company's directors and officers continue to undertake regular trainings and seminars in order to apprise themselves of the updates and changes in governance. The details of the said seminars and other efforts undertaken by the Company to ensure that its directors and officers are well-informed and that all of its government practices are up to date shall likewise be reflected in the Company's Annual Corporate Governance Report (SEC Form-ACGR).

¹³ See Exhibit B-6

PART V. EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

(A) EXHIBITS

Particulars		Reference
1	Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession	NA
2	Instruments Defining the Rights of Security Holders, Including Indentures	NA
3	Voting Trust Agreement	NA
4	Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders	See Index to Exhibit "A"
5	Letter re: Change in Certifying Accountant	NA
6	Letter re: Change in Accounting Principles	NA
7	Report Furnished to Security Holders	NA
8	Subsidiaries of the Registrant	NA
9	Published Report Regarding Matters Submitted to Vote of Security Holders	NA
10	Consents of Experts and Independent Counsel	NA
11	Power of Attorney	NA
12	Additional Exhibits	NA

TABLE XX: INDEX TO EXHIBITS

(B) REPORTS ON SEC FORM 17-C

The Company filed the following reports on SEC Form 17-C (Current Report) in 2025:

Date of Report	Description	Reference
30 January 2025	Certification of Attendance of Board of Directors (BOD) to TEI's Board and Board Committee Meetings for the period 2024	See Exhibit "B-1" Page 880
28 January 2025	Reports on TEI's commencement of Competitive Selection Process (CSP) in accordance with the Certificate of Conformity (COC) issued by the Department of Energy (DOE) on 14 January 2025.	See Exhibit "B-2" Page 886
17 February 2025	Reports that TEI's CSP, pursuant to its published Invitation to Bid (ITB) last 28 January 2025 is declared failure.	See Exhibit "B-3" Page 898
31 March 2025	Reports on receiving a Letter of Authority (LOA) from Bureau of Internal Revenue (BIR) dated 21 March 2025	See Exhibit "B-4" Page 907

	authorizing Revenue Officers to conduct investigation/verification of 'All Internal Revenue Taxes' from taxable period 01/01/2023 to 12/21/2023	
16 May 2025	Declaration of Cash Dividends.	<i>See Exhibit "B-5" Page 915</i>
19 May 2025	SEC Approval of the amendment of SIXTH Article of the Company's Articles of Incorporation.	<i>See Exhibit "B-6" Page 920</i>
30 May 2025	Reports on the full payment of deficiency taxes including interest and compromise penalties for the taxable year 2021 pursuant to subject matter covering the Preliminary Assessment Notice (PAN) dated 29 May 2025.	<i>See Exhibit "B-7" Page 925</i>
24 June 2025	Reports that TEI's CSP, pursuant to its published Invitation to Bid (ITB) last 28 April 2025 is declared failure.	<i>See Exhibit "B-8" Page 956</i>
27 June 2025	Annual Stockholders' Meeting: Minutes of Meeting	<i>See Exhibit "B-9" Page 962</i>
27 June 2025	Approval of TEI's Board Committees	<i>See Exhibit "B-10" Page 983</i>
27 June 2025	Resolution for the election of Directors	<i>See Exhibit "B-11" Page 988</i>
27 June 2025	Resolution for the election of Officers	<i>See Exhibit "B-12" Page 994</i>
28 August 2025	Recall of preferential rate/discount scheme and revert to approved rates for RY 2014 under ERC Case No. 2013-071 RC	<i>See Exhibit "B-13" Page 999</i>
02 September 2025	Reports on TEI's commencement of Competitive Selection Process (CSP) in accordance with the Certificate of Conformity (COC) issued by the Department of Energy (DOE) on 19 August 2025.	<i>See Exhibit "B-14" Page 1007</i>
26 December 2025	Reports the awarding of a 10MW, with escalation up to 25MW, power supply contract to Sual Power Inc. (SPI) for a period of 15 years commencing on 26 December 2026.	<i>See Exhibit "B-15" Page 1027</i>

TABLE YY: REPORTS ON SEC FORM 17-C

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Tarlac City on MAY 08, 2026.

By:



VIVENCIO M. ROMERO, JR.
Chairman of the Board



VITUS M. ROMERO
President and General Manager



MARIA ELISA B. ABAYA
Treasurer and Treasury Head



FLORIZA D. FORLALES
Compliance Officer



LEANDRO RODEL V. ATIENZA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 08 2026 day of 20 affiants exhibiting to me the following documents:

Names	Competent Evidence of Identity	Valid Until	Place of issue
Vivencio M. Romero, Jr.			DFA La Union
Vitus M. Romero			-
Maria Elisa B. Abaya			-
Floriza D. Forlales			-
Leandro Rodel V. Atienza			-

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Notary Public



TRIS...ILLO
Notary Public
Tarlac
Until December 31, 2027
Appointment No. N-500-25
917 Joseph St., Gomez Subd.,
Brgy. Ligtasan, Tarlac City
Roll of Attorney's No. 94760
IBP No. 519323/ Jan. 25, 2025/ Tarlac City
PTR No. 7223713/ Jan. 05, 2026/ Tarlac City
MCLE Compliance No. N/A
Admitted to the Bar in 2025

**TARLAC ELECTRIC INC.
INDEX TO EXHIBIT "A"**

Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders

Date of Report	Type of Report	Reference
28 June 2021	Prospectus	<i>See Exhibit "A-1" Page 159</i>
30 June 2025	2024 Annual Corporate Governance Report	<i>See Exhibit "A-2" Page 359</i>
09 May 2025	SEC Form 17-L for the quarter ended 31 March 2025	<i>See Exhibit "A-3" Page 546</i>
13 August 2025	SEC Form 17-L for the quarter ended 30 June 2025	<i>See Exhibit "A-4" Page 551</i>
19 May 2025	SEC Form 17-Q for the Quarterly Financial Report as of and for the quarter ended 31 March 2025	<i>See Exhibit "A-5" Page 556</i>
20 August 2025	Amended SEC Form 17-Q for the Quarterly Financial Report as of and for the quarter ended 31 March 2025	<i>See Exhibit "A-6" Page 625</i>
14 August 2025	SEC Form 17-Q for the Quarterly Financial Report as of and for the quarter ended 30 June 2025	<i>See Exhibit "A-7" Page 754</i>
13 November 2025	SEC Form 17-Q for the Quarterly Financial Report as of and for the quarter ended 30 September 2025	<i>See Exhibit "A-8" Page 819</i>

TABLE ZZ: ANNUAL REPORT, FORM 17-Q OR QUARTERLY REPORT TO SECURITY HOLDERS