San Miguel Global Power
Giving You the Power to Celebrate Life

San Miguel Global Power Holdings Corp.

40 San Miguel Avenue, Mandaluyong City, Metro Manila

(02) 5317 1000

13 May 2025

SECURITIES AND EXCHANGE COMMISSION
The SEC Headquarters, 7907 Makati Avenue
Salcedo Village, Bel-air, Makati City 0728

Attention: **ATTY. OLIVER O. LEONARDO**
Director – Markets and Securities Regulation Department

Gentlemen:

We write in compliance with your letter, dated 29 April 2025, relating to the comments to the Preliminary Information Statement of San Miguel Global Power Holdings Corp. (hereinafter referred to as the "Company") which was filed with your good office on 25 April 2025, in connection with the Regular Annual Meeting of the Stockholders of the Company scheduled on 3 June 2025.

We hereto submit the Definitive Information Statement ("DIS") of the Company for its 2025 Annual Stockholders' Meeting, which already includes the following matters:

a. the Company's Unaudited Consolidated Financial Statements as of and for the period ended 31 March 2025 (with comparative figures as of 31 December 2024 and for the period ended 31 March 2024) and the Selected Notes to the Consolidated Financial Statements, collectively attached as Annex "D" to the DIS;

b. the Company's Management's Discussion and Analysis or Plan of Operation of the Company as of 31 March 2025 attached as Annex "F" to the DIS;

c. the directors' attendance report, indicating the attendance of each director at each meeting of the board and its committees and in stockholders' meetings, attached as Annex "C" to the DIS; and

d. the appraisals and performance reports for the Board are attached as Annex "I" to the DIS, and the criteria and procedure for assessment explained in pages 26-27 of the DIS.

We wish to further advise your good office that we will be delivering hard copies of the Notice of Meeting and the DIS to each of our stockholders on even date (instead of the alternative mode provided in the Notice of the Securities and Exchange Commission dated 12 March 2025) considering that the Company only has eight (8) stockholders, namely: San Miguel Corporation (its parent company) and the seven (7) incumbent directors of the Company.

Considering that the 2025 Annual Stockholders' Meeting will be conducted through videoconferencing, the procedure and specific details for attending the meeting, participation therein and casting of votes are duly set out in Appendix 1 of the Company's Notice of Meeting in the DIS, in compliance with the relevant rules and regulations of the Honorable Commission.

We hope you find the foregoing in order.

Very truly yours,
SAN MIGUEL GLOBAL POWER HOLDINGS CORP.

By:

VIRGILIO S. JACINTO
Corporate Secretary and
Compliance Officer

COVER SHEET

C	S	2	0	0	8	0	1	0	9	9

S. E. C. Registration Number

SAN MIGUEL GLOBAL

POWER HOLDINGS CORP.

(Company's Full Name)

40 SAN MIGUEL AVENUE,

WACK-WACK GREENHILLS,

CITY OF MANDALUYONG,

SECOND DISTRICT,

NATIONAL CAPITAL

REGION

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

Julie Ann B. Domino-Pablo	0917-1010354
Contact Person	Company Telephone Number

12	31	SEC Form 20-IS Definitive Information Statement for 2025 Annual Stockholders' Meeting	06	1st Tues.
Month	Day	FORM TYPE	Month	Day

First Tuesday of

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

- - - - - S T A M P S - - - - - -

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San Miguel Global Power
Giving You the Power to Celebrate Life

San Miguel Global Power Holdings Corp.

40 San Miguel Avenue, Mandaluyong City, Metro Manila

(02) 5317 1000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

June 3, 2025

The Annual Meeting of the Stockholders of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP**. (formerly known as "SMC GLOBAL POWER HOLDINGS CORP." and hereinafter referred to as the "Company" or "San Miguel Global Power") will be held on **June 3, 2025 (Tuesday) at 2:00 p.m., which will be presided by the Chairman at 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR). Stockholders are requested to attend through videoconference through the Zoom Meeting ID 918 1036 6888.**

The Agenda of the Meeting is as follows:

1. Certification of Notice and Quorum
2. Approval of the Minutes of the Annual Stockholders' Meeting held on June 4, 2024 and the Minutes of the Special Stockholders' Meeting held on April 14, 2025
3. Approval of the 2024 Audited Financial Statements
4. Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers
5. Appointment of External Auditors
6. Election of the Board of Directors
7. Approval of Directors' Fees
8. Other Matters
9. Adjournment

A copy of the Minutes of the Annual Stockholders' Meeting held on June 4, 2024 and Minutes of the Special Stockholders' Meeting on April 14, 2025 are included in this Information Statement and is available for viewing on the Company's website *www.smcglobalpower.com.ph*.

As allowed under SEC Memorandum Circular No. 6 series of 2020 dated March 12, 2020 entitled "Guidelines on the Attendance and Participation of Directors, Trustees, Stockholders, Members, and Other Persons of Corporations in Regular and Special Meetings through Teleconferencing, Video Conferencing and other Remote or Electronic Means of Communication", the Company will not hold a physical meeting and will instead conduct the meeting through videoconferencing. Stockholders can attend the meeting by videoconferencing. Stockholders intending to attend the meeting by videoconferencing should notify the Company by email to ASM@smcgph.sanmiguel.com.ph by **May 26, 2025** at 12 noon. The procedure and further details for attending the meeting, participation therein and casting of votes are set forth in Appendix 1 and shall be included in the Information Statement.

Votes will be cast through ballots or proxies. The deadline for the submission of ballots and proxies is on **May 19, 2025**. For your convenience, a sample of a ballot/proxy is attached to the Information Statement. For an individual, his/her ballot or proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by its Corporate Secretary's certification setting the representative's authority to represent the corporation in the meeting. Ballots and proxies may be sent through email at ASM@smcgph.sanmiguel.com.ph or by personal delivery to the Office of the Corporate Secretary at 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR). Proxies need not be notarized. Validation of ballots and proxies will be on **May 26, 2025** at 2:00 p.m. at the Office of the Corporate Secretary at the above-mentioned address. Hard copies of the ballots and proxies and notarized Secretary's Certificates will be immediately sent as soon as reasonable to do so.

Questions and comments to the Board of Directors and/or Management may be sent in advance by email to ASM@smcgph.sanmiguel.com.ph.

Mandaluyong City, May 13, 2025.

Virgilio S. Jacinto
Corporate Secretary and
Compliance Officer

Appendix 1

PROCEDURE FOR THE 2025 ANNUAL STOCKHOLDERS' MEETING OF SAN MIGUEL GLOBAL POWER HOLDINGS CORP. THROUGH VIDEOCONFERENCING

1. The Chairman shall preside the 2025 Annual Stockholders' Meeting at 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR).
2. Stockholders of record as of May 6, 2025 who intend to attend the meeting through videoconferencing are requested to notify the Company by email to ASM@smcgph.sanmiguel.com.ph by May 26, 2025 at 12 noon.
3. For validation purposes, the email should contain the following information: (i) name, (ii) address, (iii) email address, (iv) Zoom user name that the stockholder will be using and (v) a scanned copy of any valid government-issued identification (ID) card with photo of the stockholder.
4. Only the stockholders who have notified the Company of their intention to participate through videoconferencing as above-described and have been validated to be stockholders of record of the Company will be considered in computing stockholder attendance at the meeting, together with the stockholders attending through proxies.
5. No later than June 2, 2025, the Corporate Secretary and/or the Assistant Corporate Secretary shall inform the stockholders of the password for the videoconferencing by email.
6. On June 3, 2025, 1:45 p.m., the stockholders participating via videoconferencing shall each click on the link provided. The stockholder will need to input the password provided and click join meeting. Thereafter, the stockholder will have to wait until the meeting host will let him/her in to the meeting.
7. Votes of all stockholders can only be cast through ballots or proxies submitted on or before May 19, 2025. A sample of the ballot and proxy is included in this Information Statement.
8. All ballots and proxies should be received by the Corporate Secretary on or before May 19, 2025 by email sent to ASM@smcgph.sanmiguel.com.ph or by personal delivery to the Office of the Corporate Secretary at 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR).
9. For an individual, his/her ballot or proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by its corporate secretary's certification stating the representative's authority to represent the corporation in the meeting. Validation of ballots and proxies will be on May 26, 2025 at 2:00 p.m. at the Office of the Corporate Secretary at the above-mentioned address.
10. The nominees for election to the Board were submitted in writing to the Board of Directors through the Corporate Secretary. The Corporate Governance Committee is tasked to pre-screen and evaluate the qualifications of the nominees in accordance with the Amended Manual on Corporate Governance of the Company.
11. The voting procedure for all items in the Agenda, including the election of the members of the Board, are set out in this Information Statement.
12. Stockholders may send their questions and/or comments during the meeting, or prior thereto by email to ASM@smcgph.sanmiguel.com.ph. Questions and comments may also be written in the space provided in the sample ballot/proxy form.
13. The proceedings of the meeting will be recorded.

Should you have questions or requests for clarification on the procedure for the 2025 Annual Stockholders' Meeting, please email them to ASM@smcgph.sanmiguel.com.ph.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
ANNUAL STOCKHOLDERS' MEETING
JUNE 3, 2025
2:00 p.m. via Videoconferencing
("2025 Annual Stockholders' Meeting")

Please mark as applicable:

☐ **Vote by ballot:** The undersigned stockholder of San Miguel Global Power Holdings Corp. (formerly known as "San Miguel Global Power Holdings Corp." and hereinafter referred to as the "Company") casts his/her vote on the agenda items for the 2025 Annual Stockholders' Meeting, as expressly indicated with **"√"** below in this ballot.

☐ **Vote by proxy:** The undersigned stockholder of the Company hereby appoints ______________________________________or, in his/her/its absence, the Chairman of the meeting, as attorney and proxy, to represent and vote all the shares registered in his/her/its name at the 2025 Annual Stockholders' Meeting and any of its adjournment(s), as fully as the undersigned can do if present and voting in person, ratifying all action taken on matters that may properly come before such meeting or its adjournment(s). The undersigned directs the proxy to vote on the agenda items which have been expressly indicated with **"√"** below. If the undersigned fails to indicate his/her/its vote on the agenda items specified below, his/her/its proxy shall vote in accordance with the recommendation of Management. Management recommends a "FOR ALL" vote for proposal 1, and a "FOR" vote for proposals 2 through 8.

PROPOSAL	**ACTION**			
	VOTE FOR ALL	WITHHOLD FOR ALL	VOTE ONLY FOR	FULL DISCRETION OF PROXY (IF FORM USED AS PROXY)
1. Election of Directors				
The nominees are: a. Ramon S. Ang b. John Paul S. Ang c. Aurora T. Calderon d. Virgilio S. Jacinto e. Jack G. Arroyo, Jr. *(Independent Director)* f. Consuelo M. Ynares-Santiago *(Independent Director)* g. Josefina Guevara-Salonga *(Independent Director)*			a. b. c. d. e. f. g.	
	FOR	AGAINST	ABSTAIN	
2. Approval of the Minutes of the 2024 Annual Stockholders' Meeting and the Minutes of the Special Stockholders' Meeting held on April 14, 2025				
3. Approval of the 2024 Audited Financial Statements				
4. Ratification of all Acts of the Board of Directors and Corporate Officers since the 2024 Annual Stockholders' Meeting				
5. Appointment of External Auditors for 2025				
6. Approval of Directors' Fees				

Signed this ________day of ____________2025 at __________________.

______________________________________ ______________________________________

PRINTED NAME OF STOCKHOLDER *SIGNATURE OF STOCKHOLDER/AUTHORIZED SIGNATORY*

Questions/Comments to the Board of Directors and/or Management:

____

____

NOTE: This ballot/proxy should be received by the Office of the Corporate Secretary on or before May 19, 2025 by email sent to ASM@smcgph.sanmiguel.com.ph or by mail sent to the Office of the Corporate Secretary at the 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR). This ballot/proxy, when properly executed, will be voted in the manner as marked/directed herein by the stockholder. If no direction is made in the proxy, such proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting as recommended by the management or the Board of Directors. A stockholder giving a proxy has the power to revoke it either in an instrument in writing duly presented to and recorded with the Corporate Secretary on or before 12:00 p.m. of May 26, 2025. Notarization of this proxy is not required. For an individual, his/her ballot/proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by a certification issued by its corporate secretary setting the representative's authority to represent the corporation in the 2025 Annual Stockholders Meeting ("Secretary's Certificate"). Validation of ballots and proxies will be on May 26, 2025 at 2:00 p.m. at the above-mentioned address of the Office of the Corporate Secretary. For ballots, proxies and Secretary's Certificates sent to the Office of the Corporate Secretary via email, the hard copies of the ballots, proxies, and notarized Secretary's Certificate should be immediately sent to the Office of the Corporate Secretary as soon as reasonably possible.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   [ ] Preliminary Information Statement
   [✔] Definitive Information Statement

2. Name of Registrant as specified in its charter **San Miguel Global Power Holdings Corp.**

3. **Philippines**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **CS2008-01099**

5. BIR Tax Identification Code **006-960-000-000**

6. **40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR) (63) 917-1010354** **1550**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code **(63) 917-1010354**

8. **June 3, 2025, 2:00 p.m., 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR) (Stockholders are requested to attend via videoconference)**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders **May 13, 2025**

10. Name of Person Filing the Statement: **San Miguel Global Power Holdings Corp.**
    Address and Telephone No.: **40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR); (63) 917-1010354**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Securities	Amount Outstanding (as of December 31, 2024) (In Thousands)
Series C Fixed Rate Bonds issued in July 2016	₱4,756,310
Series F Fixed Rate Bonds issued in December 2017	3,609,020
Series J Fixed Rate Bonds issued in April 2019	6,923,100
Series K-L-M Fixed Rate Bonds issued in July 2022	40,000,000
Total	**₱55,288,430**

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding **(as of December 31, 2024)**
Common Shares	**2,823,604,000**
Consolidated Total Liabilities (in Thousands)	**₱522,847,346**

12. Are any or all of registrant's securities listed in a Stock Exchange?
    Yes [ ] No [✔]
    If yes, disclose the name of such Stock Exchange and the class of securities listed therein: **N/A**

INFORMATION STATEMENT

GENERAL INFORMATION

Date, Time and Place of Meeting of Security Holders

The annual stockholders' meeting of **San Miguel Global Power Holdings Corp.** (formerly known as "SMC Global Power Holdings Corp." and hereinafter referred to as the "Company" or "San Miguel Global Power") will be held **on June 3, 2025 at 2:00 p.m. and will be presided by the Chairman at 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR). As allowed under SEC Memorandum Circular No. 6 series of 2020 dated March 12, 2020 entitled "Guidelines on the Attendance and Participation of Directors, Trustees, Stockholders, Members, and Other Persons of Corporations in Regular and Special Meetings through Teleconferencing, Video Conferencing and other Remote or Electronic Means of Communication", the stockholders are requested to attend through videoconferencing using the Zoom Meeting ID 918 1036 6888.**

Stockholders intending to attend the meeting by videoconferencing should notify the Company by email to ASM@smcgph.sanmiguel.com.ph by **May 26, 2025** at 12 noon. The procedure and further details for attending the meeting, participation therein and casting of votes are set forth in Appendix 1 of the Notice and shall be included in the Information Statement.

Votes will be cast through ballots or proxies. The deadline for the submission of ballots and proxies is on **May 19, 2025**. For your convenience, a sample of a ballot/proxy is attached to this Information Statement. For an individual, his/her ballot or proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by its Corporate Secretary's certification setting the representative's authority to represent the corporation in the meeting. Ballots and proxies may be sent through email at ASM@smcgph.sanmiguel.com.ph or by personal delivery to the Office of the Corporate Secretary at the 540 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR). Proxies need not be notarized. Validation of ballots and proxies will be on **May 26, 2025** at 2:00 p.m. at the Office of the Corporate Secretary at the above-mentioned address. Hard copies of the ballots and proxies and notarized Secretary's Certificates will be immediately sent as soon as reasonably possible.

Questions and comments to the Board of Directors and/or Management may be sent in advance by email to ASM@smcgph.sanmiguel.com.ph.

The complete mailing address of the principal office of the Company is **40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR).**

The information statement is first to be sent to the stockholders on **May 13, 2025**. Hard copies of the Notice of Meeting and the Information Statement shall be sent to each of the stockholders considering that the Company has only eight (8) shareholders, comprising of San Miguel Corporation (its parent company) and its seven (7) directors.

THE COMPANY IS NOT SOLICITING ANY PROXIES FROM ITS STOCKHOLDERS.

Dissenters' Right of Appraisal

Under Title X of the Revised Corporation Code of the Philippines (the "Revised Corporation Code"), stockholders dissenting from and voting against the following corporate actions may demand payment of the fair market value of their shares as of the date prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action, namely: (i) any amendment to the articles of incorporation that has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of shortening the term of corporate existence; (ii) sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code; (iii) merger or consolidation; and (iv) investment of corporate funds in another corporation or business or for any other purpose other than the primary purpose for which the corporation was organized, as provided under Section 80 of the Revised Corporation Code.

There are no corporate matters or actions that will entitle dissenting stockholders to exercise their right of appraisal as provided under the aforementioned pertinent provisions of the Revised Corporation Code.

Interest of Certain Persons in Matters to be Acted Upon

No director, officer, or nominee for election as director of the Company, or any of their associates, at any time since the beginning of the last fiscal year, has any substantial interest, direct or indirect, by security holdings or otherwise in any matter to be acted upon in the meeting, other than their election to office.

None of the incumbent directors has informed the Company in writing of an intention to oppose any action to be taken by the Company at the meeting.

RATIONALE AND BRIEF DISCUSSION OF THE AGENDA OF THE 2025 ANNUAL STOCKHOLDERS' MEETING

1. Certification of Notice and Quorum

    a. Call to Order

    The Chairman of the Board of Directors (or the Chairman of the meeting, as the case may be) (the "Chairman") will call the meeting to order.

    b. Notice and Quorum

    The Corporate Secretary (or the Secretary of the meeting, as the case may be) (the "Secretary") will certify the date when the written notice of the 2025 Annual Stockholders' Meeting was sent to the stockholders as of record date of May 6, 2025.

    The Secretary will likewise certify the presence of a quorum. Under the Company's Amended By-laws, the holders of a majority of the issued and outstanding capital stock of the Company entitled to vote shall, if present in person or by proxy, constitute a quorum for the transaction of business.

    c. Voting and Voting Procedure

        i. A stockholder may vote the number of common shares held in his name in the Company's stock and transfer books as of May 6, 2025. Holders of common shares have the right to vote on all matters requiring stockholders' approval, and are entitled to vote at the meeting by submission of the ballots or proxies in accordance with the procedure set out in the Notice.

ii. Every stockholder entitled to vote shall be entitled to one (1) vote for each share of stock registered in his name in the books of the Company, on all items in the Agenda except for election of directors (which is set out in the next succeeding paragraph).

iii. With respect to the election of directors, a stockholder may vote such number of common shares for as many persons as there are directors to be elected or he may cumulate said common shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his common shares shall equal, or he may distribute them on the same principle as among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of common shares owned by him as shown in the books of the Company multiplied by the total number of directors to be elected.

    The total number of votes that may be cast by a stockholder of the Company shall be computed as follows: number of common shares held on record as of record date multiplied by seven (7) directors.

iv. Counting of the votes will be done by the Corporate Secretary or Assistant Corporate Secretary with the assistance of the independent auditors.

2. Approval of the Minutes of the Annual Stockholders' Meeting held on June 4, 2024 and the Minutes of the Special Stockholders' Meeting held on April 14, 2025

   Copies of the Minutes of the Annual Stockholders' Meeting held on June 4, 2024 (the "2024 Annual Stockholders' Meeting") and Special Stockholders' Meeting held on April 14, 2025 (the "2025 Special Stockholders' Meeting") are included in this Information Statement (attached as **Annex "G"** and **Annex "H"**, respectively) and is available for viewing on the Company's website www.smcglobalpower.com.ph. The stockholders will be requested to approve the Minutes of the 2024 Annual Stockholders' Meeting and the 2025 Special Stockholders' Meeting.

3. Approval of the 2024 Audited Financial Statements

   a. The Management of the Company will deliver the report on the performance of the Company for 2024 and present for approval of the stockholders the 2024 Audited Financial Statements of the Company.

   b. The Secretary will advise the stockholders of the holding of an open forum after the Approval of the 2024 Audited Financial Statements. Stockholders may raise their questions and/or comments during the meeting, or prior thereto by email to ASM@smcgph.sanmiguel.com.ph. Questions and comments may also be written in the space provided in the ballot/proxy form.

   c. Duly authorized representatives of R. G. Manabat & Co., the external auditors for 2024, will be present at the 2025 Annual Stockholders' Meeting to respond to appropriate questions concerning the 2024 Audited Financial Statements of the Company.

   d. After the open forum, the stockholders will then be requested to approve the 2024 Audited Financial Statements.

4. Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers

   The acts and proceedings of the Board of Directors and corporate officers since the 2024 Annual Stockholders' Meeting, as reflected in the minutes of meetings, are set out in this Information Statement. The acts of Management and corporate officers were taken in furtherance of the conduct of the business of the Company and in the implementation of the matters approved by the Board of Directors. The relevant disclosures relating thereto submitted to the SEC and the Philippine Dealing & Exchange Corp. are posted on the Company's website www.smcglobalpower.com.ph.

The stockholders will be requested to ratify all acts of the Board of Directors and Management since the 2024 Annual Stockholders' Meeting.

5. Appointment of External Auditors

The Audit and Risk Oversight Committee shall endorse the re-appointment of R. G. Manabat & Co. as the external auditor of the Company for 2025. The relevant background and description on the extent of the audit services, tax advisory and other related services rendered by the external auditor, including their fees, are provided in this Information Statement.

The stockholders will be requested to approve the re-appointment of R. G. Manabat & Co. for fiscal year 2025.

6. Election of the Board of Directors for the Ensuing Term

In accordance with the Company's Amended By-laws, the nominations for the election of all directors by the stockholders were submitted in writing to the Board of Directors through the Corporate Secretary. The Corporate Governance Committee has pre-screened and evaluated the qualifications of the nominees in accordance with the Amended Manual on Corporate Governance of the Company in its meeting held on May 13, 2025. The Board of Directors during its regular meeting held on May 13, 2025 has determined that all the nominees for election to the Board of Directors satisfy the mandatory requirements specified under the provisions of Section 2, Article III of the Company's Amended By-laws.

The seven (7) nominees, who are all incumbent members of the Board of Directors, will be submitted for re-election to the Board of Directors by the stockholders at the 2025 Annual Stockholders' Meeting. The profiles of the nominees, as well as the certification of their qualifications, are provided in this Information Statement.

7. Approval of Directors' Fees

In compliance with Section 29 of the Revised Corporation Code, the Directors' Fees for independent directors, representing per diem allowance for their attendance in meetings, will be submitted for ratification and approval by the stockholders.

8. Other Matters

The Chairman will inquire whether there are other relevant matters and concerns to be discussed. The Chairman shall accordingly respond to other matters that may be raised by the stockholders.

9. Adjournment

Upon determination that there are no other relevant matters to be discussed, the meeting will be adjourned on motion duly made and seconded.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

As of **May 13, 2025**, the Company has only one (1) class of securities, consisting of 3,774,400,000 issued and outstanding common shares of stock. The common shares of the Company are neither traded in any public trading market, nor subject to outstanding warrants to purchase, or securities convertible into common shares of the Company.

Holders of common shares have the right to vote on all matters requiring stockholders' approval. The record date for the determination of security holders entitled to vote is **May 6, 2025**. Only stockholders of records at the close of business on **May 6, 2025** will be entitled to vote at the meeting. A stockholder entitled to vote at the meeting has the right to vote in person or by proxy. Every stockholder entitled to vote shall be entitled to one (1) vote for each share of stock registered in his name in the books of the Company. However, with respect to the election of directors in accordance with Section 23 of the Revised Corporation Code, a stockholder may vote the number of common shares held in his name in the Company's stock and transfer books as of **May 6, 2025**, and may vote such number of common shares for as many persons as there are directors to be elected or he may cumulate said common shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his common shares shall equal, or he may distribute them on the same principle as among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of common shares owned by him as shown in the books of the Company multiplied by the total number of directors to be elected.

The total number of votes that may be cast by a stockholder of the Company computed as follows: **number of common shares held on record as of record date multiplied by seven (7) directors**.

In accordance with the Company's Amended By-laws, the deadline for submission of proxies is on **May 19, 2025**, which is at least ten (10) working days before the time set for the annual stockholders' meeting.

At the annual stockholders' meeting, seven (7) directors will be elected, three (3) of whom are independent directors.

The beneficial owner of more than five percent (5%) of the Company's voting securities as of **May 13, 2025**, are as follows:

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 by the Beneficial Owners (includes Common Shares held by their nominees)	% out of Total Outstanding Shares
Common	San Miguel Corporation No. 40 San Miguel Ave., Mandaluyong City (Parent Company)	San Miguel Corporation (SMC)	Filipino	3,774,396,500	100%

Common	Ramon S. Ang No. 40 San Miguel Ave., Mandaluyong City (Director)	Nominee-director of SMC in the Board	Filipino	500	0%
Common	John Paul L. Ang No. 40 San Miguel Ave., Mandaluyong City (Director)	Nominee-director of SMC in the Board	Filipino	500	0%
Common	Aurora T. Calderon No. 40 San Miguel Ave., Mandaluyong City (Director)	Nominee-director of SMC in the Board	Filipino	500	0%
Common	Virgilio S. Jacinto No. 40 San Miguel Ave., Mandaluyong City (Director)	Nominee-director of SMC in the Board	Filipino	500	0%
	Total:			**3,774,398,500**	

The principal stockholder of San Miguel Global Power is San Miguel Corporation ("SMC"), which owns approximately 100% of the issued and outstanding capital stock of San Miguel Global Power. SMC is one of the largest and most diversified conglomerates in the Philippines in terms of revenues and assets and its shares are listed on the Philippine Stock Exchange. Originally founded in 1890 as a single brewery in the Philippines, SMC currently owns market-leading businesses in vital industries that support the economic development of the country, including food and beverages, packaging, fuel and oil, infrastructure, property and investments in car distributorship and banking, in addition to its power business.

Under the stewardship of SMC, the Company has become one of the market leaders in the Philippine power industry.

The other stockholders of the Company are its directors, the details of their shareholdings in the Company, as well as their profiles, are set out below.

As regards security ownership of management, the table below sets out the details of the voting securities in the name of the director, executive officers, and nominees for election as directors, of the Company as of **May 13, 2025**:

Title of Class	Name of Record Owner	Position in the Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Total No. of Shares	% out of Total Outstanding Shares
Common	Ramon S. Ang	Chairman & Chief Executive Officer and President & Chief Operating Officer	SMC; Nominee-director of SMC in the Board	Filipino	500	0%

Common	John Paul L. Ang	Vice Chairman	SMC; Nominee-director of SMC in the Board	Filipino	500	0%
Common	Aurora T. Calderon	Director	SMC; Nominee-director of SMC in the Board	Filipino	500	0%
Common	Virgilio S. Jacinto	Director	SMC; Nominee-director of SMC in the Board	Filipino	500	0%
Common	Jack G. Arroyo, Jr.	Independent Director	Jack G. Arroyo, Jr.	Filipino	500	0%
Common	Consuelo M. Ynares-Santiago	Independent Director	Consuelo M. Ynares-Santiago	Filipino	500	0%
Common	Josefina Guevara-Salonga	Independent Director	Josefina Guevara-Salonga	Filipino	500	0%

The aggregate number of shares owned of record by the directors of the Company as a group as of **May 13, 2025** is 3,500 common shares, which is less than 1% of the outstanding shares of the Company.

Voting Trust Holders of 5% or More

None of the stockholder holding more than 5% of the voting securities of the Company are under a voting trust or similar agreement.

Changes in Control

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company.

Parent Company

The parent company of San Miguel Global Power is SMC. As of **December 31, 2024**, SMC owns approximately 100% of the issued and outstanding capital stock of San Miguel Global Power. On the other hand, Top Frontier Investment Holdings, Inc. owns 61.78% of the outstanding common stock of SMC as of **December 31, 2024**.

DIRECTORS AND EXECUTIVE OFFICERS

Directors and Executive Officers

The overall management and supervision of San Miguel Global Power is undertaken by the Board of Directors. The Board is composed of seven (7) members of the Board, three (3) of whom are independent directors. Pursuant to Section 2, Article III of the Company's Amended By-laws, the directors are elected at each regular stockholders' meeting by stockholders entitled to vote. The term of a director is one (1) year from date of election until their successors are elected and qualified.

As of **May 13, 2025**, the following are the incumbent members of the Board of Directors of the Company, all of whom are nominees for re-election as directors at the meeting:

Name	Age	Citizenship	Position	Year Appointed
Ramon S. Ang	71	Filipino	Chairman	2010
John Paul L. Ang	45	Filipino	Vice Chairman	2021
Aurora T. Calderon	70	Filipino	Director	2010
Virgilio S. Jacinto	68	Filipino	Director	2011
Jack Arroyo, Jr.	66	Filipino	Independent Director	2011
Consuelo M. Ynares-Santiago	85	Filipino	Independent Director	2011
Josefina Guevara-Salonga	83	Filipino	Independent Director	2017

As of **May 13, 2025**, the following are the incumbent executive officers of the Company:

Name	Age	Citizenship	Position	Year Position was Assumed
Ramon S. Ang	71	Filipino	Chairman & Chief Executive Officer and President & Chief Operating Officer	2010 & 2017
John Paul L. Ang	45	Filipino	Vice Chairman	2021
Virgilio S. Jacinto	68	Filipino	Corporate Secretary & Compliance Officer	2010 & 2011
Elenita D. Go	64	Filipino	General Manager	2011
Paul Bernard D. Causon	47	Filipino	Vice President & Chief Finance Officer	2018 & 2017
Ramon U. Agay	67	Filipino	Assistant Vice President & Comptroller	2015 & 2011
Irene M. Cipriano	50	Filipino	Assistant Corporate Secretary	2010
Maria Floreselda S. Abalos-Sampaga	60	Filipino	Data Privacy Officer	2019
Reynaldo S. Matillano	64	Filipino	Internal Audit Manager	2017

Jeciel B. Campos	67	Filipino	Assistant Vice President and Sales and Marketing Manager	2018
Jose Ferlino P. Raymundo	66	Filipino	Assistant Vice President and Energy Sourcing and Trading Manager	2018
Danilo T. Tolarba	56	Filipino	Assistant Vice President and Human Resources Group Manager	2018
Julie Ann B. Domino-Pablo	43	Filipino	Assistant Vice President and General Counsel	2018
Gonzalo B. Julian, Jr.	58	Filipino	Assistant Vice President, Sales and Marketing Manager-RES, and Head of the Battery Business	2020

The following is a brief description of the business experience of each of the directors and executive officers of the Company over the past five (5) years.

Ramon S. Ang is the incumbent Chairman of the Board and Chief Executive Officer of San Miguel Global Power since August 31, 2010, and concurrently, the President and Chief Operating Officer of the Company since April 30, 2017. He is also the Chairman and the Chief Executive Officer of SMC since June 11, 2024. Prior thereto, he was President and CEO from November 2, 2021 until June 11, 2024, Vice Chairman from January 28, 1999 until June 11, 2024, and President and Chief Operating Officer since March 6, 2002 to November 2, 2021. He has been a member of the Board of Directors of the SMC for twenty six (26) years since 1999. He is the Chairman and President of several subsidiaries of San Miguel Global Power such as Sual Power Inc. (formerly known as "San Miguel Energy Corporation" and hereinafter referred to as "SPI"), San Roque Hydropower Inc. (formerly known as "Strategic Power Devt. Corp." and hereinafter referred to as "SRHI"), Limay Power Inc. (formerly known as "SMC Consolidated Power Corporation" and hereinafter referred to "LPI"), Malita Power Inc. (formerly known as "San Miguel Consolidated Power Corporation" and hereinafter referred to as "MPI"), SMGP BESS Power Inc. (formerly known as Universal Power Solutions Inc.), and KWPP Holdings Corporation; Chairman of Angat Hydropower Corporation ("AHC"); and the Chairman and President and CEO of Mariveles Power Generation Corporation ("MPGC"). He also holds, among others, the following positions in other listed and public companies: President and Chief Executive Officer of Top Frontier Investment Holdings, Inc., and Petron Corporation; President of Ginebra San Miguel Inc.; Chairman of the Board of San Miguel Brewery Hong Kong Limited (listed in the Hong Kong Stock Exchange), Petron Malaysia Refining & Marketing Bhd (a company publicly listed in Malaysia), and San Miguel Food and Beverage, Inc. He is the Chairman of the Board of San Miguel Brewery Inc., San Miguel Foods, Inc., San Miguel Yamamura Packaging Corporation, San Miguel Equity Investments Inc., Sea Refinery Corporation, Clariden Holdings, Inc., Anchor Insurance Brokerage Corporation, and Philippine Diamond Hotel & Resort, Inc. He is the Vice-Chairman of Northern Cement Corporation; the Chairman and President of San Miguel Properties, Inc., San Miguel Holdings Corp., San Miguel Aerocity Inc., SMC SLEX, Inc. and Privado Holdings, Corp; and President and Chief Executive Officer of New NAIA Infra Corp. He is the Chairman of the Board and Chief Executive Officer of SMC Asia Car Distributors Corp. He is also the sole director and shareholder of Master Year Limited. He formerly held the following positions: Chairman of the Board of Liberty Telecoms Holdings, Inc. and Cyber Bay Corporation; President and Chief Operating Officer of PAL Holdings, Inc. and Philippine Airlines, Inc.; Director of Air Philippines Corporation; and Vice Chairman of the Board and Director of Manila Electric Company. Mr.

Ang holds directorships in various domestic and international subsidiaries of SMC in the last five years. He has a Bachelor of Science degree in Mechanical Engineering from Far Eastern University. Mr. Ang has attended various trainings and seminars on Corporate Governance in the past five years, the most recent of which is the corporate governance training seminar conducted by Center for Global Best Practices on November 15, 2024.

John Paul L. Ang is a Director and Vice Chairman of San Miguel Global Power since June 1, 2021. He is a member of the Executive Committee, Corporate Governance Committee, Audit and Risk Oversight Committee and Related Party Transaction Committee of San Miguel Global Power. He is the Vice Chairman, President and Chief Operating Officer of SMC since June 11, 2024. He was elected director of SMC on January 21, 2021. He is also the President and Chief Executive Officer of Eagle Cement Corporation since 2008, Southwestern Cement Corporation since 2017, and San Miguel Food and Beverage, Inc. since 2024. He is also currently a member of the Board of Directors of Top Frontier Investment Holdings, Inc., Petron Corporation, San Miguel Brewery and KB Space Holdings, Inc., and the President of San Miguel Equity Investments Inc. He was the Managing Director of Sarawak ClinkerSdn. Bhd. Malaysia (2002 – 2008) and the Purchasing Officer of Basic Cement (2002–2003). He graduated in 2002 from the Ateneo de Manila University with a Bachelor of Arts degree in Interdisciplinary Studies. Mr. Ang has attended various trainings and seminars on Corporate Governance in the past five years, the most recent of which is the training conducted by Center for Global Best Practices on November 15, 2024.

Aurora T. Calderon is a Director of San Miguel Global Power since August 31, 2010, a member of its Executive Committee since September 2, 2011. Ms. Calderon is also a member of the Executive Committee, Audit and Risk Oversight Committee and Related Party Transaction Committee of San Miguel Global Power. She is a Director of several subsidiaries of San Miguel Global Power. She is the Senior Vice President Senior Executive Assistant to the President and Chief Operating Officer of SMC since January 20, 2011 and has served as a director of SMC since June 10, 2014. In December 2022, the designation of Ms. Calderon in SMC was also changed to Senior Executive Assistant to the President and Chief Executive Officer in line with the change of designation of Mr. Ang. She holds the following positions in other publicly listed companies: Director and Treasurer of Top Frontier Investment Holdings, Inc. and Director of San Miguel Food and Beverage, Inc., Ginebra San Miguel, Inc., Petron Corporation and Petron Malaysia Refining & Marketing Bhd (a company publicly listed in Malaysia). She is also a member of the Board of Directors of Petron Marketing Corporation, Petron Freeport Corporation, New Ventures Realty Corporation, Las Lucas Construction and Development Corporation, Thai San Miguel Liquor Company Limited, San Miguel Equity Investments Inc., SMC Asia Car Distributors Corp., San Miguel Yamamura Packaging Corp. and San Miguel Aerocity Inc. She was formerly a Director of PAL Holdings, Inc., Philippine Airlines, Inc., Trustmark Holdings Corporation, Zuma Holdings and Management Corporation, Air Philippines Corporation, and Manila Electric Company. A certified public accountant, Ms. Calderon graduated magna cum laude from the University of the East with a degree in BS Business Administration, major in Accountancy. In addition, Ms. Calderon holds directorships in various domestic and international subsidiaries of SMC. She attended a corporate governance training seminar conducted by SGV & Co. on September 26, 2024.

Virgilio S. Jacinto is the Corporate Secretary of San Miguel Global Power since August 31, 2010, a Director, and its Compliance Officer since September 2, 2011. He is also a member of the Corporate Governance Committee of San Miguel Global Power. He is the Senior Vice-President, General Counsel, Corporate Secretary and Compliance Officer of SMC (since October 2010). He is also the Corporate Secretary and Compliance Officer of Top Frontier Investment Holdings, Inc., and Ginebra San Miguel, Inc. He is a Director of Petron Corporation and is a Director and Corporate Secretary of various domestic and international subsidiaries and affiliates of SMC. He was formerly the Vice President and First Deputy General Counsel of SMC. He was a Director and Corporate Secretary of United Coconut Planters Bank, and a Partner at Villareal Law Offices. Atty. Jacinto is an Associate Professor at the

University of the Philippines, College of Law. He obtained his law degree from the University of the Philippines cum laude where he was the class salutatorian and placed sixth in the 1981 bar examinations. He holds a Masters of Laws degree from Harvard Law School. He holds directorships in various domestic and international subsidiaries of SMC. On September 26, 2024, he attended a corporate governance training seminar conducted by SGV & Co.

Jack G. Arroyo, Jr. is an Independent Director of San Miguel Global Power since September 2, 2011. He is also the Chairperson of the Audit and Risk Oversight Committee, and a member of the Corporate Governance Committee and Related Party Transaction Committee of San Miguel Global Power. He is a medical doctor and who specializes in Ophthalmology, and a sub-specialist in refractive surgery. He is currently affiliated with The American Eye Center, The Medical City, and Eye Referral Center. He is also a member of the Board of Directors of the Philippine Healthcare Educators, Inc., and the Philippine Health Insurance Corporation, representing the Elected Local Chief Executives. He is also a member of the Board of Trustees and Treasurer of Philippine Society of Cataract and Refractive Surgery, and the Vice-President for the National Capital Region of Centrist Democratic Political Educators, Inc. He is also currently the President of Casino Español de Manila. Dr. Arroyo obtained his Doctor of Medicine degree from the University of the Philippines College of Medicine. He attended a corporate governance training seminar conducted by Risk, Opportunities, Assessment and Management (ROAM), Inc. on October 25, 2024.

Consuelo M. Ynares-Santiago is an Independent Director of San Miguel Global Power since September 2, 2011. She is also the Chairperson of the Corporate Governance Committee, and a member of the Audit and Risk Oversight Committee and Related Party Transaction Committee of San Miguel Global Power. She is also an Independent Director of Top Frontier Investment Holdings, Inc., SMC SLEX Inc. (formerly, "South Luzon Tollway Corporation"), Anchor Insurance Brokerage Corporation, and Phoenix Petroleum Phil. Inc. She served as an Associate Justice of the Supreme Court of the Philippines; Associate Justice of the Court of Appeals of the Philippines; and a Regional Trial Court Judge of Makati City. She graduated from the University of the Philippines College of Law. She attended a corporate governance training seminar conducted by Risk, Opportunities, Assessment and Management (ROAM), Inc. on October 25, 2024.

Josefina Guevara-Salonga is an Independent Director of San Miguel Global Power since November 7, 2017. She is also the Chairperson of the Related Party Transaction Committee and a member of the Corporate Governance Committee and Audit and Risk Oversight Committee of San Miguel Global Power. She is a former Associate Justice of the Court of Appeals. Previously, she was an Executive Judge of the Makati Regional Trial Court. She is currently a trustee of the Tahanan Outreach Program since 2010 and a member of the following associations: San Pedro, Laguna Lawyer's Association, University of the Philippines Women Lawyer's Circle since 1966 and Philippine Women's Judges Association. She also served as a trustee of the Society for Judicial Excellence from 2007 to 2014. She obtained her law degree from the University of the Philippines. She attended a corporate governance training seminar conducted by Risk, Opportunities, Assessment and Management (ROAM), Inc. on October 25, 2024.

Elenita D. Go is the General Manager of San Miguel Global Power since December 14, 2011. She joined San Miguel Global Power in June 2011 as Head of its Sales and Trading Group. She is currently the General Manager of several subsidiaries of the Company, including SPI, SPPC, SRHI, LPI, MPI, CLPPC, LETI, and SMGP BESS Power Inc., and is the Chairman in other subsidiaries of San Miguel Global Power. She is also the President of SMGP Foundation, Inc. (formerly, "SMCGP Philippines Power Foundation Inc."), the Managing Partner and Chief Executive Officer of Masinloc Power Co. Ltd. ("MPCL", formerly, "Masinloc Power Partners Co. Ltd.") and SMGP Kabankalan Power Co. Ltd. (formerly known as "SMCGP Philippines Energy Storage Co. Ltd.") and the Chief Operating Officer of MPGC. Previously, she was a Director of Manila Electric Company and Head of the Corporate Procurement Unit of SMC. She graduated with a degree in Bachelor of Science in Electrical Engineering from Mapua Institute of

Technology. On November 15, 2024, she attended a corporate governance training seminar conducted by Center for Global Best Practices.

Paul Bernard D. Causon is the Chief Finance Officer of San Miguel Global Power since March 30, 2017 and was appointed Vice President of the Company on June 5, 2018. Mr. Causon is concurrently the Chief Finance Officer and Treasurer of Angat Hydropower Corporation. He is also the Chief Finance Officer of MPCL and SMGP Kabankalan Power Co. Ltd., and the Chief Financial Officer of SMGP Foundation Inc. He is the Treasurer and Chief Finance Officer of MPGC and the General Manager of SMELC. He previously served as Vice President, Head of Treasury and Head of Special Projects of Philippine Airlines Inc. and Air Philippines Corporation; Chief Finance Officer and Treasurer of Liberty Telecoms Holdings, Inc. and Wi-Tribe Telecoms Inc.; Partner, Audit Banks and Other Financial Institutions of Manabat Sanagustin & Co., CPAs; and Vice President and Comptroller of China Banking Corporation. He graduated *magna cum laude* from the University of the Philippines with a degree in Bachelor of Science in Business Administration and Accountancy and placed fourth in the Certified Public Accountant Licensure Examination in 2000. On November 15, 2024, he attended a corporate governance training seminar conducted by Center for Global Best Practices.

Ramon U. Agay is the Comptroller of San Miguel Global Power since September 2, 2011, and was appointed Assistant Vice President on March 25, 2015. He is also the Finance Manager of the various subsidiaries of San Miguel Global Power, such as SPI, SRHI, LPI, MPI, and the Treasurer of Luzon Power Dynamics Services Inc. (formerly, "Mantech Power Dynamics Services Inc."), Vizmin Power Services Corp. (formerly, "Safetech Power Services Corp.") and several other subsidiaries of San Miguel Global Power. He is the Executive Vice President and Treasurer of Alpha Water and the Comptroller of MPGC. He had previously held finance positions in SMC and its subsidiaries. He obtained a degree in Bachelor of Science in Commerce, major in Accounting from San Sebastian College. On November 15, 2024, she attended a corporate governance training seminar conducted by Center for Global Best Practices.

Irene M. Cipriano is the Assistant Corporate Secretary of San Miguel Global Power since 2010. She is an Assistant Vice President and Associate General Counsel of SMC. She is also the Assistant Corporate Secretary of Top Frontier Investment Holdings, Inc., and the Corporate Secretary and Assistant Corporate Secretary of various subsidiaries of San Miguel Global Power and SMC. Atty. Cipriano was formerly the Assistant Corporate Secretary of PAL Holdings, Inc. and Philippine Airlines Inc. She is a Certified Public Accountant and holds a degree in B.S. Accountancy from De La Salle University. She completed her Bachelors of Law degree from San Beda College of Law in 2000. In 2021, she completed the Executive Management Development Program of the Asian Institute of Management. On October 25, 2024, she attended a corporate governance training seminar conducted by Risk, Opportunities, Assessment and Management (ROAM), Inc.

Reynaldo S. Matillano is the Audit Manager of San Miguel Global since November 1, 2015 and was appointed as Internal Audit Manager on June 6, 2017. Prior thereto, he was part of the audit team of San Miguel Yamamura Packaging Corporation and SMC. He holds a degree in Bachelor of Science in Business Administration, major in Accounting from Saint Paul University in Dumaguete City. O On November 15, 2024, he attended a corporate governance training seminar conducted by Center for Global Best Practices.

Maria Floreselda S. Abalos-Sampaga was appointed as the Data Protection Officer of the San Miguel Global Power on March 11, 2019 after having joined the Company as a regulatory compliance specialist on May 1, 2018. She is also the Data Protection Officer of the subsidiaries of San Miguel Global Power. Prior thereto, she held positions in several agencies of the government such as the ERC, the National Wages and Productivity Commission and the Department of Labor and Employment. She obtained her Bachelor of Laws from the Manuel L. Quezon University. On November 15, 2024, she attended a corporate governance training seminar conducted by Center for Global Best Practices.

Jeciel B. Campos is the Sales and Marketing Manager of San Miguel Global Power since September 1, 2011 and was appointed Assistant Vice President on June 5, 2018. Mr. Campos is a registered Mechanical Engineer and previously worked as a Marketing & Commercial Relations Officer for Central Luzon at the National Power Corporation Regional Office. He graduated from Mapua Institute of Technology with a Bachelor of Science degree in Mechanical Engineering. On November 15, 2024, he attended a corporate governance training seminar conducted by Center for Global Best Practices.

Jose Ferlino P. Raymundo is the Energy Sourcing & Trading Manager of San Miguel Global Power since September 1, 2011 and was appointed Assistant Vice President on June 5, 2018. Mr. Raymundo and is a Professional Electrical Engineer with over 32 years of experience in the power sector having worked for the Power Sector Assets and Liabilities Management Corporation and National Power Corporation prior to joining San Miguel Global Power. He holds a Bachelor of Science in Electrical Engineering degree from Mapua Institute of Technology. On November 15, 2024, he attended a corporate governance training seminar conducted by Center for Global Best Practices.

Danilo T. Tolarba has been the Head of the Human Resources Division of San Miguel Global Power since 2015 and was appointed Assistant Vice-President and Human Resources Group Manager of the Company on June 5, 2018. Previously, Mr. Tolarba was the Manager of HR Services, Employee Relations, HR Technology, Organization Development and Recruitment of SMC Corporate Human Resources; and also held other various senior human resources positions in SMC and its subsidiaries prior thereto. He holds a Bachelor of Science in Business Management degree from the Polytechnic University of the Philippines. On November 15, 2024, he attended a corporate governance training seminar conducted by Center for Global Best Practices.

Julie Ann B. Domino-Pablo is the Assistant Vice President and General Counsel of San Miguel Global Power effective July 1, 2020, after having served as its Legal Officer since 2014. She is also the Corporate Secretary of various subsidiaries of San Miguel Global Power. She was admitted to the Philippine Bar and the New York State Bar in 2009 and is a Certified Public Accountant. Prior to San Miguel Global Power, Atty. Domino-Pablo was the Chief-of-Staff of the Office of the President & CEO and the concurrent Corporate Planning Department Manager of Power Sector Assets and Liabilities Management Corporation and a consultant to the Office of the General Counsel of the Asian Development Bank. She also worked for Picazo Buyco Tan Fider & Santos Law Offices until 2010 and for Sycip Gorres Velayo & Co. as an auditor until 2004. She obtained her Masters of Law degree from the University of Pennsylvania Law School and completed the Wharton Business and Law Certificate Program at the Wharton School of Business in 2013. On November 15, 2024, she attended a corporate governance training seminar conducted by Center for Global Best Practices.

Gonzalo B. Julian, Jr. is the Assistant Vice President, the Sales and Marketing Manager - RES, and the Head of the Battery Business of San Miguel Global Power effective March 1, 2020. Prior to the acquisition of MPCL and other entities of the Masinloc Group, he was the Managing Partner and CEO of MPCL and the Assistant Vice President - Commercial of SMCGP Philippines Inc. He was also a member of the Board of Directors of the Grid Management Committee of the Philippines in 2019 representing the Large Generating Companies sector and has held various positions therein from 2014 to 2019, including Chairman of the Grid Code Compliance Subcommittee and Vice Chairman of Grid Reliability Subcommittee, among others. Mr. Julian was also the Energy Manager of Holcim Philippines, Inc. and the representative of Holcim Philippines, Inc. in the Board of Directors of Trans-Asia Power Generation Corp. in 2012. He also worked in the Asset Management and Planning Division of MERALCO from 1989 to 2008. He is a licensed electrical engineer, a graduate of the Mapua Institute of Technology and a holder of Master of Science in Electrical Engineering Degree (Major in Power Systems) from the University of the Philippines. At present, he is completing his Doctor of Philosophy in Electrical and Electronics Engineering Degree in the University of the Philippines. On November 15, 2024, he attended a corporate governance training seminar conducted by Center for Global Best Practices.

Term of Office

Pursuant to the Company's Amended By-laws, the directors are elected at each annual stockholders' meeting by stockholders entitled to vote. Each director shall hold office until the next annual election and his successor is duly elected, unless he resigns, dies or is removed prior to such election.

The nominees for election to the Board of Directors on **June 3, 2025** are as follows:

1. Ramon S. Ang
2. John Paul L. Ang
3. Aurora T. Calderon
4. Virgilio S. Jacinto
5. Jack G. Arroyo, Jr. – Independent Director
6. Consuelo M. Ynares-Santiago – Independent Director
7. Josefina Guevara-Salonga – Independent Director

Independent Directors

The incumbent independent directors of the Company are as follows:

1. Jack G. Arroyo, Jr.
2. Consuelo M. Ynares-Santiago
3. Josefina Guevara-Salonga

The incumbent independent directors have certified that they possess all the qualifications and none of the disqualifications provided for in the Securities Regulation Code, as amended ("SRC"). The Certifications of the Independent Directors of the Company are attached hereto as **Annexes "A- 1", "A-2" and "A-3"**, respectively, in accordance with Securities and Exchange Commission ("SEC") Memorandum Circular No. 5, Series of 2017.

The nominees for re-election as independent directors of the Board of Directors on June 3, 2025 are as follows:

Nominee for Independent Director (a)	Person/Group recommending nomination (b)	Relationship of (a) and (b)
Jack G. Arroyo, Jr.	Ramon S. Ang	None
Consuelo M. Ynares-Santiago	Ramon S. Ang	None
Josefina Guevara-Salonga	Ramon S. Ang	None

In approving the nominations for independent directors, the Corporate Governance Committee took into consideration the guidelines and procedures on the nomination of independent directors prescribed in SRC Rule 38 and the Amended Manual for Corporate Governance of the Company.

Under Amended Manual on Corporate Governance, the Board's independent directors shall serve for a maximum cumulative term of nine (9) years. Upon reaching this limit, an independent director should be perpetually barred from re-election as such in the Company, but may continue to qualify for nomination and election as a non-independent director. In the instance that the Company needs to retain an Independent Director who has served for nine (9) years, the Board shall provide meritorious justifications and seek shareholders' approval during the annual shareholders' meeting.

Each of Jack G. Arroyo, Jr. and Consuelo M. Ynares-Santiago have been serving the Company as an independent director for more than nine (9) years. The Company's Corporate Governance Committee has evaluated their independence and determined that they possess all the qualifications and none of the disqualifications to act as independent director of the Company, in accordance with the Amended Manual on Corporate Governance. Accordingly, the necessary endorsements for Board approval were made in the meetings held on May 13, 2025. Upon favorable endorsement by the Company's Corporate Governance Committee, the Board, upon finding meritorious reasons for such re-election, approved and endorsed for the vote of the stockholders of the Company the re-election of Jack G. Arroyo, Jr. and Consuelo M. Ynares-Santiago in the 2025 Annual Stockholders' Meeting in compliance with the provisions of the Amended Manual on Corporate Governance.

Re-election of Jack G. Arroyo, Jr.

Serving as an independent director, Jack G. Arroyo, has brought high standards of corporate governance to the Company and objectively contributed providing his insights to the Audit and Risk Oversight Committee which he chairs, the Corporate Governance Committee, the Related Party Transaction Committee, and the Sustainability Committee where he is a member, and to the Board of Directors of the Company. His years of experience and expertise in his profession and in various organizations have enhanced the corporate values of the Company.

Re-election of Consuelo M. Ynares-Santiago

Serving as an independent director, Consuelo M. Ynares-Santiago, has brought high standards of corporate governance to the Company and objectively contributed providing her insights to the Corporate Governance Committee which she chairs, the Audit and Risk Oversight Committee, the Related Party Transaction Committee, and the Sustainability Committee where she is a member, and to the Board of Directors of the Company. Her years of experience and expertise in the judiciary, the administration of justice and the legal profession, including her contributions to the various organizations she is a member, have enhanced the corporate values of the Company.

On the basis of the foregoing, the Board of Directors found that the independence of Jack G. Arroyo, Jr. and Consuelo M. Ynares-Santiago have not been diminished or impaired by their long years of service in the Company as members of the Board of Directors. The Board of Directors has full trust and confidence that Jack G. Arroyo, Jr. and Consuelo M. Ynares-Santiago will continue to be independent and will be able to perform their respective duties to the Board as independent directors with the same zeal, diligence, and vigor as they have consistently done all these years.

The nominations for the election of all directors by the stockholders were submitted in writing to the Board of Directors through the Corporate Secretary in accordance with the provisions of the Amended By-laws and were forwarded to the Corporate Governance Committee. In its meeting held on May 13, 2025, the Corporate Governance Committee pre-screened the qualifications of the nominees and prepared a final list of nominees eligible for election. No other nominations were entertained after the final list of candidates was prepared.

Under Section 2, Article III of the Company's Amended By-laws, (i) any stockholder having at least five hundred (500) shares registered in his name may be elected director, and (ii) a person engaged in any business which competes with or is antagonistic to that of the Company as defined in Section 2, Article III of the Company's Amended By-laws is not qualified or eligible for nomination or election to the Board of Directors.

All the nominees for election to the Board of Directors satisfy the mandatory requirements specified under the provisions of Section 2, Article III of the Company's Amended By-laws.

Significant Employees

While all employees are expected to make a significant contribution to the Company, there is no one particular employee, not an executive officer, expected to make a significant contribution to the business of the Company on his own.

Family Relationships

John Paul L. Ang, the Vice-Chairman of the Board of Directors, is the son of Ramon S. Ang, the Company's Chairman and Chief Executive Officer and President and Chief Operating Officer. Other than the foregoing, there are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors and/or executive officers or persons of the Company nominated or chosen by the Company to become its directors and executive officers.

Involvement of Directors and Officers in Certain Legal Proceedings

None of the directors, nominees for election as director, executive officers or control persons of the Company have been the subject of any (a) bankruptcy petition, (b) conviction by final judgment in a criminal proceeding, domestic or foreign, (c) order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities, which is not subsequently reversed, suspended or vacated, or (d) judgment of violation of a securities or commodities law or regulation by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, which has not been reversed, suspended or vacated, for the past five (5) years up to the latest date that is material to the evaluation of his ability or integrity to hold the relevant position in the Company.

Certain Relationships and Related Transactions

See Note 19, Related Party Disclosures, of the Notes to the 2024 Audited Consolidated Financial Statements of the Company, hereto attached as **Annex "B"**. No director is engaged in any self-dealing or related party transaction with the Company.

Meeting Attendance

The directors' attendance in meetings of the Board Committees, the Board of Directors and the Stockholders since the 2024 Annual Stockholders' Meeting up to the date of this Information Statement are set out in the attached **Annex "C"**.

Performance Appraisal

Pursuant to the Amended Manual on Corporate Governance and the respective Board Committee Charters of the Company, the Board of Directors and the Board Committees shall assess their respective performances through self-rating forms duly approved by the Board and the Board Committees during their respective March 6, 2025 meetings, with the end in view of ensuring that its performance accords with best practices and meets its objectives thereunder.

Attached hereto as **Annex "I"** are the results of the self-assessment on the performance of each Board Committees, the Board of Directors, and management for calendar year 2024, based on the self-rating forms approved by the Board of Directors in its March 6, 2025 meeting. The results have been validated by the Corporate Governance Committee and the Compliance Officer of the Company and have been reported to the Board of Directors during its meeting held on May 13, 2025.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Executive Compensation

The aggregate compensation paid or incurred during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal year to the Chief Executive Officer, President and Chief Operating Officer and Senior Executive Officers of the Company are as follows:

Name	Year	Salary (in millions)	Bonus (in millions)
Total compensation of the Chief Executive Officer, President and Chief Operating Officer and Senior Executive Officers *(The Chief Executive Officer, President & Chief Operating Officer, and the Senior Officers of the Company for 2022 to 2024 are Ramon S. Ang, Elenita D. Go, Paul Bernard D. Causon, and Ramon U. Agay)*	2025 (estimated)	₱91.2	₱24.8
	2024	₱83.7	₱18.3
	2023	₱79.5	₱16.3
All other Officers and Directors as a group unnamed	2025 (estimated)	₱68.8	₱29.2
	2024	₱62.8	₱23.9
	2023	₱53.7	₱27.1

Standard Arrangements on Directors' Compensation

The Amended By-Laws of the Company provides that the directors, as such, shall not receive any stated salary for their services, but by resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. The Company provides its independent directors a per diem allowance of ₱40,000.00, ₱45,000.00, and ₱20,000.00, for their attendance to each regular board and stockholders' meeting, special board meeting, and board committee meetings, respectively. Each of the independent directors, received a total of ₱600,000.00 for their attendance in the board meetings, annual stockholders' meeting, and board committee meetings held in 2024.

The Amended By-Laws of the Company further provides that a director shall not be precluded from serving the Company in any other capacity as an officer, agent or otherwise, and receiving compensation therefore. Other than the aforesaid per diem allowance for the independent directors of the Company, all the directors of the Company have not received any salary or compensation for their services as directors and for their committee participations for the periods indicated.

There are no other special arrangements pursuant to which any director was or is to be compensated. There is no compensatory plan or arrangement for the termination, resignation, or retirement of a member of the Board.

Employment Contract

There is no special employment contract between the Company and a named Executive Officer. There were neither compensatory plan nor arrangement with respect to a named Executive Officer.

Warrants or Options Outstanding

There are no warrants or options held by any of the directors or executive officers of the

Company.

Other Arrangements

Except as described above, there are no other arrangements pursuant to which any of the directors and executive officers of the Company were compensated, or is to be compensated, directly or indirectly.

INDEPENDENT PUBLIC ACCOUNTANTS

The accounting firm of R.G. Manabat & Co. served as the Company's external auditors for the last fifteen (15) fiscal years. The Board of Directors will again nominate R.G. Manabat & Co. as the Company's external auditors for this fiscal year.

Representatives of R.G. Manabat & Co. are expected to be present at the stockholders' meeting and will be available to respond to appropriate questions. They will have the opportunity to make a statement if they so desire. R.G. Manabat & Co., then known as Manabat Sanagustin & Co., has been the Company's external auditors since 2010. In 2017 and 2024, R.G. Manabat & Co. changed the signing partner assigned to the Company, in compliance with SRC Rule 68 (3) (b) (iv) in respect of the engagement of R.G. Manabat & Co.

FINANCIAL AND OTHER INFORMATION

Brief Description of the General Nature and Business of the Company

Company Overview

San Miguel Global Power is a wholly-owned subsidiary of SMC, one of the largest and most diversified conglomerates in the Philippines, founded in 1890 that is listed on the Philippine Stock Exchange. SMC today owns market-leading businesses and has investments in various sectors, including beverages, food, packaging, fuel and oil, energy, infrastructure, property development and leasing, cement, car distributorship and banking services.

San Miguel Global Power, together with its subsidiaries, associates and joint ventures, is one of the largest power companies in the Philippines, controlling 6,080 MW of combined capacity as of December 31, 2024. The Company benefits from a diversified power portfolio, including natural gas, coal, renewable energy ("RE") such as hydroelectric power and battery energy storage systems ("BESS"). Based on the total installed generating capacities reported in Energy Regulatory Commission ("ERC") Resolution No. 07, Series of 2025 dated March 13, 2025, the Company believes that its combined installed capacity comprises approximately 22% of the National Grid, 28% of the Luzon Grid and 9% of the Mindanao Grid, in each case, as of December 31, 2024. Market share is computed by dividing the installed generating capacity of the Company with the installed generating capacity of Luzon Grid, Mindanao Grid or National Grid (19,419,592 kW, 4, 292,586 kW and 27,096,046 kW, respectively based on data provided under the ERC Resolution on Grid Market Share Limitation). In addition, the Company is engaged in distribution and retail electricity services and has various power projects in the pipeline.

SMC entered the power industry in 2009 following the acquisition of rights to administer the output produced by Independent Power Producers ("IPPs") in privatization auctions conducted by the Government through the Power Sector Assets and Liabilities Management Corporation ("PSALM"), The following companies under the SMC group became the Independent Power Producer

Administrator ("IPPA") of the following plants: (1) Sual Power Inc. ("SPI") became the IPPA for the Sual Power Plant, a coal-fired thermal power plant located in Sual, Pangasinan, in November 2009; (2) San Roque Hydropower Inc. ("SRHI") became the IPPA for the San Roque Power Plant, a hydroelectric power plant located in San Manuel, Pangasinan, in January 2010; and (3) South Premiere Power Corp. ("SPPC") became the IPPA for the Ilijan Power Plant, a natural gas-fired combined cycle power plant located in Ilijan, Batangas, in June 2010. The Ilijan Power Plant was turned over to SPPC by PSALM in June 2022 while the Sual Power Plant was turned over by PSALM to SPI in October 2024, both in accordance with the terms of their respective IPPA Agreements (the Sual Power Plant, Ilijan Power Plant and San Roque Power Plant are collectively referred to as the "IPPA Power Plants" to the extent applicable prior to the turnover of the power plants by PSALM to San Miguel Global Power).

An IPPA under the relevant IPPA agreement has the right to sell electricity generated by the power plants owned and operated by the relevant IPPs without having to bear any of the large upfront capital expenditures for power plant construction or maintenance. As an IPPA, SRHI also has the ability to manage both market and price risks by entering into bilateral contracts with offtakers while capturing potential upside from the sale of excess capacity through the wholesale electricity spot market ("WESM").

In September 2010, SMC consolidated its power generation business through the transfer of its equity interests in SPI, SRHI and SPPC to San Miguel Global Power. San Miguel Global Power also became a wholly-owned subsidiary of SMC and had, at that time, 1,345 MW combined contracted capacity from the IPPA Power Plants.

Building on its experience as an IPPA since SMC's transfer of interests in SPI, SRHI and SPPC, San Miguel Global Power embarked on the development of its own greenfield power projects. In 2013, San Miguel Global Power initiated two greenfield power projects, namely, the construction of the 2 x 150 MW Davao Greenfield Power Plant which is owned by Malita Power Inc. ("MPI"), its wholly-owned subsidiary, and the 4 x 150 MW Limay Greenfield Power Plant which is owned by Limay Power Inc. ("LPI"), another wholly-owned subsidiary. Units 1, 2, 3 and 4 of the Limay Greenfield Power Plant commenced commercial operations in May 2017, September 2017, March 2018 and July 2019, respectively while Units 1 and 2 of the Davao Greenfield Power Plant commenced commercial operations in July 2017 and February 2018, respectively.

San Miguel Global Power also pursued strategic acquisitions to increase its energy portfolio. In November 2014, San Miguel Global Power, through its subsidiary PowerOne Ventures Energy Inc. ("PVEI"), acquired a 60% stake in Angat Hydropower Corporation ("AHC"), the owner and operator of the 218 MW Angat Hydroelectric Power Plant ("AHEPP").

In March 2018, San Miguel Global Power completed the acquisition of 51% and 49% equity interests in SMCGP Masin Pte. Ltd. ("SMCGP Masin", formerly Masin AES Pte. Ltd.) from AES Phil Investment Pte. Ltd. ("AES Phil") and Gen Plus B.V., respectively. SMCGP Masin indirectly owned, through its subsidiaries, at the time of such acquisition, Masinloc Power Co. Ltd. ("MPCL") and SMGP Kabankalan Power Co. Ltd. ("SMGP Kabankalan") (SMCGP Masin and its subsidiaries are collectively referred to as the "Masinloc Group"). MPPCL owns, operates and maintains the 1 x 344 MW (Unit 1), 1 x 344 MW (Unit 2) and the 1 x 335 MW (Unit 3) coal- fired power plant (together, comprising the "Masinloc Power Plant"), and the 35.285 MWh battery energy storage system project (the "Masinloc BESS"), all located in Masinloc, Zambales, while SMGP Kabankalan holds the 30 MWh battery energy storage system facility in Kabankalan, Negros Occidental (the "Kabankalan BESS"). The capacity of Phase 1 of the Kabankalan BESS (20 MWh) is contracted under an Ancillary Service Procurement Agreement ("ASPA") with the National Grid Corporation of the Philippines ("NGCP") with a term of five years which commenced in January 2022.

On September 19, 2018, Prime Electric Generation Corporation ("PEGC"), and Oceantech Power Generation Corporation ("OPGC"), both wholly-owned subsidiaries of San Miguel Global Power, purchased the entire partnership interests in SMGP Kabankalan from subsidiaries of SMCGP Masin. San Miguel Global Power was admitted as an additional limited partner of SMCGP Masinloc Partners Co. Ltd. ("MAPACO") in 2019 (a limited partnership under the Masinloc Group) and of MPCL in June 2020. In 2022, San Miguel Global Power was also admitted as a partner of SMCGP Masinloc Powers Co. Ltd. ("MAPOCO", a limited partnership under the Masinloc Group) and now owns 99.96% partnership interest in MAPACO after SMCGP Masin's partnership interest in MAPACO and partnership interest in MAPOCO were transferred to San Miguel Global Power following the approval of SMCGP Masin's petition for withdrawal of its license to operate by the SEC in August 2022.

In July 2018, PEGC acquired the entire equity interest of ALCO Steam Energy Corp. in Alpha Water Realty & Services Corporation ("Alpha Water"), representing 60% of the outstanding capital stock of Alpha Water. As a result, San Miguel Global Power now effectively owns 100% of Alpha Water through its subsidiaries, PEGC and MPCL. Alpha Water is the owner of the land on which f the Masinloc Power Plant and Masinloc BESS in Zambales Province are located.

On June 2, 2022, San Miguel Global Power acquired 50% interest in Isabel Ancillary Services Co. Ltd. ("IASCO") through the acquisition by Power Ventures Generation Corporation ("PVGC") of 49.31% limited partnership interest in IASCO and the acquisition by PEGC of 50% equity interest in Isabel AS Holdings Corp., the sole general partner which owns 1.38% partnership interest in IASCO. IASCO is the operator of the 70MW Modular Diesel Engine Power Plant in Isabel, Leyte.

San Miguel Global Power has also developed other battery energy storage systems ("BESS") facilities across the Philippines through its subsidiary, SMGP BESS Power Inc. ("SMGP BESS") 340 MWh out of its ~1,000 MWh planned BESS sites are already fully operational and provides regulatory and contingency reserve to the NGCP pursuant to the ASPAs executed by SMGP BESS with NGCP on 2023 and 2024.

San Miguel Global Power, through its subsidiary, Mariveles Power Generation Corporation ("MPGC") developed and constructed a 4 x 150 MW circulating fluidized bed coal-fired power plant and associated facilities in Mariveles, Bataan (the "Mariveles Greenfield Power Plant") while another subsidiary, Excellent Energy Resources Inc. ("EERI"), is constructing a 1,320 MW liquified natural gas combined cycle power plant in Batangas (the "BCC Power Plant").

On behalf of San Miguel Global Power, its subsidiary, SMC Global Light and Power Corp. ("SGLPC"), will develop a portfolio of solar power projects together with potential partners. On June 28, 2024, SGLPC signed an investment and shareholders agreement with Citicore Renewable Energy Corporation for the 153.5 MW solar power plant to be constructed in Barangay Lucanin, Mariveles, Province of Bataan, that is expected to be completed in 2026.

San Miguel Global Power, through its subsidiaries SPI, SRHI, AHC, LPI, MPI, and MPCL, sells power through offtake agreements directly to customers, including the Manila Electric Company ("Meralco") and other distribution utilities, electric cooperatives and industrial customers, or through the WESM. The majority of the consolidated sales of San Miguel Global Power are through long-term take-or-pay offtake contracts most of which have provisions for passing on fuel costs, foreign exchange differentials and certain other fixed costs.

San Miguel Global Power has also expanded its sale of power to a broader range of customers, including retail customers. In particular, certain San Miguel Global Power subsidiaries were issued retail electricity supplier ("RES") licenses allowing it to enter into contracts with contestable customers and expand its customer base.

In addition, San Miguel Global Power has invested in distribution services through SMC Power Generation Corp. ("SPGC"), which acquired 35% equity stake in Olongapo Electric Distribution Company, Inc. ("OEDC") in April 2013.

On March 1, 2024, MGen and Aboitiz Power, through their joint venture entity, Chromite Gas, entered into binding agreements with San Miguel Global Power and its relevant subsidiaries for Chromite Gas to jointly invest for a 67% equity interest in each of the following San Miguel Global Power gas-fired power plants and assets as follows: (i) the operating Ilijan Power Plant owned by SPPC, (ii) the adjacent the Batangas Combined Cycle Power Plant (the "BCC Power Plant") currently under construction owned by EERI, and (iii) land owned by Ilijan Primeline Industrial Estate Corp. where the BCC Power Plant, the Batangas LNG Terminal and their respective related facilities are located.

On December 23, 2024, the Philippine Competition Commission announced its decision to approve the transactions and the parties completed the transaction on January 27, 2025.

Financial Statements

1. the Audited Consolidated Financial Statements as of and for the year ended December 31, 2024 (with comparative figures as of and for the year ended December 31, 2023), including the Company's Statement of Management's Responsibility and the Notes to the 2024 Audited Consolidated Financial Statements (the "***2024 Audited Consolidated Financial Statements***), are collectively attached hereto as **Annex "B"**.

   The following components of the 2024 Audited Consolidated Financial Statements required by the SEC under SRC Rule 68, as amended, are likewise attached to this Information Statement, as follows:

   a. Legal matter paragraph in the Auditor's Report or separate reports of auditor on each of the components required under SRC Rule 68, including the following, attached hereto as **Annex** "**B-1**":

      a.1 Map of the conglomerate or group of companies showing the relationships between and among the company and its ultimate parent company, middle parent, subsidiaries or co-subsidiaries, and associates (Part 1, 5(g)); and
      a.2 Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 5 (b)).

   b. A schedule showing financial soundness indicators in two comparative periods as follows: 1) current/liquidity ratios; 2) solvency ratios, debt-to-equity ratio; 3) asset-to-equity ratio; 4) interest rate coverage ratio; 5) profitability ratio and 6) other relevant ratio as the Commission may consider as necessary, attached hereto as **Annex** "**B-2**" (Part 1, 5 (c)).

2. the Unaudited Consolidated Financial Statements as of and for the period ended March 31, 2025 (with comparative figures as of December 31, 2024 and for the period ended March 31, 2024) and the Selected Notes to the Unaudited Consolidated Financial Statements, are collectively attached hereto as **Annex "D"**, comprising of the following components as required by the SEC under SRC Rule 68, as amended:

   a. Statements of Financial Position;
   b. Statements of Comprehensive Income;
   c. Statements of Cash Flows; and
   d. Statements of Changes in Equity.

Management Discussion and Analysis

The Management's Discussion and Analysis or Plan of Operation of the Company as of December 31, 2024 and March 31, 2025 are attached hereto as **Annexes "E" and "F"**, respectively.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has no disagreements with R.G. Manabat & Co. on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

Audit and Audit Related Fees

The aggregate fees billed by R.G. Manabat & Co. amounted to ₱7.6 million, ₱2.5 million, and ₱7.3 million in 2024, 2023 and 2022, respectively. Said fees include compensation for audit services, tax advisory and other related services such as review and agreed-upon procedures. There were no fees paid to the independent auditors for accounting, compliance, planning, and other services other than for those services described above.

The Audit and Risk Oversight Committee has an existing policy to review and pre-approve audit and non-audit services rendered by the independent auditors of the Company. The Audit and Risk Oversight Committee does not allow San Miguel Global Power to engage independent auditors for certain non-audit services expressly prohibited by SEC regulations to be performed by an independent auditor for its audit clients. This is to ensure that such independent auditors maintain the highest level of independence from San Miguel Global Power, both in fact and appearance.

Market Price of and Dividends on the Company's Common Equity and Related Stockholder Matters

The Company has an authorized capital stock of ₱3,774,400,000.00 comprised of 3,774,400,000 common shares with par value of ₱1.00 per common share. As of **May 13, 2025**, the Company has issued and outstanding 3,774,400,000 common shares.

The Board of Directors in its meeting held on March 6, 2025, approved the (i) increase in the authorized capital stock of the Company by ₱4,025,600,000.00 comprising of 4,025,600,000 shares with a par value of ₱1.00 per share, or ***from*** ₱3,774,400,000.00 divided into 3,774,400,000 shares with a par value of ₱1.00 per share ***to*** ₱7,800,000,000.00 divided into 7,800,000,000 shares with a par value of One Peso ₱1.00 per share (the "ACS Increase"); (ii) the corresponding amendment of the Seventh Article of the Amended Articles of Incorporation of the Company to reflect the said ACS Increase (the "Amendment to Seventh Article"); and (iii) opening of subscription of the shares out of the ACS Increase and the subscription by SMC to 1,011,093,800 shares out of the ACS Increase at a subscription price of ₱30.00 per share.

Accordingly, on March 6, 2025, SMC subscribed to 1,011,093,800 shares out of the ACS Increase in cash at a subscription price of ₱30.00 per share or for a total subscription amount of ₱30,332,814,000.00 (the "Subscription"), to be paid in full by SMC to the Company within six (6) months from date thereof.

The ACS Increase, the Amendment to Seventh Article and the ratification of the Subscription were approved by the stockholders in its Special Meeting held on April 14, 2025. The Company shall thereafter file the application for the ACS Increase and the Amendment to Seventh Article with the SEC.

The common shares of the Company are neither traded in any public trading market, nor subject to outstanding warrants to purchase, or securities convertible into common shares of the Company.

As of **May 13, 2025**, the Company has eight (8) stockholders, seven (7) of whom are individuals with five hundred (500) shares each. The following sets out the shareholdings of the stockholders of the Company and the approximate percentages of their respective shareholdings to the total outstanding capital stock of the Company:

Name of Stockholder	Class of Securities	Number of Shares	% of Outstanding Shares
San Miguel Corporation	Common	3,774,396,500	100%
Ramon S. Ang	Common	500	0%
John Paul L. Ang	Common	500	0%
Aurora T. Calderon	Common	500	0%
Virgilio S. Jacinto	Common	500	0%
Jack G. Arroyo, Jr.	Common	500	0%
Consuelo M. Ynares-Santiago	Common	500	0%
Josefina Guevara-Salonga	Common	500	0%
Total	Common	3,774,400,000	100%

Dividend Policy

The Company and its subsidiaries are allowed under Philippine laws to declare dividends, subject to certain requirements. These requirements include, for example, that the Board is authorized to declare dividends only from its unrestricted retained earnings. Dividends may be payable in cash, shares or property, or a combination of the three, as the Board shall determine. A cash dividend declaration does not require any further approval from stockholders. The declaration of stock dividends is subject to the approval of stockholders holding at least two-thirds of the outstanding capital stock of the Company. The Board may not declare dividends which will impair its capital.

The Company and its subsidiaries declare dividends as determined by the Board, taking into consideration factors such as the implementation of business plans, debt service requirements, operating expenses, budgets, funding for new investments and acquisitions and appropriate reserves and working capital.

However, under existing loan facilities, the Company and certain major subsidiaries of the Company are not allowed to distribute any cash dividends to its shareholders, or to purchase, call for redemption or redeem, retire or otherwise acquire for value any shares (including options, warrants or other rights to acquire such shares of common stock) of the Company, any of its subsidiaries or any direct or indirect parent of the Company held by any persons or entity other than the Company or any wholly owned material subsidiary, unless certain conditions are complied with.

There were no cash dividend declarations during the year ended December 31, 2024, 2023, and 2022.

Distributions to Senior Perpetual Capital Securities (SPCS) Holders

San Miguel Global Power paid ₱13,384 million, ₱15,035 million and ₱15,362 million to the SPCS holders in 2024, 2023 and 2022 as distributions in accordance with the terms and conditions of their respective subscription agreements.

Distributions to Redeemable Perpetual Capital Securities (RPCS) Holder

San Miguel Global Power paid ₱2,552 million, nil and ₱1,617 million to the RPCS holder in 2024, 2023 and 2022 as distributions in accordance with the terms and conditions of the relevant subscription agreement.

Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

San Miguel Global Power has not sold unregistered or exempt securities nor has it issued securities constituting an exempt transaction within the past 3 years, except the following:

Name of Security Sold	Underwriter	Date of Sale	Amount of Securities	Basis for Exemption
SPCS	N/A	November 5, 2019	US$500,000,000.00	Section 10.1(l) of the SRC
SPCS	N/A	January 21, 2020	US$600,000,000.00	Section 10.1(l) of the SRC
SPCS	N/A	October 21, 2020	US$400,000,000.00	Section 10.1(l) of the SRC
SPCS	N/A	December 15, 2020	US$350,000,000.00	Section 10.1(l) of the SRC
SPCS	N/A	June 9, 2021	US$600,000,000.00	Section 10.1(l) of the SRC
SPCS	N/A	September 15, 2021	US$150,000,000.00	Section 10.1(l) of the SRC
SPCS	N/A	September 12, 2024	US$800,000,000.00	Section 10.1(l) of the SRC
SPCS	N/A	September 30, 2024	US$100,000,000.00	Section 10.1(l) of the SRC
SPCS	N/A	December 2, 2024	US$500,000,000.00	Section 10.1(l) of the SRC

On November 4, 2022, San Miguel Global Power completed the conduct of tender offers to holders of the above-listed SPCS and the US$800,000,000 SPCS issued in April and July 2019 listed with the SGX-ST and has accepted all valid tender offers of Securities from Securityholders representing an aggregate principal amount of US$123,934,000.

On April 23, 2024, San Miguel Global Power completed the redemption of its US$783,164,000 remaining securities, with a net carrying value of ₱40,186,954,000 out of the US$800,000,000 SPCS issued in April and July 2019, pursuant to the terms and conditions of the securities. The redemption price includes the principal amount and any accrued but unpaid distributions up to (but excluding) the step-up date.

On September 12, 2024, San Miguel Global Power completed the issuance of US$800,000,000 SPCS pursuant to a concurrent new issue, exchange and tender offers relative to the existing SCPS issued in November 2019 and October and December 2020. The new issuance of US$800,000,000 SPCS is consisted of: (i) US$268,062,000 additional new securities of which US$157,381,000 was used for the tendered for purchase pursuant to the tender offers, and (ii) US$531,938,000 resulting from the offered for exchange pursuant to the exchange offers.

On December 2, 2024, San Miguel Global Power completed the issuance of US$500,000,000 SPCS pursuant to a concurrent new issue, exchange and tender offers relative to the existing SCPS issued in November 2019, January 2020, and October and December 2020. The new issuance of US$500,000,000 SPCS is consisted of: (i) US$226,075,000 additional new securities of which US$46,099,000 was used for the tendered for purchase pursuant to the tender offers, and (ii) US$273,925,000 resulting from the offered for exchange pursuant to the exchange offers.

In addition, the Company has issued RPCS, with the following details to various holders:

Name of Security Sold	Underwriter	Date of Sale	Amount of Securities	Basis for Exemption
RPCS	N/A	November 8, 2022	US$85,000,000.00	Section 10.1(k) of the SRC
RPCS	N/A	March 10, 2023	US$500,000,000.00	Section 10.1(k) of the SRC
RPCS	N/A	May 2, 2023	US$145,000,000.00	Section 10.1(k) of the SRC
RPCS	N/A	May 30, 2023	₱6,000,000,000.00	Section 10.1(k) of the SRC
RPCS	N/A	June 1, 2023	₱7,000,000,000.00	Section 10.1(k) of the SRC
RPCS	N/A	June 5, 2023	₱5,000,000,000.00	Section 10.1(k) of the SRC
RPCS	N/A	June 13, 2023	₱6,760,000,000.00	Section 10.1(k) of the SRC
RPCS	N/A	July 10, 2023	₱5,000,000,000.00	Section 10.1(k) of the SRC
RPCS	N/A	April 19, 2024	$800,000,000.00	Section 10.1(k) of the SRC

The Company has not filed a notice with the SEC and has not obtained confirmation for the foregoing exempt transaction.

Compliance with Leading Practice on Corporate Governance

On August 19, 2011, the Board of Directors adopted the Company's Manual on Corporate Governance pursuant to the Revised Code of Corporate Governance issued by the SEC under its Memorandum Circular No. 6, Series of 2009. On April 11, 2016, the Board approved the adoption of the Amended Manual on Corporate Governance of San Miguel Global Power (the "Amended Manual"), incorporating therein, among others, the amendments pursuant to SEC Memorandum Circular 9, Series of 2014. In compliance with SEC Memorandum Circular No. 9, Series of 2016, the Board approved the adoption of further amendments to the Amended Manual on May 5, 2017 (the "2nd Amended Manual"). San Miguel Global Power's Amended By-laws was also further amended to incorporate the relevant provisions under the 2nd Amended Manual. The aforesaid amendments were approved by the SEC on December 20, 2017. The Amended By-laws of the Company now provides that the 2nd Amended Manual and the Charters of the Board Committees, as may be amended from time to time, shall be suppletory to the same. The 2nd Amended Manual was further revised by the Company on May 12, 2020, and filed with the SEC on June 30, 2020 (the "3rd Amended Manual") to comply with SEC Memorandum Circular No. 24, Series of 2019, otherwise known as Code of Corporate Governance for Public Companies and Registered Issuers (the "CG Code for PCs and RIs").

The duty to conduct the evaluation by San Miguel Global Power to measure and determine the level of compliance of the Board of Directors and top-level management with the 3rd Amended Manual is vested by the Board of Directors on the Compliance Officer. The Compliance Officer is mandated to monitor compliance by all concerned with the provisions and requirements of the 3rd Amended Manual. Pursuant to the 3rd Amended Manual and the respective Board Committee Charters of San Miguel Global Power, the Board of Directors and the Board Committees must also assess their respective performances through self-rating forms duly approved by the Board and the Board Committees, with the end in view of ensuring that its performance accords with best practices and meets its objectives thereunder. The performance of the Board Committees, the Board of Directors, and Management for 2024 were assessed through self-rating forms approved by the Board during its meeting held on March 6, 2025 and accomplished by the Board Committees, the Board of Directors, and Management. The results of the 2024 Performance Assessments have been validated by the Compliance Officer and the Corporate Governance Committee and were presented to the Board of

Directors in its Board Meeting held on May 13, 2025. The details of the foregoing matters, as well as all other disclosures made by the Company pursuant to relevant rules and regulation of the SEC are posted in the Company's website www.smcglobalpower.com.ph.

Under the CG Code for PCs and RIs, San Miguel Global Power is now required to submit an Annual Corporate Governance Report (ACGR). Pursuant to SEC Memorandum Circular No. 13, Series of 2021 ("SEC MC No. 13"), every public company ("PC") and registered issuer ("RI") shall be required to submit its ACGR with the SEC on or before June 30 of the following year for every year that the company qualifies as a PC or RI. The first submission of the ACGR covered the period from January – December 2021. The Company filed its ACGR for 2021, 2022, and 2023 on June 30, 2022, June 30, 2023, and June 30, 2024, respectively, in compliance with SEC MC No. 13. For the 2024 ACGR, the same shall be filed by the Company with the SEC on or before June 30, 2025.

Pursuant to its commitment to good governance and business practice, San Miguel Global Power continues to review and strengthen its policies and procedures, giving due consideration to developments in the area of corporate governance, which it determines to be in the best interests of San Miguel Global Power, its stockholders and other stakeholders. In addition, in keeping abreast of the latest best practices in corporate governance and complying with applicable legal requirements, including SEC Memorandum Circular No. 13 (Series of 2013), directors and officers of San Miguel Global Power regularly attend corporate governance training seminars. For 2024, its directors and officers attended at least one (1) of the following corporate governance training seminars: seminars: (i) by SGV & Co. on September 26, 2024, (ii) by Risks, Opportunities, Assessment and Management (ROAM), Inc. on October 25, 2024; and (iii) by Center for Global Best Practices on November 15, 2024.

With regard to the adequacy of the Company's internal control, the Board of Directors, during its meeting held on March 6, 2025, confirmed and certified that a sound internal audit, control and compliance system is in place and working effectively.

ACTION WITH RESPECT TO REPORTS

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

1. Minutes of the Previous Stockholders' Meetings

    a. 2024 Annual Stockholders' Meeting held on June 4, 2024 with the following items:
        i. Certification of Quorum;
        ii. Approval of the Minutes of the Annual Stockholders' Meeting held on June 6, 2023 and the Minutes of the Special Stockholders' Meeting held on September 7, 2023;
        iii. Approval of the 2023 Audited Financial Statements;
        iv. Ratification of Acts, Proceedings, and Resolutions of the Board of Directors and Corporate Officers;
        v. Appointment of External Auditors;
        vi. Election of the Board of Directors;
        vii. Approval of Directors' Fee;
        viii. Ratification of the execution of the Omnibus Agreement obtained by SMGP BESS Power Inc. (formerly, Universal Power Solutions, Inc. and a wholly-owned subsidiary of the Company) by the Company as Sponsor and Shares Security Grantor; and
        ix. Change in Principal Office Address ***from*** 5th Floor, C5 Office Building Complex, #100 E. Rodriguez Jr. Ave., C5 Road, Bo. Ugong, Pasig City 1604, Metro Manila ***to*** No. 40 San Miguel Avenue, Mandaluyong City, Metro Manila, and the amendment of Article Third of the Amended Articles of Incorporation of the Company ("Amended AOI") to reflect the same.

The Minutes of the 2024 Annual Stockholders' Meeting contain the following information, among others:

1) Voting and vote tabulation procedures used in the 2024 meeting;
2) Opportunity given to stockholders or members to ask questions;
3) The matters discussed and resolutions reached;
4) A record of the voting results for each agenda item; and
5) A list of the directors, officers and stockholders who attended the meeting.

A copy of the Minutes of the 2024 Annual Stockholders' Meeting is hereto attached as **Annex "G"** and is available for viewing on the Company's website www.smcglobalpower.com.ph and for examination by the stockholders of the Company during office hours at the Office of the Corporate Secretary.

b. Minutes of the 2025 Special Stockholders' Meeting held on April 14, 2025 with the following items:

   i. increase in the authorized capital stock of the Company by ₱4,025,600,000.00 comprising of 4,025,600,000 shares with a par value of ₱1.00 per share, or *from* ₱3,774,400,000.00 divided into 3,774,400,000 shares with a par value of ₱1.00 per share *to* ₱7,800,000,000.00 divided into 7,800,000,000 shares with a par value of One Peso ₱1.00 per share (the "ACS Increase");
   ii. amendment of the Seventh Article of the Amended Articles of Incorporation of the Company ("Amended AOI") to reflect the said ACS Increase (the "Amendment to Seventh Article");
   iii. ratification of the subscription by SMC to 1,011,093,800 shares out of the ACS Increase at a subscription price of ₱30.00 per share (the "Additional Subscription out of the ACS Increase");
   iv. amendment of Second Article of the Amended AOI for the Primary and Secondary Purposes of the Company to include in its Primary Purpose the authority to create security interest in assets owned by the Company (the "Amendment to Second Article");
   v. amendment of the Fourth Article of the Amended AOI to reflect the perpetual corporate term of the Company (the "Amendment to Fourth Article"); and
   vi. the ratification of the execution, delivery, performance by the Company (as Sponsor and Shares Security Grantor) of the Omnibus Loan and Security Agreement executed by Mariveles Power Generation Corporation (the "Borrower" and the subsidiary of the Company which owns 4 x 150MW Circulating Fluidized Bed Coal-fired Power Plant located in Mariveles, Bataan), the Company, and the Senior Term Lenders (namely: Asia United Bank Corporation, Bank of Commerce, China Banking Corporation, Development Bank of the Philippines, Philippine National Bank, and other financial institutions) in the aggregate principal amount of up to ₱50,000,000,000.00, the Notes, the Counterparty Consents, and any Additional Senior Term Loan Financing Agreements that may be subsequently executed by the Borrower and the Company in relation thereto (the "MPGC OLSA").

The Minutes of the 2025 Special Stockholders' Meeting contain the following information, among others:

1) Voting and vote tabulation procedures used in the meeting;
2) Opportunity given to stockholders or members to ask questions;
2) The matters discussed and resolutions reached;
3) A record of the voting results for each agenda item; and
4) A list of the directors, officers and stockholders who attended the meeting.

A copy of the Minutes of the 2025 Special Stockholders' Meeting is hereto attached as **Annex "H"** and is available for viewing on the Company's website www.smcglobalpower.com.ph and for examination by the stockholders of the Company during office hours at the Office of the Corporate Secretary.

2. Approval of the 2024 Audited Financial Statements

3. Ratification of all acts, proceedings and resolutions of the Board of Directors and Corporate Officers since the 2024 Annual Stockholders' Meeting, which include:

   a. Approval of the following matters:
      i. the minutes of previous Board meetings;
      ii. the quarterly financial performance and financial position of the Company;
      iii. the payment of distributions on various senior perpetual capital securities;
      iv. the adoption of the Sustainability Charter;
      v. the updating of the Group authorized signatories for banking and other corporate transactions;
      vi. the exchange offers and tender offers of the existing securities listed with the SGX-ST and the issuance of additional securities to be listed with the SGX-ST;
      vii. the offer and issuance of additional senior capital securities to be listed with the SGX-ST;
      viii. the MPGC Project Financing as set out in the MPGC OLSA and the authority of the Company to be the Sponsor and Shares Security Grantor therein;
      ix. the payment of distributions on various redeemable perpetual securities;
      x. the subscription by SMC to the remaining unissued 950,796,000 shares of the Company at ₱30.00 per share;
      xi. the ACS Increase;
      xii. the Amendment to Seventh Article;
      xiii. the Additional Subscription out of the ACS Increase;
      xiv. the Amendment to Second Article;
      xv. the Amendment to Fourth Article;
      xvi. the holding and details of the special stockholders' meeting to approve the ACS Increase, the Amendment to Seventh Article, the Amendment to Second Article, and the Amendment to Fourth Article, and ratification of the Additional Subscription out of the ACS Increase and the MPGC OLSA;
      xvii. the redemption by the Company on April 7, 2025 of redeemable perpetual securities amounting to a total amount of US$506,646,247.61 and ₱29,760,000,000.00, respectively;
      xviii. the acceptance by the Company (as the minority shareholder) of the terms and conditions issued by the Board of Investments ("BOI") under the Certificate of Registration of Excellent Energy Resources Inc. and Linseed Field Corporation ("LFC"), as well as the assumption of the liabilities of the transferor of LFC as required by the BOI;
      xix. the redemption by the Company in full on May 12, 2025 of the 5.95% Securities;
      xx. approval for San Roque Hydropower Inc. ("SRHI", a wholly owned and controlled subsidiary of the Company) to participate in the bidding process conducted by the PSALM, for the sale of the Caliraya, Botocan, and Kalayaan Hydroelectric Power Plants (the "CBK Bidding") and for SRHI to use the Company's credentials to meet the financial qualification requirements in the CBK Bidding;
      xxi. the holding and details of the 2025 Annual Stockholders' Meeting of the Company, including the internal procedures for the conduct of 2025 Annual Stockholders' Meeting via remote communication through videoconferencing, in accordance with existing rules and guidelines promulgated by the SEC;

xxii. report on the qualifications of the nominees for the election to the Board of Directors of the Company to be held on the 2025 Annual Stockholders' Meeting;
xxiii. the issuance of ₱15,000,000,000.00 SEC registration-Exempt Fixed-Rate Notes;
xxiv. report on the validation of the results by the Corporate Governance Committee and the Compliance Officer of the Company of the Performance Assessments of the Board Committees, the Board of Directors and Management of the Company for 2024; and
xxv. the filing of the 2024 ACGR on or before June 30, 2025;

b. Election and Appointment of Officers and Lead Independent Director;
c. Appointment of the members of the Board Committees;
d. Creation of the Sustainability Committee and the appointment of its members; and
e. Designation of depository banks, appointment of authorized signatories for banking and other corporate transactions.

4. Appointment of R.G. Manabat & Co. as external auditors of the Company for fiscal year 2025;

5. Election of the Board of Directors; and

6. Approval of Directors' Fees.

VOTING PROCEDURES

For the election of directors, the seven (7) nominees with the greatest number of votes will be elected as directors.

Considering that the 2025 Annual Stockholders' Meeting will be held via videoconference, votes of all stockholders on any or all of the proposals or matters submitted at the meeting can be cast through ballots or proxies submitted on or before May 19, 2025 by email sent to ASM@smcgph.sanmiguel.com.ph or by personal delivery to the Office of the Corporate Secretary at 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR). A sample of the ballot and proxy is included in this Information Statement.

For an individual, his/her ballot or proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by its corporate secretary's certification stating the representative's authority to represent the corporation in the meeting. Validation of ballots and proxies will be on May 26, 2025 at 2:00 p.m. at the Office of the Corporate Secretary at the above-mentioned address.

In all proposals or matters for approval except for election of directors, each share of stock entitles its registered owner (who is entitled to vote on such particular matter) to one (1) vote. In case of election of directors, cumulative voting as set out in pages 3-4 and 6 of this Information Statement shall be adopted. Counting of the votes will be done by the Corporate Secretary or Assistant Corporate Secretary with the assistance of the independent auditors.

UNDERTAKING

The Company undertakes to post the full version of this Information Statement under SEC Form 20-IS, together with all its annexes on the Company's website www.smcglobalpower.com.ph upon its approval by the SEC.

The Company undertakes to provide any requesting stockholder, free of charge, a printed or electronic copy of its 2024 Annual Report under SEC Form 17-A and the 1st Quarter 2025 Financial Report under SEC Form 17-Q, at the stockholder's option, upon written request addressed to the Office of the Corporate Secretary, San Miguel Global Power Holdings Corp., 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR).

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Mandaluyong City on **May 13, 2025**.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.

By:

Virgilio S. Jacinto
Corporate Secretary and Compliance Office

ANNEX "A-1"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JACK G. ARROYO, JR.**, Filipino, of legal age and a resident of C-302 Galeria de Magallanes, Lapu-Lapu St., Magallanes Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** (formerly, SMC Global Power Holdings Corp.) and has been its independent director since 2 September 2011.

2. I am affiliated with the following companies or organizations:

Company/Organization	*Position/Relationship*	*Period of Service*
Sagittarius Mines, Inc.	Independent Director	March 2023 to present
Centrist Democratic Political Educators, Inc. (CDPI)	Vice President of the National Capital Region	December 2016 to present
Casino Español de Manila	President Member of the Board	2015 to present 2010 to present
Philippine Society of Cataract and Refractive Surgery (PSCRS)	Member of the Board of Trustees and Treasurer	2001 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC Issuances.

4. I am not related to any director/officer/substantial shareholder of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service nor affiliated with a government agency or any Government-Owned or Controlled Corporation (GOCC).

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this MAY - 5 2025 at Mandaluyong City.

JACK G. ARROYO, JR.
Affiant

SUBSCRIBED AND SWORN to before me this MAY - 5 2025 at Mandaluyong City, affiant personally appeared before me and exhibited to me his Philippine Passport with No. P7252861A issued on 22 May 2018 at DFA Manila.

Doc. No.: 233;
Page No.: 48;
Book No.: 41;
Series of 2025.

MAJALLA S. BAUN
Commission No. 0223-24
Notary Public for Mandaluyong City
Until December 31, 2025
SMC, 40 San Miguel Ave., Mandaluyong City
Roll of Attorneys No. 45349
PTR No. 3274413; 01/06/2025; Mandaluyong City
IBP Lifetime Member No. 09433; 01/05/11; Makati City
MCLE Compliance No. VIII-0008459; 05/07/24; Pasig City

MAJALLA S. BAUN
NOTARY PUBLIC
ROLL NO. 45349
MANDALUYONG CITY, PHILIPPINES

ANNEX "A-2"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CONSUELO M. YNARES-SANTIAGO**, Filipino, of legal age and a resident of No. 4 Queensville cor. Derby Streets, White Plains, Quezon City City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** (formerly, SMC Global Power Holdings Corp.) and has been its independent director since 2 September 2011.

2. I am affiliated with the following companies or organizations:

Company/Organization	*Position/Relationship*	*Period of Service*
South Premiere Power Corp.	Independent Director	2025 to present
Excellent Energy Resources Inc.	Independent Director	2025 to present
Linseed Field Corporation	Independent Director	2025 to present
SMC Slex Inc. (formerly, South Luzon Tollway Corporation)	Independent Director	2015 to present
Top Frontier Investment Holdings, Inc.	Independent Director	2013 to present
Anchor Insurance Brokerage Corporation	Independent Director	2012 to present
Phoenix Petroleum Phil. Inc.	Independent Director	2013 to Present
Tahanan Outreach Program Services (TOPS)	Member, Board of Directors	2014 to present
National Sandigan Foundation of the Philippines	Member	2009 to present
Retired Supreme Court Justices Association of the Philippines	Member	2009 to present
UP Women Lawyers' Circle (WILOCI)	Consultant	2002 to present
Apostleship of Prayer Association	Member	2002 to present
Women's Lawyers' Association of the Philippines	Member	1990 to present
Federacion International de Abogados	Member	1990 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC Issuances.

4. I am not related to any director/officer/substantial shareholder of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service nor affiliated with a government agency or any Government-Owned or Controlled Corporation (GOCC).

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this MAY - 5 2025 at Mandaluyong City.

Consuelo M. Ynares-Santiago

CONSUELO M. YNARES-SANTIAGO
Affiant

SUBSCRIBED AND SWORN to before me this MAY - 5 2025 at Mandaluyong City, affiant personally appeared before me and exhibited to me her Philippine Passport with No. P9683307A issued on 23 November 2018 at DFA Manila.

Doc. No.: 234;
Page No.: 48;
Book No.: III;
Series of 2025.

MAJALLA S. BAUN
Commission No. 0223-24
Notary Public for Mandaluyong City
Until December 31, 2025
SMC, 40 San Miguel Ave., Mandaluyong City
Roll of Attorneys No. 45349
PTR No. 3274413; 01/06/2025; Mandaluyong City
IBP Lifetime Member No. 09463; 01/05/11; Pasig City
MCLE Compliance No. VIII-0008459; 05/07/24, Pasig City

MAJALLA S. BAUN
NOTARY PUBLIC
ROLL NO. 45349
MANDALUYONG CITY, PHILIPPINES

ANNEX "A-3"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JOSEFINA GUEVARA-SALONGA**, Filipino, of legal age and a resident of 44 Magallanes Avenue, Magallanes Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** *(formerly, SMC Global Power Holdings Corp.)* and has been its independent director since 7 November 2017.

2. I am affiliated with the following companies or organizations:

Company/Organization	*Position/ Relationship*	*Period of Service*
San Miguel Properties Inc.	Independent Director	2022 to present
Tahanan Outreach Program and Service (TOPS)	Trustee	2010 to present
San Pedro, Laguna Lawyers' Association	Member	Present
WILOCI (U.P.) Lawyers' Association	Member	1966 to present
Philippine Women Judges' Association	Member	Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC Issuances.

4. I am not related to any director/officer/substantial shareholder of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service nor affiliated with a government agency or any Government-Owned or Controlled Corporation (GOCC).

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this MAY - 5 2025 at Mandaluyong City.

Josefina Guevara-Salonga
Affiant

SUBSCRIBED AND SWORN to before me this MAY - 5 2025 at Mandaluyong City, affiant personally appeared before me and exhibited to me her Philippine Passport with No. P8640089A issued on 06 September 2018 at DFA Manila.

Doc. No.: 232;
Page No.: 48;
Book No.: III;
Series of 2025.

MAJALLA S. BAUN
Commission No. 0223-24
Notary Public for Mandaluyong City
Until December 31, 2025
SMC, 40 San Miguel Ave., Mandaluyong City
Roll of Attorneys No. 45349
PTR No. 3274413; 01/03/2025; Mandaluyong City
IBP Lifetime Member No. 09403; 01/05/11; Makati City
MCLE Compliance No. VIII-0008459; 05/07/24; [illegible]

MAJALLA S. BAUN
NOTARY PUBLIC
ROLL NO. 45349
MANDALUYONG CITY, PHILIPPINES

The following document has been received:

Receiving: RICHMOND CARLOS AGTARAP
Receipt Date and Time: April 15, 2025 08:09:49 PM

Company Information

SEC Registration No.: CS200801099
Company Name: SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
Industry Classification: J66940
Company Type: Stock Corporation

Document Information

Document ID: OST10415202583176393
Document Type: ANNUAL_REPORT
Document Code: SEC_Form_17-A
Period Covered: December 31, 2024
Submission Type: Original Filing
Remarks: WITH FS-C

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

ANNEX "B"

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 0 8 0 1 0 9 9

COMPANY NAME

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(Formerly SMC Global Power Holdings Corp.)
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

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

40 San Miguel Avenue, Wack-Wack Greenhills 1550, City of Mandaluyong, Second District, National Capital Region

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S		

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
N/A	5317-1000	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
8	June / 1st Tuesday	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Paul Bernard D. Causon	pcauson@smcgph.sanmiguel.com.ph	5317-1000	N/A

CONTACT PERSON's ADDRESS

40 San Miguel Avenue, Wack-Wack Greenhills
1550, City of Mandaluyong, Second District, National Capital Region

Note 1: ***In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.***

2: ***All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.***

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.

(Formerly SMC Global Power Holdings Corp.)
(A Wholly-owned Subsidiary of San Miguel Corporation)

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

With Independent Auditors’ Report

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
San Miguel Global Power Holdings Corp.
(Formerly SMC Global Power Holdings Corp.)
40 San Miguel Avenue
Wack-Wack Greenhills 1550
City of Mandaluyong, Second District
National Capital Region

Opinion

We have audited the consolidated financial statements of San Miguel Global Power Holdings Corp. (formerly SMC Global Power Holdings Corp.) and its Subsidiaries (the “Group”), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2024, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

Basis for Opinion

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

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, is of most significance in our audits of the consolidated financial statements of the current period. This matter is addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of Goodwill (P69,953 million)
Refer to Note 3, Material Accounting Policy Information, Note 4, Management's Use of Judgments, Estimates and Assumptions and Note 14, Goodwill and Other Intangible Assets

The risk -

The Group recognized a significant amount of goodwill arising from the acquisition of Masinloc Group. The annual impairment test on goodwill was significant to our audits since the assessment process is complex and judgmental by nature as it is based on assumptions on future market and/or economic conditions including future cash flow projections, growth rate and discount rate.

Our response -

We performed the following audit procedures, among others, on the valuation of goodwill:

- We tested the integrity and reasonableness of the discounted cash flow model used by the Group. This involved using our own valuation specialist to assist us in evaluating the model used and assumptions applied and comparing these assumptions to externally derived data as well as our own assessments in relation to key inputs such as projected revenues, discount rate and terminal growth rate, as well as performing our own sensitivity analysis on the assumptions.

- We also assessed the Group's disclosures on key assumptions and the sensitivity of the outcome of the impairment assessment to changes in key assumptions used in the valuation.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A as at and for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A as at and for the year ended December 31, 2024 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Mr. Gregorio I. Sambrano Jr.

R.G. MANABAT & CO.

Gregorio I. Sambrano, Jr.

GREGORIO I. SAMBRANO, JR.
Partner
CPA License No. 088825
SEC Accreditation No. 88825-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 152-885-329
BIR Accreditation No. 08-001987-036-2024
Issued March 26, 2024; valid until March 26, 2027
PTR No. MKT 10467152
Issued January 2, 2025 at Makati City

April 15, 2025
Makati City, Metro Manila

San Miguel Global Power
Giving You the Power to Celebrate Life

San Miguel Global Power Holdings Corp.

40 San Miguel Avenue, Wack-Wack Greenhills 1550 City of Mandaluyong, Second District, NCR

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **San Miguel Global Power Holdings Corp.** (formerly **"SMC Global Power Holdings Corp."** or the "**Company**") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2024, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The BOD reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders or members.

R.G. Manabat & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

RAMON S. ANG
Chairman of the Board & CEO
President & COO

PAUL BERNARD D. CAUSON
Vice President & Chief Finance Officer

Signed this 6th day of March 2025

ACKNOWLEDGMENT

Republic of the Philippines)
Mandaluyong City) S.S.

Before me, a Notary Public for and in Mandaluyong City, this 6th day of March 2025, personally appeared the following:

Name	Passport No.	Date/Place of Issue
Ramon S. Ang	P9066390C	03-10-25 / DFA-NCR East
Paul Bernard D. Causon	P8120059A	07-27-18 / DFA-NCR East

known to me to be the same persons who executed the foregoing instrument and that they acknowledged to me that the same is their free and voluntary act and deed and that of the corporation they represent.

IN WITNESS WHEREOF, I have hereunto affixed my notarial seal at the date and place first above written.

Doc. No.: 417 ;
Page No.: 85 ;
Book No.: II ;
Series of 2025

IRENE M. CIPRIANO
Commission No. 0221-24
Notary Public for Mandaluyong City
Until December 31, 2025
SMC, 40 San Miguel Ave., Mandaluyong City
Roll of Attorneys No. 45955
PTR No. 3272758; 01/08/2025; Mandaluyong City
IBP Lifetime Member No. 09482; 01/05/11; Q.C.
MCLE Compliance No. VIII-0003465; 05/07/24; Pasig City

IRENE M. CIPRIANO
NOTARY PUBLIC
ROLL NO. 45955
MANDALUYONG CITY, PHILIPPINES

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(Formerly SMC Global Power Holdings Corp.)
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023
(In Thousands)

	Note	**2024**	2023
ASSETS			
Current Assets			
Cash and cash equivalents	*7, 29, 30*	**P67,867,411**	P31,659,442
Trade and other receivables - net	*6, 8, 19, 29, 30*	**115,884,031**	116,976,024
Inventories	*6, 9, 19*	**14,326,383**	16,841,384
Prepaid expenses and other current assets	*6, 10*	**51,561,324**	48,521,564
Total Current Assets		**249,639,149**	213,998,414
Noncurrent Assets			
Investments and advances - net	*11*	**19,895,587**	10,953,048
Property, plant and equipment - net	*6, 12*	**459,505,829**	339,224,974
Right-of-use assets - net	*6, 13*	**42,123,333**	104,975,320
Goodwill and other intangible assets - net	*6, 14*	**71,736,078**	71,712,053
Deferred income tax assets	*26*	**1,353,752**	973,481
Other noncurrent assets	*15, 19, 29, 30*	**37,618,797**	43,098,000
Total Noncurrent Assets		**632,233,376**	570,936,876
TOTAL ASSETS		**P881,872,525**	P784,935,290
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	*16, 29, 30*	**P41,350,425**	P13,736,000
Accounts payable and accrued expenses	*17, 19, 29, 30*	**144,101,704**	97,632,905
Lease liabilities - current portion	*6, 29, 30*	**10,048,624**	17,645,586
Income tax payable		**79,614**	222,179
Current maturities of long-term debt - net of debt issue costs	*18, 29, 30*	**28,477,307**	54,124,645
Total Current Liabilities		**224,057,674**	183,361,315
Noncurrent Liabilities			
Long-term debt - net of current maturities and debt issue costs	*18, 29, 30*	**249,460,584**	204,644,828
Deferred income tax liabilities	*26*	**23,978,387**	21,284,723
Lease liabilities - net of current portion	*6, 29, 30*	**21,356,642**	25,141,714
Other noncurrent liabilities	*6, 19, 20, 29, 30*	**3,994,059**	7,029,505
Total Noncurrent Liabilities		**298,789,672**	258,100,770
Total Liabilities		**522,847,346**	441,462,085

Forward

	Note	2024	2023
Equity	*21*		
Equity Attributable to Equity Holders of the Parent Company			
Capital stock		**P2,823,604**	P2,823,604
Additional paid-in capital		**48,081,781**	48,081,781
Senior perpetual capital securities		**151,194,865**	161,767,709
Redeemable perpetual capital securities		**145,979,113**	102,546,825
Equity reserves	*21, 31*	**(16,384,899)**	(3,019,154)
Retained earnings		**26,387,315**	30,367,328
		358,081,779	342,568,093
Non-controlling Interests	*11*	**943,400**	905,112
Total Equity		**359,025,179**	343,473,205
TOTAL LIABILITIES AND EQUITY		**P881,872,525**	P784,935,290

See Notes to Consolidated Financial Statements.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(Formerly SMC Global Power Holdings Corp.)
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(In Thousands, Except Per Share Data)

	Note	**2024**	2023	2022
REVENUES	*19, 22*	**P205,091,116**	P169,590,237	P221,388,788
COST OF POWER SOLD	*19, 23*	**154,684,289**	130,991,692	198,370,980
GROSS PROFIT		**50,406,827**	38,598,545	23,017,808
SELLING AND ADMINISTRATIVE EXPENSES	*19, 24*	**(9,949,589)**	(6,072,432)	(5,563,501)
OTHER OPERATING INCOME	*11, 12, 19*	**-**	-	11,431,307
INTEREST EXPENSE AND OTHER FINANCING CHARGES	*6, 12, 16, 17, 18, 20*	**(20,690,563)**	(18,478,128)	(18,287,680)
INTEREST INCOME	*7, 11*	**832,673**	749,339	1,211,414
EQUITY IN NET EARNINGS (LOSSES) OF AN ASSOCIATE AND JOINT VENTURES - Net	*11*	**505,575**	(272,092)	(400,130)
OTHER INCOME (CHARGES) - Net	*6, 12, 25*	**(3,505,388)**	537,960	(7,240,819)
INCOME BEFORE INCOME TAX		**17,599,535**	15,063,192	4,168,399
INCOME TAX EXPENSE	*26, 27*	**5,215,955**	5,160,206	1,034,751
NET INCOME		**P12,383,580**	P9,902,986	P3,133,648
Attributable to:				
Equity holders of the Parent Company	*28*	**P12,345,292**	P9,905,416	P3,162,545
Non-controlling interests		**38,288**	(2,430)	(28,897)
		P12,383,580	P9,902,986	P3,133,648
Basic/Diluted Loss Per Common Share Attributable to Equity Holders of the Parent Company	*28*	**(P4.76)**	(P7.06)	(P11.73)

See Notes to Consolidated Financial Statements.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
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AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

(In Thousands)

	Note	**2024**	2023	2022
NET INCOME		**P12,383,580**	P9,902,986	P3,133,648
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Remeasurements gain (loss) on net defined benefits retirement plan	*20*	**50,168**	(49,748)	(15,387)
Share in other comprehensive income (loss) of a joint venture and an associate - net	*11*	**4,329**	(3,795)	(2,069)
Income tax benefit (expense)	*20, 26*	**(14,593)**	13,809	(3,615)
		39,904	(39,734)	(21,071)
Items that may be reclassified to profit or loss				
Gain (loss) on exchange differences on translation of foreign operations		**20,750**	(3,008)	37,418
Net gain (loss) on cash flow hedges		**-**	31,229	(40,038)
		20,750	28,221	(2,620)
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax		**60,654**	(11,513)	(23,691)
TOTAL COMPREHENSIVE INCOME		**P12,444,234**	P9,891,473	P3,109,957
Attributable to:				
Equity holders of the Parent Company		**P12,405,946**	P9,893,903	P3,138,854
Non-controlling interests		**38,288**	(2,430)	(28,897)
		P12,444,234	P9,891,473	P3,109,957

See Notes to Consolidated Financial Statements.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(Formerly SMC Global Power Holdings Corp.)
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(In Thousands)

		Equity Attributable to Equity Holders of Parent Company											
						Equity Reserves							
	Note	Capital Stock	Additional Paid-in Capital	Senior Perpetual Capital Securities	Redeemable Perpetual Capital Securities	Equity Reserves	Translation Reserves	Reserve for Retirement Plan	Hedging Reserve	Retained Earnings	Total	Non-controlling Interests	Total Equity
As at January 1, 2024		**P2,823,604**	**P48,081,781**	**P161,767,709**	**P102,546,825**	**(P3,827,112)**	**P914,958**	**(P107,000)**	**P -**	**P30,367,328**	**P342,568,093**	**P905,112**	**P343,473,205**
Net income		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12,345,292**	**12,345,292**	**38,288**	**12,383,580**
Other comprehensive income - net of tax	*20, 30*	**-**	**-**	**-**	**-**	**-**	**20,750**	**39,904**	**-**	**-**	**60,654**	**-**	**60,654**
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**20,750**	**39,904**	**-**	**12,345,292**	**12,405,946**	**38,288**	**12,444,234**
Issuance of redeemable perpetual capital securities	*21, 31*	**-**	**-**	**-**	**43,432,288**	**-**	**-**	**-**	**-**	**-**	**43,432,288**	**-**	**43,432,288**
Issuances of senior perpetual capital securities, net of exchange and tender offers	*21, 31*	**-**	**-**	**29,614,110**	**-**	**(8,573,591)**	**-**	**-**	**-**	**-**	**21,040,519**	**-**	**21,040,519**
Redemption of senior perpetual capital securities	*21, 31*	**-**	**-**	**(40,186,954)**	**-**	**(4,852,808)**	**-**	**-**	**-**	**-**	**(45,039,762)**	**-**	**(45,039,762)**
Share issuance costs		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(388,424)**	**(388,424)**	**-**	**(388,424)**
Distributions to holders of:	*21*												
Redeemable perpetual capital securities		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,552,418)**	**(2,552,418)**	**-**	**(2,552,418)**
Senior perpetual capital securities		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(13,384,463)**	**(13,384,463)**	**-**	**(13,384,463)**
Transactions with owners		**-**	**-**	**(10,572,844)**	**43,432,288**	**(13,426,399)**	**-**	**-**	**-**	**(16,325,305)**	**3,107,740**	**-**	**3,107,740**
As at December 31, 2024		**P2,823,604**	**P48,081,781**	**P151,194,865**	**P145,979,113**	**(P17,253,511)**	**P935,708**	**(P67,096)**	**P -**	**P26,387,315**	**P358,081,779**	**P943,400**	**P359,025,179**
As at January 1, 2023		P1,250,004	P2,490,000	P161,767,709	P51,934,069	(P2,378,421)	P917,966	(P67,266)	(P31,229)	P35,526,185	P251,409,017	P907,542	P252,316,559
Net income (loss)		-	-	-	-	-	-	-	-	9,905,416	9,905,416	(2,430)	9,902,986
Other comprehensive income (loss) - net of tax	*20, 30*	-	-	-	-	-	(3,008)	(39,734)	31,229	-	(11,513)	-	(11,513)
Total comprehensive income (loss)		-	-	-	-	-	(3,008)	(39,734)	31,229	9,905,416	9,893,903	(2,430)	9,891,473
Issuance of redeemable perpetual securities	*21, 31*	-	-	-	70,832,760	-	-	-	-	-	70,832,760	-	70,832,760
Issuance of capital stock	*21, 31*	1,573,600	45,591,781	-	-	-	-	-	-	-	47,165,381	-	47,165,381
Share issuance costs		-	-	-	-	-	-	-	-	(29,200)	(29,200)	-	(29,200)
Purchase of redeemable perpetual securities issued	*21, 31*	-	-	-	(20,220,004)	(1,448,691)	-	-	-	-	(21,668,695)	-	(21,668,695)
Distributions to senior perpetual capital securities	*21*	-	-	-	-	-	-	-	-	(15,035,073)	(15,035,073)	-	(15,035,073)
Transactions with owners		1,573,600	45,591,781	-	50,612,756	(1,448,691)	-	-	-	(15,064,273)	81,265,173	-	81,265,173
As at December 31, 2023		P2,823,604	P48,081,781	P161,767,709	P102,546,825	(P3,827,112)	P914,958	(P107,000)	P -	P30,367,328	P342,568,093	P905,112	P343,473,205

Forward

		Equity Attributable to Equity Holders of Parent Company											
						Equity Reserves							
	Note	Capital Stock	Additional Paid-in Capital	Senior Perpetual Capital Securities	Redeemable Perpetual Securities	Equity Reserves	Translation Reserves	Reserve for Retirement Plan	Hedging Reserve	Retained Earnings	Total	Non-controlling Interests	Total Equity
As at January 1, 2022		P1,062,504	P2,490,000	P167,767,364	P32,751,570	(P2,379,442)	P880,548	(P46,195)	P8,809	P48,247,948	P250,783,106	P945,492	P251,728,598
Net income (loss)		-	-	-	-	-	-	-	-	3,162,545	3,162,545	(28,897)	3,133,648
Other comprehensive income (loss) - net of tax	*20, 30*	-	-	-	-	-	37,418	(21,071)	(40,038)	-	(23,691)	-	(23,691)
Total comprehensive income (loss)		-	-	-	-	-	37,418	(21,071)	(40,038)	3,162,545	3,138,854	(28,897)	3,109,957
Issuance of redeemable perpetual securities	*21, 31*	-	-	-	19,182,499	-	-	-	-	-	19,182,499	-	19,182,499
Repurchase of senior perpetual capital securities	*21, 31*	-	-	(5,999,655)	-	-	-	-	-	1,297,015	(4,702,640)	-	(4,702,640)
Share issuance cost		-	-	-	-	-	-	-	-	(202,329)	(202,329)	(8,032)	(210,361)
Decrease in noncontrolling interest	*11, 21*	-	-	-	-	1,021	-	-	-	-	1,021	(1,021)	-
Collection of subscription receivable	*21*	187,500	-	-	-	-	-	-	-	-	187,500	-	187,500
Distributions to the holders of:													
Redeemable perpetual securities	*21*	-	-	-	-	-	-	-	-	(1,616,926)	(1,616,926)	-	(1,616,926)
Senior perpetual capital securities	*21*	-	-	-	-	-	-	-	-	(15,362,068)	(15,362,068)	-	(15,362,068)
Transactions with owners		187,500	-	(5,999,655)	19,182,499	1,021	-	-	-	(15,884,308)	(2,512,943)	(9,053)	(2,521,996)
As at December 31, 2022		P1,250,004	P2,490,000	P161,767,709	P51,934,069	(P2,378,421)	P917,966	(P67,266)	(P31,229)	P35,526,185	P251,409,017	P907,542	P252,316,559

See Notes to Consolidated Financial Statements.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(Formerly SMC Global Power Holdings Corp.)
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(In Thousands)

	Note	**2024**	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P17,599,535**	P15,063,192	P4,168,399
Adjustments for:				
Interest expense and other financing charges	*6, 16, 18*	**20,651,404**	18,442,976	18,264,120
Depreciation and amortization	*6, 12, 13, 14, 23, 24*	**14,172,868**	12,316,676	11,921,691
Unrealized foreign exchange losses (gains) - net		**3,373,457**	(2,951,651)	7,493,127
Impairment losses on trade receivables	*8, 24*	**2,145,703**	60,714	52,855
Retirement benefits costs	*20*	**136,334**	122,286	161,751
Impairment losses on property, plant and equipment	*12*	**34,991**	34,991	34,991
Loss on retirement of property, plant and equipment	*6, 12, 23*	**-**	63,435	-
Reversal of impairment losses on trade receivables	*8, 24*	**(5,081)**	(107,363)	(22,924)
Equity in net losses (earnings) of an associate and joint ventures	*11*	**(505,575)**	272,092	400,130
Interest income	*7, 11*	**(832,673)**	(749,339)	(1,211,414)
Operating income before working capital changes		**56,770,963**	42,568,009	41,262,726
Decrease (increase) in:				
Trade and other receivables - net	*8*	**(2,350,464)**	(11,324,029)	(58,393,512)
Inventories	*9*	**3,468,659**	(8,914)	(6,705,378)
Prepaid expenses and other current assets	*10*	**(3,079,328)**	(5,153,650)	(13,723,242)
Increase (decrease) in:				
Accounts payable and accrued expenses	*17*	**20,849,278**	9,768,715	29,856,291
Other noncurrent liabilities and others		**(702,546)**	(1,418,915)	2,761,788
Cash generated from (used in) operations		**74,956,562**	34,431,216	(4,941,327)
Interest income received		**1,256,638**	674,539	927,792
Income taxes paid		**(912,698)**	(678,781)	(495,519)
Interest expense and other financing charges paid		**(20,967,956)**	(18,174,796)	(18,349,112)
Net cash flows provided by (used in) operating activities		**54,332,546**	16,252,178	(22,858,166)

Forward

	Note	**2024**	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash from newly acquired subsidiaries, net		**P -**	P120,664	(P11,862)
Proceeds from disposal of subsidiaries, net of cash disposed of	*19*	**-**	-	494,302
Proceeds from sale of properties	*12, 19*	**-**	-	1,186,888
Additions to intangible assets	*6, 14*	**(140,029)**	(56,971)	(254,017)
Increase in other noncurrent assets	*15*	**(897,259)**	(2,350,820)	(3,645,541)
Advances paid to suppliers and contractors	*15*	**(1,689,547)**	(7,307,078)	(5,013,237)
Additions to investments and advances	*11*	**(8,432,636)**	(4,182,237)	(938,666)
Additions to property, plant and equipment	*12*	**(35,093,022)**	(36,178,975)	(48,475,898)
Net cash flows used in investing activities		**(46,252,493)**	(49,955,417)	(56,658,031)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term borrowings	*16, 31*	**165,147,050**	95,322,000	51,181,875
Proceeds from long-term debts	*18, 31*	**71,506,000**	51,977,500	72,312,000
Proceeds from issuances of redeemable perpetual capital securities	*21, 31*	**43,432,288**	70,832,760	19,182,499
Proceeds from issuances of senior perpetual capital securities, net of exchange and tender offers	*21, 31*	**21,040,519**	-	-
Proceeds from issuance of capital stock	*21, 31*	**-**	47,165,381	-
Proceeds from collection of subscription receivable	*21*	**-**	-	187,500
Payments for the purchase of redeemable perpetual capital securities	*21, 31*	**-**	(21,668,695)	-
Payments of share issuance costs		**(388,424)**	(29,200)	(210,361)
Distributions paid to redeemable perpetual capital securities holder	*21*	**(2,552,418)**	-	(1,616,926)
Distributions paid to senior perpetual capital securities holders	*21*	**(13,384,463)**	(15,035,073)	(15,362,068)
Payments of lease liabilities	*6, 31*	**(18,298,212)**	(19,314,572)	(24,220,192)
Payments for the redemption/ repurchase of senior perpetual capital securities	*21, 31*	**(45,039,762)**	-	(4,702,640)
Payments of long-term debts	*18, 31*	**(55,615,121)**	(64,362,371)	(30,581,714)
Payments of short-term borrowings	*16, 31*	**(137,512,000)**	(102,586,000)	(32,373,125)
Net cash flows provided by financing activities		**28,335,457**	42,301,730	33,796,848

Forward

	Note	2024	2023	2022
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(P207,541)**	P334,715	P755,434
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**36,207,969**	8,933,206	(44,963,915)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**31,659,442**	22,726,236	67,690,151
CASH AND CASH EQUIVALENTS AT END OF YEAR	*7*	**P67,867,411**	P31,659,442	P22,726,236

See Notes to Consolidated Financial Statements.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(Formerly SMC Global Power Holdings Corp.)
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Per Share Data and Number of Shares)

1. Reporting Entity

San Miguel Global Power Holdings Corp. (the “Parent Company”) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on January 23, 2008, and its primary purpose of business is to purchase, sell, assign, lease, develop, operate and dispose of all properties of every kind and description, and shares of stocks or other securities or obligations, created or issued by any corporation or other entity. The Parent Company has a perpetual corporate life in accordance with the Revised Corporation Code of the Philippines which took effect on February 23, 2019.

The accompanying consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiaries (collectively referred to as the “Group”) and the Group’s interests in an associate and joint ventures.

The Parent Company is a wholly-owned subsidiary of San Miguel Corporation (SMC). The ultimate parent company of the Group is Top Frontier Investment Holdings, Inc. (Top Frontier). SMC and Top Frontier are public companies under Section 17.2 of the Securities Regulation Code (SRC) and whose shares are listed on The Philippine Stock Exchange, Inc. (PSE).

On December 21, 2022, the stockholders of the Parent Company approved by written assent the change in its corporate name from “SMC Global Power Holdings Corp.” to “San Miguel Global Power Holdings Corp.” after this was unanimously approved by the Board of Directors (BOD) during the meeting held on December 5, 2022. The change in corporate name was approved by the Philippine SEC on March 22, 2023.

The BOD and the stockholders approved, on May 13, 2024 and June 4, 2024, respectively, the change of the Parent Company’s principal office and amendment of its Amended Articles of Incorporation to reflect the same, from 5th Floor, C5 Office Building Complex, #100 E. Rodriguez Jr. Ave., C5 Road, Bo. Ugong, Pasig City 1604, Metro Manila to No. 40 San Miguel Avenue, Wack-Wack Greenhills 1550, City of Mandaluyong, Second District, National Capital Region. On September 26, 2024, the Philippine SEC approved the application filed by the Parent Company.

2. Basis of Preparation

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS Accounting Standards consist of PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

The consolidated financial statements were approved and authorized for issue in accordance with a resolution by the BOD on March 6, 2025.

Basis of Measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis except for the following items which are measured on an alternative basis on each reporting date:

Items	Measurement Basis
Financial assets at fair value through profit or loss (FVPL)	Fair value
Defined benefits retirement asset (liability)	Fair value of the plan assets less the present value of the defined benefits retirement obligation

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine Peso, which is the functional currency of the Parent Company. All financial information is rounded off to the nearest thousand (P000), except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries. The major subsidiaries include the following:

	Percentage of Ownership	
	2024	2023
Power Generation		
Sual Power Inc. (SPI, formerly San Miguel Energy Corporation) [(a)]	**100**	100
South Premiere Power Corp. (SPPC)	**100**	100
San Roque Hydropower Inc. (SRHI, formerly Strategic Power Devt. Corp.) [(b)]	**100**	100
Limay Power Inc. (LPI, formerly SMC Consolidated Power Corporation) [(c)]	**100**	100
Malita Power Inc. (MPI, formerly San Miguel Consolidated Power Corporation) [(d)]	**100**	100
PowerOne Ventures Energy Inc. (PVEI) [(e)]	**100**	100
Prime Electric Generation Corporation (PEGC) [(f)]	**100**	100
Oceantech Power Generation Corporation (OPGC)	**100**	100
Masinloc Power Co. Ltd. (MPCL, formerly Masinloc Power Partners Co. Ltd.) [(g)]	**100**	100
Power Ventures Generation Corporation (PVGC) [(g)] [(f)]	**100**	100
Mariveles Power Generation Corporation (MPGC) [(h)]	**95**	95
SMC Global Light and Power Corp. (SGLPC)	**100**	100
Lucanin Solar Inc. [(i)]	**100**	-
Excellent Energy Resources Inc. (EERI)	**100**	100

Forward

	Percentage of Ownership	
	2024	2023
Retail and Other Power-related Services		
SMGP BESS Power Inc. (SMGP BESS, formerly "Universal Power Solutions, Inc.") *(j)*	**100**	100
SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan, formerly SMCGP Philippines Energy Storage Co. Ltd.) *(k)*	**100**	100
SMC Power Generation Corp. (SPGC) *(l)*	**100**	100

(a) On March 9, 2023, the Philippine SEC approved the change in the corporate name to "Sual Power Inc.".

(b) On March 31, 2023, the Philippine SEC approved the change in the corporate name to "San Roque Hydropower Inc.".

(c) Owner of the 4 x 150 megawatts (MW) Circulating Fluidized Bed (CFB) coal-fired power plant in Limay, Bataan (Phase I and II Limay Greenfield Power Plant). On February 7, 2023, the Philippine SEC approved the change in the corporate name to "Limay Power Inc.".

(d) Owner of the 2 x 150 MW CFB coal-fired power plant in Malita, Davao (Davao Greenfield Power Plant). On March 9, 2023, the Philippine SEC approved the change in the corporate name to "Malita Power Inc.".

(e) PVEI owns 60% of the outstanding capital stock of Angat Hydropower Corporation (AHC) and KWPP Holdings Corporation (KWPP) as joint ventures (see Note 11).

(f) On June 2, 2022, the Parent Company acquired 50% interests in Isabel Ancillary Services Co. Ltd. (IASCO) through the acquisition by PVGC of 49.31% limited partnership interest in IASCO and the acquisition by PEGC of 50% equity interests in Isabel AS Holdings Corp. (Isabel AS), the sole general partner which owns 1.38% partnership interest in IASCO. IASCO operates the 70 MW Modular Engine Power Plant in Isabel, Leyte (see Note 11).

(g) Co-owned by the Parent Company with its subsidiaries, SMCGP Masinloc Power Company Limited (MaPoCo) and PVGC, and owner of the Masinloc Power Plant (see Notes 11 and 12). On November 13, 2023, the Philippine SEC approved the change in corporate name to "Masinloc Power Co. Ltd.".

(h) Owner of the 4 x 150 MW CFB coal-fired power plant in Mariveles, Bataan (Mariveles Greenfield Power Plant) (see Note 12). The Parent Company subscribed to additional unissued common shares of MPGC in December 2022, thereby increasing its ownership interest from 91.98% to 94.55%. Non-controlling interests represent the 5.24% and 0.21% held by Meralco PowerGen Corporation (MGen) and by Zygnet Prime Holdings, Inc. (Zygnet), respectively. Unit 1, Unit 2, and Unit 3 of the 600 MW Mariveles Greenfield Power Plant were declared as operational on March 28, 2024, September 26, 2024, and October 26, 2024, respectively. (see Note 11).

(i) Incorporated on August 9, 2024. It is indirectly owned by the Parent Company through SGLPC and has not started commercial operations as at December 31, 2024.

(j) Owner of various battery energy storage system (BESS) facilities in the country (see Note 12). SMGP BESS commenced commercial operations in August 2023 (Note 12). On November 3, 2023, the Philippine SEC approved the change in the corporate name to "SMGP BESS Power Inc.".

(k) Indirectly owned by the Parent Company, through its wholly-owned subsidiaries PEGC and OPGC, and owner of the BESS facility in Kabankalan, Negros Occidental. SMGP Kabankalan started its commercial operations in January 2022 (see Note 12). On September 21, 2023, the Philippine SEC approved the change in the corporate name to "SMGP Kabankalan Power Co. Ltd.".

(l) SPGC owns 35% of the outstanding capital stock of Olongapo Electricity Distribution Company, Inc., (OEDC) as an associate (see Note 11).

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Group obtains control, and continue to be consolidated until the date when such control ceases.

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

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

Non-controlling interests include the interests not held by the Parent Company in MPGC as at December 31, 2024 and 2023.

3. Material Accounting Policy Information

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, except for the changes in accounting policies as explained below.

The FSRSC approved the adoption of a number of new and amendments to standards as part of PFRS Accounting Standards.

Adoption of Amendments to Standards

The Group has adopted the following amendments to standards effective January 1, 2024 and accordingly, changed its accounting policies in the following areas:

- Classification of Liabilities as Current or Noncurrent - 2020 Amendments and Noncurrent Liabilities with Covenants - 2022 Amendments (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead require that the right must have substance and exist at the reporting date;

  - clarified that only covenants with which the entity must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;

  - provided additional disclosure requirements for noncurrent liabilities subject to conditions within 12 months after the reporting period to enable the assessment of the risk that the liability could become repayable within 12 months; and

  - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

- Supplier Finance Arrangements (Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments: Disclosures*). The amendments introduce new disclosure objectives to provide information about the supplier finance arrangements of an entity that would enable users to assess the effects of these arrangements on the liabilities and cash flows, and the exposure to liquidity risk.

  Under the amendments, an entity discloses in aggregate for its supplier finance arrangements:

  - the terms and conditions of the arrangements;

  - beginning and ending carrying amounts and associated line items of the financial liabilities that are part of a supplier finance arrangement, distinguishing those for which suppliers were already paid, and range of payment due dates including those for comparable trade payables not part of a supplier finance arrangement; and

  - the type and effect of non-cash changes in the carrying amounts.

  The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in PFRS 7 on factors an entity might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

The adoption of the amendments to standards did not have a material effect on the consolidated financial statements.

<u>New and Amendments to Standards Not Yet Adopted</u>
A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2024 and have not been applied in preparing the consolidated financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the consolidated financial statements.

The Group will adopt the following new and amendments to standards on the respective effective dates:

- Lack of Exchangeability (Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates*). The amendments clarify that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

  When a currency is not exchangeable, an entity needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

  The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the entity because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted. Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the entity uses a presentation currency other than its functional currency.

- Classification and Measurement of Financial Instruments (Amendments to PFRS 9, *Financial Instruments*, and PFRS 7). The amendments clarify that financial assets and financial liabilities are recognized and derecognized on the settlement date, except for regular way purchases or sales of financial assets and financial liabilities that meet the conditions for an exception. The exception allows entities to elect to derecognize certain financial liabilities settled through an electronic payment system before the settlement date.

  The amendments also provide guidelines for assessing the contractual cash flow characteristics of financial assets that include environmental, social, and governance-linked features and other similar contingent features.

  Entities are required to disclose additional information about financial assets and financial liabilities with contingent features, and equity instruments classified at fair value through other comprehensive income.

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

- Contracts Referencing Nature-dependent Electricity (Amendments to PFRS 9 and PFRS 7). The amendments clarify the application of the own-use exemption for contracts referencing electricity from nature-dependent renewable energy sources, amend the hedge accounting requirements to allow these contracts to be designated as hedging instruments if certain conditions are met, and introduce additional disclosure requirements on the impact of these contracts on the financial performance and future cash flow.

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

- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to two standards:

  - Gain or Loss on Derecognition (Amendments to PFRS 7). The amendments replaced the reference to ‘inputs that were not based on observable market data’ in the obsolete paragraph 27A of PFRS 7, with reference to ‘unobservable inputs’ in paragraphs 72-73 of PFRS 13, *Fair Value Measurement*.

  - Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9). The amendments:

    - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss; and

- replaced the term 'their transaction price (as defined in PFRS 15, *Revenue from Contracts with Customers*)' with 'the amount determined by applying PFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

The amendments apply for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

- PFRS 18, *Presentation and Disclosure in Financial Statements*, replaces PAS 1. The new standard introduces the following key requirements:

  - Entities are required to classify all income and expenses into five categories in the statement of income: operating, investing, financing, income tax, and discontinued operations. Subtotals and totals are presented in the statement of income for operating profit or loss, profit or loss before financing and income taxes, and profit or loss.

  - Management-defined performance measures are disclosed in a single note to the financial statements.

  - Enhanced guidance is provided on how to group information in the financial statements.

  In addition, all entities are required to use the operating profit or loss subtotal as the starting point for the statement of cash flows when presenting cash flows from operating activities under the indirect method.

  PFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with retrospective application required. Early adoption is permitted.

The Group continues to assess the impact of the above new and amendments to standards effective subsequent to 2024 on the consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within 12 months after the reporting period; or (d) there is no right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other assets and liabilities as noncurrent. Deferred income tax assets and liabilities are classified as noncurrent.

Financial Instruments

Recognition and Initial Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for financial assets and financial liabilities at FVPL, includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

The Group classifies its financial assets, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the consolidated statements of income when the financial asset is derecognized, modified or impaired.

The Group's cash and cash equivalents, trade and other receivables, long-term receivables (consisting of amounts owed by related parties and noncurrent receivables classified under "Other noncurrent assets" account) and restricted cash are included under this category (see Notes 7, 8, 10, 15, 29 and 30).

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Financial Assets at FVOCI. Investment in debt instruments is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in the fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Financial assets at FVOCI are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income.

Financial Liabilities
The Group determines the classification of its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and financial liabilities at amortized costs. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Financial Liabilities at FVPL. Financial liabilities are classified under this category through the fair value option. Derivative instruments (including embedded derivatives) with negative fair values, except those covered by hedge accounting relationships, are also classified under this category.

The Group carries financial liabilities at FVPL using their fair values and reports fair value changes in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective accounting hedge are recognized in other comprehensive income and presented in the consolidated statements of changes in equity. Any interest expense incurred is recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income.

The Group's derivative liabilities that are not designated as cash flow hedge are classified under this category (see Notes 17, 29 and 30).

Financial Liabilities at Amortized Costs. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial recognition, financial liabilities at amortized costs are measured using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Interest expense and other financing charges" account in the consolidated statements of income. Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized as well as through the amortization process.

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in the consolidated statements of income.

The Group's liabilities arising from its trade transactions or borrowings such as loans payable, accounts payable and accrued expenses, long-term debt, lease liabilities and other noncurrent liabilities are included under this category (see Notes 6, 16, 17, 18, 29 and 30).

Derecognition of Financial Assets and Financial Liabilities

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

- the rights to receive cash flows from the asset have expired; or

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

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

Impairment of Financial Assets

The Group recognizes allowance for expected credit loss (ECL) on financial assets at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group recognizes lifetime ECLs for receivables that do not contain significant financing component. The Group uses provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether these financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;

- a breach of contract, such as a default or past due event;

- the restructuring of a financial asset by the Group on terms that the Group would not consider otherwise;

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

- the disappearance of an active market for that financial asset because of financial difficulties.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the consolidated statements of income.

Classification of Financial Instruments between Liability and Equity

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;

- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

Derivative Financial Instruments
The Group uses derivative financial instruments, such as forwards and swaps to manage its exposure on foreign currency and commodity price risks. Derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized in the consolidated statements of income.

Freestanding Derivatives
The Group designates certain derivatives as hedging instruments to hedge the exposure to variability in cash flows associated with recognized liabilities arising from changes in foreign exchange rates and interest rates.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedging instrument are expected to offset the changes in cash flows of the hedged item.

Inventories
Inventories are valued at the lower of cost and net realizable value. Cost is determined using weighted average method for coal inventories, liquefied natural gas (LNG), fuel oil and other consumables, and spare parts. Net realizable value is the current replacement cost.

Any write-down of inventories to net realizable value and all losses of inventories are recognized as expense in the year of write-down or loss occurrence. The amount of reversals of write-down of inventories arising from an increase in net realizable value, if any, are recognized as reduction in the amount of inventories recognized as expense in the year in which the reversal occurs.

Prepaid Expenses and Other Current Assets
Prepaid expenses represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in the consolidated statements of income as they are consumed or expire with the passage of time.

Other current assets pertain to assets which are expected to be realized within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Investments in Shares of Stock of Associates and Joint Ventures
An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in shares of stock of associates and joint ventures are accounted for using the equity method.

Property, Plant and Equipment
Property, plant and equipment, except for land, are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less impairment in value, if any.

The initial cost of property, plant and equipment comprises of its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes related asset retirement obligation (ARO), if any. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property, plant and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

Capital projects in progress (CPIP) represents the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of plant and equipment are capitalized during the construction period. CPIP is not depreciated until such time that the relevant assets are ready for use.

Depreciation which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Power plants	5 - 42
Leasehold improvements	5 - 25 or term of the lease, whichever is shorter
Other equipment	2 - 20
Building	5 - 25

The remaining useful lives, residual values, and depreciation methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and methods of depreciation are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

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

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property, plant and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the consolidated statements of income in the period of retirement and disposal.

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

- the Group has the right to obtain substantially all the economic benefits from use of the identified asset; and

- the Group has the right to direct the use of the identified asset.

Group as Lessee
The Group recognizes a right-of-use asset and a lease liability at the lease commencement date (i.e., the date the underlying asset is available for use). The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term as follows:

	Number of Years
Land	2 - 30
Buildings and improvements	2 - 5
Powerplants	29 - 43

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. The carrying amount of the lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases (i.e., lease that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. The Group recognizes the lease payments associated with these leases as expense on a straight-line basis over the lease term.

Group as Lessor
The Group determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is classified as a finance lease; if not, it is classified as an operating lease. As part of the assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the recognition exemption, it classifies the sublease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies PFRS 15, *Revenue from Contracts with Customers,* to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as rent income on a straight-line basis over the lease term.

<u>Intangible Assets</u>
Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditures are recognized in the consolidated statements of income in the year in which the related expenditures are incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method used for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of income consistent with the function of the intangible asset.

Amortization is computed using the straight-line method over the following estimated useful lives of other intangible assets with finite lives:

	Number of Years
Computer software and licenses	3
Other rights	27

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statements of income when the asset is derecognized.

Impairment of Non-financial Assets

The carrying amounts of investments and advances, property, plant and equipment, right-of-use assets, intangible assets with finite useful lives, and investment property are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statements of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. An impairment loss with respect to goodwill is not reversed.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Capital Stock and Additional Paid-in Capital

Common Shares

Common shares are measured at par and are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Additional Paid-in Capital

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Senior Perpetual Capital Securities (SPCS) and Redeemable Perpetual Capital Securities (RPCS)

SPCS and RPCS are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another person or entity or to exchange financial assets or financial liabilities with another person or entity that is potentially unfavorable to the issuer.

Incremental costs directly attributable to the issuance of SPCS and RPCS are recognized as a deduction from equity, net of tax.

Equity Reserves

Equity reserves include mainly the effects of transactions with: (i) holders of the Parent Company's SPCS and RPCS, and (ii) non-controlling interests and equity adjustments arising from group restructuring transactions.

Retained Earnings

Retained earnings represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments. Appropriated retained earnings represent that portion which is restricted and therefore not available for any dividend declaration.

Revenues

The Group recognizes revenues from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenues are inclusive of pass-through charges, net of value-added tax (VAT) and other fees collected on behalf of third parties.

The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it acts as a principal as it controls the goods or services before transferring to the customer.

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

Sale of Power

Revenue from Power Generation and Trading. Revenue from power generation and trading is recognized over time when actual power or capacity is generated, transmitted and/or made available to the customers, net of related discounts and adjustments.

Retail and Other Power-related Services. Revenue from retail and other power-related services is recognized over time upon the supply of electricity to the customers. The Uniform Filing Requirements on the rate unbundling released by the Energy Regulatory Commission (ERC) on October 30, 2001 specified the following bill components: (a) generation charge, (b) transmission charge, (c) system loss charge, (d) distribution charge, (e) supply charge, (f) metering charge, (g) currency exchange rate adjustments, where applicable and (h) interclass and life subsidies. Feed-in tariffs allowance, VAT and universal charges are billed and collected on behalf of the national and local government and do not form part of the Group's revenue. Generation, transmission and system loss charges, which are part of revenues, are pass-through charges.

Revenue from Other Services

Revenue from other services is recognized when the related services are rendered.

Other Income

Interest Income. Interest income is recognized using the effective interest method. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the reporting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost of power sold is debited for the direct costs related to power generation, retail and distribution of electricity, and/or trading. Expenses are recognized when incurred.

Interest Expense and Other Financing Charges. Interest expense and other financing charges comprise finance charges on lease liabilities, loans, premium on option liabilities and other borrowings. Finance charges on lease liabilities, loans, and premium on option liabilities are recognized in the consolidated statements of income using the effective interest method.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Benefits Costs

The net defined benefits retirement liability or asset is the aggregate of the present value of the amount of future benefits that employees have earned in return for their service in the current and prior periods, reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefits asset to the asset ceiling. The asset ceiling is the present value of economic benefits available in the form of reductions in future contributions to the plan.

The cost of providing benefits under the defined benefits retirement plan is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning projected salaries of employees. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in subsequent period.

Defined benefits costs comprise the following:

- Service costs;
- Net interest on the defined benefits retirement liability or asset; and
- Remeasurements of defined benefits retirement liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statements of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefits retirement liability or asset is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the net defined benefits retirement liability or asset. Net interest on the net defined benefits retirement liability or asset is recognized as expense or income in the consolidated statements of income.

Remeasurements of net defined benefits retirement liability or asset comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statements of income in subsequent periods.

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in the consolidated statements of income. The Group recognizes gains and losses on the settlement of a defined benefits retirement plan when the settlement occurs.

Foreign Currency

Transactions in foreign currencies are initially recorded in the respective functional currency of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and monetary liabilities denominated in foreign currencies are translated to the functional currency at exchange rate at the reporting date.

Non-monetary assets and non-monetary liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in the consolidated statements of income, except for differences arising on the translation of monetary items that in substance form part of a net investment in a foreign operation and hedging instruments in a qualifying cash flow hedge or hedge of a net investment in a foreign operation, which are recognized in other comprehensive income.

Taxes

Current Income Tax. Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred Income Tax. Deferred income tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

The measurement of deferred income tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current income tax and deferred income tax are recognized in the consolidated statements of income, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of “Prepaid expenses and other current assets”, “Accounts payable and accrued expenses” or “Income tax payable” accounts in the consolidated statements of financial position.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

Basic and Diluted Earnings (Loss) Per Common Share

Basic earnings (loss) per share is computed by dividing the net income for the period attributable to equity holders of the Parent Company, net of distributions to the holders of SPCS and RPCS, by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

Diluted (earnings) loss per share is computed in the same manner, adjusted for the effect of all potential dilutive debt or equity instruments.

Operating Segments

The Group’s operating segments are organized and managed separately according to the services provided, with each segment representing a strategic business unit that offers different economic characteristic and activities. Financial Information on operating segments is presented in Note 5 to the consolidated financial statements. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis.

The measurement policies the Group used for segment reporting under PFRS 8, *Operating Segments* are the same as those used in the consolidated financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods.

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

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

Events After the Reporting Date
Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Management's Use of Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments
In the process of applying the accounting policies, the Group has made the following judgments, apart from those involving estimations, which have significant effect on the amounts recognized in the consolidated financial statements:

Determining whether a Contract Contains a Lease. The Group uses its judgment in determining whether a contract contains a lease. At inception of a contract, the Group makes an assessment whether it has the right to obtain substantially all the economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

Operating Lease Commitments - Group as Lessor. The Group has entered into various lease agreements as a lessor. The Group had determined that it retains all the significant risks and rewards of ownership of the property leased out on operating leases.

Rent income recognized in the consolidated statements of income amounted to P98,050, P83,640 and P29,299 in 2024, 2023 and 2022, respectively.

Determining the Lease Term of Contracts with Renewal Options - Group as Lessee. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. At lease commencement date, the Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew the lease by considering all relevant factors that create an economic incentive for it to exercise the renewal option. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or change in circumstances within its control.

Estimating the Incremental Borrowing Rate. The Group cannot readily determine the interest rate implicit in the leases. Therefore, it uses its relevant incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available and to make adjustments to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific estimates.

The Group's lease liabilities amounted to P31,405,266 and P42,787,300 as at December 31, 2024 and 2023, respectively (see Notes 6, 29, 30 and 31).

Identification of Distinct Performance Obligation. The Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either: (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. The Group has determined that it has distinct+ performance obligations other than the sale of power such as the provision of technical support and lease of equipment to its customers and allocates the transaction price into these several performance obligations.

Determining Whether the Group is Acting as a Principal or Agent in a Revenue Transaction. The determination on whether the Group is a principal or agent in a contract is made by identifying each specified goods or services promised to the customers in the contract and evaluating whether the Group obtains control of the specified goods and services before it is transferred to the customer.

For the sale of power and retail and other power-related services, the Group has the obligation to provide a recurring service to the customer over the contract term and transfers control upon delivery, hence, the Group has determined that it is acting as principal in these revenue arrangements with customers.

Classification of Joint Arrangements. The Group has determined that it has rights only to the net assets of the joint arrangements based on the structure, legal form, contractual terms, and other facts and circumstances of the arrangement. As such, the Group classified its joint arrangements in AHC, KWPP, Isabel AS and IASCO as joint ventures (see Note 11).

Distinction Between Investment Property and Owner-occupied Property. The Group determines whether a property qualifies as investment property or owner-occupied property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in marketing or administrative functions. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in marketing or for administrative purposes. If the portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Adequacy of Tax Liabilities. The Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Classification of Financial Instruments. The Group exercises judgments in classifying financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

The Group uses its judgment in determining the classification of financial assets based on its business model in which assets are managed and their cash flow characteristics. The classification and fair values of financial assets and financial liabilities are presented in Note 30.

Contingencies. The Group is currently involved in various pending claims and cases which could be decided in favor of or against the Group. The Group's estimate of the probable costs for the resolution of these pending claims and cases has been developed in consultation with in-house as well as outside legal counsel handling the prosecution and defense of these matters and is based on an analysis of potential results. The Group currently does not believe that these pending claims and cases will have a material adverse effect on its financial position and financial performance. It is possible, however, that future financial performance could be materially affected by the changes in the estimates or in the effectiveness of strategies relating to these proceedings (see Note 32).

Estimates and Assumptions
The key estimates and assumptions used in the consolidated financial statements are based upon the Group's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Assessment of ECL on Trade and Other Receivables. The Group, in applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade and other receivables. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customers. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer to reflect the effects of current and forecasted economic conditions.

The Group has assessed that the forward-looking default rate component of its ECL on trade and other receivables is not material because substantial amount of trade and other receivables are normally collected within one year. Moreover, based on management's assessment, current conditions and forward-looking information does not indicate a significant increase in credit risk exposure of the Group from its trade and other receivables.

In 2024 and 2023, the Group recognized impairment losses on trade and other receivables amounting to P2,145,703 and P60,714, respectively (see Notes 8 and 24). The allowance for impairment losses on trade and other receivables amounted to P4,867,019 and P2,665,606 as at December 31, 2024 and 2023, respectively (see Notes 8 and 29). The carrying amount of trade and other receivables amounted to P115,884,031 and P116,976,024 as at December 31, 2024 and 2023, respectively (see Notes 8, 29, 30).

Assessment of ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;

- existing or forecasted adverse changes in business, financial or economic conditions; and

- actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets at day one to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Group has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no additional provision for ECL on other financial assets at amortized cost was recognized in 2024 and 2023.

The carrying amounts of other financial assets at amortized cost are as follows:

	Note	**2024**	2023
Cash and cash equivalents (excluding cash on hand)	*7*	**P67,864,985**	P31,657,566
Long-term receivables	*15*	**9,035,675**	10,705,575
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	*10, 15*	**8,495,006**	6,271,296
	29, 30	**P85,395,666**	P48,634,437

Fair Value Measurements. A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRS Accounting Standards, including the level in the fair value hierarchy in which such valuations should be classified.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (see Note 3).

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

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

The methods and assumptions used to estimate the fair values for both financial and non-financial assets and liabilities are discussed in Note 30.

Write-down of Inventory. The Group writes-down the cost of inventory to net realizable value whenever net realizable value becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date.

The Group assessed that no write-down of inventories to net realizable value is necessary as at December 31, 2024 and 2023.

The carrying amounts of inventories amounted to P14,326,383 and P16,841,384 as at December 31, 2024 and 2023, respectively (see Note 9).

Estimation of Useful Lives of Property, Plant and Equipment and Right-of-Use Assets. The Group estimates the useful lives of property, plant and equipment and right-of-use assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment and right-of-use assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property, plant and equipment and right-of-use assets is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment and right-of-use assets would increase the recorded cost of power sold and selling and administrative expenses and decrease noncurrent assets.

Property, plant and equipment, net of accumulated depreciation, amounted to P459,785,776 and P339,469,930 as at December 31, 2024 and 2023, respectively. Accumulated depreciation of property, plant and equipment amounted to P46,997,446 and P36,241,767 as at December 31, 2024 and 2023, respectively (see Note 12).

Right-of-use assets, net of accumulated depreciation and amortization, amounted to P42,123,333 and P104,975,320 as at December 31, 2024 and 2023, respectively. Accumulated depreciation and amortization of right-of-use assets amounted to P7,603,913 and P19,272,871 as at December 31, 2024 and 2023, respectively (see Note 13).

Estimation of Useful Lives of Intangible Assets. The useful lives of intangible assets are assessed at the individual asset level as having either a finite or indefinite life. Intangible assets are regarded to have an indefinite useful life when, based on analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

Intangible assets with finite useful lives, such as computer software and licenses, and others, net of accumulated amortization, amounted to P1,782,856 and P1,758,831 as at December 31, 2024 and 2023, respectively. Accumulated amortization of computer software and licenses, and others amounted to P636,842 and P520,838 as at December 31, 2024 and 2023, respectively (see Note 14).

Impairment of Goodwill. The Group determines whether the goodwill acquired in a business combination is impaired at least annually. This requires the estimation of value in use of the cash-generating units to which the goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate to calculate the present value of those cash flows.

The recoverable amount of goodwill arising from the acquisition of SMCGP Masin Pte. Ltd., SMCGP Transpower Pte. Ltd. (SMCGP Transpower) and SMCGP Philippines Inc. (collectively referred to as Masinloc Group) in 2018, has been determined based on the value in use using discounted cash flows. Assumptions used in the discounted cash flows include discount rates of 10.4% in 2024, 10.5% in 2023, and 11.0% in 2022, and terminal growth rates of 3.2% in 2024, 3.0% in 2023, and 5.0% in 2022 (see Note 14).

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

No impairment loss was recognized in 2024, 2023 and 2022 in relation to the goodwill arising from the acquisition of the Masinloc Group, which accounts for almost 100% of the goodwill in the consolidated statements of financial position as at December 31, 2024 and 2023.

The carrying amount of goodwill amounted to P69,953,222 as at December 31, 2024 and 2023 (see Note 14).

Acquisition Accounting. At the time of acquisition, the Group considers whether the acquisition represents an acquisition of a business or a group of assets. The Group accounts for an acquisition as a business combination if it acquires an integrated set of business processes in addition to the group of assets acquired.

The Group accounts for acquired businesses using the acquisition method of accounting which requires that the assets acquired and the liabilities assumed are recognized at the date of acquisition based on their respective fair values.

The application of the acquisition method requires certain estimates and assumptions concerning the determination of the fair values of acquired intangible assets and property, plant and equipment as well as liabilities assumed at the acquisition date. Moreover, the useful lives of the acquired intangible assets and property, plant and equipment have to be determined. Accordingly, for significant acquisitions, the Group obtains assistance from valuation specialists. The valuations are based on information available at the acquisition date.

The Group has determined that the acquisition of the Masinloc Group represents a business due to the presence of the integrated set of activities acquired while the separate acquisition of Ilijan Primeline Industrial Estate Corp. (IPIEC), and Blue Eagle Star, Corp. (Blue Eagle) in 2023 represents an asset acquisition since it does not meet the requirements of being a business as set out in PFRS 3*, Business Combinations* (see Note 11).

The carrying amount of goodwill arising from business combinations amounted to P69,953,222 as at December 31, 2024, and 2023 (see Note 14).

Realizability of Deferred Income Tax Assets. The Group reviews its deferred income tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The Group's assessment on the recognition of deferred income tax assets on deductible temporary differences and carryforward benefits of MCIT and NOLCO is based on the projected taxable income in the following periods.

Certain deferred income tax assets arising from MCIT and NOLCO have not been recognized by the Parent Company and certain subsidiaries because the management believes that it is not probable that future taxable income will be available against which the Group can utilize the benefits therefrom (see Note 26).

Deferred income tax assets from temporary differences amounted to P1,353,752 and P973,481 as at December 31, 2024 and 2023, respectively (see Note 26).

Impairment of Non-financial Assets. PFRS Accounting Standards requires that an impairment review be performed on investments and advances, property, plant and equipment, right-of-use assets, intangible assets with finite useful lives, and investment property when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

Accumulated impairment losses on property, plant and equipment amounted to P279,947 and P244,956 as at December 31, 2024 and 2023, respectively (see Note 12).

The combined carrying amounts of investments and advances, property, plant and equipment, right-of-use assets, intangible assets with finite useful lives, and investment property (presented under "Other noncurrent assets" account) amounted to P527,655,233 and P460,130,955 as at December 31, 2024 and 2023, respectively (see Notes 11, 12, 13, 14 and 15).

Present Value of Defined Benefits Retirement Obligation. The present value of the defined benefits retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are described in Note 20 to the consolidated financial statements and include discount rate and salary increase rate.

The Group determines the appropriate discount rate at the end of each reporting period. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Group considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement obligation.

Other key assumptions for the defined benefits retirement obligation are based in part on current market conditions.

While it is believed that the assumptions of the Group are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the defined benefits retirement obligation of the Group.

The present value of defined benefits retirement obligation amounted to P694,780 and P640,443 as at December 31, 2024 and 2023, respectively (see Note 20).

ARO. The Group has ARO arising from power plants and leased properties. Determining ARO requires estimation of the costs of dismantling, installing and restoring leased properties to their original condition. The Group determined the amount of the ARO by obtaining estimates of dismantling costs from the proponent responsible for the operation of the asset, discounted at the Group's current credit-adjusted risk-free rate ranging from 3.93% to 12.64% depending on the life of the capitalized costs. While it is believed that the assumptions used in the estimation of such costs are reasonable, significant changes in these assumptions may materially affect the recorded expense or obligation in future periods.

The Group's ARO, presented under "Other noncurrent liabilities" account in the consolidated statements of financial position, amounted to P667,805 and P798,030 as at December 31, 2024 and 2023, respectively.

5. Segment Information

Operating Segments

The Group's operations are segmented into three businesses: a) power generation, b) retail and other power-related services and c) others consistent with the reports prepared internally for use by the Group's chief operating decision maker in reviewing the business performance of the operating segments. The differing economic characteristics and activities of these operating segments make it more useful to users of the consolidated financial statements to have information about each component of the Group's profit or loss, assets and liabilities.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment, right-of-use assets, net of allowances, accumulated depreciation and amortization, and impairment, and other noncurrent assets. Segment liabilities include all operating liabilities and consist primarily of loans payable, accounts payable and accrued expenses, lease liabilities, and other noncurrent liabilities. Segment assets and liabilities do not include deferred income taxes. Capital expenditures consist of additions to property, plant and equipment of each reportable segment.

Inter-segment Transactions

Segment revenues, expenses and performance include sales and purchases between operating segments. Such transactions are eliminated in consolidation.

The Group operates only in the Philippines which is treated as a single geographical segment.

Major Customers

The Group sells, retails and distributes power, through power supply agreements (PSAs), retail supply contracts (RSCs), ancillary service procurement agreements (ASPA) and other power-related service agreements (see Note 6), either directly to customers (other generators, distribution utilities [DUs], including Manila Electric Company [Meralco], electric cooperatives, industrial customers and National Grid Corporation of the Philippines [NGCP]) or through the Philippine Wholesale Electricity Spot Market (WESM). Sale of power to WESM amounting to P36,253,811 and P24,054,007 in 2024 and 2023, respectively and to Meralco amounting to P91,443,650, P70,420,268, and P82,050,576 in 2024, 2023, and 2022, respectively, each represents more than 10% of the Group's total revenues (Note 22).

For management reporting purposes, the Group’s operating segments are organized and managed separately as follows:

Operating Segments

Financial information about reportable segments follows:

	For the Years Ended December 31														
	Power Generation			Retail and Other Power-related Services			Others			Eliminations			Consolidated		
	2024	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022	**2024**	2023	2022
Revenues															
External	**P168,629,230**	P145,190,801	P180,027,616	**P35,261,929**	P23,973,021	P41,153,496	**P1,199,957**	P426,415	P207,676	**P -**	P -	P -	**P205,091,116**	P169,590,237	P221,388,788
Inter-segment	**26,605,883**	38,012,203	24,465,528	**-**	-	8,747	**2,054,227**	1,783,533	1,414,466	**(28,660,110)**	(39,795,736)	(25,888,741)	**-**	-	-
	195,235,113	183,203,004	204,493,144	**35,261,929**	23,973,021	41,162,243	**3,254,184**	2,209,948	1,622,142	**(28,660,110)**	(39,795,736)	(25,888,741)	**205,091,116**	169,590,237	221,388,788
Costs and Expenses															
Cost of power sold	**154,192,639**	149,771,305	187,119,903	**25,421,698**	18,853,044	35,403,455	**2,643,693**	1,268,522	952,386	**(27,573,741)**	(38,901,179)	(25,104,764)	**154,684,289**	130,991,692	198,370,980
Selling and administrative expenses	**9,143,239**	4,775,626	4,156,004	**1,802,784**	1,173,026	1,036,930	**911,582**	1,668,315	1,933,645	**(1,908,016)**	(1,544,535)	(1,563,078)	**9,949,589**	6,072,432	5,563,501
	163,335,878	154,546,931	191,275,907	**27,224,482**	20,026,070	36,440,385	**3,555,275**	2,936,837	2,886,031	**(29,481,757)**	(40,445,714)	(26,667,842)	**164,633,878**	137,064,124	203,934,481
Other operating income	**-**	-	-	**-**	-	-	**-**	-	11,431,307	**-**	-	-	**-**	-	11,431,307
Segment Result	**P31,899,235**	P28,656,073	P13,217,237	**P8,037,447**	P3,946,951	P4,721,858	**(P301,091)**	(P726,889)	P10,167,418	**P821,647**	P649,978	P779,101	**P40,457,238**	P32,526,113	P28,885,614
Interest expense and other financing charges													**(20,690,563)**	(18,478,128)	(18,287,680)
Interest income													**832,673**	749,339	1,211,414
Equity in net earnings (losses) of an associate and joint ventures - net													**505,575**	(272,092)	(400,130)
Other income (charges) - net													**(3,505,388)**	537,960	(7,240,819)
Income tax expense													**(5,215,955)**	(5,160,206)	(1,034,751)
Consolidated Net Income													**P12,383,580**	P9,902,986	P3,133,648

	As at and For the Years Ended December 31									
	Power Generation		Retail and Other Power-related Services		Others		Eliminations		Consolidated	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Other Information										
Segment assets	**P716,667,127**	P631,180,207	**P82,193,061**	P68,113,141	**P259,941,743**	P228,770,761	**(P269,914,823)**	(P226,767,401)	**P788,887,108**	P701,296,708
Investments and advances - net	**7,251,335**	6,743,719	**256,211**	238,462	**284,502,022**	337,895,026	**(272,113,981)**	(333,924,159)	**19,895,587**	10,953,048
Goodwill and other intangible assets - net									**71,736,078**	71,712,053
Deferred income tax assets									**1,353,752**	973,481
Consolidated Total Assets									**P881,872,525**	P784,935,290
Segment liabilities	**P409,354,613**	P396,476,603	**P31,680,751**	P25,426,582	**P83,456,792**	P58,415,710	**(P303,640,702)**	(P319,133,185)	**P220,851,454**	P161,185,710
Long-term debt - net									**277,937,891**	258,769,473
Income tax payable									**79,614**	222,179
Deferred income tax liabilities									**23,978,387**	21,284,723
Consolidated Total Liabilities									**P522,847,346**	P441,462,085
Capital expenditures	**P47,246,555**	P30,861,690	**P11,341,437**	P5,269,949	**P119,262**	P470,959	**(P5,370,685)**	(P423,623)	**P53,336,569**	P36,178,975
Coal, fuel oil and other consumables	**92,265,094**	76,367,108	**9,498,823**	10,539,321	**5**	-	**-**	-	**101,763,922**	86,906,429
Power purchases	**45,622,234**	58,242,038	**10,639,701**	5,009,870	**-**	-	**(26,597,361)**	(38,002,166)	**29,664,574**	25,249,742
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets	**10,803,126**	10,013,006	**3,166,256**	2,085,463	**243,229**	239,660	**(39,743)**	(21,453)	**14,172,868**	12,316,676
Noncash items other than depreciation and amortization	**5,475,625**	(834,314)	**(133,165)**	103,221	**(162,631)**	(1,774,403)	**-**	-	**5,179,829**	(2,505,496)

**Noncash items other than depreciation and amortization include net unrealized foreign exchange losses (gains), impairment losses on trade receivables (net of reversals), property, plant and equipment, retirement benefits cost, and equity in net losses (earnings) of an associate and joint ventures.*

6. Significant Agreements and Lease Commitments

a. Independent Power Producer (IPP) Administration (IPPA) Agreements

As a result of the biddings conducted by Power Sector Assets and Liabilities Management Corporation (PSALM) for the appointment of the IPP Administrator for the capacity of the following power plants, the Group was declared the winning bidder to act as IPP Administrator through the following appointed subsidiaries:

Subsidiary	Power Plant	Location
SPI	Sual Coal - Fired Power Station (Sual Power Plant)	Sual, Pangasinan Province
SRHI	San Roque Hydroelectric Multi-purpose Power Plant (San Roque Power Plant)	San Roque, Pangasinan Province

SPPC also became the IPP Administrator for the Ilijan Power Plant, a natural gas-fired combined cycle power plant located in Ilijan, Batangas, in June 2010 until the Ilijan Power Plant was turned over to SPPC in June 2022.

The IPPA Agreements are with the conformity of the National Power Corporation (NPC), a government-owned and controlled corporation created by virtue of Republic Act (RA) No. 6395, as amended, whereby NPC confirms, acknowledges, approves and agrees to the terms of the IPPA Agreements and further confirms that for so long as it remains the counterparty of the IPP, it will comply with its obligations and exercise its rights and remedies under the original agreement with the IPP at the request and instruction of PSALM.

The IPPA Agreements include, among others, the following common salient rights and obligations:

i. the right and obligation to manage and control the capacity of the power plant for its own account and at its own cost and risks;

ii. the right to trade, sell or otherwise deal with the capacity (whether pursuant to the spot market, bilateral contracts with third parties or otherwise) and contract for or offer related ancillary services, in all cases for its own account and at its own cost and risks. Such rights shall carry the rights to receive revenues arising from such activities without obligation to account therefore to PSALM or any third party;

iii. the right to receive a transfer of the power plant upon termination of the IPPA Agreement at the end of the cooperation period or in case of buy-out;

iv. for SPI and previously for SPPC, the right to receive an assignment of NPC's interest in existing short-term bilateral power supply contracts;

v. the obligation to supply and deliver, at its own cost, fuel required by the IPP and necessary for the Sual Power Plant to generate the electricity required to be produced by the IPP;

vi. maintain the performance bond in full force and effect with a qualified bank; and

vii. the obligation to pay PSALM the monthly payments and energy fees in respect of all electricity generated from the capacity, net of outages.

SPI served as the IPP Administrator for the Sual Power Plant from November 2009 until the end of the IPPA Agreement term on October 24, 2024. Accordingly, PSALM turned over the Sual Power Plant to SPI on October 25, 2024 (see Notes 12 and 13).

Relative to the IPPA Agreements, SRHI has to pay PSALM monthly payments for 18 years until April 26, 2028, SPPC for 12 years until June 26, 2022 and SPI for 15 years until October 1, 2024. Energy fees amounted to P1,574,006, P1,640,693 and P10,452,088 in 2024, 2023 and 2022, respectively (see Note 23). SPI and SRHI renewed their performance bonds amounting to US$58,187 and US$20,305 which expired on November 2, 2024 and January 25, 2025, respectively. Subsequently, the performance bond of SRHI was renewed up to January 25, 2026.

On June 16, 2015, SPPC renewed its performance bond amounting to US$60,000 with a validity period of one year. This performance bond was subsequently drawn by PSALM on September 4, 2015 which is subject of an ongoing case (see Notes 8 and 32).

The lease liabilities of SRHI are carried at amortized cost using the US Dollar and Philippine Peso discount rates of 3.30% and 7.90%, respectively.

The discount determined at inception of the agreement is amortized over the period of the IPPA Agreement and recognized as part of “Interest expense and other financing charges” account in the consolidated statements of income. Interest expense amounted to P1,346,972, P2,421,465, and P3,462,393 in 2024, 2023 and 2022, respectively.

The power plants under the IPPA lease arrangements with PSALM, presented under “Right-of-use assets” account in the consolidated statements of financial position, amounted to P28,440,709 and P95,544,860 as at December 31, 2024 and 2023, respectively (see Note 13).

Maturity analysis of lease payments as at December 31, 2024 and 2023 are disclosed in Note 29.

b. Market Participation Agreements (MPA)

SPI, SRHI, SPPC, LPI, MPI and MPCL each entered into separate MPAs with the Philippine Electricity Market Corporation (PEMC) to satisfy the conditions contained in the Philippine WESM Rules on WESM membership and to set forth the rights and obligations of a WESM member.

The relevant parties in each of the MPAs acknowledged that PEMC was entering into the agreement in its capacity as both governing arm and autonomous group market operator of the WESM, and that in due time the market operator functions shall be transferred to an independent market operator (IMO) pursuant to RA No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001” (EPIRA). The parties further agreed that upon such transfer, all rights, obligations and authority of PEMC under the MPA shall also pertain to the IMO and that all references to PEMC shall also refer to such IMO.

Upon the initiative of the Department of Energy (DOE) and PEMC, Independent Electricity Market Operator of the Philippines (IEMOP) was incorporated and assumed the functions and obligations as the market operator of the WESM commencing on September 26, 2018. Consequently, SPI, SRHI, SPPC, LPI, MPI and MPCL each entered into separate Supplemental MPAs with PEMC and IEMOP for the transfer of rights of the market operator to IEMOP. SMGP Kabankalan, SMGP BESS, MPGC and EERI also entered into separate MPAs with IEMOP upon commencement of their commercial operations.

Under the WESM Rules, the cost of administering and operating the WESM shall be recovered through a charge imposed on all WESM members or transactions, as approved by the ERC. Market fees charged by IEMOP to the relevant subsidiaries, recognized as part of "Plant operations and maintenance, and other fees" under "Cost of power sold" account in the consolidated statements of income, amounted to P1,102,372, P372,095 and P201,165 in 2024, 2023 and 2022, respectively (see Note 23).

EERI, MPCL and LPI each has a guarantee, in the form of surety bond or standby letter of credit, to secure the full and prompt performance of obligations for its transactions as a Direct Member and trading participant in the WESM, which is valid until June 10, 2025, July 21, 2025 and October 24, 2025, respectively.

c. PSAs and RSCs

SPI, SPPC, SRHI, MPI, LPI, MPCL, MPGC and EERI have offtake contracts such as PSAs and RSCs with various counterparties to sell electricity produced by the power plants. Counterparties for PSAs include DUs, electric cooperatives, third party Retail Electricity Suppliers (RES) and other entities.

Counterparties for RSCs are contestable customers, or large industrial users which have been certified contestable by the ERC.

Majority of the consolidated sales of the Group are through long-term offtake contracts, which may have provisions for take-or-pay, passing on fuel costs, foreign exchange differentials or certain other fixed costs and minimum offtake level. Most of the agreements provide for renewals or extensions subject to mutually agreed terms and conditions by the parties and applicable rules and regulations. Tariff structures vary depending on the customer and their needs, with some having structures based on energy-based pricing or capacity-based pricing.

For capacity-based contracts, the customers are charged with the capacity fees based on the contracted capacity plus the energy fees for the associated energy taken during the month. As stipulated in the contracts, energy-based contracts on the other hand, are based on the actual energy consumption of customers using the basic energy charge and/or adjustments.

SPI, SPPC, SRHI, MPI, LPI, MPCL and MPGC can also purchase power from WESM or other power generation companies during periods when power generated from the power plants is not sufficient to meet the customers' power requirements. Power purchases amounted to P29,664,574, P25,249,742 and P57,089,312 in 2024, 2023 and 2022, respectively (see Note 23).

On March 2, 2021, EERI and MPCL have executed long-term PSAs with Meralco for the supply and delivery of 1,200 MW and 600 MW contract capacity starting in November 2024 and April 2025, respectively.

On March 17, 2023, EERI and MPCL each submitted a Notice of Termination to Meralco due to the non-occurrence of the acceptance date of ERC's Final Approvals on or before the longstop date prescribed in the respective agreements. The termination of the agreements took effect upon the lapse of 15 days from the receipt of the notice and will not result in any liability on the part of EERI and MPCL.

SPPC and Meralco also executed two separate emergency PSAs in 2023, (i) dated March 23, 2023, for the supply of 300 MW from March 26, 2023, which increased to 480 MW from April 1, 2023, and (ii) dated August 7, 2023, for the supply of 330 MW, both with terms expiring on March 25, 2024. These agreements were executed as a result of the termination of the PSA dated September 30, 2019, between SPPC and Meralco effective December 7, 2022, for the supply of 670 MW baseload capacity.

On February 5, 2024, the following contracts were executed: (i) the PSA of EERI with Meralco for the supply and delivery of 1,200 MW contract capacity, and (ii) the PSA of MPGC with Meralco for the supply and delivery of 300 MW contract capacity commencing not later than April 26, 2025. Both PSAs have a term of 15 years. With the issuance by the ERC of a Notice of Resolution on December 10, 2024 providing for the approval of the PSA of EERI, commercial operations for Unit 1 of the Batangas Combined Cycle Power Plant (BCCPP) commenced on December 29, 2024 for the supply of 400 MW to Meralco.

Also on February 5, 2024, SPPC executed a 15-year PSA with Meralco for the supply and delivery of contract capacity of 810 MW commencing on December 26, 2023, to be increased to 1,010 MW on February 26, 2024, and to be further increased to 1,200 MW on March 26, 2024 (the "2024 SPPC PSA"). Given that the ERC has yet to issue a provisional authority and/or interim relief to the joint application filed by Meralco and SPPC for approval of the 2024 SPPC PSA at that time, Meralco and SPPC executed an emergency PSA on March 25, 2024 to supply 810 MW from March 26, 2024, to March 31, 2024, which increased to 1,200 MW (net) from April 1, 2024 until the earlier of the implementation of the 2024 SPPC PSA and March 25, 2025. On May 9, 2024, the ERC granted provisional authority to implement the 2024 SPPC PSA which commenced on June 20, 2024.

On March 20, 2024, LPI also executed a PSA with Meralco for the supply of 400 MW until February 25, 2025, pursuant to a competitive selection process conducted by Meralco for its 400 MW baseload power requirements. As at report date, an interim relief on LPI's PSA with Meralco, issued by the ERC on July 11, 2024, is in effect.

On July 31, 2024, Meralco awarded in favor of SRHI a PSA for the supply of 340 MW (net) renewable energy mid-merit supply capacity to be sourced from the San Roque Hydroelectric Power Plant for a term of 10 years.

On September 2, 2024, Meralco awarded in favor of MPCL a PSA for the supply of 500 MW baseload capacity to be sourced from Units 3 and 4 of the Masinloc Coal-Fired Thermal Power Plant for a term of 15 years effective September 2025. As at report date, the application for the approval of the PSA of MPCL has been filed with and has yet to be approved by the ERC.

The PSAs of Meralco with MPGC and SRHI have been approved by the ERC on November 26, 2024 and December 3, 2024, respectively. However, MPGC and SRHI are still awaiting for the issuance and receipt of the respective orders of approval from the ERC.

Retail sales to contestable customers, recognized as part of "Revenues" account in the consolidated statements of income, amounted to P25,712,433, P21,047,120 and P34,782,416 in 2024, 2023 and 2022, respectively, (see Notes 5 and 22).

d. ASPA

i. On September 8, 2017, MPCL entered into an ASPA with NGCP for a period of 5 years effective from May 26, 2018, allocating the entire capacity of its 10 MWh Masinloc Phase I BESS as frequency regulating reserve for the NGCP to maintain power quality, reliability and security of the grid. This ASPA expired on May 25, 2023.

   On May 2, 2023, MPCL entered into an ASPA with NGCP for a period of 5 years to allocate the 8 MWh capacity of the Masinloc Phase 1 BESS as contingency reserve. On August 15, 2023, the ERC granted provisional authority to MPCL for the implementation of the ASPA which commenced on September 9, 2023.

ii. On May 6, 2021, SMGP Kabankalan entered into an ASPA with NGCP for a period of 5 years commencing on January 26, 2022, allocating its 20 MWh Kabankalan 1 BESS to provide ancillary services to the Visayas grid based on the Provisional Authority granted by the ERC (see Note 12).

iii. On May 2, 2023, SMGP BESS entered into several ASPAs with NGCP for its 330 MWh BESS located in various sites nationwide, to provide ancillary services for a period of 5 years, of which 220 MWh and 110 MWh commenced operations in 2023 and March 2024, respectively, following the Provisional Authority granted by the ERC for the implementation of the relevant ASPA.

Revenue from ancillary services of MPCL, SMGP Kabankalan and SMGP BESS, recognized as part of "Revenues" account in the consolidated statements of income, amounted to P8,071,539, P2,852,341 and P1,015,993 in 2024, 2023 and 2022, respectively (see Notes 5 and 22).

e. Coal Supply Agreements

SPI, MPI, LPI, MPCL and MPGC have supply agreements with various coal suppliers for the coal requirements of the power plants.

f. LNG Supply Agreements

SPPC and EERI have supply agreements with various LNG suppliers for the natural gas requirements of the Ilijan Power Plant and the Batangas Combined Cycle Power Plant.

g. Engineering, Procurement, and Construction (EPC) Contracts

EERI, MPGC, MPCL and SMGP BESS have EPC agreements with various third party contractors for the ongoing construction of its respective power plants and BESS projects.

h. Distribution Wheeling Service (DWS) Agreements

As RES, LPI and MPCL each entered into DWS Agreements with certain DUs for the conveyance of electricity through its distribution systems in order to supply the power requirements of their respective contestable customers. The agreements are valid and binding upon execution unless terminated by either party.

The DWS charges from the DUs are passed on to the contestable customers who have opted for a single billing arrangement as provided in the ERC Supplemental Switching Rules.

i. Agreement for the use of LNG Terminal

On May 26, 2023, SPPC entered into a Novation Agreement with SMCGP Transpower. This agreement involved the transfer and assignment to SPPC of all the rights and obligations held by SMCGP Transpower under its Terminal Use Agreement (TUA) with Linseed Field Corporation (LFC) dated April 11, 2022.

EERI, LFC, and SPPC, entered into an Amendment Agreement dated October 22, 2024 wherein EERI was made a party to the TUA and shall have the same rights, obligations, and liabilities granted to SPPC under the TUA.

j. Lease Agreements

Group as Lessee
Information about significant leases for which the Group is a lessee that qualifies under PFRS 16, *Leases* are as follows:

i. Land Lease Agreement with PSALM

SPPC
On April 4, 2022, SPPC entered into a long-term lease agreement with PSALM for parcels of land with an aggregate area of 242,445.50 square meters. The leased premises shall be used for the operation, management, expansion and maintenance of the Ilijan Power Plant. The lease term is for a period of 25 years, which commenced upon the expiration of the IPPA Agreement between PSALM and SPPC in June 2022, and is subject to renewal upon mutual agreement of both parties.

Subsequently, upon the request of SPPC, PSALM issued a certification for the inclusion in the lease agreement of certain parcels of land, with an aggregate area of 24,116 square meters, where the Ilijan switchyard is located.

In 2022, SPPC paid in advance the total lease charges amounting to P1,822,903 covering the entire leased premises and whole duration of the lease term.

On April 17, 2023, SPPC paid a consent fee amounting to P104,197 to PSALM for the planned lease of 37,870 square meters of land to NGCP.

On July 26, 2024, an agreement was executed with PSALM for the purchase by SPPC of a portion of the leased premises, with an area of 258,701 square meters, for a total consideration of P1,209,572 (inclusive of the unamortized balance of the advance rental paid in 2022). Consequently, the total area covered by the long-term lease agreement was reduced to 7,860.50 square meters.

SPI
On October 25, 2024, SPI entered into a long-term lease agreement with PSALM covering certain parcels of land with an aggregate area of 2,887,329 square meters. The leased premises shall be used for the operation, management, expansion and maintenance of the Sual Power Plant. The lease term is for 25 years commencing in October 2024, upon expiration of the IPPA Agreement between SPI and PSALM, and is subject to renewal upon mutual agreement of both parties.

In 2024, SPI partially paid in advance the total lease charges amounting to P6,604,359 covering the entire leased premises and whole duration of the lease term. The remaining balance to be paid in full in March 2025.

MPCL
MPCL has an existing lease agreement with PSALM covering certain parcels of land, with an area 183,791 square meters, located in Barangay Bani, Masinloc, Zambales. The lease agreement will expire on April 11, 2028.

ii. In November 2015, LPI leased parcels of land from New Ventures Realty Corporation (NVRC), an entity under common control, for its Phase I Limay Greenfield Power Plant and ash dump facility. This is covered by two lease agreements, each having an initial term of 25 years with an option to renew further for 25 years. The agreements contain a clause allowing annual escalation adjustments of rental rates starting on certain anniversary dates.

iii. On December 7, 2015, Lumiere Energy Technologies Inc. (LETI), a wholly-owned subsidiary, leased a parcel of land from NVRC for its Phase II Limay Greenfield Power Plant for a period of 25 years from the effective date with an option to renew this lease for another 25 years. The rent shall be increased annually by 6.0% starting from the second anniversary of the lease execution. The lease agreement was assigned to LPI pursuant to the sale of the Phase II Limay Greenfield Power Plant on June 22, 2017.

iv. In 2016, MPI entered into an agreement with Kyron Landholdings Inc. (KLI), an entity under common control, for the sublease of a parcel of land for its Davao Greenfield Power Plant. The initial term of the lease is for a period of 25 years with the option to renew further for 25 years. Beginning January 1, 2018 until the end of the term, the rental shall be increased by 5.1% per annum. In 2020, an amendment was made to the agreement reducing the parcel of land to 919,820 square meters. In 2024, such agreement was deemed terminated due to the acquisition of the land by MPI (see Note 25).

v. On December 13, 2017, LPI leased a foreshore area aggregating to 465,967 square meters from the Department of Environment and Natural Resources (DENR) for its pier and jetty facility. The lease is for a period of 25 years with an option to renew for another 25 years. The agreement contains a clause to increase annual rental based on appraised value of land and improvements every 10 years.

vi. On March 7, 2017, LPI leased a parcel of land with approximate area of 66,000 square meters from PNOC Alternative Fuels Corporation for the construction of auxiliary facilities of the Limay Greenfield Power Plant. The lease is for a period of 25 years with an option to renew for another 25 years. The agreement contains a clause to increase the annual rental by 3% and every 5 years, the amount equivalent to 5% of the re-appraised value shall be the new rental rate.

vii. On May 5, 2023, February 8, 2023 and October 3, 2018, MPI leased a foreshore area with approximate total area of 81,025 square meters, 18,784 square meters and 68,779 square meters, respectively, from the DENR for its pier and jetty facility. The lease is for a period of 25 years with an option to renew for another 25 years. The agreement contains a clause to increase annual rental based on appraised value of land and improvements every 10 years.

viii. On December 5, 2019, MPGC leased a total of 1,654,400 square meters of land from E-Fare Investment Holdings Inc. (E-Fare), an entity under common control, for a period of 24 years and 6 months from the effective date with an option to renew this lease for another 25 years. The agreement contains a clause to increase annual rental by 5% starting from the first anniversary of the effective date.

On February 2, 2024, MPGC executed a supplemental agreement with E-Fare reducing the leased area to 1,604,400 square meters.

ix. On January 6, 2020, MPGC leased a total of 115,996 square meters of land from E-Fare for a period of 24 years and 5 months from the effective date with an option to renew for another 25 years. The rent shall be increased annually by 5.0% starting from the third anniversary of the effective date.

x. On February 3, 2020, SMGP BESS has entered into an agreement with KLI for the sublease of a parcel of land for its BESS facilities. The initial term of the lease is for a period of 18 years and 4 months with the option to renew further for 25 years. Beginning January 1, 2021 until the end of the term, the rental shall be increased by 5.1% per annum.

xi. In 2021, EERI leased a total of 390,829 square meters of land for its BCCPP from IPIEC, for a period of 25 years from the effective date with an option to renew further for 25 years. Beginning the fourth anniversary of the effective date, the rental shall be increased by 5% per annum.

In April 2023, the Parent Company acquired 100% ownership interest in IPIEC (see Note 11).

xii. In 2022, 2021 and 2020, SMGP BESS leased parcels of land, with approximate total area of 17,145 square meters, 43,594 square meters and 133,259 square meters, respectively, from various third parties for the construction of its BESS facilities. The initial terms of the leases range for a period of 10 to 25 years with the option to renew further for 10 to 25 years, as may be applicable. For lease agreements with escalation clause, the rental shall be increased by 5% or 10% per annum, until the end of the term.

On October 1, 2022, SMGP BESS assigned its existing lease agreement to a third party, for the 9,448 square meters property located in Navotas City, Metro Manila, thereby resulting to a gain on lease modification amounting to P15,819, recognized under “Other income (charges) - net” account in the consolidated statements of income (see Note 25).

In 2024, the SMGP BESS reported a gain on lease modification amounting to P147,702, recognized under “Other income (charges) - net” account in the consolidated statements of income, as a result of the decrease in the leased area for various BESS sites (see Note 25).

xiii. In 2021, MPGC leased a total of 47,772 square meters of land from the Authority of Freeport Area of Bataan (AFAB) for the construction and development of a transmission line for a period of 25 years with an option to renew and extend. The terms of agreement include an option for MPGC to pay the total rental in full for the entire period.

xiv. On March 14, 2022, SGLPC leased a total of 10,000,000 square meters of land for the construction, development, maintenance, and operation of its solar power plant project and related facilities from San Miguel Foods, Inc., an entity under common control, for a period of 25 years from the effective date with an option to renew further for 25 years. The rental shall be increased by 5% per annum on each anniversary after the 24-month lease free period and one year thereafter.

xv. On January 19, 2022, SGLPC executed a lease agreement with Ruzena Estates Development Corporation (REDC), an entity under common control, as amended on February 5, 2024, for the lease of a total area of 1,579,969.41 square meters of land for the construction, development, maintenance, and operation of its solar power project plan and related facilities. The lease term is for 25 years, with option to renew further for 25 years, commencing upon receipt by REDC of the AFAB approval on January 13, 2023. The rental shall be increased by 5% per annum on each anniversary.

xvi. In 2021, the Parent Company entered into a lease agreement with Mabini Properties, Inc., an entity under common control, for the use of office and parking spaces for a term of 5 years, with an option to renew upon mutual agreement of both parties. The agreement contains a clause to increase annual rental by 3% starting from the first anniversary of the effective date.

The Group’s land and office space under lease arrangements, presented under “Right-of-use assets” account in the consolidated statements of financial position, amounted to P13,682,624 and P9,430,460 as at December 31, 2024 and 2023, respectively (see Note 13).

The Group also entered into various lease agreements that did not qualify under PFRS 16 for the recognition of right-of-use assets and lease liabilities due to the lease being short-term in nature.

SPI and MPCL had short-term lease agreements with Challenger Aero Air Corporation, an entity under common control, for the lease of aircrafts, which will expire on December 31, 2024, with an option to renew upon mutual agreement of both parties. Both leases did not qualify under PFRS 16 as these were short-term in nature.

Relative to the lease agreements, the Group was required to pay advance rental and security deposits which are included under "Trade and other receivables - net" or "Prepaid expenses and other current assets" accounts in the consolidated statements of financial position (see Notes 8 and 10).

Maturity analysis of lease payments as at December 31, 2024 and 2023 are disclosed in Note 29.

Interest expense recognized in the consolidated statements of income amounted to P158,838, P126,698 and P123,301 in 2024, 2023 and 2022, respectively.

Rent expense recognized in the consolidated statements of income amounted to P427,657, P365,651 and P401,386 in 2024, 2023 and 2022, respectively (see Notes 19, 23 and 24).

Total cash outflows amounted to P19,804,022, P21,526,735 and P28,132,444 in 2024, 2023 and 2022, respectively.

Group as Lessor
Information about significant leases for which the Group is a lessor that qualifies under PFRS 16 are as follows:

i. In May 2011, Grand Planters International, Inc. (GPII), a wholly-owned subsidiary, entered into an agreement with NVRC, for the lease of certain parcels of land located in Limay, Bataan with a total area of 612,193 square meters. The lease term is for a period of 10 years up to May 2021, with an option to renew not later than 6 months prior to expiration and a 3.0% escalation rate of the rental every year from signing of the contract. This agreement was subsequently amended, reducing the leased area to 340,646 square meters effective October 1, 2013. This was further amended reducing the leased area to 130,980 square meters and with a corresponding reduction in the monthly rental effective on December 1, 2016. On June 20, 2017, NVRC assigned its leasehold rights to Petron Corporation (Petron), an entity under common control. On October 25, 2021, GPII and Petron agreed to adjust the existing lease rates and further extend the lease term for another 10 years. This was further amended reducing the leased area to 115,233 square meters effective February 12, 2024.

ii. On August 1, 2022, SPPC executed a contract with LFC, as approved by PSALM, for the sublease of 7,586 square meters property located in Ilijan, Batangas. This property is covered by a long-term lease agreement between SPPC with PSALM dated April 4, 2022.

iii. On April 5, 2021, the IPIEC leased a parcel of land with a total area of 160,079 square meters to LFC, for a period of 25 years from April 5, 2021 to April 1, 2046. On September 22, 2021, both parties executed a supplementary agreement to increase the leased area to 162,915 square meters. On April 5, 2022, both parties executed another supplementary agreement to further increase the leased area to 170,977 square meters.

There are no restrictions imposed on these lease agreements such as those concerning dividends, additional debt and further leasing.

Rent income recognized in the consolidated statements of income amounted to P98,050, P83,640 and P29,299 in 2024, 2023 and 2022, respectively (see Notes 19, 24 and 25).

The future minimum lease receipts under non-cancellable operating leases are as follows:

	2024	2023
Within one year	**P89,733**	P89,612
More than one to five years	**356,095**	355,732
More than five years	**1,433,746**	1,521,103
	P1,879,574	P1,966,447

7. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	Note	**2024**	2023
Cash in banks and on hand		**P27,206,205**	P17,995,138
Short-term investments		**40,661,206**	13,664,304
	29, 30	**P67,867,411**	P31,659,442

Cash in banks earn interest at prevailing bank deposit rates. Short-term investments include demand deposits which can be withdrawn at any time depending on the immediate cash requirements of the Group and earn interest at short-term investment rates.

Interest income from cash and cash equivalents amounted to P676,866, P522,931, and P885,798 in 2024, 2023, and 2022, respectively.

8. Trade and Other Receivables

Trade and other receivables consist of:

	Note	**2024**	2023
Trade		**P101,798,812**	P99,030,192
Non-trade	*15*	**11,504,874**	10,864,186
Amounts owed by related parties	*11, 15, 19*	**7,447,364**	9,747,252
	6	**120,751,050**	119,641,630
Less allowance for impairment losses		**4,867,019**	2,665,606
	29, 30	**P115,884,031**	P116,976,024

Trade and other receivables are non-interest bearing, unsecured and are generally on a 30-day term or an agreed collection period. The balance of trade receivables is inclusive of VAT on the sale of power collectible from customers.

The movements in the allowance for impairment losses are as follows:

	Note	**2024**	2023
Balance at beginning of year		**P2,665,606**	P2,690,984
Impairment losses during the year	*24*	**2,145,703**	60,714
Reversal during the year	*24*	**(5,081)**	(107,364)
Other adjustments	*25*	**60,791**	21,272
Balance at end of year		**P4,867,019**	P2,665,606

Impairment losses recognized in the consolidated statements of income under "Selling and administrative expenses" account amounted to P2,145,703, P60,714, and P52,855 in 2024, 2023 and 2022, respectively (see Note 24). In 2024 and 2023, certain trade receivables were collected and the related allowance for impairment losses recognized in prior years were reversed accordingly.

Non-trade receivables include the following:

a. Due from PSALM amounting to US$60,000 which pertains to SPPC's performance bond pursuant to the Ilijan IPPA Agreement that was drawn by PSALM on September 4, 2015. The validity of PSALM's action is the subject of an ongoing case filed by SPPC with the Regional Trial Court (RTC) of Mandaluyong City (see Note 32).

b. Receivables recognized by APEC from Albay Electric Cooperative, Inc. amounting to P1,641,132 as at December 31, 2024 and 2023, following the termination of the Concession Agreement on November 21, 2022.

c. SPI's receivables recognized for WESM transactions as well as the cost of fuel, market fees and other charges related to the dispatch of the excess capacity of the Sual Power Plant.

   On March 5, 2022, SPI entered into a Settlement Agreement with Team (Philippines) Energy Corporation (TPEC) and Team Sual Corporation (TSC) that aimed to resolve all pending disputes on the dispatch of the excess capacity of the Sual Power Plant, including the claims of TPEC and SPI on historic imbalances arising from WESM transactions, cost of fuel, market fees and other charges. Pursuant to said agreement, SPI, TPEC and TSC have agreed to cause the dismissal of all ongoing cases and settle the historic imbalances and the corresponding amounts claimed relative to the excess capacity of the Sual Power Plant (see Note 32).

   As at December 31, 2024 and 2023, the receivables recognized by SPI in accordance with the Settlement Agreement amounted to P1,102,946 and P1,618,196, with noncurrent portion amounting to P549,128 and P1,074,028, respectively, presented as part of "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15). In addition, SPI recognized the cost of its full dispatch rights on the capacity of the Sual Power Plant, amounting to P1,628,854, under "Goodwill and other intangible assets" account in 2022(see Note 14).

   On February 25, 2025, the parties agreed to fully settle all pending obligations under the Settlement Agreement through the prepayment of the remaining balance of P1,148,948 (inclusive of interest). Such amount was collected in full from TPEC on March 3, 2025.

d. On June 16, 2011, SPI entered into a MOA with Hardrock Coal Mining Pty Ltd. (HCML) and Caason Investments Pty Ltd. (Caason), companies registered in Australia, for the acquisition of shares in HCML. SPI paid Caason Australian dollars 12,000 (equivalent to P550,000), for an option to subscribe to the shares in HCML (the "Deposit"), with further option for SPI to decide not to pursue its investment in HCML, which will result in the return of the Deposit to SPI plus interest. In a letter dated July 15, 2011, SPI notified Caason and HCML that it shall not pursue the said investment and therefore asked Caason and HCML for the return of the Deposit with corresponding interest (the "Amount Due"), pursuant to the terms of the MOA.

On September 2, 2014, SPI, HCML and Caason agreed to a schedule of payment of the outstanding Amount Due to SPI. In January 2020, the same parties entered into a Deed of Arrangement.

As at December 31, 2024 and 2023, the total outstanding receivable from HCML amounting to P343,890, and P283,100, respectively, has been fully provided with allowance.

e. Receivables from third parties amounting to P240,000 as at December 31, 2024 and 2023, for the sale of Strategic Energy Development Inc. (SEDI) in 2022.

f. LPI made advances for the construction of transmission assets on behalf of NGCP. The reimbursement shall take place after full payment and proper turnover of the transmission assets to NGCP.

g. The remaining balance mainly pertains to billings for demurrage charges, refundable security deposit for bid purposes, reimbursable charges from third parties, and receivables from customers which will be remitted to the Government upon collection.

9. Inventories

Inventories at cost consist of:

	Note	**2024**	2023
Coal	*6*	**P5,695,799**	P6,872,276
Materials and supplies		**5,992,159**	5,748,754
LNG	*6*	**1,585,329**	3,016,660
Fuel oil	*19*	**817,604**	1,036,198
Other consumables		**235,492**	167,496
		P14,326,383	P16,841,384

There were no inventory write-downs to net realizable value in 2024, 2023 and 2022. Inventories charged to cost of power sold amounted to P101,763,922, P86,906,429, and P114,857,765 in 2024, 2023 and 2022, respectively (see Note 23).

10. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of:

	Note	**2024**	2023
Input VAT		**P26,053,480**	P27,467,097
Prepaid taxes		**15,362,120**	13,072,678
Advances to suppliers		**5,686,312**	4,109,567
Restricted cash	*15, 29, 30*	**3,861,546**	2,420,279
PSALM monthly fee outage credits	*6*	**-**	1,142,305
Other prepaid expenses	*19*	**597,866**	309,638
		P51,561,324	P48,521,564

Input VAT consists of VAT on purchases of goods and services which can be offset against the output VAT payable (see Note 17).

Prepaid taxes consist of local business taxes and permits, creditable withholding taxes and excess tax credits which can be used as a deduction against future income tax payable.

Advances to suppliers mainly pertain to advance payments for inventories of the Group.

Restricted cash pertains to funds maintained in various financial institutions: (a) as cash flow waterfall accounts required under the respective credit facilities of LPI, MPI, MPCL and SMGP BESS, (b) as environmental guarantee fund for remittance to the DENR, and (c) as financial benefits to host communities, as required by law (see Notes 15 and 18).

The methods and assumptions used to estimate the fair values of restricted cash and derivative assets are discussed in Note 30.

Other prepaid expenses mainly pertain to the following:

a. Prepaid insurance of the Group for power plants amounted to P234,162, and P176,667 as at December 31, 2024 and 2023, respectively.

b. Prepaid rent of the Group from various short-term lease agreements amounted to P41,561, and P25,183 as at December 31, 2024 and 2023, respectively (see Note 6).

c. Prepaid legal and financial advisory fees relating to the Group's financing activities and prepayments of various operating expenses.

11. Investments and Advances

Investments and advances consist of:

	2024	2023
Investments in Shares of Stock of an Associate and Joint Ventures		
Cost		
Balance at beginning of year	**P8,122,208**	P8,122,208
Additions	**2,000**	-
Balance at end of year	**8,124,208**	8,122,208
Accumulated Equity in Net Losses		
Balance at beginning of year	**3,045,558**	2,769,671
Equity in net losses (earnings) during the year	**(564,627)**	272,631
Share in other comprehensive loss (income) during the year	**(5,535)**	3,830
Adjustment to equity in net losses (earnings) in prior year	**59,052**	(539)
Adjustment to share in other comprehensive losses (earnings) in prior year	**1,206**	(35)
Balance at end of year	**2,535,654**	3,045,558
	5,588,554	5,076,650
Advances	**14,307,033**	5,876,398
	P19,895,587	P10,953,048

Advances pertain to deposits made to certain companies which will be applied against future stock subscriptions. In 2023, the Parent Company bought ownership interests in certain landholding companies. As a result, these landholding companies were consolidated and deposits amounting to P807,693 were eliminated in the consolidated statements of financial position as at December 31, 2023.

The following are the developments relating to the Group's investments in shares of stock of associates and joint ventures:

a. Investment in shares of stock of associates

   i. OEDC

   In April 2013, SPGC and San Miguel Equity Investments, Inc. (SMEII), an entity under common control, entered into a Deed of Assignment of Subscription Rights, whereby, SMEII agreed to assign its 35% of ownership interests in OEDC to SPGC for a consideration of P8,750.

   Subscriptions payable amounted to P28,101 as at December 31, 2024 and 2023 (see Note 19).

   The table below summarizes the financial information of investment in shares of stock of an associate which is accounted for using the equity method:

	2024 (Unaudited)	2023 (Audited)
Country of Incorporation	**Philippines**	Philippines
Current assets	**P408,020**	P439,304
Noncurrent assets	**1,828,400**	1,808,767
Current liabilities	**(1,305,764)**	(1,264,837)
Noncurrent liabilities	**(237,800)**	(315,136)
Net assets	**P692,856**	P668,098
Revenue	**P2,135,202**	P2,377,321
Net income	**P21,034**	P40,138
Other comprehensive income (loss)	**3,724**	(10,942)
Total comprehensive income	**P24,758**	P29,196
Share in net income	**P7,362**	P14,048
Share in other comprehensive income (loss)	**P1,303**	(P3,830)
Carrying amount of investment	**P256,210**	P247,545

   ii. FPSP (Holdings) Corp. (FPSP)

   On December 19, 2024, the Parent Company acquired 40% equity interest in FPSP for a total consideration of P2,000. A foreign corporation holds the remaining equity interest in FPSP and exercises control thereon.

FPSP is a holding company with 100% ownership interests in Pan Pacific Renewable Power Phils. Corp. (PPRPPC), a company incorporated in the Philippines and primarily engaged in exploration, development and generation of energy such as but not limited to geothermal sources of heat and power, hydro-electric power resources, wind and solar energy, as well as the development, acquisition and generation of conventional sources of energy. PPRPPC participated in February 2025 in the Green Energy Auction Program (No. 3) (GEAP) conducted by the DOE, using its various pumped storage hydro power and impounding hydro power projects in Luzon. Results of the GEAP remain pending to date.

b. Investments in shares of stock of joint ventures

i. AHC and KWPP

The Parent Company, through PVEI, and Korea Water Resources Corporation (K-water) entered into a joint venture for the acquisition, rehabilitation, operation and maintenance of the 218 MW Angat Hydroelectric Power Plant (Angat Power Plant) awarded by PSALM to K-water.

On November 18, 2014, PVEI acquired from the individual stockholders and K-water, 2,817,270 shares or 60% of the outstanding capital stock of AHC and from the individual stockholders, 75 shares representing 60% of KWPP's outstanding capital stock.

Subsequently, AHC and KWPP each issued shares in favor of nominee directors of PVEI and K-water to complete their respective shareholding interest.

AHC

AHC was incorporated on November 15, 2013 and was created to engage in the operations and maintenance of the Angat Power Plant and to supply power generated to power corporations and to electric utilities, to import hydro-electric facilities and equipment, and to do all acts necessary and incidental thereto, in accordance with RA No. 9136.

KWPP
KWPP was incorporated on November 27, 2013 and was established for the purpose of acquiring, holding or leasing water and flowage rights.

The table below summarizes the financial information of investments in shares of stock of joint ventures which is accounted for using the equity method:

December 31, 2024 (Unaudited)

	AHC	**KWPP**
Country of Incorporation	**Philippines**	**Philippines**
Current assets	**P1,346,419**	**P3,898**
Noncurrent assets	**16,902,962**	**16,289**
Current liabilities	**(2,011,846)**	**(7,101)**
Noncurrent liabilities	**(10,623,431)**	**(12,642)**
Net assets	**P5,614,104**	**P444**
Revenue	**P2,356,206**	**P1,201**
Net income (loss)	**P578,038**	**(P161)**
Other comprehensive income	**7,053**	**-**
Net income (loss)/total comprehensive income (loss)	**P585,091**	**(P161)**
Share in net income (loss)	**P346,823**	**(P97)**
Share in comprehensive income	**P4,232**	**-**
Carrying amount of investment	**P4,669,640**	**P491**

December 31, 2023 (Audited)

	AHC	KWPP
Country of Incorporation	Philippines	Philippines
Current assets	P1,515,740	P3,843
Noncurrent assets	16,805,637	16,971
Current liabilities	(1,733,012)	(6,996)
Noncurrent liabilities	(11,559,352)	(13,213)
Net assets	P5,029,013	P605
Revenue	P1,751,763	P -
Net loss	(P479,020)	(P194)
Other comprehensive loss	(2,010)	-
Total comprehensive loss	(P481,030)	(P194)
Share in net loss	(P287,412)	(P117)
Share in other comprehensive loss	(P1,206)	P -
Carrying amount of investment	P4,318,585	P588

ii. IASCO and Isabel AS

On June 2, 2022, the Parent Company, through PEGC and PVGC, acquired 50% effective ownership interests in IASCO, which operates the 70 MW modular power plant located in Isabel, Leyte, for a total consideration of P503,316. PEGC acquired 50% of the outstanding capital stock of Isabel AS, which is the general partner of IASCO.

IASCO is a limited partnership created for the primary purpose of developing, operating, and maintaining a modular power plant and any other assets including transmission and sub-transmission lines. IASCO is managed by its general partner, Isabel AS.

IASCO and Isabel AS are following a fiscal reporting period ending March 31 and continue to use the same reporting period after acquisition.

The table below summarizes the financial information of investments in shares of stock of joint ventures which is accounted for using the equity method:

December 31, 2024 (Unaudited)

	Isabel AS	**IASCO**
Country of Incorporation	**Philippines**	**Philippines**
Current assets	**P49**	**P2,029,438**
Noncurrent assets	**9,841**	**285,351**
Current liabilities	**(179)**	**(1,372,590)**
Noncurrent liabilities	**-**	**(28,535)**
Net assets	**P9,711**	**P913,664**
Revenue	**P -**	**P3,989,068**
Net income/total comprehensive income	**P96**	**P420,982**
Share in net income/total comprehensive income	**P48**	**P210,491**
Carrying amount of investment	**P67,797**	**P592,416**

December 31, 2023 (Unaudited)

	Isabel AS	IASCO
Country of Incorporation	Philippines	Philippines
Current assets	P47	P1,094,804
Noncurrent assets	9,716	323,795
Current liabilities	(148)	(859,418)
Noncurrent liabilities	-	(66,499)
Net assets	P9,615	P492,682
Revenue	P -	P1,723,383
Net loss/total comprehensive loss	(P301)	(P116,107)
Share in net loss/total comprehensive loss	(P150)	(P58,054)
Carrying amount of investment	P67,749	P381,925

c. Investment in shares of stock of subsidiaries

The following are the developments relating to the subsidiaries:

PVEI

In January 2017, PVEI granted shareholder advances amounting to US$31,800 (equivalent to P1,578,870) to its joint venture company, AHC. The advances bear an annual interest rate of 4.50% and are due on April 30, 2017. As agreed amongst the parties, the due date of the advances was extended to December 31, 2025.

As at December 31, 2024 and 2023, the remaining balance of the shareholder advances amounted to US$2,281 (equivalent to P131,956 and P126,310, respectively), presented as part of "Trade and other receivables" account in the consolidated statements of financial position, and due date was extended to December 31, 2025 (see Notes 8 and 19). Interest income amounted to P5,990 in 2024 and P5,673 in 2023 and 2022, respectively (see Note 19).

In February 2023 and June and October 2021, PVEI granted shareholder loans to AHC amounting to P344,097, P600,000 and P408,540, with interest rates of 6.125%, 4.6% and 6.125%, respectively, and are due on January 5, 2032. Outstanding balance amounted to P1,352,637 presented as part of "Other noncurrent assets" account in the consolidated statements of financial position, as at December 31, 2024 and 2023, respectively (see Notes 15 and 19). Interest income amounted to P74,927, P71,378 and P53,354 in 2024, 2023 and 2022, respectively (see Note 19).

12. Property, Plant and Equipment

Property, plant and equipment consist of:

	Note	Power Plants	Land and Leasehold Improvements	Other Equipment	Building	CPIP	Total
Cost							
January 1, 2023		P185,180,286	P13,602,998	P6,755,514	P4,576,121	P122,263,696	P332,378,615
Additions		943,217	158,463	659,427	17,850	34,400,018	36,178,975
Acquisition of a subsidiary	*11*	-	448,499	-	-	-	448,499
Reclassifications and others	*15*	11,053,316	1,081,903	1,030,546	353,602	(6,735,945)	6,783,422
Disposals	*11, 19*	(76,428)	-	(1,386)	-	-	(77,814)
December 31, 2023		197,100,391	15,291,863	8,444,101	4,947,573	149,927,769	375,711,697
Additions		2,738,578	1,276,495	368,710	33,470	48,919,316	53,336,569
Reclassifications and others	*13, 15*	128,627,113	4,869,464	757,469	228,324	(56,747,414)	77,734,956
December 31, 2024		**328,466,082**	**21,437,822**	**9,570,280**	**5,209,367**	**142,099,671**	**506,783,222**
Accumulated Depreciation							
January 1, 2023		24,937,107	859,765	1,534,754	424,499	-	27,756,125
Depreciation		7,473,007	280,656	538,847	132,069	-	8,424,579
Reclassifications and others		-	(12)	75,223	-	-	75,211
Retirement/disposal	*11, 19*	(12,993)	-	(1,155)	-	-	(14,148)
December 31, 2023		32,397,121	1,140,409	2,147,669	556,568	-	36,241,767
Depreciation		9,465,586	455,052	655,410	151,632	-	10,727,680
Reclassifications and others		-	96	27,903	-	-	27,999
December 31, 2024		**41,862,707**	**1,595,557**	**2,830,982**	**708,200**	**-**	**46,997,446**
Accumulated Impairment Losses							
January 1, 2023		-	-	209,965	-	-	209,965
Impairment	*25*	-	-	34,991	-	-	34,991
December 31, 2023		-	-	244,956	-	-	244,956
Impairment	*25*	-	-	34,991	-	-	34,991
December 31, 2024		**-**	**-**	**279,947**	**-**	**-**	**279,947**
Carrying Amount							
December 31, 2023		P164,703,270	P14,151,454	P6,051,476	P4,391,005	P149,927,769	P339,224,974
December 31, 2024		**P286,603,375**	**P19,842,265**	**P6,459,351**	**P4,501,167**	**P142,099,671**	**P459,505,829**

a. Other equipment includes machinery and equipment, transportation equipment, office equipment and furniture and fixtures.

b. CPIP pertains to the following:

   i. Expenditures of MPGC related to the construction of its 4 x 150 MW Circulating Fluidized Bed coal-fired power plant in Mariveles, Bataan (Mariveles Greenfield Power Plant).

      Units 1, 2 and 3 of the Mariveles Greenfield Power Plant were declared operational with the IEMOP starting on March 28, September 26, and October 26, 2024, respectively. Following the declarations, all CPIP costs related to the 3 units were reclassified to the appropriate property, plant and equipment account.

      On January 9, 2025, Unit 4 of the Mariveles Greenfield Power Plant was declared operational with the IEMOP.

   ii. Expenditures of EERI related to the construction of its 1,320 MW BCCPP.

      Unit 1 of the BCCPP was declared operational starting on December 29, 2024. Accordingly, all CPIP costs related to Unit 1 were reclassified to the appropriate property, plant, and equipment account.

      Unit 2 was declared operational starting on January 7, 2025.

   iii. Projects of SMGP BESS for the construction of BESS facilities and gas turbine generators situated in various locations in the Philippines.

      Following the start of commercial operations in 2023 of 3 BESS facilities in Luzon (San Manuel, Pangasinan, and Lamao and Limay, Bataan), 2 BESS facilities in Visayas (Toledo, Cebu and Ubay, Bohol) and 2 BESS facilities in Mindanao (Maco, Davao de Oro and Malita, Davao Occidental), and 3 additional sites during the first quarter of 2024 located in Concepcion, Tarlac, Ormoc, Leyte and Jasaan, Misamis Oriental, all CPIP costs related to these facilities were reclassified to the appropriate property, plant and equipment account.

   iv. Projects of MPCL for the construction of the Masinloc Power Plant Units 4 and 5, and other related facilities, 20 MW BESS and retrofitting works for Unit 1.

   v. The Unit 1 retrofit was completed and all related CPIP costs were reclassified to the appropriate property, plant and equipment account in 2023.

   vi. Projects of SMGP Kabankalan for the construction of its 10 MW BESS Phase 2 facility in Kabankalan, Negros Occidental.

   vii. Various construction works relating to the respective power plant facilities of LPI and MPI.

   Ongoing capital projects are expected to be completed up to 2026.

c. Reclassifications in 2024 mainly pertain to:

   i. the Sual Power Plant, which was reclassified from the "Right-of-use assets" account following the expiration of its IPPA Agreement with PSALM and its turnover to SPI (see Notes 6 and 13);

   ii. the portion of land where the Ilijan Power Plant is located that was previously leased by SPPC and subsequently acquired from PSALM in 2024 (see Notes 6 and 13); and

   iii. application of advances to contractors against progress billings for ongoing capital projects (see Note 15).

   Reclassifications in 2023 include transfers from CPIP account to specific property, plant and equipment accounts and applications of advances to contractors against progress billings for capital projects in progress.

d. Depreciation of property, plant and equipment are recognized in the consolidated statements of income as follows:

	Note	**2024**	2023	2022
Cost of power sold	*23*	**P10,131,995**	P7,959,780	P6,828,880
Selling and administrative expenses	*24*	**595,685**	464,799	507,046
		P10,727,680	P8,424,579	P7,335,926

   Total depreciation, recognized in the consolidated statements of income, include amortization of capitalized interest and decommissioning and dismantling costs amounting to P580,530, P267,365 and P267,010 in 2024, 2023 and 2022, respectively. The Group recognized impairment losses amounting to P34,991 in 2024, 2023 and 2022, and presented as part of "Other income (charges)" account in the consolidated statements of income (see Note 25).

   The Group has borrowing costs amounting to P3,113,142, P1,759,105 and P2,156,087 which were capitalized in 2024, 2023 and 2022, respectively. The capitalization rates used to determine the amount of interest eligible for capitalization range from 7.47% to 8.59% in 2024 and 2023, and 7.47% in 2022. The unamortized capitalized borrowing costs amounted to P13,857,057 and P11,324,445 as at December 31, 2024 and 2023, respectively (see Note 18).

   As at December 31, 2024 and 2023, certain property, plant and equipment amounting to P268,670,559 and P164,918,759, respectively, are pledged as security for syndicated project finance loans (see Note 18).

   Certain fully depreciated property, plant and equipment with aggregate costs amounting to P6,660,416 and P6,030,538 as at December 31, 2024 and 2023, respectively, are still being used in the Group's operations.

e. The additions to property, plant and equipment in the consolidated statements of cash flows reflects the actual cash flow of the Group during the period. Any difference against the total additions to property, plant and equipment disclosed in this note, representing noncash or unpaid portions, is included as part of the increase in accounts payable and accrued expenses under operating activities in the consolidated statements of cash flows.

13. Right-of-Use Assets

The movements in right-of-use assets are as follows:

	Note	Land	Buildings and Improvements	Power Plants	Total
Cost					
January 1, 2023		P8,081,943	P443,780	P113,398,830	P121,924,553
Additions	*6*	2,509,352	-	-	2,509,352
Reclassification and others		(54,697)	(131,017)	-	(185,714)
December 31, 2023		10,536,598	312,763	113,398,830	124,248,191
Additions	*6*	6,673,462	-	-	6,673,462
Reclassification and others	*12*	(2,259,025)	-	(78,935,382)	(81,194,407)
December 31, 2024		**14,951,035**	**312,763**	**34,463,448**	**49,727,246**
Accumulated Depreciation and Amortization					
January 1, 2023		820,623	210,910	14,283,176	15,314,709
Depreciation and amortization		146,592	65,234	3,570,794	3,782,620
Reclassification and others		277,060	(101,518)	-	175,542
December 31, 2023		1,244,275	174,626	17,853,970	19,272,871
Depreciation and amortization		123,671	62,553	3,142,960	3,329,184
Reclassification and others		(23,951)	-	(14,974,191)	(14,998,142)
December 31, 2024		**1,343,995**	**237,179**	**6,022,739**	**7,603,913**
Carrying Amount					
December 31, 2023		P9,292,323	P138,137	P95,544,860	P104,975,320
December 31, 2024		**P13,607,040**	**P75,584**	**P28,440,709**	**P42,123,333**

The carrying amount of the power plants of the IPPAs under lease arrangements amounted to P28,440,709 and P95,544,860 as at December 31, 2024 and 2023, respectively (see Note 6).

The carrying amount of the land under lease arrangements of SPI, MPCL and SPPC with PSALM amounted to P7,223,111 and P2,078,566 as at December 31, 2024 and 2023, respectively (see Note 6).

The combined asset retirement costs of the Group amounted to P346,527 and P451,940 as at December 31, 2024 and 2023, respectively.

Reclassifications in 2024 pertains to: (i) the Sual Power Plant and related facilities, following the expiration of the Sual IPPA Agreement and its turnover to SPI in October 2024, and (ii) the portion of the land where the Ilijan Power Plant is located that was acquired from PSALM by SPPC in 2024 (see Notes 6 and 12).

Reclassifications and others in 2023 mainly pertain to the termination of certain lease agreements.

14. Goodwill and Other Intangible Assets

Goodwill and other intangible assets consist of:

	Note	**2024**	2023
Goodwill		**P69,953,222**	P69,953,222
Computer software and licenses - net		**316,887**	233,631
Others	*8*	**1,465,969**	1,525,200
		P71,736,078	P71,712,053

Impairment of Goodwill from Masinloc Group
Goodwill arising from the acquisition of Masinloc Group in 2018, amounting to P69,944,356 which accounts for almost 100% of the total goodwill in the consolidated statements of financial position as at December 31, 2024 and 2023, is allocated to the cash generating unit of the Masinloc Group.

The recoverable amount of goodwill has been determined based on the value in use using discounted cash flows and was based on the following key assumptions:

- Cash flows were projected based on experience and actual operating results and cover forecast until 2029 in 2024 and 2028 in 2023 based on long range plans approved by management. Management believes that the forecast was justifiable due to long-term contracts with major customers. Cash flows beyond the forecasted period are extrapolated using a constant growth rate determined per cash-generating unit.

- A discount rate of 10.4% and 10.5% in 2024 and 2023, respectively, was applied based on the weighted-average cost of capital, which reflects the management's estimate of the risk specific to the cash-generating unit.

- Terminal growth rate of 3.2% and 3.0% in 2024 and 2023, respectively, was applied as the Group is in the process of increasing its capacity and upgrading its facilities and hence foresees growth in cash flows generated perpetually. This growth rate is consistent with the long-term average growth rate for the industry.

The values assigned to the key assumptions represent the management's assessment of future trends in the industry and are based on internal sources (historical data).

For purposes of discount rate sensitivity, discount rate scenarios of 9.9% and 10.9% in 2024 and 2023 were applied on the discounted cash flows analysis. Management believes that any reasonably possible change in the discount rate on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

Based on management's assessment, goodwill is not impaired since the recoverable amount of the related net assets for which the goodwill was attributed still exceeds its carrying amount as at December 31, 2024 and 2023.

Computer Software and Licenses
The movements in computer software and licenses are as follows:

	Note	2024	2023
Cost			
Balance at beginning of year		**P650,815**	P593,844
Additions		**140,029**	56,971
Balance at end of year		**790,844**	650,815
Accumulated Amortization			
Balance at beginning of year		**417,184**	366,938
Amortization	*24*	**56,773**	50,246
Balance at end of year		**473,957**	417,184
		P316,887	P233,631

Others

In 2022, SPI obtained full dispatch rights on the capacity of Sual Power Plant, following its agreement with TPEC. As a result, SPI recognized this right under "Goodwill and other intangible assets" account amounting to P1,628,854 in 2022 (see Notes 6, 8 and 32). Amortization expense recognized in the consolidated statements of income amounted to P59,231 and P44,423 in 2024 and 2023, and 2022, respectively (see Note 24).

15. Other Noncurrent Assets

Other noncurrent assets consist of:

	Note	**2024**	2023
Advances to suppliers and contractors		**P18,907,575**	P24,214,984
Amounts owed by related parties	*19, 29, 30*	**5,269,987**	6,499,990
Restricted cash - net of current portion	*29, 30*	**4,633,460**	3,851,016
Investment property		**4,347,628**	3,218,782
Noncurrent receivables	*29, 30*	**3,765,688**	4,205,585
Deposits on land for future development		**577,485**	950,810
Deferred input VAT - net of current portion		**8,344**	51,279
Others		**108,630**	105,554
		P37,618,797	P43,098,000

Advances to suppliers and contractors pertain to advance payments to contractors for the construction of the Group's power plants and BESS projects (see Note 12).

Noncurrent receivables mainly pertain to (a) SPI's receivables from TPEC, and from a third party for the sale of its mining subsidiaries in December 2022; and (b) Parent Company's receivable from a third party for the sale of SEDI (see Note 8).

Restricted cash mainly comprises of: (a) MPCL's cash flow waterfall accounts and environmental guarantee fund, amounting to P2,973,536 and P2,645,131 as at December 31, 2024 and 2023, respectively; and (b) LPI's cash flow waterfall accounts, amounting to P1,654,095 and P1,203,746 as at December 31, 2024 and 2023, respectively (see Notes 10 and 18).

The methods and assumptions used to estimate the fair values of restricted cash and long-term receivables are discussed in Note 30.

Investment property mainly pertains to the parcels of land owned by the Group, through its wholly-owned subsidiaries, Multi-ventures Investment Holdings, Inc. (MVIHI), IPIEC, TopGen Energy Development Inc., Blue Eagle, and MPI.

On December 20, 2023, MVIHI and Blue Eagle entered into an agreement with third parties for the sale of certain parcels of land located in Naic and Maragondon, Cavite, which is subject to certain conditions prior to closing targeted in April 2025.

The fair value of investment property, amounting to P15,184,538 as at December 31, 2024, has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation techniques.

The fair value of investment property was mainly determined by external, independent property appraisers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent appraisers provide the fair value of the Group's investment property on a regular basis.

Total income recognized from the lease of these real estate properties amounted to P90,011 and P60,079 in 2024 and 2023, respectively (see Note 6). There are no direct selling and administrative expenses arising from investment property that generated income in 2024, other than the real property taxes paid by the lessee pursuant to the terms of the relevant lease agreements. Direct operating expenses arising from investment properties that did not generate rental income, mainly consist of real property taxes and property maintenance fees amounting to P17,768 and P9,682 in 2024 and 2023, respectively, presented as part of "Selling and administrative expenses" account in the consolidated statements of income (see Note 24).

Valuation Technique
The valuation of investment property applied the *Sales Comparison Approach.* The market value was determined using the Sales Comparison Approach. The comparative approach considers the sale of similar or substitute property, registered within the vicinity, and the related market data. The estimated value is established by process involving comparison. The property being valued is then compared with sales of similar property that have been transacted in the market. Listings and offerings may also be considered. The observable inputs to determine the market value of the property are the following: location characteristics, size, time element, quality and prospective use, bargaining allowance and marketability.

Others mainly pertain to retention asset and costs incurred in relation to long-term customer contracts.

16. Loans Payable

Loans payable account consist of:

	Note	**2024**	2023
Philippine Peso-denominated:			
Parent Company		**P28,736,000**	P13,736,000
SPPC		**5,000,000**	-
MPGC		**383,800**	-
		34,119,800	13,736,000
Foreign Currency-denominated:			
Parent Company		**7,230,625**	-
	29, 30	**P41,350,425**	P13,736,000

The loans are unsecured short-term loans obtained from various financial institutions, to partially refinance maturing obligations, for working capital and for general corporate purposes.

The interest rates applied for the Philippine Peso-denominated loans ranged from 6.25% to 7.95% and from 6.75% to 7.50% as at December 31, 2024 and 2023, respectively. The interest rate applied for foreign currency-denominated loan was 7.60% as at December 31, 2024.

Interest expense on loans payable amounted to P1,652,197, P1,098,603 and P606,725 in 2024, 2023 and 2022, respectively.

17. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	Note	2024	2023
Trade	*6*	**P28,244,901**	P23,453,007
Non-trade	*6*	**80,682,106**	45,629,445
Output VAT		**17,541,261**	19,194,811
Amounts owed to related parties	*19*	**11,608,134**	5,411,198
Withholding and other accrued taxes		**4,006,200**	2,066,108
Accrued interest	*6, 16, 18*	**2,005,377**	1,864,411
Derivative liabilities not designated as cash flow hedge		**13,725**	13,925
	29, 30	**P144,101,704**	P97,632,905

Trade payables consist of payable related to energy fees, inventories and power purchases. These are generally on a 30-day term and are non-interest bearing.

Non-trade payables include liability relating to payables to contractors, power rate adjustments, and other payables to the Government excluding output VAT and withholding taxes.

The methods and assumptions used to estimate the fair values of financial liabilities are discussed in Note 30.

18. Long-term Debt

Long-term debt consists of:

	2024	2023
Bonds		
Parent Company		
Philippine Peso-denominated:		
Fixed interest rate of 5.9077%, 7.1051% and 8.0288% maturing in 2025, 2028 and 2032, respectively (a)	**P39,650,721**	P39,559,871
Fixed interest rate of 7.1783% and 7.6000% matured in April 2024 and maturing in 2026, respectively (b)	**6,902,264**	16,110,820
Fixed interest rate of 6.2500% and 6.6250% matured in December 2024 and maturing in 2027, respectively (c)	**3,594,372**	10,056,168
Fixed interest rate of 5.1792% maturing in 2026 (d)	**4,746,231**	4,740,043
	54,893,588	70,466,902

Forward

	Note	**2024**	2023
Term Loans			
Parent Company			
Philippine Peso-denominated:			
Fixed interest rate, matured in April 2024 (e)		**P -**	P14,091,381
Fixed interest rate with maturities up to 2025 (f)		**4,818,722**	4,853,652
Fixed interest rate maturing in 2028 (g)		**7,451,212**	7,439,465
Fixed interest rate with maturities up to 2029 (h)		**9,684,184**	-
Foreign currency-denominated:			
Floating interest rate based on Secured Overnight Financing Rate (SOFR) plus margin, maturing in 2026 (i)		**17,248,607**	16,421,201
Floating interest rate based on SOFR plus margin, maturing in 2027 (j)		**16,953,726**	-
Floating interest rate based on SOFR plus margin, matured in September 2024 (j) (k)		**-**	10,992,509
Floating interest rate based on SOFR plus margin, maturing in 2025 (l)		**5,769,644**	5,483,778
Floating interest rate based on SOFR plus margin, maturing in 2027 (m)		**17,084,579**	16,249,226
Floating interest rate based on SOFR plus margin, matured in October 2024 (j) (n)		**-**	5,487,277
Floating interest rate based on SOFR plus margin, maturing in 2025 (o)		**2,880,001**	2,718,947
Subsidiaries			
Philippine Peso-denominated:			
Fixed interest rate with maturities up to 2029 (p)		**29,414,962**	32,497,049
Fixed interest rate with maturities up to 2030 (q)		**13,410,025**	14,643,247
Fixed interest rate with maturities up to 2033 (r)		**38,502,565**	27,537,755
Fixed interest rate with maturities up to 2034 (s)		**31,853,575**	-
Floating rate based on Bloomberg Valuation (BVAL) plus margin, with maturities up to 2030 (t)		**6,049,990**	7,187,581
Foreign currency-denominated:			
Fixed interest rate with maturities up to 2030 (t) (u)		**16,494,080**	17,078,674
Floating interest rate based on SOFR plus margin, with maturities up to 2030 (t) (u)		**5,428,431**	5,620,829
		223,044,303	188,302,571
	29, 30	**277,937,891**	258,769,473
Less current maturities		**28,477,307**	54,124,645
		P249,460,584	P204,644,828

a. The amount represents the first tranche of the Parent Company's P60,000,000 fixed rate bonds shelf registration. The first tranche, with an aggregate principal amount of P40,000,000, was issued and listed on the Philippine Dealing and Exchange Corp. (PDEx) for trading on July 26, 2022 at the issue price of 100% of face value.

   It comes in three series, with terms and interest rates as follows:

	Term	Interest Rate Per Annum
Series K Bonds	3 years, due 2025	5.9077%
Series L Bonds	5.75 years, due 2028	7.1051%
Series M Bonds	10 years, due 2032	8.0288%

   Interest on the bonds shall be payable quarterly in arrears every April 26, July 26, October 26 and January 26 of each year starting October 26, 2022, as the first interest payment date.

   The proceeds from the issuance of the bonds were used: (i) to partially finance the Parent Company's investments in power-related assets, particularly LNG projects and related assets, coal power plant projects, BESS and solar power plant projects; (ii) for general corporate purposes; and (iii) for payment of transaction-related fees, costs and expenses.

b. The amount represents the first tranche of the Parent Company's P60,000,000 fixed rate bonds shelf registration. The first tranche, with an aggregate principal amount of P30,000,000, was issued and listed on the PDEx for trading on April 24, 2019 at the issue price of 100% of face value.

   It comes in three series, with terms and interest rates as follows:

	Term	Interest Rate Per Annum
Series H Bonds	3 years, matured and redeemed in 2022	6.8350%
Series I Bonds	5 years, matured and redeemed in 2024	7.1783%
Series J Bonds	7 years, due 2026	7.6000%

   Interest on the bonds shall be payable quarterly in arrears every April 24, July 24, October 24 and January 24 of each year starting July 24, 2019, as the first interest payment date.

   The proceeds were used by the Parent Company for partial refinancing of existing loan obligations and/or re-denomination of US Dollar-denominated obligations (partly used for Masinloc Group acquisition in 2018), investments in power-related assets and for payment of transaction-related fees, costs and expenses.

   On April 24, 2024, the Parent Company redeemed its Series I Bonds, amounting to P9,232,040, upon its maturity pursuant to the terms and conditions of the bonds. The Parent Company used in part the proceeds of the P5,000,000 short-term loan availed in April 2024 and cash generated from operations for the redemption.

c. The amount represents the first tranche of the Parent Company's P35,000,000 fixed rate bonds shelf registration. The first tranche, with an aggregate principal amount of P20,000,000, was issued and listed on the PDEx for trading on December 22, 2017 at the issue price of 100% of face value.

   It comes in three series, with terms and interest rates as follows:

	Term	Interest Rate Per Annum
Series D Bonds	5 years, matured and redeemed in 2022	5.3750%
Series E Bonds	7 years, matured and redeemed in 2024	6.2500%
Series F Bonds	10 years, due 2027	6.6250%

   Interest on the bonds shall be payable quarterly in arrears every March 22, June 22, September 22 and December 22 of each year starting March 22, 2018 as the first interest payment date.

   Proceeds from the issuance were used by the Parent Company to refinance its short-term loans obtained from local banks.

   On December 23, 2024, the Parent Company redeemed its Series E Bonds, amounting to P6,478,020, upon its maturity pursuant to the terms and conditions of the bonds. The Parent Company used cash generated from operations for the redemption.

d. The amount represents the balance of the Parent Company's fixed rate bonds issued with an aggregate principal amount of P15,000,000. The Bonds were issued in three series, at the issue price of 100% of face value, and listed on the PDEx on July 11, 2016, with terms and interest rates as follows:

	Term	Interest Rate Per Annum
Series A Bonds	5 years, matured and redeemed in 2021	4.3458%
Series B Bonds	7 years, matured and redeemed in 2023	4.7575%
Series C Bonds	10 years, due 2026	5.1792%

   Interest is payable quarterly in arrears every January 11, April 11, July 11 and October 11 of each year starting October 11, 2016, as the first interest payment date.

   Proceeds from the issuance were used to refinance the US$300,000 short-term loan that matured on July 25, 2016, which were used for the redemption of the US$300,000 bond in January 2016.

   On July 11, 2023, the Parent Company redeemed the Series B Bonds amounting to P4,090,440, upon its maturity pursuant to the terms and conditions of the bonds. The Parent Company used in part the proceeds of the P5,000,000 RPCS issued in July 2023 and cash generated from operations for the redemption (see Note 21).

e. On April 26, 2024, the Parent Company fully paid the remaining balance amounting to P14,100,000, of its P15,000,000 fixed rate 7-year term loan availed in April 2017 from a local bank, pursuant to the terms and conditions of the credit facility. The Parent Company used in part the proceeds of the P10,000,000 short-term borrowing availed in April 2024 and cash generated from operations.

f. The amount represents the P5,000,000, fixed rate 4-year term loan facility drawn by the Parent Company on May 28, 2021 from a local bank. Interest is payable quarterly in arrears and principal repayment is in semi-annual installments up to May 2025. The proceeds were used for general corporate purposes.

g. The amount represents the P5,000,000 and P2,500,000 loans drawn by the Parent Company on June 15 and August 8, 2023, respectively, from a P10,000,000 Corporate Notes Facility Agreement executed on June 9, 2023. The loan is subject to a fixed interest rate and will mature in June 2028.

   The proceeds of the loan were used to (a) partially refinance maturing debt obligations, (b) fund general corporate purposes, including investments in LNG and BESS, and (c) cover transaction-related costs, fees and expenses.

h. The amount represents the balance of the P10,000,000 term loan availed by the Parent Company on July 19, 2024 from a facility agreement executed on July 17, 2024 with a local bank. The loan is subject to a fixed interest rate and will mature in June 2029.

   The proceeds of the loan were used for the refinancing of an existing loan.

i. The amount represents the US$300,000 5-year term loan availed in tranches by the Parent Company on March 12, 2021 and June 7, 2021. These were drawn from a Syndication Agreement executed on May 21, 2021, which amended the Facility Agreement dated March 9, 2021, thereby increasing the loan facility from US$200,000 to US$300,000. The loan is subject to floating interest rate based on SOFR plus margin and will mature in March 2026.

   The proceeds were used as repayment of Facility A Loan that matured on March 12, 2021 and the redemption of Series A Bonds in July 2021.

j. The amount represents the US$200,000 (equivalent to P11,010,270, net of transaction costs) 3-year term loan drawn by the Parent Company on September 9, 2024 from a US$200,000 loan facility, with option to increase up to US$300,000, executed on August 30, 2024 with a foreign bank. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in August 2027.

   On October 9, 2024, the Parent Company exercised its option and availed of the additional US$100,000 (equivalent to P5,558,384, net of transaction costs) from this facility agreement.

   The proceeds of the loans were used to fully refinance term loans that matured in September and October 2024.

k. On September 9, 2024, the Parent Company fully paid the US$200,000, 3-year term loan drawn on January 21, 2022, pursuant to the terms and conditions of the facility agreement executed in September 2021 with a foreign bank.

l. The amount represents the US$100,000 3-year term loan drawn by the Parent Company on May 24, 2022, from a facility agreement with a group of foreign banks executed on May 18, 2022. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in May 2025.

   The proceeds were used for working capital requirements relating to expansion projects, for general corporate purposes, and payment of other transaction related fees, costs and expenses of the facility.

m. The amount represents the US$300,000 5-year term loan drawn by the Parent Company on August 26, 2022, from a facility agreement with a group of foreign banks executed on August 18, 2022. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in August 2027.

   The proceeds were used for general corporate purposes, including capital expenditures and refinancing, and payment of other transaction related fees, costs and expenses of the facility.

n. On October 10, 2024, the Parent Company fully paid the US$100,000 term loan availed on March 16, 2023, the pursuant to the terms and conditions of the facility agreement executed in March 2023 with a foreign bank.

o. The amount represents the US$50,000 term loan availed on October 31, 2023 from a facility agreement executed on October 24, 2023 with a foreign bank. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in April 2025.

   On February 10, 2025, the Parent Company fully paid the loan using cash from operations.

p. The amount represents the balance of the P42,000,000 and P2,000,000 drawn by LPI on June 28, 2017 and January 31, 2018, respectively, from the P44,000,000, 12-year Omnibus Loan and Security Agreement (OLSA) with a syndicate of local banks dated June 22, 2017. The loan is payable quarterly up to June 2029. The proceeds were used mainly by LPI for the following purposes:

   i. the settlement of the US$360,000 short-term loan availed on May 8, 2017 from a local bank;

   ii. the funding of the acquisition from LETI of the Phase II of Limay Greenfield Power Plant which was then under construction;

   iii. the repayment of advances from the Parent Company; and

   iv. the payment of transaction-related fees and expenses.

q. The amount represents the balance of the P20,322,000 and P978,000 drawn by MPI in tranches on August 17, 2018 and July 31, 2019, respectively, from the P21,300,000, 12-year OLSA with a syndicate of local banks, signed on August 9, 2018. The loan is payable in 47 quarterly installments up to August 2030. The proceeds were used mainly by MPI for the following purposes:

   i. the repayment in full of the P5,930,000 short-term loan used to fund the design, construction and operation of the Davao Greenfield Power Plant;

   ii. the partial financing of the remaining works for the Davao Greenfield Power Plant;

   iii. the repayment of advances from the Parent Company; and

   iv. the payment of transaction-related fees and expenses.

   The loan includes amount payable to Bank of Commerce (BOC), an associate of entities under common control, amounting to P2,031,488 and P2,226,304 as at December 31, 2024 and 2023, respectively (see Note 19).

On August 17, 2023, the applicable fixed interest rate on the outstanding balance of the loan facility was repriced to 8.2443%, pursuant to the terms of the OLSA.

r. The amount represents the first and second tranches, amounting to P28,000,000 and P12,000,000 drawn on October 27, 2023 and March 25, 2024, respectively, from the P40,000,000 fixed rate 10-year OLSA executed by SMGP BESS on October 23, 2023, with various local banks. The loan is payable quarterly up to October 2033.

   The proceeds were used (i) for the purchase of outstanding perpetual securities issued to SMC and repayment of reimbursable advances from the Parent Company, (ii) for payment of interest during construction, (iii) to fund the costs and expenses in relation to the design, construction and the operation of its BESS projects, and (iv) for transaction costs.

   The loan includes the P5,655,000 and P4,060,000 amount payable to BOC as at December 31, 2024 and 2023, respectively (see Note 19).

s. The amount represents the Tranches A and B, amounting to P20,000,000 and P12,500,000, respectively, drawn on December 27, 2024, from the fixed rate 10-year OLSA executed by MPGC on December 17, 2024, with various local banks. The loan is payable quarterly up to December 2034.

   The proceeds from the loan were used to finance the Mariveles Greenfield Power Plant project.

   The loan includes the P7,500,000 amount payable to BOC as at December 31, 2024 (see Note 19).

t. On January 17, 2023, MPCL agreed with local bank lenders to amend its Omnibus Refinancing Agreement (the “Amended ORA”), with an outstanding obligation amounting to US$148,550 as at the agreement date, into a Philippine Peso-denominated loan pegged at P8,155,000, subject to floating interest rate with maturities up to January 2030. MPCL holds a one-time right to convert the loan into a fixed interest rate borrowing on the second anniversary, as allowed under the terms of the agreement.

   The loan includes the P3,686,912 and P4,389,181 amount payable to BOC as at December 31, 2024 and 2023, respectively (see Note 19).

   On January 30, 2025, MPCL made principal repayments amounting to P291,134 pursuant to the terms and conditions of its Amended ORA.

u. The amount represents the US$382,200 outstanding balance of the loan drawn in tranches by MPCL from its Omnibus Expansion Financing Agreement (OEFA) dated December 1, 2015, with local banks, to finance the construction of the additional 335 MW (gross) coal-fired plant within MPCL existing facilities. The loan is divided into fixed interest tranche and floating interest tranche based on a 6-month SOFR plus margin with maturities up to December 15, 2030.

   On December 16, 2023, the applicable fixed interest rate on the outstanding balance of the loan facility was repriced to 8.3310%, pursuant to the terms of the OEFA.

Unamortized debt issue costs amounted to P3,069,044 and P2,684,515 as at December 31, 2024 and 2023, respectively. Accrued interest amounted to P1,905,165 and P1,397,801 as at December 31, 2024 and 2023, respectively. Interest expense amounted to P19,337,205, P14,435,118, and P13,344,725 (including P2,645,529, P1,756,826, and P1,859,297 capitalized as part of CPIP, respectively) in 2024, 2023 and 2022, respectively (see Note 12).

The gross amount of long-term debt payable to BOC amounted to P18,873,400 and P10,675,485 as at December 31, 2024 and 2023, respectively (see Note 19).

Valuation Technique for Philippine Peso-denominated Bonds
The market value was determined using the market comparison technique. The fair values are based on PDEx. The Bonds are traded in an active market and the quotes reflect the actual transactions in identical instruments.

The fair value of the Bonds amounting to P57,219,517 and P73,529,065 as at December 31, 2024 and 2023, respectively, has been categorized as Level 1 in the fair value hierarchy based on the inputs used in the valuation techniques (see Note 30).

The debt agreements of the Parent Company, LPI, MPI, MPCL, SMGP BESS and MPGC impose a number of covenants including, but not limited to, maintenance of certain financial ratios throughout the duration of the term of the debt agreements. The terms and conditions of the debt agreements also contain negative pledge provision with certain limitations on the ability of the Parent Company and its material subsidiaries, LPI, MPI, MPCL, SMGP BESS and MPGC to create or have outstanding any security interest upon or with respect to any of the present or future business, undertaking, assets or revenue (including any uncalled capital) of the Parent Company or any of its material subsidiaries, LPI, MPI, MPCL, SMGP BESS and MPGC to secure any indebtedness, subject to certain exceptions.

The loans of LPI, MPI, SMGP BESS and MPGC are secured by real estate and chattel mortgages, on all present and future assets, amounting to P44,100,000, P21,325,000, P40,000,000, and P32,500,000 respectively, and reserves of LPI, MPI, SMGP BESS and MPGC as well as a pledge by the Parent Company of all its outstanding shares of stock in LPI, MPI, SMGP BESS and MPGC.

The loans of MPCL obtained from its ORA and OEFA are secured by real estate and chattel mortgages, on all present assets (purchased under its asset purchase agreement, and all its rights in a land lease agreement, with PSALM) and all future assets as defined in its loan agreements, amounting to P8,155,000 and US$525,000, respectively.

As at December 31, 2024 and 2023, the Group is in compliance with the covenants, including the required financial ratios, of the debt agreements.

The movements in debt issue costs are as follows:

	Note	**2024**	2023
Balance at beginning of year		**P2,684,515**	P2,713,968
Additions		**1,250,648**	822,522
Amortization		**(398,506)**	(849,696)
Capitalized amount	*12*	**(467,613)**	(2,279)
Balance at end of year		**P3,069,044**	P2,684,515

Repayment Schedule
The annual maturities of long-term debt are as follows:

	Gross Amount				
Year	**US Dollar**	**Peso Equivalent of US Dollar**	**Peso**	**Debt Issue Costs**	**Net**
2025	US$183,390	P10,608,195	P18,169,278	P300,166	P28,477,307
2026	334,912	19,373,014	23,503,688	619,983	42,256,719
2027	636,488	36,817,619	19,534,631	966,466	55,385,784
2028	38,168	2,207,799	49,558,945	511,050	51,255,694
2029	39,952	2,311,052	27,565,278	246,401	29,629,929
2030 and thereafter	199,290	11,527,930	59,829,506	424,978	70,932,458
	US$1,432,200	**P82,845,609**	**P198,161,326**	**P3,069,044**	**P277,937,891**

Contractual terms of the Group's interest bearing loans and borrowings and exposure to interest rate, foreign currency and liquidity risks are discussed in Note 29.

19. Related Party Disclosures

The Parent Company, certain subsidiaries and their shareholders, associates and joint ventures purchase products and services from one another in the normal course of business. Transactions with related parties are made at normal market prices and terms. The Group requires approval of the BOD for certain limits on the amount and extent of transactions with related parties.

Amounts owed by/owed to related parties are collectible/will be settled in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The following are the transactions with related parties and the outstanding balances as at December 31:

	Note	Year	Revenues from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
SMC	*22, 24*	**2024**	**P546,201**	**P4,388,136**	**P51,985**	**P6,849,349**	On demand or 30 days;	Unsecured;
		2023	614,221	1,638,795	135,791	2,152,547	non-interest bearing	no impairment
Entities under Common Control	*6, 8, 9, 11, 12, 17, 22, 23, 24*	**2024**	**7,941,539**	**4,606,848**	**1,810,683**	**11,503,950**	On demand or 30 days;	Unsecured;
		2023	9,261,195	3,848,749	1,620,198	10,737,315	non-interest bearing	no impairment
	8, 12, 15	**2024**	**-**	**-**	**8,645,305**	**-**	Installment basis up to	Unsecured;
		2023	-	-	12,010,491	-	2026; interest bearing	no impairment
Associate	*8, 11, 17, 22*	**2024**	**1,298,826**	**-**	**663,448**	**28,101**	On demand or 30 days;	Unsecured;
		2023	1,944,182	-	889,255	28,101	non-interest bearing	no impairment
	8, 15	**2024**	**1,608**	**-**	**2,129**	**-**	9 years;	Unsecured;
		2023	4,208	-	51,053	-	interest bearing	no impairment
Joint Venture	*8*	**2024**	**33,598**	**1,028,812**	**5,011**	**427,591**	30 days;	Unsecured;
		2023	32,707	-	13,126	-	non-interest bearing	no impairment
	8, 11	**2024**	**5,990**	**-**	**180,732**	**-**	92 days;	Unsecured;
		2023	5,673	-	167,404	-	interest bearing	no impairment
	11, 15	**2024**	**74,927**	**-**	**1,564,475**	**-**	10.5 years	Unsecured;
		2023	71,378	-	1,491,796	-	interest bearing	no impairment
Associate and Joint Venture of	*6, 8, 22*	**2024**	**-**	**-**	**481**	**1,157**	30 days;	Unsecured;
		2023	9,828	-	481	1,157	non-interest bearing	no impairment
Entities under Common Control	*18*	**2024**	**-**	**952,088**	**-**	**19,014,637**	7 to 12 years;	Secured
		2023	-	590,527	-	10,805,681	interest bearing	
		2024	**P9,902,689**	**P10,975,884**	**P12,924,249**	**P37,824,785**		
		2023	P11,943,392	P6,078,071	P16,379,595	P23,724,801		

a. Amounts owed by related parties consist of trade and non-trade receivables, receivables pertaining to the sale of certain parcels of land and investments in 2022, included as part of “Trade and other receivables” and “Other noncurrent assets” accounts in the consolidated statements of financial position, prepayments for rent and insurance, and security deposits (see Notes 8, 10 and 15).

   Sale of various properties by Dewsweeper Industrial Park, Inc. (DIPI), Bluelight Industrial Estate, Inc. (Bluelight), MVIHI and GPII
   In 2022, the Group, through its wholly-owned subsidiaries, DIPI, Bluelight, MVIHI and GPII, sold certain parcels of raw land located in the provinces of Quezon, Cavite, and Negros Occidental to certain entities under common control, for a total consideration of P11,868,879. The amount of consideration is payable on installment basis up to 2026 and subject to interest as agreed by the relevant parties (see Notes 8, 12, and 15).

   Sale of Shares of Ondarre Holdings Corporation (OHC) and Soracil Prime Inc. (Soracil)
   On August 26, 2022, the Parent Company executed agreements with an entity under common control for the sale of its 100% shareholdings in OHC and Soracil, owners of certain parcels of land in Barangay Wack-Wack, Mandaluyong City, for a total consideration of P3,864,700, payable on installment basis up to 2026 and subject to interest as agreed by the relevant parties (see Notes 8, 12, and 15).

b. Amounts owed to related parties consist of trade and non-trade payables including management fees, purchases of fuel, reimbursement of expenses, rent, insurance, services rendered, customers’ deposits and subscriptions payable to OEDC (see Notes 11 and 17). As at December 31, 2024 and 2023, amounts owed to related parties for the lease of office space and parcels of land presented as part of “Lease liabilities - current portion” and “Lease liabilities - net of current portion” amounted to P7,066,765 and P7,401,488, respectively (see Notes 6, 29 and 30).

c. Amounts owed by an associate mainly consist of interest bearing loan granted to OEDC by SPGC included as part of “Trade and other receivables” and “Other noncurrent assets” accounts in the consolidated statements of financial position (see Notes 8 and 15).

d. Amounts owed by a joint venture pertains to interest bearing loans granted and management fees charged to AHC by PVEI included as part of “Trade and other receivables” and “Other noncurrent assets” accounts in the consolidated statements of financial position (see Notes 8, 11, and 15).

e. Amounts owed to an associate and joint venture of entities under common control include interest bearing long-term debts of MPI, MPCL, SMGP BESS and MPGC payable to BOC, amounting to P18,873,400 and P10,675,485, presented as part of “Long-term debt” account in the consolidated statements of financial position as at December 31, 2024 and 2023, respectively (see Note 18). These long-term debts are secured by certain property, plant and equipment (see Note 12).

f. The compensation of key management personnel of the Group, by benefit type, follows:

	Note	**2024**	2023	2022
Short-term employee benefits	*24*	**P133,074**	P129,041	P139,090
Retirement benefits costs	*20*	**9,076**	17,523	10,181
		P142,150	P146,564	P149,271

There were no known transactions with parties that fall outside the definition "related parties" under PAS 24, *Related Party Disclosures*, but with whom the Group or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

20. Retirement Plans

The Parent Company and its subsidiaries, SPI, LPI, MPI, VisMin Power Dynamics Services Inc. (formerly Safetech Power Services Corp.) and Luzon Power Dynamics Services Inc. (formerly Mantech Power Dynamics Services Inc.), have funded, noncontributory, defined benefits retirement plans (collectively, the "Retirement Plans") covering all of their permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the Retirement Plans. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is December 31, 2024. Valuations are obtained on a periodic basis.

The Retirement Plans are registered with the Bureau of Internal Revenue (BIR) as tax-qualified plans under RA No. 4917, as amended. The control and administration of the Retirement Plans are vested in the Board of Trustees (BOT), as appointed by the BOD of the Parent Company. The BOT of the Retirement Plans, who exercises voting rights over the shares and approves material transactions, are also officers of the Parent Company and of SMC. The Retirement Plan's accounting and administrative functions are undertaken by SMC's Retirement Funds Office of SMC.

The following table shows a reconciliation of the net defined benefits retirement liability and its components:

	Fair Value of Plan Assets		Present Value of Defined Benefits Retirement Obligation		Net Defined Benefits Retirement Liability	
	2024	2023	**2024**	2023	**2024**	2023
Balance at Beginning of Year	**P70,378**	P19,441	**(P640,443)**	(P487,046)	**(P570,065)**	(P467,605)
Recognized in Profit or Loss						
Service costs	**-**	-	**(97,175)**	(87,134)	**(97,175)**	(87,134)
Interest expense	**-**	-	**(39,159)**	(35,152)	**(39,159)**	(35,152)
Interest income	**4,535**	3,194	**-**	-	**4,535**	3,194
	4,535	3,194	**(136,334)**	(122,286)	**(131,799)**	(119,092)
Recognized in Other Comprehensive Income						
Remeasurements						
Actuarial gains (losses) arising from:						
Experience adjustments	**-**	-	**(45,704)**	24,847	**(45,704)**	24,847
Changes in financial assumptions	**-**	-	**(1,791)**	(72,694)	**(1,791)**	(72,694)
Changes in demographic assumptions	**-**	-	**99,553**	-	**99,553**	-
Return on plan assets excluding interest income	**(1,890)**	(1,901)	**-**	-	**(1,890)**	(1,901)
	(1,890)	(1,901)	**52,058**	(47,847)	**50,168**	(49,748)
Others						
Contributions	**37,545**	66,380	**-**	-	**37,545**	66,380
Benefits paid	**(29,939)**	(16,736)	**29,939**	16,736	**-**	-
	7,606	49,644	**29,939**	16,736	**37,545**	66,380
Balance at End of Year	**P80,629**	P70,378	**(P694,780)**	(P640,443)	**(P614,151)**	(P570,065)

The Group's annual contribution to the Retirement Plans consists of payments covering the current service cost plus amortization of unfunded past service liability.

Retirement benefits costs recognized in the consolidated statements of income by the Parent Company amounted to P41,344, P37,960 and P66,802 in 2024, 2023 and 2022, respectively (see Note 24).

Retirement benefits costs recognized in the consolidated statements of income by the subsidiaries amounted to P94,990, P84,326 and P94,949 in 2024, 2023 and 2022, respectively (see Notes 23 and 24).

The net interest expense on the defined benefits retirement liability recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income by the Parent Company amounted to P14,756 and P15,892 in 2024 and 2023, respectively.

The net interest expense on the defined benefits retirement liability recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income by the subsidiaries amounted to P19,868 and P16,066 in 2024 and 2023, respectively.

The equity reserve for retirement plan, which includes the accumulated net actuarial gains and losses recognized in other comprehensive income, net of tax, of the Group and an associate, amounted to P67,096 and P107,000 as at December 31, 2024 and 2023, respectively.

Net defined benefits retirement liability included as part of "Other noncurrent liabilities" account in the consolidated statements of financial position, amounted to P614,151 and P570,065 as at December 31, 2024 and 2023, respectively.

The carrying amounts of the Group's retirement fund approximate fair values as at December 31, 2024 and 2023.

The Group's plan assets consist of the following:

	In Percentages	
	2024	2023
Cash and cash equivalents	**61.20%**	84.71%
Investments in marketable securities	**38.28%**	15.13%
Others	**0.52%**	0.16%

As at December 31, 2024 and 2023, the plan assets include investments in marketable securities pertaining to common and preferred shares of SMC and entities under common control, with a total fair market value of P34,724 and P11,479, respectively.

The fair market value of the above marketable securities was determined based on quoted market prices in active markets as at the reporting date.

The Group's Retirement Plans recognized a loss on the investment in marketable securities amounting to P98 and a gain amounting to P136 in 2024 and 2023, respectively.

Dividend income from the investments in marketable securities of the plan assets amounted to P983 and P156 in 2024 and 2023, respectively.

The BOT reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Group's ALM objective is to match maturities of the plan assets to the defined benefits retirement obligation as they fall due. The Group monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefits obligation. The Group is expected to contribute P171,119 to the Retirement Plans in 2025.

The Retirement Plans expose the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk as follows:

Investment and Interest Rate Risks. The present value of the defined benefits retirement obligation is calculated using a discount rate determined by reference to market yields to government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the defined benefits retirement obligation. However, this will be partially offset by an increase in the return on the Retirement Plans' investments and if the return on plan asset falls below this rate, it will create a deficit in the Retirement Plans. Due to the long-term nature of the defined benefits retirement obligation, a level of continuing equity investments is an appropriate element of the long-term strategy of the Group to manage the Retirement Plans efficiently.

Longevity and Salary Risks. The present value of the defined benefits retirement obligation is calculated by reference to the best estimates of: (1) the mortality of the plan participants, and (2) the future salaries of the plan participants. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the defined benefits retirement obligation.

The overall expected rate of return is determined based on historical performance of the investments.

The principal actuarial assumptions used to determine retirement benefits are as follows:

	2024	2023
Discount rate	**6.09% to 6.17%**	5.98% to 6.12%
Salary increase rate	**5.00%**	5.00%

Assumptions for mortality and disability rates are based on published statistics and mortality and disability tables.

The weighted average duration of the defined benefits retirement obligation ranges from 6.00 to 16.30 years and from 4.10 to 19.00 years as at December 31, 2024 and 2023, respectively.

Sensitivity Analysis

As at December 31, 2024 and 2023, the reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefits retirement obligation by the amounts shown below:

	Defined Benefits Retirement Obligation			
	2024		2023	
	1% Increase	**1% Decrease**	1% Increase	1% Decrease
Discount rate	**(P63,450)**	**75,650**	(P66,506)	P80,820
Salary increase rate	**75,720**	**(64,618)**	80,918	(67,733)

21. Equity

Capital Stock

The details of the Parent Company's authorized, subscribed, issued and outstanding capital stock as at December 31 are as follows:

	2024		2023	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized - par value of P1.00	**3,774,400,000**	**P3,774,400**	3,774,400,000	P3,774,400
Subscribed capital stock:				
Balance at beginning of year	**2,823,604,000**	**2,823,604**	1,250,004,000	1,250,004
Subscription	**-**	**-**	1,573,600,000	1,573,600
Issued and outstanding	**2,823,604,000**	**P2,823,604**	2,823,604,000	P2,823,604

On July 25, 2023, the Parent Company and SMC executed a Subscription Agreement to subscribe to an additional 410,000,000 common shares out of the unissued capital stock of the Parent Company for a total subscription price of P12,300,000 or P30.00 per share, which was fully paid in 2023.

On July 25, 2023, the BOD of the Parent Company approved the additional increase in its authorized capital stock by P1,774,400 (comprising of 1,774,400,000 shares with par value of P1.00), or from P2,000,000, divided into 2,000,000,000 shares with par value of P1.00 to P3,774,400, divided into 3,774,400,000 shares with par value of P1.00 (the "ACS Increase"). On August 1, 2023, SMC in a Subscription Agreement, subscribed to 443,600,000 common shares out of the ACS Increase for a total subscription price of P13,308,000 or P30.00 per share. The total subscription price was fully paid in 2023.

On September 7, 2023, the stockholders of the Parent Company approved the aforesaid increase in authorized capital and the amendment of the Articles of Incorporation to reflect the ACS Increase and ratified the said subscription by SMC out of the ACS Increase.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of the Parent Company was approved by the Philippine SEC on October 24, 2023.

On November 13, 2023, the Parent Company and SMC executed a Subscription Agreement to subscribe to an additional 720,000,000 common shares out of the unissued capital stock of the Parent Company for a total subscription price of P21,600,000 or P30.00 per share, which was fully paid in 2023.

The Parent Company recognized additional paid-in capital of P45,591,781, net of the share issuance cost paid amounting to P42,619 as at December 31, 2023.

The proceeds from the capital infusion of SMC were used to finance maturing obligations and for general corporate purposes, including capital expenditures of the Group.

Retained Earnings

The Parent Company's retained earnings available for dividend declaration, calculated based on the regulatory requirements of the Philippine SEC, amounted to P9,929,576 and P6,811,328 as at December 31, 2024 and 2023, respectively. The difference between the consolidated retained earnings and the Parent Company's retained earnings available for dividend declaration primarily consist of undistributed earnings of subsidiaries and equity method investees. Stand-alone earnings of the subsidiaries and share in net earnings of equity method investees are not available for dividend declaration by the Parent Company until declared by the subsidiaries and equity investees as dividends.

There were no cash dividend declarations to stockholders in 2024, 2023, and 2022.

Appropriated Retained Earnings

Parent Company

There were no appropriations of retained earnings of the Parent Company in 2024, 2023 and 2022.

SPI, SPPC and SRHI

In 2024, 2023, and 2022, the total appropriations utilized by SPI, SRHI and SPPC amounted to P5,285,000, P2,440,000, and P2,685,700, respectively.

The BOD of SRHI approved the appropriation of retained earnings amounting to P4,700,000 for the fixed monthly payments due to PSALM under its IPPA Agreement in 2023.

MVIHI

The BOD of MVIHI approved the appropriation of retained earnings amounting to P3,325,000 for its power-related expansion projects in the next 5 years in 2022 and the reversals of appropriation amounting to P1,385,000 and P1,940,000 in 2024 and 2023, respectively.

Total combined appropriated retained earnings of SPI, SRHI and MVIHI amounted to P2,000,000 and P8,670,000 as at December 31, 2024 and 2023, respectively.

Senior Perpetual Capital Securities (SPCS)

The outstanding SPCS of the Parent Company are as follows:

December 31, 2024

Date of Issuance	**Initial Rate of Distribution Per Annum**	**Step-Up Date**	**Amount of Outstanding SPCS Issued**	**Amount in Philippine Peso***
December 2, 2024	**8.125%**	**March 2, 2030**	**US$500,000**	**P28,882,140**
September 12 and 30, 2024	**8.75%**	**September 12, 2029**	**900,000**	**49,849,177**
June 9 and September 15, 2021	**5.45%**	**December 9, 2026**	**683,548**	**32,416,245**
October 21 and December 15, 2020	**7.00%**	**October 21, 2025**	**193,392**	**9,613,079**
January 21, 2020	**5.70%**	**January 21, 2026**	**493,337**	**24,807,124**
November 5, 2019	**5.95%**	**May 5, 2025**	**113,282**	**5,627,100**
			US$2,883,559	**P151,194,865**

** Net of directly attributable transaction costs.*

December 31, 2023

Date of Issuance	Initial Rate of Distribution Per Annum	Step-Up Date	Amount of Outstanding SPCS Issued	Amount in Philippine Peso*
June 9 and September 15, 2021	5.45%	December 9, 2026	US$683,548	P32,416,245
October 21 and December 15, 2020	7.00%	October 21, 2025	723,904	34,884,036
January 21, 2020	5.70%	January 21, 2026	593,337	29,835,558
November 5, 2019	5.95%	May 5, 2025	492,113	24,444,916
April 25 and July 3, 2019	6.50%	April 25, 2024	783,164	40,186,954
			US$3,276,066	P161,767,709

** Net of directly attributable transaction costs.*

Issuances of SPCS, Partly Applied for Exchange and Tender Offers
On August 27 and November 14, 2024, the Parent Company announced on the Singapore Exchange Securities Trading Limited ("SGX-ST") website the following:

a. that it will undertake to invite eligible holders of the Parent Company's outstanding US Dollar-denominated SPCS listed with the SGX-ST (collectively, the "Existing Securities"):

   (i) 7.00% SPCS issued on October 21 and December 15, 2020;
   (ii) 5.70% SPCS issued on January 21, 2020; and
   (iii) 5.95% SPCS issued on November 5, 2019

      (1) to offer to exchange some or all of its Existing Securities for new US Dollar-denominated SPCS to be issued by the Parent Company (the "Exchange Offers"); and

      (2) to tender for purchase for cash some or all of its Existing Securities up to an aggregate nominal amount and at a purchase price, to be determined by the Parent Company (the "Tender Offers", and together with the Exchange Offers, the "Offers"); and

b. that it will undertake the offers and issuances of a total of up to US$600,000 in SPCS or such other amount as the Parent Company may later determine (collectively together with the Tender Offers, the "Additional New Securities").

On September 12, 2024, the Parent Company completed the issuance of US$800,000 SPCS (the "US$800,000 SPCS", equivalent to P44,299,924, net of directly attributable transaction costs amounting to P660,076) at an issue price of 100%, with an initial rate of distribution of 8.75% per annum and step-up date of September 12, 2029.

The US$800,000 SPCS consist of the following:

(i) US$531,938 (equivalent to P29,456,016, net of directly attributable transaction costs amounting to P438,899) in aggregate principal amount of SPCS issued in exchange for Existing Securities (with a carrying value of P25,801,222) pursuant to the Exchange Offers; and

(ii) US$268,062 (equivalent to P14,843,908, net of directly attributable transaction costs amounting to P221,177) in aggregate principal amount of Additional New Securities. This will fund the purchase of Existing Securities, amounting to US$157,381 (with a carrying value equivalent to P7,678,653), accepted pursuant to the Tender Offers.

On September 30, 2024, the Parent Company completed the issuance of US$100,000 SPCS (the "US$100,000 SPCS", equivalent to P5,549,253, net of directly attributable transaction costs amounting to P53,747) at an issue price of 100% plus an amount corresponding to accrued distribution from and including September 12, 2024 to, but excluding, September 30, 2024.

The US$100,000 SPCS is consolidated into and form a single series with the US$800,000 SPCS issued on September 12, 2024, bringing the total securities to US$900,000. The US$800,000 SPCS and US$100,000 SPCS are identical in all respects, other than with respect to the date of issuance and issue price.

On December 2, 2024, the Parent Company completed the issuance of US$500,000 SPCS (the "US$500,000 SPCS", equivalent to P28,882,140, net of directly attributable transaction costs amounting to P445,360) at an issue price of 100%, with an initial rate of distribution of 8.125% per annum and step-up date of March 2, 2030.

The US$500,000 SPCS consist of the following:

(i) US$273,925 (equivalent to P15,823,080, net of directly attributable transaction costs amounting to P243,990) in aggregate principal amount of SPCS issued in exchange for Existing Securities (with a carrying value of P13,401,616) pursuant to the Exchange Offers; and

(ii) US$226,075 (equivalent to P13,059,060, net of directly attributable transaction costs amounting to P201,370) in aggregate principal amount of Additional New Securities. This will fund the purchase of Existing Securities, amounting to US$46,099 (with a carrying value equivalent to P2,235,716), accepted pursuant to the Tender Offers.

As a result of the foregoing, the movements in the Existing Securities are as follows:

Title of Existing Securities	Principal of Existing Securities	Accepted Exchange Offers	Accepted Tender Offers	Remaining Principal of Existing Securities	Amount in Philippine Peso*
7.00% SPCS issued on October 21 and December 15, 2020	US$723,904	(US$435,745)	(US$94,767)	US$193,392	P9,613,079
5.70% SPCS issued on January 31, 2020	593,337	(100,000)	-	493,337	24,807,124
5.95% SPCS issued on November 5, 2019	492,113	(270,118)	(108,713)	113,282	5,627,100
	US$1,809,354	**(US$805,863)**	**(US$203,480)**	**US$800,011**	**P40,047,303**

**Net of transaction costs.*

The difference between the price and net carrying value of the Existing Securities accepted pursuant to the Offers amounted to P8,573,591 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

The net proceeds from the issuances of the Additional New Securities and the US$100,000 SPCS were applied to the following: (i) costs and expenses related to the Exchange Offers, including payment of accrued distribution amount in respect of the Existing Securities accepted for exchange pursuant to the terms and conditions of the Exchange Offers; (ii) costs and expenses related to the Tender Offers, including payment of the purchase price and the accrued distribution amount in respect of the Existing Securities accepted for purchase pursuant to the terms and conditions of the Tender Offers; and (iii) for pre-development costs of solar energy projects and BESS projects.

The US$800,000, US$100,000 and US$500,000 SPCS (collectively, the "Securities") were listed on the SGX-ST on September 13, October 1 and December 3, 2024, respectively.

The Securities were offered to holders of Existing Securities pursuant to the Offers and were sold mainly offshore and to a limited number of qualified buyers in the Philippines. Hence, the Offers and sale of the Securities qualified as exempt transactions for which no confirmation of exemption from the registration requirements of the Securities Regulations Code were required to be filed with the Philippine SEC.

The holders of the Securities have conferred a right to receive distributions on a semi-annual basis from their issuance dates at the initial rate of distribution, subject to the step-up rate. The Parent Company has a right to defer this distribution under certain conditions.

The Securities constitute direct, unconditional, unsecured and unsubordinated obligations of the Parent Company with no fixed redemption date and are redeemable in whole, but not in part, at the Parent Company's option on step-up date, or any distribution payment date thereafter or upon the occurrence of certain other events, at the principal amounts of the Securities plus any accrued, unpaid or deferred distribution.

Redemption of SPCS
On April 23, 2024, the Parent Company completed the redemption of its US$783,164 remaining securities, with a net carrying value of P40,186,954, out of the US$800,000 SPCS issued in April and July 2019, pursuant to the terms and conditions of the securities. The redemption price includes the principal amount and any accrued but unpaid distributions up to (but excluding) the step-up date.

The difference between the price paid and the net carrying value of the US$783,164 securities amounted to P4,852,808 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

The US$783,164 securities were redeemed using in part the proceeds from the RPCS issued in April 2024 and cash generated from operations.

Distributions to SPCS Holders
The Parent Company paid P13,384,463 (including the distributions paid relating to the Offers and redeemed securities), P15,035,073, and P15,362,068 to the SPCS holders in 2024, 2023 and 2022, respectively, as distributions in accordance with the terms and conditions of their respective subscription agreements.

On January 17, 2025, the Parent Company paid distributions amounting to US$14,060 (equivalent to P1,099,313) to holders of the SPCS issued in January 2020.

On March 6, 2025, the Parent Company's BOD approved the payment of distributions amounting to (i) US$39,375 on March 12, 2025 to the holders of SPCS issued in September 2024, (ii) US$6,769 on April 21, 2025 to the holders of SPCS issued in October and December 2020, (iii) US$3,370 on May 5, 2025 to the holders of SPCS issued in November 2019.

Redeemable Perpetual Capital Securities (RPCS)
As at December 31, 2024 and 2023, the outstanding balance of RPCS amounted to P145,979,113 and P102,546,825, respectively.

Issuances of RPCS
On April 19, 2024, the Parent Company issued US$800,000 RPCS to a third party (equivalent to P43,432, 288, net of directly attributable transaction costs amounting to P2,687,712) at an issue price of 100%. Proceeds from the issuance were used for general corporate purposes, including capital expenditures, and refinancing of maturing obligations.

In 2023, 2022 and 2018, the Parent Company and SMGP BESS issued US Dollar-denominated and Philippine Peso-denominated RPCS to SMC:

Date of Issuance	Initial Rate of Distribution	Amount of RPCS Issued	Amount in Philippine Peso*
Parent Company			
US Dollar-denominated:			
May 2, 2023	8.00%	US$145,000	P7,964,118
March 10, 2023	8.00%	500,000	27,378,112
November 8, 2022	6.25%	85,000	4,916,225
March 16, 2018	6.25%	650,000	32,751,570
Philippine Peso-denominated:			
July 10, 2023	7.50%	P5,000,000	4,962,500
June 13, 2023	7.50%	6,760,000	6,709,300
June 5, 2023	7.50%	5,000,000	4,962,500
June 1, 2023	7.50%	7,000,000	6,947,500
May 30, 2023	7.50%	6,000,000	5,955,000
			P102,546,825
SMGP BESS			
US Dollar-denominated:			
April 5, 2023	8.00%	US$58,800	P3,174,730
December 1, 2022	6.25%	76,000	4,240,674
October 28, 2022	6.25%	88,000	5,063,100
Philippine Peso-denominated:			
April 24, 2023	7.50%	P1,300,000	1,290,250
April 20, 2023	7.50%	1,500,000	1,488,750
November 23, 2022	7.50%	5,000,000	4,962,500
			P20,220,004

** Net of directly attributable transaction costs.*

These RPCS are direct, unconditional, unsecured and subordinated capital securities with no fixed redemption date. The RPCS holders shall have the right to receive distribution on a quarterly basis at the prescribed rates per annum for US Dollar-denominated and Philippine Peso-denominated RPCS. The Parent Company and SMGP BESS have a right to defer distribution under certain conditions.

The proceeds from the issuances in 2023 and 2022 were used for general corporate purposes, including capital expenditures and repayment by SMGP BESS of its advances from the Parent Company, and refinancing of maturing obligations.

On October 27, 2023, SMGP BESS purchased its outstanding RPCS issued to SMC, for a total consideration of P21,668,695, pursuant to the terms of the RPS. The purchase was financed using in part the proceeds of the P28,000,000 drawn by SMGP BESS from its OLSA (see Note 18).

The difference between the price paid and the net carrying value of the securities purchased amounted to P1,448,691 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

Distributions to RPCS Holders
The Parent Company paid P2,552,418 and P1,616,926 to the RPCS holder in 2024 and 2022, respectively, as distributions in accordance with the terms and conditions of the subscription agreement. There were no distributions paid to the RPCS holder in 2023.

On January 10, 2025, the Parent Company paid distributions amounting to US$17,000 (equivalent to P1,322,827) to the US$800,000 RPCS holder.

On February 12, 2025, the Parent Company paid distributions in arrears amounting to P14,617,039 to SMC for all outstanding RPCS issued in 2018, 2022 and 2023 in accordance with the terms and conditions of the respective subscription agreements.

On March 6, 2025, the Parent Company's BOD approved the payment of distributions amounting to US$17,000 on April 12, 2025 to the US$800,000 RPCS holder.

Equity Reserves
In September 2010, the Parent Company acquired the remaining 40% non-controlling ownership interest of SMC in SPI and SRHI. The difference between the price paid and carrying amount of net assets transferred was recognized in equity.

In January 2019, the Parent Company subscribed to the remaining unissued common shares of MPGC, thereby increasing its equity ownership from 49% to 73.58%. The Parent Company’s equity ownership was further increased to 94.55% as a result of additional subscriptions to the increase in the authorized capital stock of MPGC made from 2019 to 2022. The difference between the price paid and carrying amount of net assets transferred was recognized in equity.

22. Revenues

Revenues consist of:

	Note	**2024**	2023	2022
Sale of power:				
Power generation and trading	*6*	**P168,629,230**	P145,190,801	P180,027,616
Retail and other power-related services	*6*	**35,261,929**	23,973,021	41,153,496
Other services		**1,199,957**	426,415	207,676
	5, 19	**P205,091,116**	P169,590,237	P221,388,788

Revenues from other services mainly pertain to operations and maintenance services provided to various customers, including entities under common control (see Note 19).

23. Cost of Power Sold

Cost of power sold consists of:

	Note	**2024**	2023	2022
Coal, fuel oil and other consumables	*9, 19*	**P101,763,922**	P86,906,429	P114,857,765
Power purchases	*6*	**29,664,574**	25,249,742	57,089,312
Depreciation and amortization	*6, 12, 13, 14*	**13,339,048**	11,664,266	11,241,841
Plant operations and maintenance, and other fees	*6, 19, 20*	**8,342,739**	5,530,562	4,729,974
Energy fees	*6*	**1,574,006**	1,640,693	10,452,088
	5	**P154,684,289**	P130,991,692	P198,370,980

24. Selling and Administrative Expenses

Selling and administrative expenses consist of:

	Note	**2024**	2023	2022
Taxes and licenses		**P2,286,870**	P1,876,156	P1,613,908
Impairment losses on trade receivables (reversals) - net	*8*	**2,140,622**	(46,650)	52,855
Salaries, wages and benefits	*19, 20*	**891,290**	1,012,493	1,034,757
Depreciation and amortization	*12, 13, 14*	**833,820**	652,409	679,850
Repairs and maintenance		**804,061**	108,731	90,142
Management fees	*19*	**749,616**	711,196	667,243
Outside services	*19*	**704,423**	523,675	331,336
Rent - net	*6, 19*	**323,638**	278,863	339,103
Professional fees		**310,992**	267,922	220,119
Corporate special program		**220,547**	248,836	301,328
Advertising and promotions		**165,253**	88,261	75,870
Supplies		**128,843**	133,855	89,515
Donations		**45,501**	21,309	10,261
Miscellaneous - net		**344,113**	195,376	57,214
	5	**P9,949,589**	P6,072,432	P5,563,501

Corporate special program pertains to the Group's corporate social responsibility projects. Donations represent contributions to registered done institutions for their programs on education, environment and disaster-related projects, and Corona Virus Disease 2019 (COVID-19) response initiatives.

25. Other Income (Charges) - net

Other income (charges) consists of:

	Note	2024	2023	2022
Marked-to-market gains (losses) on derivatives - net	30	**P104,350**	(P875,946)	P1,583,553
Insurance claims		**58,896**	104,487	-
Foreign exchange gains (losses) - net	29, 30	**(4,006,812)**	1,258,912	(9,006,865)
Miscellaneous income - net	6, 12	**338,178**	50,507	182,493
	5	**(P3,505,388)**	P537,960	(P7,240,819)

Miscellaneous income mostly pertains to gain on lease modification, terminal fee, sale of scrap, and impairment losses on property, plant and equipment.

26. Income Taxes

The components of income tax expense (benefit) are as follows:

	Note	2024	2023	2022
Current	27	**P2,917,184**	P1,924,391	P2,689,434
Deferred		**2,298,771**	3,235,815	(1,654,683)
		P5,215,955	P5,160,206	P1,034,751

The movements of deferred income tax assets and liabilities are as follows:

2024	**Balance at January 1**	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Others**	**Balance at December 31**
Allowance for impairment losses on trade receivables	**P524,096**	**P1,021,222**	**P -**	**P -**	**P1,545,318**
Defined benefits retirement obligation	**85,191**	**461**	**-**	**-**	**85,652**
Difference of amortization of borrowing costs over payment and others	**928,086**	**(13,523,567)**	**-**	**-**	**(12,595,481)**
Difference of depreciation and other related expenses over monthly lease payments	**(27,582,758)**	**21,828,847**	**-**	**(29)**	**(5,753,940)**
Equity reserve for retirement plan	**9,577**	**-**	**(14,593)**	**-**	**(5,016)**
NOLCO and MCIT	**8,457,980**	**(4,828,318)**	**-**	**-**	**3,629,662**
Gain on sale of ordinary assets and investments	**(2,733,414)**	**(6,797,416)**	**-**	**-**	**(9,530,830)**
	(P20,311,242)	**(P2,298,771)**	**(P14,593)**	**(P29)**	**(P22,624,635)**

2023	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Balance at December 31
Allowance for impairment losses on trade receivables	P530,440	(P6,344)	P -	P -	P524,096
Defined benefits retirement obligation	111,579	(26,388)	-	-	85,191
Difference of amortization of borrowing costs over payment and others	1,697,964	(769,863)	-	(15)	928,086
Difference of depreciation and other related expenses over monthly lease payments	(24,099,941)	(3,477,663)	-	(5,154)	(27,582,758)
Equity reserve for retirement plan	(4,232)	-	13,809	-	9,577
NOLCO and MCIT	6,597,550	1,860,430	-	-	8,457,980
Gain on sale of ordinary assets and investments	(1,917,427)	(815,987)	-	-	(2,733,414)
	(P17,084,067)	(P3,235,815)	P13,809	(P5,169)	(P20,311,242)

The deferred income taxes are reported in the consolidated statements of financial position as follows:

	2024	2023
Deferred income tax assets	**P1,353,752**	P973,481
Deferred income tax liabilities	**(23,978,387)**	(21,284,723)
	(P22,624,635)	(P20,311,242)

Deferred income tax assets on NOLCO and MCIT of the Group amounting to P13,801,435 and P10,257,919 as at December 31, 2024 and 2023, respectively, has not been recognized because it is not probable that future taxable income will be available against which the Group can utilize the benefits therefrom.

As at December 31, 2024, the NOLCO and MCIT of the Group that can be claimed as deduction from future taxable income and deduction from corporate income tax due, respectively, are as follows:

Year Incurred/ Paid	Carryforward Benefits Up To	NOLCO	MCIT
2024	December 31, 2027	P12,128,146	P924,460
2023	December 31, 2026	21,645,888	96,140
2022	December 31, 2025	17,219,279	54,686
2021	December 31, 2026	8,967,682	-
2020	December 31, 2025	5,211,668	-
		P65,172,663	**P1,075,286**

On September 30, 2020, the BIR issued Revenue Regulation No. 25-2020 to implement Section 4 (bbbb) of the RA No. 11494, otherwise known as the Bayanihan to Recover as One Act, relative to NOLCO which provides that the net operating loss of a business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next 5 consecutive taxable years immediately following the year of such loss.

The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next 5 consecutive taxable years following the year such loss was incurred.

The reconciliation between the statutory income tax rate on income before income tax and the Group’s effective income tax rate is as follows:

	2024	2023	2022
Statutory income tax rate	**25.00%**	25.00%	25.00%
Increase (decrease) in income tax rate resulting from:			
Unrecognized deferred income tax assets	**15.80%**	28.09%	63.63%
Availment of income tax holiday and others	**(11.16%)**	(18.83%)	(63.81%)
Effective income tax rate	**29.64%**	34.26%	24.82%

RA No. 11534, Otherwise Known as the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

The CREATE Act, which seeks to reduce the corporate income tax rates and to rationalize the current fiscal incentives by making it time-bound, targeted and performance-based, was passed into law on March 26, 2021 and took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or on April 11, 2021.

Key provisions of the CREATE Act which have an impact on the Group are: (i) reduction of regular corporate income tax rate from 30% to 25% or 20% effective July 1, 2020; (ii) reduction of MCIT rate from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023; then back to 2% effective July 1, 2023; and (iii) repeal of the imposition of improperly accumulated earnings tax. Accordingly, current and deferred income taxes as at and for the years ended December 31, 2024 and 2023 were computed and measured using the applicable income tax rates. MCIT was computed using 2%, 1.5%, and 1% tax rates in 2024, 2023, and 2022 respectively.

International Tax Reform - Pillar Two Model Rules

The Group has applied the amendments to PAS 12, *Income Taxes* - International Tax Reform: Pillar Two Model Rules, which introduce a mandatory temporary exception from recognizing deferred income tax assets and liabilities arising from Pillar Two income taxes. Accordingly, no deferred income tax assets or liabilities have been recognized in relation to Pillar Two legislation.

‘Pillar Two legislation’ has been substantively enacted in Singapore where the Group operates but not yet effective as of December 31, 2024. As part of the of the Top Frontier Group, the Group is within the scope of the substantively enacted legislation. In this regard, the Top Frontier Group has performed a Transitional Country-by-Country (CbCR) Safe Harbor (TCSH) test to identify jurisdictions that may be excluded from the full Pillar Two calculations. The assessment was based on the most recent tax filings, CbCR reports, and financial statements for the covered entities of the Group. Based on the results of the TCSH test, Singapore failed to qualify for safe harbor exclusion. The Top Frontier Group is in the process of performing full Pillar Two calculations for Singapore. However, no ‘Pillar Two income taxes’ is expected as the relevant legislation in Singapore is not yet effective as of December 31, 2024.

The Group will continue to monitor developments and will provide additional disclosures when the legislation becomes effective and the impact becomes reasonably estimable.

27. Registrations and Licenses

Registrations with the Board of Investments (BOI)

i. In 2013, MPI and LPI were granted incentives by the BOI on a pioneer status for 6 years subject to the representations and commitments set forth in the application for registration, the provisions of Omnibus Investments Code of 1987, (Executive Order [EO] No. 226), the rules and regulations of the BOI and the terms and conditions prescribed. On October 5, 2016, BOI granted LPI's request to move the start of its commercial operation and Income Tax Holiday (ITH) reckoning date from February 2016 to September 2017 or when the first kilowatt-hour (kWh) of energy was transmitted after commissioning or testing, or 1 month from the date of such commissioning or testing, whichever comes earlier as certified by the NGCP. Subsequently, on December 21, 2016, BOI granted a similar request of MPI to move the start of its commercial operation and ITH reckoning date from December 2015 to July 2016, or the actual date of commercial operations subject to compliance with the specific terms and conditions, due to delay in the implementation of the project for reasons beyond its control. MPI’s request for the further extension of the ITH reckoning date from July 2016 to September 2017 was likewise approved by the BOI on December 5, 2018. The ITH incentives shall only be limited to the conditions given under their respective BOI registrations' specific terms and conditions. The ITH period for Unit 1 and Unit 2 of LPI commenced on May 26, 2017, and expired on May 25, 2023. The ITH incentives of MPI expired on September 26, 2023.

ii. On September 20, 2016, LETI was registered with the BOI under EO No. 226 as an expanding operator of 2 x 150 MW CFB Coal-fired Power Plant (Phase II Limay Greenfield Power Plant) on a non-pioneer status. The BOI categorized LETI as an “Expansion” based on the 2014 to 2016 IPP's Specific Guidelines for “Energy” in relation to LPI's 2 x 150 MW Coal-fired Power Plant (Phase I Limay Greenfield Power Plant). As a registered entity, LETI is entitled to certain incentives that include, among others, an ITH for 3 years from January 2018 or the date of actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The ITH incentives shall only be limited to the conditions given under the specific terms and conditions of LETI's BOI registrations.

    In June 2017, the BOI approved the transfer of ownership and registration of Phase II Limay Greenfield Power Plant from LETI to LPI. On July 13, 2018, the BOI granted LPI's request to move the start of its commercial operation and ITH reckoning date from January 2018 to March 2018 or the actual start of commercial operations, whichever is earlier. The ITH period for Phase II Limay Greenfield Power Plant (Unit 3 and Unit 4) commenced on March 26, 2018, and expired in 2021.

iii. On October 12, 2012, MPCL received the BOI approval for the application as an expanding operator of a 600 MW Coal-Fired Thermal Power Plant. As a registered entity, MPCL is entitled to ITH for 3 years from June 2017 or the actual start of commercial operations, whichever is earlier (but not earlier than the date of registration) subject to compliance with the specific terms and conditions set forth in the BOI registration. On May 27, 2014, the BOI approved MPCL’s request to move the start of its commercial operation and the reckoning date of the ITH entitlement from June 2017 to December 2018. On June 17, 2015, the BOI subsequently granted MPCL’s requests to downgrade the registered capacity from 600 MW to 300 MW.

On December 21, 2015, MPCL received the BOI approval for the application as new operator of 10 MW BESS Project on a pioneer status. The BESS facility provides 10 MW of interconnected capacity and enhances the reliability of the Luzon grid using the *Advancion* energy storage solution. As a registered entity, MPCL is entitled to incentives that include, among others, an ITH for 6 years from December 2018 or the date of the actual start of commercial operations, whichever is earlier (but not earlier than the date of registration) subject to compliance with the specific terms and conditions of MPCL's BOI registration. The ITH period for the 10 MW BESS of MPCL commenced on December 1, 2018. On October 1, 2020, MPCL likewise received the BOI approval on the additional 20 MW BESS Phase 2 Project of MPCL.

On February 23, 2021, MPCL received the BOI approval for the applications as the new operator of a 315 MW Super Critical Pulverized Coal Thermal Power Plant Unit 4, and as the new operator of 315 MW Super Critical Pulverized Coal Thermal Power Plant Unit 5. Each registered activity is entitled to a 4-year ITH reckoned from the start of commercial operations.

On November 12 and December 26, 2024, MPCL submitted to BOI the request to transfer its registration from EO No. 226 to CREATE Act for Units 4 and 5, and BESS Phase 2 Project, respectively.

iv. On August 24, 2016, SMGP Kabankalan received the BOI approval for the application as the new operator of the 2 x 20 MW Kabankalan *Advancion* Energy Storage Array on a pioneer status. SMGP Kabankalan, a registered entity, is entitled to incentives that include, among others, an ITH for 6 years from July 2019 to December 2024 or the date of the actual start of commercial operations, whichever is earlier (but not earlier than the date of registration). On November 27, 2019, SMGP Kabankalan filed a request with the BOI to move the reckoning date of the ITH entitlement from July 2019 to July 2021. Due to the delays brought about by the pandemic, a subsequent request was filed to move the reckoning date to January 2022. On December 17, 2021, the BOI granted the request of SMGP Kabankalan Storage for the movement of the start of commercial operations and ITH reckoning to January 2022. The incentives shall be limited to the specific terms and conditions of SMGP Kabankalan's BOI registration.

v. On November 29, 2019, the BOI approved the application of SMGP BESS as the new operator of BESS Component of the Integrated Renewable Power Facility ("R-Hub") covering various sites across the Philippines. The BOI has also approved SMGP BESS' subsequent applications covering additional sites. Each registered site was granted certain incentives including ITH, among others. On November 12, 2024, SMGP BESS submitted to BOI the request to transfer its registration from EO No. 226 to CREATE Act.

vi. On February 23, 2021, EERI received the BOI approval for the applications as the new operator of 850 MW BCCPP Phase 1, and 850 MW BCCPP Phase 2 located in Barangay Dela Paz Proper, Batangas City, Batangas. Each registered activity is entitled to a 4-year ITH reckoned from April 2023 and October 2026, for Phase 1 and Phase 2, respectively, or the date of the actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

On December 19, 2023, the BOI approved EERI's request to move the start of commercial operations from April 2023 to August 2024 for Phase 1. The BOI further granted EERI's request to amend the registered capacity from 850 MW to 1,320 MW for Phase 1 and 850 MW to 440 MW for Phase 2.

On December 19, 2024, EERI requested to transfer its registration from EO No. 226 to CREATE Act.

vii. On November 29, 2022, the BOI approved the application of SGLPC as a Renewable Energy Developer of Solar Energy Resources located at Lucanin Industrial Estate, Mariveles, Bataan. SGLPC was granted certain incentives including a 7-year ITH reckoned from the start of commercial operation in October 2023, among others. SGLPC requested BOI to move the start of commercial operation due to events that are beyond its control.

Registration with the AFAB

On April 24, 2019, MPGC was registered with AFAB, subject to annual renewal, as engaged in business of producing and generating electricity, and processing fuels alternative for power generation, among others, at the Freeport Area of Bataan (FAB). MPGC has been granted a renewed certificate of registration with AFAB for the year 2022, issued on December 13, 2021. On October 7, 2022, the AFAB issued an Advisory to FAB registered enterprises on the renewal of registration and issuance of certificate of entitlement to tax incentives stating that the registration issued for the year 2022 will no longer be renewed and shall be valid and in effect as long as the FAB registered enterprise remains in good standing or until revoked or cancelled.

As a FAB registered enterprise, MPGC will operate 4 x 150 MW power plant located in Mariveles, Bataan. AFAB granted MPGC certain incentives that include, among others, an ITH of 4 years for original project effective on the committed date or actual date of start of commercial operations, whichever is earlier. MPGC, however, due to circumstances beyond its control, has requested with AFAB to move the reckoning date of the start of commercial operations and the ITH for each unit. The said request was approved by AFAB on October 11, 2024.

License Granted by the ERC

On August 4, 2008 and August 24, 2016, MPCL and LPI, respectively, were granted a RES License by the ERC pursuant to Section 29 of the EPIRA, which requires all suppliers of electricity to the contestable market to secure a license from the ERC. The term of the RES License is for a period of 5 years from the time it was granted and renewable thereafter.

On December 13, 2023, the ERC granted the renewal of the RES License of MPCL and LPI for another 5 years valid from September 30, 2023, until September 29, 2028.

28. Basic and Diluted Loss Per Share

Basic and diluted loss per share is computed as follows:

	2024	2023	2022
Net income attributable to equity holders of the Parent Company	**P12,345,292**	P9,905,416	P3,162,545
Distributions for the year to:			
RPCS holder	**(11,737,628)**	(6,088,171)	(2,344,642)
SPCS holders	**(14,049,817)**	(15,034,200)	(15,482,007)
Net loss attributable to common shareholders of the Parent Company (a)	**(13,442,153)**	(11,216,955)	(14,664,104)
Weighted average number of common shares outstanding (in thousands) (b)	**2,823,604**	1,588,937	1,250,004
Basic/Diluted Loss Per Share (a/b)	**(P4.76)**	(P7.06)	(P11.73)

As at December 31, 2024, 2023 and 2022, the Parent Company has no dilutive debt or equity instruments.

The basic/diluted loss per common share resulted mainly from the impact of foreign exchange losses in 2024 and 2022 and interest costs and other financing charges in 2024, 2023 and 2022 (including distributions to perpetual capital securities) for the Group's various financing activities. These were undertaken to fund the ongoing construction of several power plant expansion projects intended to significantly increase the capacities and modernize the existing power generation portfolio of the Group. These expansion projects, including, among others, the ~1,000 MW BESS facilities, 4 x 150 MW Mariveles Greenfield Power Plant, 2 x 350 MW Masinloc Power Generation Units 4 and 5, and the 1,320 MW BCCPP, are to commence commercial operations in 2024 up to 2026 (see Note 12). The projects' capacities are contracted and to be contracted to creditworthy offtakers such as Meralco and NGCP, and are expected to contribute significantly to the profitability of the Group in the coming years following the start of their commercial operations (see Notes 6).

29. Financial Risk and Capital Management Objectives and Policies

<u>Objectives and Policies</u>
The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Liquidity Risk
- Credit Risk
- Market Risk (Interest Rate Risk, Foreign Currency Risk and Commodity Price Risk)

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group include cash and cash equivalents, restricted cash, long-term receivables, loans payable, long-term debts and derivative instruments. These financial instruments, except derivative instruments, are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Group such as trade and other receivables, accounts payable and accrued expenses, lease liabilities and other noncurrent liabilities arise directly from and are used to facilitate its daily operations.

The outstanding derivative instruments of the Group, such as forwards, are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to foreign currency and commodity price risks arising from the operating and financing activities. The accounting policies in relation to derivatives are set out in Note 3 to the consolidated financial statements.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD constituted the Audit and Risk Oversight Committee to assist the BOD in fulfilling its oversight responsibility of the Group's corporate governance process relating to the: a) quality and integrity of the consolidated financial statements and financial reporting process and the systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the consolidated financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance with tax, legal and regulatory requirements; e) evaluation of management's process to assess and manage the enterprise risk issues; and f) fulfillment of the other responsibilities set out by the BOD. The Audit and Risk Oversight Committee shall prepare such reports as may be necessary to document the activities of the committee in the performance of its functions and duties. Such reports shall be included in the annual report of the Group and other corporate disclosures as may be required by the Philippine SEC and/or the PDEx.

The Audit and Risk Oversight Committee also oversees how management monitors compliance with the risk management policies and procedures of the Group and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit assists the Audit and Risk Oversight Committee in monitoring and evaluating the effectiveness of the risk management and governance processes of the Group. Internal Audit undertakes both regular and special reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Oversight Committee.

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary. The Group also uses derivative instruments such as forwards and swaps to manage liquidity

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management:

December 31, 2024	**Carrying Amount**	**Contractual Cash Flow**	**1 Year or Less**	**>1 Year - 2 Years**	**>2 Years - 5 Years**	**Over 5 Years**
Financial Assets						
Cash and cash equivalents	**P67,867,411**	**P67,867,411**	**P67,867,411**	**P -**	**P -**	**P -**
Trade and other receivables - net*	**110,776,695**	**110,776,695**	**110,776,695**	**-**	**-**	**-**
Long-term receivables (including current portion)	**14,140,044**	**14,140,044**	**5,104,369**	**7,393,836**	**1,352,637**	**289,202**
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	**8,495,006**	**8,495,006**	**3,865,243**	**2,973,551**	**1,656,202**	**10**
Financial Liabilities						
Loans payable	**41,350,425**	**41,662,148**	**41,662,148**	**-**	**-**	**-**
Accounts payable and accrued expenses*	**122,229,914**	**122,229,914**	**122,229,914**	**-**	**-**	**-**
Derivative liabilities not designated as cash flow hedge (included under "Accounts payable and accrued expenses" account)	**13,725**	**13,725**	**13,725**	**-**	**-**	**-**
Long-term debt - net (including current maturities)	**277,937,891**	**362,378,837**	**49,276,576**	**60,537,755**	**170,496,680**	**82,067,826**
Lease liabilities (including current portion)	**31,405,266**	**40,231,022**	**10,324,934**	**6,169,050**	**9,646,282**	**14,090,756**
Other noncurrent liabilities	**502,869**	**502,869**	**-**	**199,972**	**183,678**	**119,219**

**Excluding statutory receivables and payables.*

December 31, 2023	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P31,659,442	P31,659,442	P31,659,442	P -	P -	P -
Trade and other receivables - net*	110,097,787	110,097,787	110,097,787	-	-	-
Long-term receivables (including current portion)	17,579,941	18,463,177	6,935,483	1,559,423	7,200,544	2,767,727
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	6,271,296	6,271,296	2,420,284	2,647,225	30	1,203,757
Financial Liabilities						
Loans payable	13,736,000	13,799,581	13,799,581	-	-	-
Accounts payable and accrued expenses*	76,073,208	76,073,208	76,073,208	-	-	-
Derivative liabilities not designated as cash flow hedge (included under "Accounts payable and accrued expenses" account)	13,925	13,925	13,925	-	-	-
Long-term debt - net (including current maturities)	258,769,473	336,266,980	72,638,255	42,107,524	140,514,846	81,006,355
Lease liabilities (including current portion)	42,787,300	46,673,172	18,383,543	3,806,375	14,667,477	9,815,777
Other noncurrent liabilities	3,959,302	3,959,302	-	3,834,719	-	124,583

**Excluding statutory receivables and payables.*

<u>Credit Risk</u>

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Trade and Other Receivables
The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on the credit risk.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group ensures that sales on account are made to customers with appropriate credit history. The Group has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

Financial information on the Group's maximum exposure to credit risk as at December 31, without considering the effects of other risk mitigation techniques, is presented below:

	Note	**2024**	2023
Cash and cash equivalents (excluding cash on hand)	*7*	**P67,864,985**	P31,657,566
Trade and other receivables - net*	*8*	**110,776,695**	110,097,787
Long-term receivables (including current portion)	*8, 15*	**14,140,044**	17,579,941
Restricted cash	*10, 15*	**8,495,006**	6,271,296
		P201,276,730	P165,606,590

**Excluding statutory receivables*

The table below presents the Group's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

	Financial Assets at Amortized Cost			
December 31, 2024	**12-month ECL**	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit Impaired**	**Total**
Cash and cash equivalents (excluding cash on hand)	**P67,864,985**	**P -**	**P -**	**P67,864,985**
Trade and other receivables	**-**	**110,776,695**	**4,867,019**	**115,643,714**
Long-term receivables (including current portion)	**-**	**14,140,044**	**-**	**14,140,044**
Restricted cash	**8,495,006**	**-**	**-**	**8,495,006**
	P76,359,991	**P124,916,739**	**P4,867,019**	**P206,143,749**

	Financial Assets at Amortized Cost			
December 31, 2023	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit Impaired	Total
Cash and cash equivalents (excluding cash on hand)	P31,657,566	P -	P -	P31,657,566
Trade and other receivables	-	110,097,787	2,665,606	112,763,393
Long-term receivables (including current portion)	-	17,579,941	-	17,579,941
Restricted cash	6,271,296	-	-	6,271,296
	P37,928,862	P127,677,728	P2,665,606	P168,272,196

Receivables that are not credit impaired are considered high grade since the customers or counterparties have strong financial capacity and business performance and with the lowest default risk.

The aging of trade and other receivables (excluding statutory receivables) is as follows:

	December 31, 2024				December 31, 2023			
	Trade	**Non-trade**	**Amounts Owed by Related Parties**	**Total**	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	**P57,027,864**	**P4,845,403**	**P1,089,041**	**P62,962,308**	P53,461,204	P191,806	P2,578,385	P56,231,395
Past due:								
1 - 30 days	**12,002,438**	**45,266**	**365,300**	**12,413,004**	9,651,743	1,917,500	373,966	11,943,209
31 - 60 days	**2,030,425**	**15,809**	**81,464**	**2,127,698**	2,450,433	116,941	46,397	2,613,771
61 - 90 days	**1,042,048**	**9,942**	**13,071**	**1,065,061**	2,367,521	585,819	11,407	2,964,747
Over 90 days	**29,696,037**	**6,209,073**	**1,170,533**	**37,075,643**	31,098,973	7,264,399	646,899	39,010,271
	P101,798,812	**P11,125,493**	**P2,719,409**	**P115,643,714**	P99,029,874	P10,076,465	P3,657,054	P112,763,393

Past due trade receivables more than 30 days pertain mainly to generation charges and output VAT. The Group believes that the unimpaired amounts that are past due and those that are neither past due nor impaired are still collectible based on historical payment behavior and analyses of the underlying customer credit ratings. There are no significant changes in their credit quality.

The Group computes impairment loss on receivables based on past collection experience, current circumstances and the impact of future economic conditions, if any, available at the reporting period. There are no significant changes in the credit quality of the counterparties during the year.

The Group's cash and cash equivalents, derivative assets and restricted cash are placed with reputable entities with high quality external credit ratings.

The Group has significant concentration of credit risk. Sale of power to Meralco accounts for 45%, 42%, and 37% of the Group's total revenues in 2024, 2023, and 2022, respectively.

The Group does not execute any credit guarantee in favor of any counterparty.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates relates primarily to the long-term borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

On the other hand, the investment policy of the Group is to maintain an adequate yield to match or reduce the net interest cost from its borrowings pending the deployment of funds to their intended use in the operations and working capital management. However, the Group invests only in high-quality short-term investments while maintaining the necessary diversification to avoid concentration risk.

In managing interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit or loss.

The management of interest rate risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various standard and non-standard interest rate scenarios.

Interest Rate Risk Table
The terms and maturity profile of the interest-bearing financial instruments, together with its gross amounts, are shown in the following tables:

December 31, 2024	**< 1 Year**	**1-2 Years**	**>2-3 Years**	**>3-4 Years**	**>4-5 Years**	**>5 Years**	**Total**
Fixed Rate							
Philippine Peso-denominated	**P17,004,744**	**P22,339,154**	**P18,370,097**	**P48,394,411**	**P26,400,744**	**P59,538,372**	**P192,047,522**
Interest rate	**5.0000% to 8.6228%**	**5.1792% to 8.6228%**	**6.6250% to 8.6228%**	**7.1051% to 8.6228%**	**7.5758% to 8.6228%**	**7.5758% to 8.2443%**	
Foreign currency-denominated (expressed in Philippine Peso)	**1,453,182**	**1,519,443**	**1,587,990**	**1,661,106**	**1,738,792**	**8,673,395**	**16,633,908**
Interest rate	**8.3310%**	**8.3310%**	**8.3310%**	**8.3310%**	**8.3310%**	**8.3310%**	
Floating Rate							
Philippine Peso-denominated	**1,164,534**	**1,164,534**	**1,164,534**	**1,164,534**	**1,164,534**	**291,134**	**6,113,804**
Interest rate	**BVAL + Margin**	**BVAL + Margin**	**BVAL + Margin**	**BVAL + Margin**	**BVAL + Margin**	**BVAL + Margin**	
Foreign currency-denominated (expressed in Philippine Peso)	**9,155,013**	**17,853,571**	**35,229,629**	**546,693**	**572,260**	**2,854,535**	**66,211,701**
Interest rate	**SOFR + Margin**	**SOFR + Margin**	**SOFR + Margin**	**SOFR + Margin**	**SOFR + Margin**	**SOFR + Margin**	
	P28,777,473	**P42,876,702**	**P56,352,250**	**P51,766,744**	**P29,876,330**	**P71,357,436**	**P281,006,935**

December 31, 2023	< 1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated	P35,009,804	P15,904,744	P17,989,154	P10,270,097	P39,544,411	P54,389,116	P173,107,326
Interest rate	5.0000% to 8.2443%	5.0000% to 8.2443%	5.1792% to 8.2443%	6.2836% to 8.2443%	6.2836% to 8.2443%	6.2836% to 8.2443%	
Foreign currency-denominated (expressed in Philippine Peso)	1,329,766	1,391,005	1,454,431	1,520,045	1,590,033	9,966,683	17,251,963
Interest rate	8.3310%	8.3310%	8.3310%	8.3310%	8.3310%	8.3310%	
Floating Rate							
Philippine Peso-denominated	1,164,534	1,164,534	1,164,534	1,164,534	1,164,534	1,455,667	7,278,337
Interest rate	BVAL + Margin	BVAL + Margin	BVAL + Margin	BVAL + Margin	BVAL + Margin	BVAL + Margin	
Foreign currency-denominated (expressed in Philippine Peso)	17,048,644	8,763,300	17,089,674	17,111,269	523,302	3,280,173	63,816,362
Interest rate	SOFR + Margin	SOFR + Margin	SOFR + Margin	SOFR + Margin	SOFR + Margin	SOFR + Margin	
	P54,552,748	P27,223,583	P37,697,793	P30,065,945	P42,822,280	P69,091,639	P261,453,988

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's net income before tax (through the impact on floating rate borrowings) by P723,255, P710,947, and P792,967 in 2024, 2023 and 2022, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Group's other comprehensive income.

Foreign Currency Risk

The functional currency is the Philippine Peso, which is the denomination of the bulk of the Group's revenues. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group enters into foreign currency hedges using derivative instruments, such as foreign currency forwards and call spread swaps to manage its foreign currency risk exposure.

Short-term currency forward contracts (non-deliverable) are entered into to manage foreign currency risks relating to foreign currency-denominated obligations and long- term borrowings.

Information on the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine Peso equivalents are as follows:

		December 31, 2024		December 31, 2023	
	Note	**US Dollar**	**Peso Equivalent**	US Dollar	Peso Equivalent
Assets					
Cash and cash equivalents	*7*	**US$168,440**	**P9,743,423**	US$69,461	P3,846,070
Trade and other receivables	*8*	**198,748**	**11,496,606**	163,818	9,070,599
Long-term receivables	*15*	**33,855**	**1,958,324**	31,181	1,726,513
		401,043	**23,198,353**	264,460	14,643,182
Liabilities					
Loans payable		**125,000**	**7,230,625**	-	-
Accounts payable and accrued expenses	*17*	**1,288,607**	**74,539,484**	930,718	51,533,841
Long-term debt (including current maturities)	*18*	**1,432,200**	**82,845,609**	1,464,120	81,068,325
Lease liabilities (including current portion)	*6*	**277,111**	**16,029,502**	341,414	18,904,090
		3,122,918	**180,645,220**	2,736,252	151,506,256
Net Foreign Currency-denominated Monetary Liabilities		**US$2,721,875**	**P157,446,867**	US$2,471,792	P136,863,074

The Group reported net gains (losses) on foreign exchange amounting to (P4,006,812), P1,258,912, and (P9,006,865) in 2024, 2023, and 2022, respectively, with the translation of its foreign currency-denominated assets and liabilities (see Note 25).

These mainly resulted from the movements of the Philippine Peso against the US Dollar as shown in the following table:

	US Dollar to Philippine Peso
December 31, 2024	**P57.845**
December 31, 2023	55.370
December 31, 2022	55.755

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various foreign currency exchange rate scenarios.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Group's net income before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to translation of results and financial position of foreign operations):

	P1 Decrease in the US Dollar Exchange Rate		**P1 Increase in the US Dollar Exchange Rate**	
December 31, 2024	**Effect on Income before Income Tax**	**Effect on Equity**	**Effect on Income before Income Tax**	**Effect on Equity**
Cash and cash equivalents	**(P165,301)**	**(P127,114)**	**P165,301**	**P127,114**
Trade and other receivables	**(198,734)**	**(149,068)**	**198,734**	**149,068**
Long-term receivables	**(33,855)**	**(25,391)**	**33,855**	**25,391**
	(397,890)	**(301,573)**	**397,890**	**301,573**
Loans Payable	**125,000**	**93,750**	**(125,000)**	**(93,750)**
Accounts payable and accrued expenses	**1,288,337**	**966,523**	**(1,288,337)**	**(966,523)**
Long-term debt (including current maturities)	**1,432,200**	**1,074,150**	**(1,432,200)**	**(1,074,150)**
Lease liabilities (including current portion)	**277,111**	**207,833**	**(277,111)**	**(207,833)**
	3,122,648	**2,342,256**	**(3,122,648)**	**(2,342,256)**
	P2,724,758	**P2,040,683**	**(P2,724,758)**	**(P2,040,683)**

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
December 31, 2023	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P66,033)	(P62,146)	P66,033	P62,146
Trade and other receivables	(163,573)	(142,161)	163,573	142,161
Long-term receivables	(31,181)	(23,386)	31,181	23,386
	(260,787)	(227,693)	260,787	227,693
Accounts payable and accrued expenses	929,555	714,638	(929,555)	(714,638)
Long-term debt (including current maturities)	1,464,120	1,350,090	(1,464,120)	(1,350,090)
Lease liabilities (including current portion)	341,414	256,060	(341,414)	(256,060)
	2,735,089	2,320,788	(2,735,089)	(2,320,788)
	P2,474,302	P2,093,095	(P2,474,302)	(P2,093,095)

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency-denominated transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

Commodity Price Risk

Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in commodity prices.

The Group, through SMC and the Parent Company, enters into commodity derivatives to manage its price risks on strategic commodities. Commodity hedging allows stability in prices, thus offsetting the risk of volatile market fluctuations. Through hedging, prices of commodities are fixed at levels acceptable to the Group, thus protecting raw material cost and preserving margins. For hedging transactions, if prices go down, hedge positions may show marked-to-market losses; however, any loss in the marked-to-market position is offset by the resulting lower physical raw material cost.

Commodity Swaps. Commodity swaps are used to manage the Group's exposures to volatility in prices of coal.

Other Market Price Risk

The Group's market price risk arises from its investments carried at fair value (financial assets at FVOCI). The Group manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

Capital Management

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, distribution payment, pay-off existing debts, return capital to shareholders or issue new shares, subject to compliance with certain covenants of its long-term debts, SPCS and RPCS (see Notes 18 and 21).

The Group defines capital as capital stock, additional paid-in capital, SPCS, RPCS and retained earnings, both appropriated and unappropriated. Other components of equity such as equity reserves are excluded from capital for purposes of capital management.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the consolidated statements of financial position.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Group's business, operation and industry.

There were no changes in the Group's approach to capital management during the year.

30. Financial Assets and Financial Liabilities

The table below presents a comparison by category of the carrying amounts and fair values of the Group's financial instruments:

	December 31, 2024		December 31, 2023	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**P67,867,411**	**P67,867,411**	P31,659,442	P31,659,442
Trade and other receivables - net*	**110,776,695**	**110,776,695**	110,097,787	110,097,787
Long-term receivables (including current portion)	**14,140,044**	**14,140,044**	17,579,941	17,579,941
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	**8,495,006**	**8,495,006**	6,271,296	6,271,296
	P201,279,156	**P201,279,156**	P165,608,466	P165,608,466
Financial Liabilities				
Loans payable	**P41,350,425**	**P41,350,425**	P13,736,000	P13,736,000
Accounts payable and accrued expenses*	**122,229,914**	**122,229,914**	76,073,208	76,073,208
Derivative liabilities not designated as cash flow hedge (included under "Accounts payable and accrued expenses" account)	**13,725**	**13,725**	13,925	13,925
Long-term debt - net (including current maturities)	**277,937,891**	**295,112,421**	258,769,473	272,270,702
Lease liabilities (including current portion)	**31,405,266**	**31,405,266**	42,787,300	42,787,300
Other noncurrent liabilities	**502,869**	**502,869**	3,959,302	3,959,302
	P473,440,090	**P490,614,620**	P395,339,208	P408,840,437

**Excluding statutory receivables and payables*

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Trade and Other Receivables (excluding statutory receivables), Long-term Receivables and Restricted Cash. The carrying amounts of cash and cash equivalents, and trade and other receivables approximate their fair values primarily due to the relatively short-term maturities of these financial instruments. In the case of long-term receivables and restricted cash, the carrying amounts approximate their fair values, since the effect of discounting is not considered material.

Derivatives. The fair values of forward exchange contracts are calculated by reference to current forward exchange rates. In the case of freestanding currency and commodity derivatives, the fair values are determined based on quoted prices obtained from their respective active markets. Fair values for stand-alone derivative instruments that are not quoted from an active market and for embedded derivatives are based on valuation models used for similar instruments using both observable and non-observable inputs. The fair values of the derivatives have been categorized as Level 2 in the fair value hierarchy.

Loans Payable and Accounts Payable and Accrued Expenses (excluding statutory payables and Derivative Liabilities). The carrying amounts of loans payable and accounts payable and accrued expenses approximate their fair values due to the relatively short-term maturities of these financial instruments.

Lease Liabilities. The fair value is based on the present value of expected cash flows using the applicable discount rates based on current market rates of similar instruments. The fair value of lease liabilities has been categorized as Level 2 in the fair value hierarchy.

Long-term Debt and Other Noncurrent Liabilities. The fair value of interest-bearing fixed-rate loans is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as at reporting date. Discount rates used for Philippine Peso-denominated loans range from 5.65% to 6.16% and from 5.08% to 6.00% as at December 31, 2024 and 2023, respectively. Discount rates used for foreign currency-denominated loans range from 4.20% to 5.99% and from 3.85% to 5.27 as at December 31, 2024 and 2023, respectively. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

The fair value of Philippine Peso-denominated bonds has been categorized as Level 1 and interest-bearing fixed-rate loans and other noncurrent liabilities have been categorized as Level 2 in the fair value hierarchy.

Derivative Financial Instruments

The Group's derivative financial instruments according to the type of financial risk being managed and the details of freestanding derivative financial instruments that are categorized into those accounted for as cash flow hedges and those that are not designated as accounting hedges are discussed below.

The Group enters into various foreign currency and commodity derivative contracts to manage its exposure on foreign currency and commodity price risks. The portfolio is a mixture of instruments including forwards and swaps.

Derivative Instruments not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding derivatives which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the consolidated statements of income. Details are as follows:

Freestanding Derivatives

Freestanding derivatives consist of foreign currency derivatives entered into by the Group.

Currency Forwards

The Group entered into short-term foreign currency forward contracts with aggregate notional amount of US$45,000 and US$65,000 as at December 31, 2024 and 2023. As at December 31, 2024 and 2023, the negative fair value of these currency forwards, included under "Accounts payable and accrued expenses" account amounted to P13,725 and P13,925, respectively (see Note 17).

The Group recognized marked-to-market gains (losses) from freestanding derivatives amounting to P104,350, (P875,946), and P1,583,553 in 2024, 2023, and 2022, respectively (see Note 25).

Fair Value Changes on Derivatives

The net movements in fair value of all derivative instruments are as follows:

	2024	2023
Balance at beginning of year	**(P13,925)**	P246,375
Net change in fair value of derivatives:		
Not designated as accounting hedge	**104,350**	(875,946)
Designated as accounting hedge	**-**	(7,238)
	90,425	(636,809)
Less fair value of settled instruments	**104,150**	(622,884)
Balance at end of year	**(P13,725)**	(P13,925)

31. Supplemental Cash Flows Information

The following table summarizes the changes in liabilities and equity arising from financing activities, including both changes arising from cash flows and non-cash changes:

	Loans Payable	Long-term Debt	Lease Liabilities	SPCS	RPCS	Total
Balance as at January 1, 2024	**P13,736,000**	**P258,769,473**	**P42,787,300**	**P161,767,709**	**P102,546,825**	**P579,607,307**
Changes from Financing Activities						
Proceeds from borrowings	**165,147,050**	**71,506,000**	**-**	**-**	**-**	**236,653,050**
Proceeds from issuance of RPCS	**-**	**-**	**-**	**-**	**43,432,288**	**43,432,288**
Proceeds from issuances of SPCS, net of exchange and tender offers	**-**	**-**	**-**	**21,040,519**	**-**	**21,040,519**
Payments of lease liabilities	**-**	**-**	**(18,298,212)**	**-**	**-**	**(18,298,212)**
Payments of borrowings	**(137,512,000)**	**(55,615,121)**	**-**	**-**	**-**	**(193,127,121)**
Payments for redemption of SPCS	**-**	**-**	**-**	**(45,039,762)**	**-**	**(45,039,762)**
Total Changes from Financing Activities	**27,635,050**	**15,890,879**	**(18,298,212)**	**(23,999,243)**	**43,432,288**	**44,660,762**
Effect of changes in foreign exchange rates	**(20,625)**	**2,298,695**	**709,615**	**-**	**-**	**2,987,685**
Other changes	**-**	**978,844**	**6,206,563**	**13,426,399**	**-**	**20,611,806**
Balance as at December 31, 2024	**P41,350,425**	**P277,937,891**	**P31,405,266**	**P151,194,865**	**P145,979,113**	**P647,867,560**

	Loans Payable	Long-term Debt	Lease Liabilities	Capital Stock	Additional Paid-in Capital	RPCS	Total
Balance as at January 1, 2023	P21,000,000	P272,152,624	P59,958,110	P1,250,004	P2,490,000	P51,934,069	P408,784,807
Changes from Financing Activities							
Proceeds from borrowings	95,322,000	51,977,500	-	-	-	-	147,299,500
Proceeds from issuances of RPCS	-	-	-	-	-	70,832,760	70,832,760
Proceeds from issuance of capital stock	-	-	-	1,573,600	45,591,781	-	47,165,381
Payments of lease liabilities	-	-	(19,314,572)	-	-	-	(19,314,572)
Payments for the purchase of RPCS	-	-	-	-	-	(21,668,695)	(21,668,695)
Payments of borrowings	(102,586,000)	(64,362,371)	-	-	-	-	(166,948,371)
Total Changes from Financing Activities	(7,264,000)	(12,384,871)	(19,314,572)	1,573,600	45,591,781	49,164,065	57,366,003
Effect of changes in foreign exchange rates	-	(1,027,734)	(166,210)	-	-	-	(1,193,944)
Other changes	-	29,454	2,309,972	-	-	1,448,691	3,788,117
Balance as at December 31, 2023	P13,736,000	P258,769,473	P42,787,300	P2,823,604	P48,081,781	P102,546,825	P468,744,983

Other changes pertain to additions for new lease agreements, amortization of lease liabilities and debt-issue costs on long-term debts, and the net effect of issuances, redemption and purchases of perpetual capital securities in 2024 and 2023.

32. Other Matters

a. EPIRA

The EPIRA sets forth the following: (i) Section 49 created PSALM to take ownership and manage the orderly sale, disposition and privatization of all existing NPC generation assets, liabilities, IPP contracts, real estate and all other disposable assets; (ii) Section 31(c) requires the transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP Administrators as one of the conditions for retail competition and open access; and (iii) Pursuant to Section 51(c), PSALM has the power to take title to and possession of the IPP contracts and to appoint, after a competitive, transparent and public bidding, qualified independent entities who shall act as the IPP Administrators in accordance with the EPIRA. In accordance with the bidding procedures and supplemented bid bulletins thereto to appoint an IPP Administrator relative to the capacity of the IPP contracts, PSALM has conducted a competitive, transparent and open public bidding process following which the Group was selected winning bidder of the IPPA Agreements (see Note 6).

The EPIRA requires generation and DU companies to undergo public offering within 5 years from the effective date, and provides cross ownership restrictions between transmission and generation companies. If the holding company of generation and DU companies is already listed with the PSE, the generation company or the DU need not comply with the requirement since such listing of the holding company is deemed already as compliance with the EPIRA.

A DU is allowed to source from an associated company engaged in generation up to 50% of its demand except for contracts entered into prior to the effective date of the EPIRA. Generation companies are restricted from owning more than 30% of the installed generating capacity of a grid and/or 25% of the national installed generating capacity. The Group is in compliance with the restrictions as at December 31, 2024 and 2023.

b. Contingencies

The Group is a party to certain cases or claims which are either pending decision by the court/regulators or are subject to settlement agreements. The outcome of these cases or claims cannot be presently determined.

i. *Temporary Restraining Order (TRO) Issued to Meralco*

On December 5, 2013, Meralco wrote the ERC requesting for clearance and authority: (i) to collect a generation charge of P7.90 per kWh in its December 2013 billings to its customers for its generation cost for the month of November 2013; and (ii) to defer to February 2014 the recovery of the remaining P3,000,000, representing a portion of the generation costs for the November 2013 supply month which was not passed on to customers in December 2013, subject to the inclusion of the appropriate carrying charge. In response thereto, the ERC, in its letter dated December 9, 2013, granted Meralco the authority to implement a staggered collection of its generation cost for the power supplied in November 2013. The ERC, however, did not approve Meralco's request to recover the carrying costs and directed it to file a formal application for this instead.

On December 19, 2013, Petitioners Bayan Muna representatives, et al. filed a petition against the ERC and Meralco, questioning the increase in the generation cost for November 2013 supply month. On December 20, 2013, Petitioner National Association of Electricity Consumers for Reforms (NASECORE) et al. filed a petition against the ERC, DOE and Meralco assailing the automatic adjustment of generation cost. On December 23, 2013, the Supreme Court (SC) issued a resolution consolidating both petitions and issued a TRO enjoining: (I) the ERC from implementing its letter dated December 9, 2013, and (II) Meralco from increasing the rates it charged to its consumers based on its letter dated December 5, 2013.

As a result, Meralco was constrained to fix its generation rate to its October 2013 level of P5.67 per kWh. The TRO originally had a period of 60 days.

On January 8, 2014, Meralco filed its Consolidated Comment/Opposition with Counter-Petition (the "Counter-Petition") which prayed, among others, for the inclusion of SPI, SPPC, SRHI, MPCL and several generators as respondents to the case. On January 10, 2014, the SC issued an order treating the Counter-Petition as in the nature of a third party complaint and granting the prayer to include SPI, SPPC, SRHI and MPCL as respondents in the Petition.

On February 18, 2014, the SC extended the TRO issued on December 23, 2013 for another 60 days or until April 22, 2014 and granted additional TROs enjoining the PEMC and the generators from demanding and collecting the deferred amounts. In a Resolution dated April 22, 2014, the SC extended indefinitely the effectivity of the TROs issued on December 23, 2013 and February 18, 2014.

In the Petition filed by special interest groups, the SC was made aware of the order of the ERC dated March 3, 2014 (the "March 3, 2014 ERC Order") (as defined and discussed under "*ERC Order Voiding WESM Prices"*), in which the ERC declared void the WESM prices during the November and December 2013 supply months and imposed regulated prices in their stead. The March 3, 2014 ERC Order likewise directed PEMC to: (a) calculate these "regulated prices" based on a formula identified by the ERC as representative of 2013 market prices under normalized conditions and (b) to collect the same from the WESM participants involved.

A decision was promulgated by the SC En Banc on August 3, 2021 (the "SC Decision"), affirming the December 9, 2013 ERC Order, which approved the staggered imposition by Meralco of its generation rate for November 2013 from its consumers and declared as null and void the March 3, 2014 ERC Order. SPI, SPPC, and SRHI however received a copy of the SC Decision through their counsel only on July 5, 2022, while MPCL received the same on July 6, 2022.

On July 26, 2022, the special interest groups sought reconsideration of the SC Decision by filing separate Motions for Reconsideration where they prayed that the SC Petition be granted. The ERC likewise filed a Motion for Partial Reconsideration of the SC Decision and sought the reinstatement of the March 3, 2014 ERC Order, among others.

These motions were denied with finality by the SC En Banc, in its resolution dated October 11, 2022, which also directed the entry of judgment of the SC Decision be made immediately. On January 4, 2023, the external counsel of SPPC, SPI and SRHI received a copy of the Entry of Judgement from the SC En Banc dated October 11, 2022, while the external counsel of MPCL received a copy of the same on January 5, 2023.

With this, the relevant subsidiaries namely, SPPC, MPCL and SPI are pursuing the implementation of the SC Decision as at December 31, 2024. SPPC, MPCL and SPI have aggregate outstanding receivables from Meralco estimated at P1,275,985 included under "Trade and other receivables" account in the consolidated statements of financial position as at December 31, 2024.

ii. *ERC Order Voiding WESM Prices*

Relative to the above-cited Petition, on December 27, 2013, the DOE, ERC and PEMC, acting as a tripartite committee, issued a joint resolution setting a reduced price cap on the WESM of P32.00 per kWh. The price was set to be effective for 90 days until a new cap is decided upon.

On March 3, 2014, the ERC, in the exercise of its police power, issued an order in Miscellaneous Case No. 2014-021, declaring the November and December 2013 Luzon WESM prices void, imposed the application of regulated prices and mandated PEMC, the operator of the WESM, to calculate and issue adjustment bills using recalculated prices (the "March 3, 2014 ERC Order").

Subsequent orders were issued by the ERC setting the period for compliance of the March 3, 2014 ERC Order (collectively, together with the March 3, 2014 Order, the "2014 ERC Orders"). Based on these orders, SPI and SRHI recognized a reduction in the sale of power while MPCL, San Miguel Electric Corp. (SMELC) and SPPC recognized a reduction in its power purchases. Consequently, a payable and receivable were also recognized for the portion of over-collection or over-payment, the settlement of which have been covered by a 24-month Special Payment Arrangement with PEMC which was already completed on May 25, 2016.

SPI, SPPC, SRHI and MPCL filed various pleadings requesting ERC for the reconsideration of the March 3, 2014 ERC Order. Other generators also requested the SC to stop the implementation of the March 3, 2014 ERC Order. The ERC denied the motions for reconsideration filed by the generators.

On June 26, 2014, SPI, SPPC and SRHI, while on December 12, 2014, MPCL appealed the said ERC denial before the Court of Appeals ("CA") through their respective Petitions for Review.

After consolidating the cases, the CA, in its decision dated November 7, 2017 (the "November 7, 2017 Decision"), granted the Petition for Review filed by SPI, SPPC, SRHI and MPCL, declared the 2014 ERC Orders null and void and accordingly reinstated and declared as valid the WESM prices for Luzon for the supply months of November to December 2013.

Motions for Reconsideration of the November 7, 2017 Decision and several other motions which were filed by various intervenors, were denied by the CA through its Omnibus Resolution dated March 29, 2019. The intervenors filed Petitions for Review on Certiorari before the SC, which were also denied by the SC through its resolutions dated September 11, 2019 and October 1, 2019. Entries of judgment have been issued by the SC certifying that the resolutions denying the Petitions for Review on Certiorari filed by various intervenors against SPI, SPPC, SRHI and MPCL, among others, have become final and executory.

The ERC and Meralco also filed separate Petitions for Review appealing the November 7, 2017 Decision and Omnibus Resolution dated March 29, 2019 of the CA, which nullified and set aside the 2014 ERC Orders, declaring the WESM prices for November and December 2013 void.

In a Resolution dated November 4, 2020, the SC directed the consolidation of the separate petitions filed by the ERC and Meralco considering that said cases involve the same parties, raise the same issues, and assail the same decision and resolution, and the transfer of the petition filed by Meralco to the 3rd Division of the SC handling the petition by the ERC.

The ERC filed its Consolidated Reply to the comments on its petition dated November 18, 2020.

The SC has not yet promulgated a decision as at December 31, 2024. However, on August 3, 2021, a decision was rendered by the SC En Banc in a separate case (as discussed under *TRO Issued to Meralco*”) declaring the March 3, 2014 ERC Order as null and void, which is the subject of the aforementioned Petition. Considering that this decision of the SC En Banc covers the March 3, 2014 ERC Order, the difference between the actual Luzon WESM prices and the regulated prices (based on the March 3, 2014 ERC Order) for WESM sales and purchases by SPI, SPPC, SRHI, SMELC and MPCL amounting to up to P2,321,785 will have to be settled with the IEMOP, the current operator of the WESM, in favor of the relevant subsidiaries of the Group.

iii. *Generation Payments to PSALM*
SPPC and PSALM were parties to the Ilijan IPPA Agreement covering the appointment of SPPC as the IPP Administrator of the Ilijan Power Plant.

SPPC and PSALM have an ongoing dispute arising from differing interpretations of certain provisions related to generation payments under the Ilijan IPPA Agreement. As a result of such dispute, the parties have arrived at different computations regarding the subject payments. In a letter dated August 6, 2015, PSALM has demanded payment of the difference between the generation payments calculated based on its interpretation and the amount which has already been paid by SPPC, plus interest, covering the period December 26, 2012 to April 25, 2015.

On August 12, 2015, SPPC initiated a dispute resolution process with PSALM as provided under the terms of the Ilijan IPPA Agreement, while continuing to maintain its position that it has fully paid all of its obligations to PSALM. Notwithstanding the bona fide dispute, PSALM issued a notice terminating the Ilijan IPPA Agreement on September 4, 2015. On the same day, PSALM also called on the performance bond posted by SPPC pursuant to the Ilijan IPPA Agreement.

On September 8, 2015, SPPC filed a Complaint with the Regional Trial Court of Mandaluyong City (the "RTC") requesting the RTC that its interpretation of the relevant provisions of the Ilijan IPPA Agreement be upheld and asked that a 72-hour TRO be issued against PSALM for illegally terminating the Ilijan IPPA Agreement and drawing on the performance bond of SPPC. On even date, the RTC issued a 72-hour TRO which prohibited PSALM from treating SPPC as being in Administrator Default and from performing other acts that would change the status quo ante between the parties before PSALM issued the termination notice and drew on the performance bond of SPPC. The TRO was extended until September 28, 2015.

On September 28, 2015, the RTC issued an order granting a Preliminary Injunction enjoining PSALM from proceeding with the termination of the Ilijan IPPA Agreement while the main case is pending. PSALM sought for reconsideration of the said order but was later on denied by the RTC. PSALM filed with the CA a Petition for Review on Certiorari assailing the RTC's order of denial. The CA ruled in favor of SPPC and affirmed the RTC's issuance of a writ of preliminary injunction against PSALM prohibiting it from terminating the Ilijan IPPA Agreement while the main case in the lower court is pending and named Meralco as intervenor (the "2017 CA Decision").

PSALM filed a Motion for Reconsideration of the 2017 CA Decision but it was denied by the CA in its resolution dated July 12, 2018 (the "2018 CA Resolution").

On September 19, 2018, PSALM filed a Petition for Certiorari with Urgent Prayer for the Issuance of a TRO and/or Writ of Preliminary Injunction before the SC praying for the reversal and nullification of the 2017 CA Decision and the 2018 CA Resolution but was denied by the SC in its resolution dated March 4, 2019 (the "March 4, 2019 SC Resolution"). PSALM filed a Motion for Reconsideration thereof and was denied by the SC in a resolution dated August 5, 2019 which became final and executory on the same date.

After years of resolving other related issues, pre-trial proceeded on November 19, 2021 and the parties filed the Joint Stipulation of Facts on April 6, 2022.

On August 30, 2024, SPPC filed its Formal Offer of Evidence. On September 12, 2024, in compliance with a directive from the court, SPPC submitted additional hard copies of its exhibits. The court admitted SPPC's documentary evidence through an Order dated October 11, 2024.

On November 22, 2024, PSALM filed its Formal Offer of Evidence. In an Order dated December 19, 2024, the trial court admitted PSALM's exhibits and directed the parties to submit their respective closing Memoranda. SPPC filed its Memorandum on February 3, 2025.

Although the proceedings before the RTC remain pending, the Ilijan Power Plant was turned over by PSALM to SPPC pursuant to the IPPA Agreement and the Deed of Sale executed between PSALM and SPPC on June 3, 2022.

iv. *Criminal Cases*

SPPC

On September 29, 2015, SPPC filed a criminal complaint for estafa and for violation of Section 3(e) of Republic Act No. 3019, otherwise known as the Anti-Graft and Corrupt Practices Act (“RA No. 3019”), before the Department of Justice (DOJ), against certain officers of PSALM, in connection with the termination of SPPC’s Ilijan IPPA Agreement, which was made by PSALM with manifest partiality and evident bad faith. Further, it was alleged that PSALM fraudulently misrepresented its entitlement to draw on the performance bond posted by SPPC, resulting in actual injury to SPPC in the amount of US$60,000. On June 13, 2017, the DOJ endorsed the complete records of the complaint to the Office of the Ombudsman for appropriate action.

On a related matter, on November 14, 2018, SPPC filed with the Office of the Ombudsman-Field Investigation Office, an administrative complaint against an executive officer of PSALM and several unidentified persons for violation of the Ombudsman Act and the Revised Administrative Code, in the performance of their functions as public officers.

In a Resolution dated March 10, 2021, which was approved by the Ombudsman on February 15, 2022, the Graft Investigation and Prosecution Officer (GIPO) dismissed the criminal complaint against the Respondents. In a Decision of the same date, approved by the Ombudsman also on February 15, 2022, the GIPO also dismissed the administrative complaint against the Respondents.

On March 21, 2022, SPPC filed a Motion for Reconsideration of the resolution dismissing the criminal complaint. In an Order dated May 25, 2022, the Office of the Ombudsman denied SPPC’s Motion for Reconsideration. SPPC has decided not to question the dismissal of the criminal complaint.

SPI

On October 21, 2015, SPI filed a criminal complaint for Plunder and violation of Sections 3(e) and 3(f) of R.A. No. 3019, before the DOJ against a certain officer of PSALM, and certain officers of TPEC and TSC, relating to the illegal grant of the so-called “excess capacity” of the Sual Power Plant in favor of TPEC which enabled it to receive a certain amount at the expense of the Government and SPI.

In a Resolution dated July 29, 2016, the DOJ found probable cause to file an Information against the respondents for Plunder and violation of Sections 3(e) and 3(f) of RA No. 3019 (the “July 29, 2016 DOJ Resolution”). The DOJ further resolved to forward the entire records of the case to the Office of the Ombudsman for their proper action. The TPEC and TSC officers appealed said July 29, 2016 DOJ Resolution, through the filing of a Petition for Review with the Secretary of Justice. The PSALM officer filed a Verified Motion for Reconsideration.

On October 25, 2017, the DOJ issued a Resolution partially granting the Petition for Review of the TPEC and TSC officers by reversing the July 29, 2016 DOJ Resolution insofar as the conduct of the preliminary investigation was concerned, ruling that the Office of the Prosecutor General should have endorsed the case to the Office of the Ombudsman. On November 17, 2017, SPI filed a motion for partial reconsideration of said DOJ Resolution dated October 25, 2017.

While the said Motion for Partial Reconsideration was pending, SPI, TPEC, TSC and the TPEC and TSC officers filed before the DOJ a Joint Motion to Dismiss dated June 6, 2022 praying for the dismissal of the criminal complaint filed by SPI against TPEC and TSC.

In a Resolution promulgated on May 5, 2023, the DOJ affirmed its Resolution dated October 25, 2017. The DOJ held that considering SPI's desistance, SPI's Motion for Partial Reconsideration of the DOJ's Resolution of October 25, 2017 was considered dismissed and/or withdrawn. The PSALM officer's Verified Motion for Reconsideration remains unresolved as at report date.

v. *Civil Cases*

SPI

On June 17, 2016, SPI filed with the RTC, Pasig City ("RTC Pasig") a civil complaint for consignation against PSALM arising from PSALM's refusal to accept SPI's remittances corresponding to the proceeds of the sale on the WESM for electricity generated from capacity in excess of the 1,000 MW of the Sual Power Plant (the "Sale of the Excess Capacity"). With the filing of the complaint, SPI also consigned with the RTC Pasig, the amount corresponding to the proceeds of the Sale of the Excess Capacity for the billing periods December 26, 2015 to April 25, 2016.

PSALM filed an Answer dated August 17, 2016 stating that it has no right to, and is not the owner of, the proceeds of the sale on the WESM of electricity generated from the capacity in excess of 1,000 MW of the Sual Plant and that the consignation should belong to TPEC as it is rightfully entitled to the 200 MW and to the payments which SPI made consequent therewith.

On October 3, 2016, SPI filed an Omnibus Motion to Admit Supplemental Complaint and to Allow Future Consignation without Tender (the "Omnibus Motion"). Together with this Omnibus Motion, SPI consigned with the RTC Pasig an additional amount corresponding to the proceeds of the Sale of the Excess Capacity for the billing periods from April 26, 2016 to July 25, 2016. After this, SPI continuously consigned additional proceeds of Sale of the Excess Capacity for succeeding billing periods.

On May 22, 2018, the RTC Pasig issued an order dismissing the complaint for consignation filed by SPI on the ground that the court has no jurisdiction over the subject matter of the complaint and finding that the ERC has the technical competence to determine the proper interpretation of "contracted capacity", the fairness of the settlement formula and the legality of the memorandum of agreement.

On July 4, 2018, SPI filed its Motion for Reconsideration ("MR") to the May 22, 2018 order which dismissed the consignation case.

After the case was later re-raffled to RTC Branch 268, in an Order dated September 30, 2021, the RTC Branch 268: (a) granted SPI's Motion for Reconsideration of the Order of May 22, 2018, which dismissed the case for lack of jurisdiction; (b) granted SPI's Omnibus Motion to Admit Supplemental Complaint and Allow Future Consignations without Tender; and (c) reinstated the Complaint (the "September 30, 2021 Order").

On October 5, 2022, SPI and PSALM filed an Omnibus Motion to Dismiss and Release Deposited Monies, whereby PSALM, consistent with its representation and acknowledgment in its Answer that the consigned amounts rightfully belong to TPEC, agreed to the release of the said amounts to TPEC and SPI, relying on PSALM's representation and acknowledgment, did not object to the release of the consigned amounts to TPEC.

On October 10, 2022, the RTC issued an Order granting the Omnibus Motion and authorized TPEC's named representative in the Omnibus Motion to withdraw the consigned amounts.

Further related thereto, on December 1, 2016, SPI received a copy of a Complaint filed by TPEC and TSC with the ERC against SPI and PSALM in relation to the Excess Capacity issues, which issues have already been raised in the abovementioned cases. SPI filed a Motion to Dismiss and Motion to Suspend Proceeding of the instant case.

On June 6, 2022, SPI, TPEC and TSC filed a Joint Motion to Dismiss the ERC complaint. SPI received the Order from the ERC on June 22, 2022, asking the parties to submit a copy of the settlement agreement within 5 days from receipt of such order. TPEC, TSC and SPI filed with the ERC a Compliance and Submission attaching the settlement agreement on June 28, 2022. As at December 31, 2024, the case is still pending as the ERC has not issued any resolution granting the Joint Motion to Dismiss filed by the parties.

The total amount consigned with the RTC Pasig amounting to P491,242 was released to TPEC on December 20, 2022.

vi. *Claims for Contract Price Adjustments on Certain "Fixed Price" PSAs with Meralco*

On October 22, 2019, SPI and SPPC each filed before the ERC a Joint Application with Meralco for the approval of their respective PSA with Meralco with prayer for provisional authority (the "Application"). The PSA of SPPC covers the supply of 670 MW baseload capacity to Meralco ("SPPC PSA") while the PSA of SPI covers the supply of 330 MW baseload capacity to Meralco ("SPI PSA") both for a period of 10 years (collectively, the "PSAs"). The PSAs were awarded by Meralco to each of SPPC and SPI after they emerged as the winning bidders in the competitive selection process conducted by Meralco in September 2019.

On March 16, 2020, the ERC released Orders both dated December 10, 2019, granting provisional authority to implement the SPPC PSA and SPI PSA.

On May 11, 2022, SPPC and SPI each filed a Joint Motion for Price Adjustment with Meralco (the "Joint Motion") seeking approval from the ERC to temporarily increase the contract price under the SPPC PSA and SPI PSA for a period of 6 months, to recover incremental fuel costs covering January to May 2022 billing periods arising from a Change in Circumstances (as defined in the PSAs) to be collected over a period of 6 months.

On September 29, 2022, the ERC denied the foregoing Joint Motions filed by each of SPPC and SPI with Meralco requesting for the proposed price adjustments (the "September 29, 2022 ERC Orders").

SPPC CA Petition

On November 10, 2022, SPPC filed with the CA a Petition for Certiorari under Rule 65 with Application for the Issuance of a TRO and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPPC (the "SPPC CA Petition").

In a Resolution dated November 23, 2022, the 14th Division of the CA granted SPPC's application for a 60-day TRO, conditioned upon the posting of a bond in the amount of P50,000 (the "TRO Bond"). The CA later issued a TRO on December 2, 2022, after posting by SPPC of the TRO Bond, and the writ of preliminary injunction for the SPPC CA Petition on February 23, 2023.

On July 10, 2023, SPPC received the CA's Joint Decision dated June 27, 2023 (the "June 27, 2023 CA Decision") which granted the consolidated petitions of SPPC and SPI. The CA: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the Joint Decision); and (iii) made permanent the writ of preliminary injunction issued in favor of SPPC.

On January 16, 2024, SPPC received, through its external counsel, a copy of the Resolution issued by the CA dated December 28, 2023, denying the separate Motions for Reconsideration filed by NASECORE and the ERC.

The June 27, 2023 CA Decision was later on confirmed by the SC in a Resolution dated April 3, 2024 which denied the ERC's Petition for Review on Certiorari "for failure of petitioner [ERC] to sufficiently show that the Court of Appeals committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court's discretionary appellate jurisdiction." ERC's Motion for Reconsideration of the SC Resolution was also denied with finality in another SC Resolution dated July 10, 2024, and received on August 30, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPPC filed on October 10, 2024 its Motion for Issuance of Writ of Execution with the ERC to enforce the June 27, 2023 CA Decision. The motion is pending with the ERC to date.

On February 6, 2025, SPPC filed a Motion to Resolve (re: Motion for Issuance of Writ of Execution) with the ERC. On March 11, 2025, SPPC also filed with the CA a Motion to Direct the Court of Origin to Issue Writ of Execution to compel the ERC to issue writs of execution on the June 27, 2023 CA Decision.

Related thereto, pursuant to the June 27, 2023 CA Decision, SPPC issued a Notice of Change in Circumstances (CIC) on August 18, 2023, informing Meralco of its request for price adjustments for the period May 26, 2022 to December 6, 2022 and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under the SPPC PSA, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco acknowledged SPPC's right to the adjustment in the Contract Price as a result of the CIC under the SPPC PSA and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPPC filed a Motion for Price Adjustment with the ERC, for its CIC claim for the period May 26, 2022 to December 6, 2022 pursuant to the SPPC PSA, with its claims anchored on essentially the same legal bases established or ruled on by the CA in its Joint Decision and confirmed by the SC with finality. The motion remains pending to date with the ERC.

SPI CA Petition

On November 10, 2022, SPI also filed with the CA a Petition for Certiorari under Rule 65 with Application for the Issuance of a TRO and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPI (the "SPI CA Petition"). This was raffled to the 17th Division of the CA which was subsequently transferred to its 16th Division.

On November 24, 2022, SPI filed an Urgent Motion for Consolidation of the instant Petition with the SPPC CA Petition pending before the 13th Division of the CA.

On January 26, 2023, SPI received the Resolution dated January 13, 2023 of the CA 16th Division which (i) denied SPI's prayer for the issuance of a TRO and/or writ of preliminary injunction, and (ii) granted the consolidation of the SPI CA Petition with the SPPC CA Petition. The SPI CA Petition was thus consolidated with the SPPC CA Petition before the CA 13th Division.

On July 10, 2023, SPI received the CA's Joint Decision dated June 27, 2023 (the "June 27, 2023 CA Decision") which granted the consolidated petitions of SPPC and SPI. The CA: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the Joint Decision); and (iii) denied SPI's Motion for Partial Reconsideration of the January 13, 2023 CA Resolution and its application for the issuance of a writ of preliminary injunction for being moot and academic. On January 16, 2024, SPI received, through its external counsel, a copy of the Resolution issued by the CA dated December 28, 2023, denying the separate Motions for Reconsideration filed by NASECORE and the ERC.

The June 27, 2023 CA Decision was later on confirmed by the SC in a Resolution dated April 3, 2024, and received on May 21, 2024, which denied the ERC's Petition for Review on Certiorari "for failure of petitioner [ERC] to sufficiently show that the Court of Appeals committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court's discretionary appellate jurisdiction." ERC's Motion for Reconsideration of the SC Resolution was denied with finality in an SC Resolution dated July 10, 2024, and received on August 30, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPI filed on October 10, 2024 its Motion for Issuance of Writ of Execution with the ERC to enforce the June 27, 2023 CA Decision. The motion is pending with the ERC to date.

On February 6, 2025, SPI filed a Motion to Resolve (re: Motion for Issuance of Writ of Execution) with the ERC. On March 11, 2025, SPI also filed with the CA a Motion to Direct the Court of Origin to Issue Writ of Execution to compel the ERC to issue writs of execution on the June 27, 2023 CA Decision.

Related thereto, pursuant to the June 27, 2023 CA Decision, SPI issued a Notice of Change in Circumstances on August 18, 2023, informing Meralco of its request for price adjustments for the period June 2022 to July 2023, and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under the PSA, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco acknowledged SPI's right to the adjustment in the Contract Price as a result of the CIC under the SPI PSA, and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPI filed a Motion for Price Adjustment with the ERC, for its CIC claim for the period June 2022 to July 2023 pursuant to the SPI PSA with its claims anchored on essentially the same legal bases established or ruled on by the CA in its Joint Decision and confirmed by the SC with finality. The motion remains pending to date with the ERC.

In contemplation of the imminent dilution of the Parent Company's equity interest in SPPC from 100% to 33% (see d. Events After the Reporting Date*, (i) Joint Investment with Meralco and Aboitiz Power Corporation (AboitizPower) into the Country's First Integrated LNG-to-Power Facility Projects in Batangas City*), SPPC assigned in favor of the Parent Company all of its rights of action under the case relating to the Generation Payments to PSALM and the claims for contract price adjustments from Meralco, and the Parent Company assumed all obligations of SPPC in relation to the cases involving the TRO Issued to Meralco and ERC Voiding WESM Prices, pursuant to the terms of the agreements executed on March 1, 2024 and January 15, 2025 with relevant parties.

c. Joint Agreement with Citicore Renewable Energy Corporation (CREC) for the Group's Solar Projects

On June 28, 2024, the Parent Company through its subsidiary, SMC Global Light and Power Corp., signed an agreement with CREC for a 153.5 MW peak solar power plant to be constructed in Barangay Lucanin, Mariveles, Province of Bataan, that is expected to be completed in 2026. The solar power plant is to be located in a property with an area of approximately 158 hectares owned by an affiliate. Upon commencement of operations, all capacity to be generated by the solar power plant shall be supplied to the Group or any of its affiliates under long-term energy supply contracts.

d. Events After the Reporting Date

(i) Joint Investment with Meralco and AboitizPower into the Country's First Integrated LNG-to-Power Facility Projects in Batangas City

On March 1, 2024, MGen and Therma NatGas Power, Inc. (TNGP, a subsidiary of AboitizPower), through their joint venture entity, Chromite Gas Holdings Inc. (CGHI), have entered into binding agreements with the Parent Company and its relevant subsidiaries, for MGen and TNGP to jointly invest for a 67% equity interest in the Parent Company's gas-fired power plants, namely (i) the brownfield 1,200 MW Ilijan Power Plant owned by SPPC, (ii) the greenfield 1,320 MW BCCPP owned by EERI and (iii) land owned by IPIEC where the gas-fired power plant and related facilities of EERI as well as the Batangas LNG Terminal are located.

The transaction also involved the joint acquisition by CGHI and the Parent Company of LFC, the owner of the Batangas LNG Terminal, which receives, stores and processes LNG to fuel for SPPC's Ilijan Power Plant and for EERI's BCCPP.

The transaction has customary closing conditions and has been issued the requisite regulatory approvals, including the review and approval of the Philippine Competition Commission (PCC). On May 17, 2024, Top Frontier filed its application for the approval of the transaction with the PCC. On December 23, 2024, the PCC publicly disclosed its approval of the joint acquisition of power facilities and Batangas LNG Terminal by MGen, TNGP and the Parent Company, subject to certain commitments from the parties aimed at ensuring fair competition and promoting transparency in the power industry.

On January 27, 2025, the Parent Company completed the following transactions pursuant to the agreements executed on March 1, 2024 with CGHI:

- Investment by CGHI of 67% equity interests in: (i) SPPC, (ii) EERI, and (iii) IPIEC.

- Acquisition by CGHI and the Parent Company of 67% and 32.98% equity interests, respectively, in LFC.

As a result of the transactions, the Parent Company's equity interests in SPPC, EERI and IPIEC will be diluted from 100% to 33%. Consequently, the Parent Company will derecognize the assets and liabilities of SPPC, EERI and IPIEC in its books, and recognize the 33% equity interests in SPPC, EERI and IPIEC at their fair market values and a revaluation gain estimated at P52,706,102 and P21,724,477, respectively.

(ii) Issuance of US$100,000 SPCS by the Parent Company

On February 19, 2025, the Parent Company completed the issuance of another US$100,000 SPCS (the "Additional US$100,000 SPCS"), at an issue price of 100.503% plus an amount corresponding to accrued distribution from and including December 2, 2024 to, but excluding, February 19, 2025. The Additional US$100,000 SPCS is consolidated into and form a single series with the US$500,000 SPCS issued on December 2, 2024, bringing the total securities to US$600,000. The Additional US$100,000 SPCS are identical in all respects with the US$500,000 SPCS, other than with respect to the date of issuance and issue price.

The Parent Company intends to apply the net proceeds from the issuance of the Additional US$100,000 SPCS towards the partial purchase, repurchase and/or redemption of the outstanding 7.00% SPCS issued in October and December 2020.

The Additional US$100,000 SPCS was listed on the SGX-ST on February 20, 2025.

(iii) Subscription to Parent Company's Common Shares by SMC

On March 6, 2025, the BOD of the Parent Company approved the following:

- subscription by SMC to 950,796,000 common shares out of the unissued capital stock of the Parent Company in cash at a subscription price of P30.00 per share, or for a total subscription amount of P28,523,880, payable within 60 days;

- increase in its authorized capital stock by P4,025,600 (comprising of 4,025,600,000 shares with par value of P1.00), or from P3,774,400, divided into 3,774,400,000 shares with par value of P1.00 to P7,800,000, divided into 7,800,000,000 shares with par value of P1.00 (the "2025 ACS Increase") ; and

- subscription by SMC to 1,011,093,800 common shares out of the 2025 ACS increase at P30.00 per share, or for a total subscription amount of P30,332,814, payable within 60 days.

On the same day, the Parent Company and SMC executed the respective Subscription Agreements covering the aforesaid subscriptions approved by the BOD.

e. Commitments
The outstanding purchase commitments of the Group amounted to P109,084,701 and P104,803,997 as at December 31, 2024 and 2023, respectively.

The Group's material commitments for capital expenditure consist mainly of construction of power plants, mostly utilizing high efficiency low emission technologies, in line with the Group's expansion projects, and acquisition, upgrade or repair of fixed assets needed for normal operations of the business. These will be funded by available cash and proceeds from short-term loans, long-term debt and issued capital securities.

f. Certain accounts in prior years have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported financial performance of the Group for any comparative periods presented.

ANNEX "B-1"

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REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Board of Directors and Stockholders
San Miguel Global Power Holdings Corp.
(Formerly SMC Global Power Holdings Corp.)
40 San Miguel Avenue
Wack-Wack Greenhills 1550
City of Mandaluyong, Second District
National Capital Region

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of San Miguel Global Power Holdings Corp. (formerly SMC Global Power Holdings Corp.) and its Subsidiaries (the "Group") as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, included in this Form 17-A, and have issued our report thereon dated April 15, 2025.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group's management. Such additional components include:

- Map of the Conglomerate
- Supplementary Schedules of Annex 68-J
- Reconciliation of Retained Earnings Available for Dividend Declaration

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

These supplementary information are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements. Such information have been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

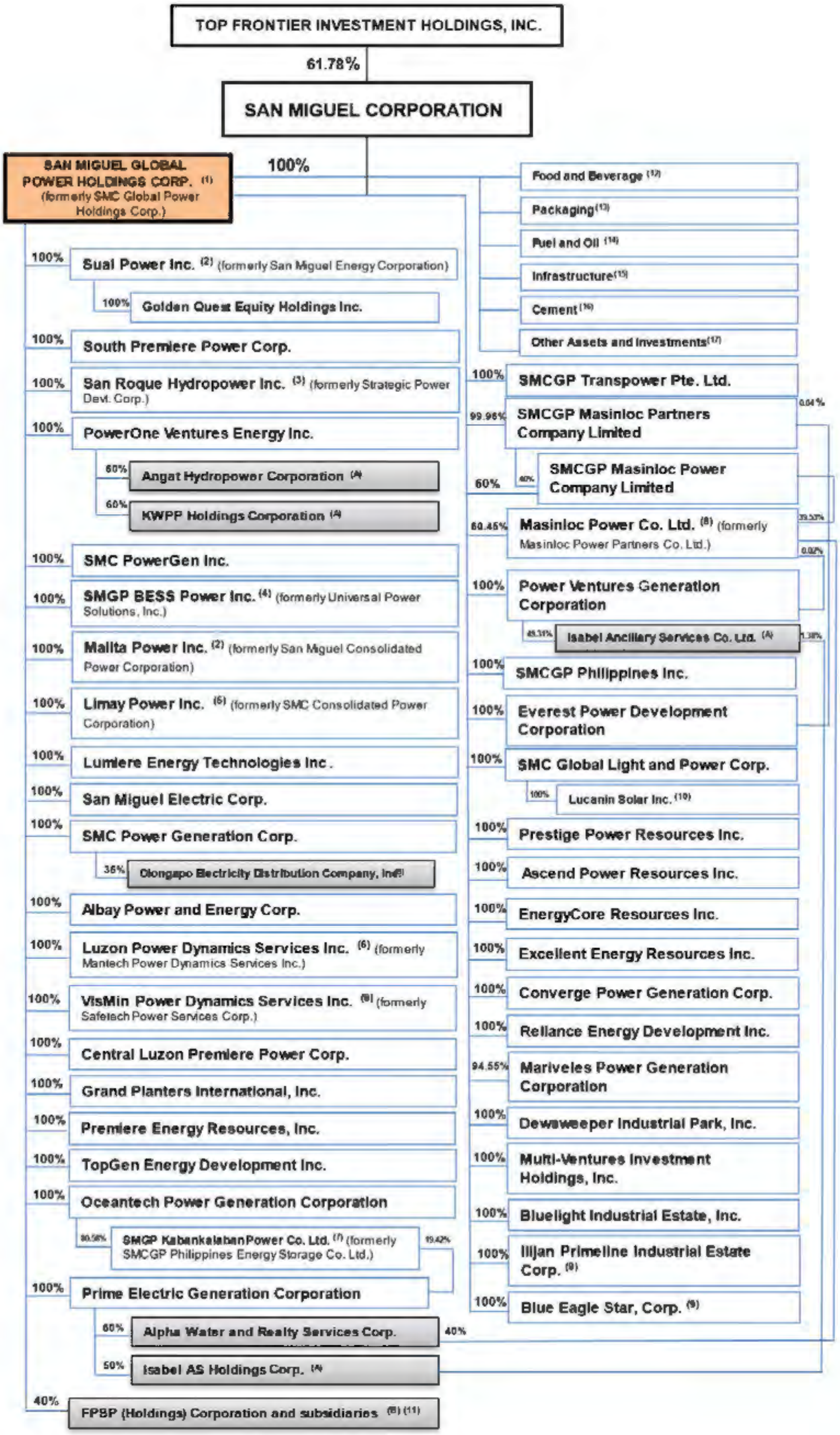
R.G. MANABAT & CO.

Gregorio I. Sambrano, Jr.

GREGORIO I. SAMBRANO, JR.
Partner
CPA License No. 088825
SEC Accreditation No. 88825-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 152-885-329
BIR Accreditation No. 08-001987-036-2024
Issued March 26, 2024; valid until March 26, 2027
PTR No. MKT 10467152
Issued January 2, 2025 at Makati City

April 15, 2025
Makati City, Metro Manila

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
GROUP STRUCTURE *
As of December 31, 2024



(1) The change of the corporate name of "SMC Global Power Holdings Corp." to "San Miguel Global Power Holdings Corp." ("San Miguel Global Power") was approved by the Philippine Securities and Exchange Commission ("SEC") on March 22, 2023.

(2) The change of the corporate names of "San Miguel Consolidated Power Corporation" to "Malita Power Inc." and "San Miguel Energy Corporation" to "Sual Power Inc." were approved by the Philippine SEC on March 9, 2023.

(3) The change of the corporate name of "Strategic Power Devt. Corp." to "San Roque Hydropower Inc." was approved by the Philippine SEC on March 31, 2023.

(4) The change of the corporate name of "Universal Power Solutions, Inc." to "SMGP BESS Power Inc." was approved by the Philippine SEC on November 3, 2023.

(5) The change of the corporate name of "SMC Consolidated Power Corporation" to "Limay Power Inc." was approved by the Philippine SEC on February 7, 2023.

(6) The change of the corporate names of "Mantech Power Dynamics Services Inc." to "Luzon Power Dynamics Services Inc." and of "Safetech Power Services Corp." to "VisMin Power Dynamics Services Inc." were approved by the Philippine SEC on November 14, 2023.

(7) The change of the corporate name of "SMCGP Power Energy Storage Co. Ltd." to "SMGP Kabankalan Power Co. Ltd." was approved by the Philippine SEC on September 21, 2023.

(8) The change of the corporate name of "Masinloc Power Partners Co. Ltd." to "Masinloc Power Co. Ltd." and the revised partnership interest of San Miguel Global Power Holdings Corp. ("San Miguel Global Power") from 49.07% to 60.45% was approved by the Philippine SEC on November 13, 2023.

(9) Acquired in 2023.

(10) Incorporated in August 2024.

(11) On December 19, 2024, San Miguel Global Power acquired 40% ownership interest in FPSP (Holdings) Corporation and subsidiaries, including Pan Pacific Renewable Power Phils. Corp.

(12) Food and Beverage business consist of San Miguel Food and Beverage, Inc. subsidiaries including: (a) San Miguel Super Coffeemix Co., Inc., PT San Miguel Foods Indonesia and San Miguel Foods International, Limited and subsidiary, San Miguel Foods Investment (BVI) Limited and subsidiary, San Miguel Pure Foods (VN) Co., Ltd.; (b) Ginebra San Miguel Inc. subsidiaries including Distileria Bago, Inc., and East Pacific Star Bottlers Phils Inc. and (c) San Miguel Brewery Inc. subsidiaries including Iconic Beverages, Inc., Brewery Properties Inc. and subsidiary and San Miguel Brewing International Limited and subsidiaries including, San Miguel Brewery Hong Kong Limited and subsidiaries, PT. Delta Djakarta Tbk. and subsidiary, San Miguel (Baoding) Brewery Co., Ltd., San Miguel Brewery Vietnam Company Limited, San Miguel Beer (Thailand) Limited and San Miguel Marketing (Thailand) Limited. San Miguel (Baoding) Brewery Co., Ltd. and PT San Miguel Foods Indonesia are in the process of liquidation as at December 31, 2024.

(13) Packaging business consist of San Miguel Yamamura Packaging International Limited subsidiaries including San Miguel Yamamura Phu Tho Packaging Company Limited, San Miguel Yamamura Glass (Vietnam) Limited, San Miguel Yamamura Haiphong Glass Company Limited, Zhaoqing San Miguel Yamamura Glass Company Limited, Foshan San Miguel Yamamura Packaging Company Limited and subsidiary, San Miguel Yamamura Packaging and Printing Sdn. Bhd., San Miguel Yamamura Woven Products Sdn. Bhd. and subsidiary, Packaging Research Centre Sdn. Bhd., San Miguel Yamamura Plastic Films Sdn. Bhd., San Miguel Yamamura Australasia Pty Ltd and subsidiaries including SMYC Pty Ltd. and subsidiary, Foshan Cospak Packaging Co Ltd., SMYV Pty Ltd, SMYP Pty Ltd and subsidiary, SMYBB Pty Ltd, SMYJ Pty Ltd and Vinocor Ltd.

(14) Fuel and Oil business include SEA Refinery Corporation and subsidiary, Petron Corporation and subsidiaries including Petron Marketing Corporation, Petron Freeport Corporation, Overseas Ventures Insurance Corporation Ltd., New Ventures Realty Corporation and subsidiaries, Mema Holdings Inc. and subsidiaries, Petron Singapore Trading Pte., Ltd., Petron Global Limited, Petron Oil & Gas International Sdn. Bhd. and subsidiaries including Petron Fuel International Sdn. Bhd., Petron Oil (M) Sdn. Bhd. and Petron Malaysia Refining & Marketing Bhd. (collectively Petron Malaysia), Petron Finance (Labuan) Limited and Petrochemical Asia (HK) Limited and subsidiaries.

(15) Infrastructure business include San Miguel Holdings Corp. and subsidiaries including Alloy Manila Toll Expressways, Inc., SMC Infraventures Inc. and subsidiary, SMC Skyway Stage 4 Corporation, Pasig River Expressway Corporation, Intelligent E-Processes Technologies Corp., SMC Northern Access Link Expressway Corp., SMC Southern Access Link Expressway Corp., South Luzon Toll Road-5 Expressway Inc., TPLEX Operations and Maintenance Corporation, SMC NBEX Inc., SMC CBEX Inc., SMC PLEX Inc., and SMC TPLEX Extension Infrastructure Corp. Atlantic Aurum Investments B.V. and subsidiaries include SMC Tollways Corporation and subsidiaries including Stage 3 Connector Tollways Holdings Corporation and subsidiary, SMC Skyway Stage 3 Corporation, and SMC Skyway Corporation and subsidiary, Skyway O&M Corporation, SMC SLEX Holdings Company Inc. and subsidiaries, Manila Toll Expressway Systems Inc. and SMC SLEX Inc. Cypress Tree Capital Investments, Inc. and subsidiaries include Star Infrastructure Development Corporation and Star Tollway Corporation (collectively the Star Tollways Group). SMC Bulacan Water Services Corporation and subsidiaries include Obando Water Company, Inc. and Bulakan Water Company, Inc.

(16) Cement business include San Miguel Equity Investments Inc. and subsidiaries including Northern Cement Corporation, Eagle Cement Corporation and subsidiaries, and Southern Concrete Industries, Inc.

(17) Other Assets and Investments include Anchor Insurance Brokerage Corporation, Davana Heights Development Corporation and subsidiaries, Silvertides Holdings Corporation and subsidiary, Deity Holdings Corporation, Fonterra Verde Holdings Inc., One Verdana Holdings Inc. and Worldsummit Holdings Corporation. San Miguel Properties, Inc. subsidiaries include SMPI Makati Flagship Realty Corp., Bright Ventures Realty, Inc. and Tierra Verdosa Services Corp. (formerly Tierra Verdosa Real Estate Services, Inc. effective October 21, 2024). SMC Shipping and Lighterage Corporation and subsidiaries include SL Harbor Bulk Terminal Corporation. San Miguel Holdings Limited subsidiaries include San Miguel Insurance Company, Ltd.

*** The group structure includes the ultimate parent company, Top Frontier Investment Holdings, Inc., the intermediate parent company, San Miguel Corporation and its major subsidiaries, associates and joint ventures, and San Miguel Global Power and subsidiaries.**

Note: (A) Joint Venture

(B) Associate

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024 (In Thousands)

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(Formerly SMC Global Power Holdings Corp.)
40 San Miguel Avenue, Wack-Wack Greenhills, 1550
City of Mandaluyong, Second District, National Capital Region

Unappropriated Retained Earnings, beginning		**P6,811,328**
Less: Item that are directly debited to unappropriated retained earnings		
Distributions declared during the reporting period		**15,936,881**
Deficit, as adjusted		**(9,125,553)**
Add: Net Income for the current year		**19,175,298**
Less: Unrealized income recognized in profit or loss during the reporting period (net of tax)		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	P3,189,275	
Unrealized fair value adjustment (mark-to-market gains) on currency forwards	196	**3,189,471**
Add: Unrealized income recognized in profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	1,207,935	
Realized fair value adjustment (mark-to-market gains) on currency forwards	102,067	**1,310,002**
Add: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	1,699,001	
Reversal of previously recorded fair value adjustment (mark-to-market gains on currency forwards	60,299	**1,759,300**
Adjusted Net Income		**19,055,129**
Total Retained Earnings, end of the reporting period available for dividend		**P9,929,576**

ANNEX "B-2"

KPMG

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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
San Miguel Global Power Holdings Corp.
(Formerly SMC Global Power Holdings Corp.)
40 San Miguel Avenue
Wack-Wack Greenhills 1550
City of Mandaluyong, Second District
National Capital Region

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of San Miguel Global Power Holdings Corp. (formerly SMC Global Power Holdings Corp.) and Subsidiaries (the "Group") as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated April 15, 2025.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies.

This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

R.G. MANABAT & CO.

GREGORIO I. SAMBRANO, JR.
Partner
CPA License No. 088825
SEC Accreditation No. 88825-SEC, Group A, valid for five (5) years
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Issued January 2, 2025 at Makati City

April 15, 2025
Makati City, Metro Manila

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(Formerly SMC Global Power Holdings Corp.)
AND SUBSIDIARIES
DISCUSSION OF THE GROUP'S FINANCIAL SOUNDNESS INDICATORS

LIQUIDITY RATIO

Current Ratio = **Current Assets** / **Current Liabilities**

(in Millions Peso)	Conventional		Adjusted [1]	
	December 2024	December 2023	**December 2024**	December 2023
(A) Current Assets	**249,639**	213,998	**249,639**	213,998
(B) Current Liabilities	**224,058**	183,361	**220,621**	165,870
Current Ratio (A) / (B)	**1.11**	1.17	**1.13**	1.29

[1] Current portion of lease liabilities, in relation to the Independent Power Producer Administration (IPPA) Agreements with Power Sector Assets and Liabilities Management Corporation (PSALM), are excluded from the total current liabilities as these current obligations on lease are pass-through charges billable to customers. As at December 31, 2024 and 2023, current portion of lease liabilities to PSALM amounted to P3,437 and P17,491 million, respectively.

SOLVENCY RATIO

Net Debt-to-Equity* Ratio = **Net Debt** / **Total Equity**

Per relevant Loan Covenants of San Miguel Global Power Holdings Corp.

(in Millions Peso)	**December 2024**	December 2023
(A) Net Debt [2]	**219,596**	225,585
(B) Total Equity [3]	**354,566**	343,034
Net Debt-to-Equity Ratio (A) / (B)	**0.62**	0.66

**All items are net of amounts attributable to ring-fenced subsidiaries*

[2] Consolidated net total debt plus total PSALM lease liabilities.
[3] Consolidated total equity.

Asset-to-Equity Ratio = $\dfrac{\textbf{Total Assets}}{\textbf{Total Equity}}$

(in Millions Peso)	*Conventional* **December 2024**	*Conventional* December 2023	*Adjusted* [4] **December 2024**	*Adjusted* [4] December 2023
(A) Total Assets	**881,873**	784,935	**853,432**	689,390
(B) Total Equity	**359,025**	343,473	**359,025**	343,473
Asset-to-Equity Ratio (A) / (B)	**2.46**	2.29	**2.38**	2.01

[4] Net carrying amount of the IPPA power plants, in relation to the IPPA Agreements with PSALM, was omitted in total assets as these power plant assets were capitalized with corresponding lease liabilities. As at December 31, 2024 and 2023, the net carrying amount of the IPPA power plant assets amounted to P28,441 million and P95,545 million, respectively.

PROFITABILITY RATIO

Return on Equity = $\dfrac{\textbf{Net Income}}{\textbf{Total Equity}}$

(in Millions Peso)	**December 2024**	December 2023
(A) Net Income	**12,384**	9,903
(B) Total Equity	**359,025**	343,473
Return on Equity (A) / (B)	**3.4%**	2.9%

Interest Coverage Ratio = $\dfrac{\textbf{Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)}}{\textbf{Interest Expense}}$

Per relevant Loan Covenants of San Miguel Global Power Holdings Corp.

(in Millions Peso)	**December 2024**	December 2023
(A) EBITDA [5]	**37,897**	34,511
(B) Interest Expense [6]	**14,761**	13,575
Interest Coverage Ratio (A) / (B)	**2.57**	2.54

[5] Full-year consolidated EBITDA (gross of PSALM payments and excluding amounts attributable to ring-fenced subsidiaries).

[6] Full-year consolidated interest expense (excluding amounts attributable to ring-fenced subsidiaries).

OPERATING EFFICIENCY

$$\text{Volume Growth (Decline)} = \frac{\text{Current Period Offtake Volume}}{\text{Prior Period Offtake Volume}} - 1$$

(in GWh)	Years Ended December 31 **2024**	2023
(A) Current Period Offtake Volume	**36,564**	25,205
(B) Prior Period Offtake Volume	**25,205**	27,402
Volume Growth (Decline) [(A / B) – 1]	**45.1%**	(8.0%)

$$\text{Revenue Growth (Decline)} = \frac{\text{Current Period Revenues}}{\text{Prior Period Revenues}} - 1$$

(in Millions Peso)	Years Ended December 31 **2024**	2023
(A) Current Period Revenues	**205,091**	169,590
(B) Prior Period Revenues	**169,590**	221,389
Revenue Growth (Decline) [(A / B) – 1]	**20.9%**	(23.4%)

$$\text{Operating Margin} = \frac{\text{Income from Operations}}{\text{Revenues}}$$

(in Millions Peso)	Years Ended December 31 **2024**	2023
(A) Income from Operations	**40,457**	32,526
(B) Revenues	**205,091**	169,590
Operating Margin (A) / (B)	**19.7%**	19.2%

Annex “C”

Summary of the Directors’ Attendance in Meetings
Since the 2024 Annual Stockholders’ Meeting

Directors’ Name	June 4, 2024 ASM	June 4, 2024 Org. Mtg.	Aug. 12, 2024 Regular Board Mtg.	Aug. 12, 2024 AROC Mtg.	Aug. 12, 2024 CG Mtg.	Aug. 27, 2024 Special Board Mtg.	Sept. 23, 2024 Special Board Mtg.	Nov. 4, 2024 Regular Board Mtg.	Nov. 4, 2024 AROC Mtg.	Nov. 4, 2024 CG Mtg.	Nov. 14, 2024 Special Board Mtg.	Feb. 12, 2025 Special Board Mtg.	March 6, 2025 Regular Board Mtg.	March 6, 2025 AROC Mtg.	March 6, 2025 CG Mtg.	March 6, 2025 RPT Mtg.	March 6, 2025 SC Mtg.	April 7, 2025 Special Board Mtg.	April 14, 2025 SSH Mtg.
Ramon S. Ang	✓	✓	✓	N/A	N/A	✓	✓	✓	N/A	N/A	✓	✓	✓	N/A	N/A	N/A	N/A	✓	✓
John Paul L. Ang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Aurora T. Calderon	✓	✓	✓	✓	N/A	✓	✓	✓	✓	N/A	✓	✓	✓	✓	N/A	✓	✓	✓	✓
Virgilio S. Jacinto	✓	✓	✓	N/A	✓	✓	✓	✓	N/A	✓	✓	✓	✓	N/A	✓	N/A	N/A	✓	✓
Jack G. Arroyo, Jr.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Consuelo M. Ynares-Santiago	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Josefina Guevara-Salonga	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

LEGEND:
ASM – Annual Stockholders’ Meeting
SSH Mtg. – Special Stockholders’ Meeting
Org. Mtg. – Organizational Meeting of the Board of Directors
Regular Board Mtg. – Regular Meeting of the Board of Directors
Special Board Mtg. – Special Meeting of the Board of Directors
AROC Mtg. – Audit & Risk Oversight Committee Meeting
CG Mtg. - Corporate Governance Committee Meeting
RPT Mtg. – Related Party Transactions Committee Meeting
SC Mtg. – Sustainability Committee Meeting

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2025 AND DECEMBER 31, 2024
(In Thousands)

	Note	**2025 (Unaudited)**	2024 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	*7, 21, 22*	**P80,154,542**	P67,867,411
Trade and other receivables - net	*8, 15, 21, 22*	**105,482,662**	115,884,031
Inventories	*9, 15*	**11,114,882**	14,326,383
Prepaid expenses and other current assets	*15, 21, 22*	**36,243,073**	51,561,324
Total Current Assets		**232,995,159**	249,639,149
Noncurrent Assets			
Investments and advances - net	*10*	**70,475,592**	19,895,587
Property, plant and equipment - net	*11*	**367,717,204**	459,505,829
Right-of-use assets - net	*6, 15*	**41,388,665**	42,123,333
Goodwill and other intangible assets - net		**70,069,869**	71,736,078
Deferred tax assets		**1,279,485**	1,353,752
Other noncurrent assets	*15, 21, 22*	**37,975,998**	37,618,797
Total Noncurrent Assets		**588,906,813**	632,233,376
TOTAL ASSETS		**P821,901,972**	P881,872,525
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	*12, 21, 22*	**P10,000,000**	P41,350,425
Accounts payable and accrued expenses	*13, 15, 21, 22*	**92,187,665**	144,101,704
Lease liabilities - current portion	*6, 15, 21, 22*	**4,163,524**	10,048,624
Income tax payable		**112,431**	79,614
Current maturities of long-term debt - net of debt issue costs	*14, 21, 22*	**42,678,322**	28,477,307
Total Current Liabilities		**149,141,942**	224,057,674
Noncurrent Liabilities			
Long-term debt - net of current maturities and debt issue costs	*14, 21, 22*	**238,993,104**	249,460,584
Deferred tax liabilities		**16,520,679**	23,978,387
Lease liabilities - net of current portion	*6, 15, 21, 22*	**19,890,108**	21,356,642
Other noncurrent liabilities	*21, 22*	**4,287,148**	3,994,059
Total Noncurrent Liabilities		**279,691,039**	298,789,672
TOTAL LIABILITIES		**428,832,981**	522,847,346

Forward

	Note	2025 (Unaudited)	2024 (Audited)
Equity	*16*		
Equity Attributable to Equity Holders of the Parent Company			
Capital stock		**P2,823,604**	P2,823,604
Additional paid-in capital		**48,081,781**	48,081,781
Senior perpetual capital securities		**156,944,640**	151,194,865
Redeemable perpetual capital securities		**145,979,113**	145,979,113
Equity reserves	*10*	**5,871,992**	(16,384,899)
Retained earnings		**32,415,738**	26,387,315
		392,116,868	358,081,779
Non-controlling Interests		**952,123**	943,400
Total Equity		**393,068,991**	359,025,179
TOTAL LIABILITIES AND EQUITY		**P821,901,972**	P881,872,525

See accompanying Management Discussion and Analysis and Selected Notes to Consolidated Financial Statements.

Certified Correct:

PAUL BERNARD D. CAUSON
Chief Finance Officer / Authorized Signatory

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED MARCH 31, 2025 AND 2024
(In Thousands, Except Per Share Data)

	Note	**2025 (Unaudited)**	2024 (Unaudited)
REVENUES	*15, 17*	**P42,496,775**	P44,122,535
COST OF POWER SOLD	*15, 18*	**29,450,295**	33,540,666
GROSS PROFIT		**13,046,480**	10,581,869
SELLING AND ADMINISTRATIVE EXPENSES	*8, 11*	**2,358,244**	1,741,312
INCOME FROM OPERATIONS		**10,688,236**	8,840,557
INTEREST EXPENSE AND OTHER FINANCING CHARGES	*6, 12, 14*	**(5,776,551)**	(5,017,019)
INTEREST INCOME	*7*	**808,262**	221,279
EQUITY IN NET EARNINGS (LOSSES) OF ASSOCIATES AND JOINT VENTURES - Net	*10*	**1,562,586**	(22,868)
OTHER INCOME (CHARGES) - Net	*19*	**21,139,617**	(1,329,936)
INCOME BEFORE INCOME TAX		**28,422,150**	2,692,013
INCOME TAX EXPENSE		**2,036,477**	1,145,308
NET INCOME		**P26,385,673**	P1,546,705
Attributable to:			
Equity holders of the Parent Company		**P26,376,950**	P1,552,187
Non-controlling interests		**8,723**	(5,482)
		P26,385,673	P1,546,705
Earnings (Losses) Per Common Share Attributable to Equity Holders of the Parent Company			
Basic/Diluted	*20*	**P6.76**	(P1.47)

See accompanying Management Discussion and Analysis and Selected Notes to Consolidated Financial Statements.

Certified Correct:

PAUL BERNARD D. CAUSON
Chief Finance Officer / Authorized Signatory

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2025 AND 2024
(In Thousands)

	Note	**2025 (Unaudited)**	2024 (Unaudited)
NET INCOME		**P26,385,673**	P1,546,705
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may not be reclassified to profit or loss			
Net gain on financial assets at fair value through other comprehensive income		**22,950,139**	-
Income tax expense		**(688,117)**	-
	10	**22,262,022**	-
Item that may be reclassified to profit or loss			
Gain (loss) on exchange differences on translation of foreign operations		**(5,131)**	7,291
OTHER COMPREHENSIVE INCOME - Net of tax		**22,256,891**	7,291
TOTAL COMPREHENSIVE INCOME		**P48,642,564**	P1,553,996
Attributable to:			
Equity holders of the Parent Company		**P48,633,841**	P1,559,478
Non-controlling interests		**8,723**	(5,482)
		P48,642,564	P1,553,996

See accompanying Management Discussion and Analysis and Selected Notes to Consolidated Financial Statements.

Certified Correct:

PAUL BERNARD D. CAUSON
Chief Finance Officer / Authorized Signatory

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2025 AND 2024
(In Thousands)

		Equity Attributable to Equity Holders of Parent Company											
						Equity Reserves							
	Note	Capital Stock	Additional Paid-in Capital	Senior Perpetual Capital Securities	Redeemable Perpetual Capital Securities	Equity Reserves	Translation Reserves	Reserve for Retirement Plan	Hedging Reserve	Retained Earnings	Total	Non-controlling Interests	Total Equity
As at January 1, 2025 (Audited)		**P2,823,604**	**P48,081,781**	**P151,194,865**	**P145,979,113**	**(P17,253,511)**	**P935,708**	**(P67,096)**	**P -**	**P26,387,315**	**P358,081,779**	**P943,400**	**P359,025,179**
Net income		-	-	-	-	-	-	-	-	26,376,950	26,376,950	8,723	26,385,673
Other comprehensive income (loss) - net of tax	10	-	-	-	-	22,262,022	(5,131)	-	-	-	22,256,891	-	22,256,891
Total comprehensive income (loss)		-	-	-	-	22,262,022	(5,131)	-	-	26,376,950	48,633,841	6,723	48,642,564
Issuances of senior perpetual capital securities	16, 23	-	-	5,749,775	-	-	-	-	-	-	5,749,775	-	5,749,775
Deconsolidation of subsidiaries	16	-	-	-	-	-	-	-	-	(295,529)	(295,529)	-	(295,529)
Share issuance costs		-	-	-	-	-	-	-	-	(9,507)	(9,507)	-	(9,507)
Distributions to holders of:													
Senior perpetual capital securities	16	-	-	-	-	-	-	-	-	(4,103,625)	(4,103,625)	-	(4,103,625)
Redeemable perpetual capital securities	16	-	-	-	-	-	-	-	-	(15,939,866)	(15,939,866)	-	(15,939,866)
Transactions with owners		-	-	5,749,775	-	-	-	-	-	(20,348,527)	(14,598,752)	-	(14,598,752)
As at March 31, 2025 (Unaudited)		**P2,823,604**	**P48,081,781**	**P156,944,640**	**P145,979,113**	**P5,008,511**	**P930,577**	**(P67,096)**	**P -**	**P32,415,738**	**P392,116,868**	**P952,123**	**P393,068,991**
As at January 1, 2024 (Audited)		P2,823,604	P48,081,781	P161,767,709	P102,546,825	(P3,827,112)	P914,958	(P107,000)	P -	P30,367,328	P342,569,093	P905,112	P343,473,205
Net income (loss)		-	-	-	-	-	-	-	-	1,552,187	1,552,187	(5,482)	1,546,705
Other comprehensive income (loss) - net of tax		-	-	-	-	-	7,291	-	-	-	7,291	-	7,291
Total comprehensive income (loss)		-	-	-	-	-	7,291	-	-	1,552,187	1,559,478	(5,482)	1,553,996
Distributions to senior perpetual capital securities		-	-	-	-	-	-	-	-	(1,261,945)	(1,261,945)	-	(1,261,945)
As at March 31, 2024 (Unaudited)		P2,823,604	P48,081,781	P161,767,709	P102,546,825	(P3,827,112)	P922,249	(P107,000)	P -	P30,657,570	P342,865,626	P899,630	P343,765,256

See accompanying Management Discussion and Analysis and Selected Notes to Consolidated Financial Statements.

Certified Correct:

PAUL BERNARD D. CAUSON
Chief Finance Officer / Authorized Signatory

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2025 AND 2024
(In Thousands)

	Note	2025 (Unaudited)	2024 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P28,422,150**	P2,692,013
Adjustments for:			
Interest expense and other financing charges	*6, 12, 14*	**5,776,551**	5,017,019
Depreciation and amortization	*11, 18*	**3,940,771**	3,211,195
Unrealized foreign exchange losses - net		**71,843**	1,507,575
Retirement benefits costs		**39,066**	37,419
Reversal of allowance on trade receivables	*8*	**-**	(5,081)
Interest income	*7*	**(808,262)**	(221,279)
Equity in net losses (earnings) of associates and joint ventures - net		**(1,562,586)**	22,868
Gain on fair valuation upon loss of control of subsidiaries	*10*	**(21,933,046)**	-
Operating income before working capital changes		**13,946,487**	12,261,729
Decrease (increase) in:			
Trade and other receivables - net		**18,665,695**	796,044
Inventories		**(1,382,874)**	4,525,337
Prepaid expenses and other current assets		**(5,518,397)**	(1,671,892)
Increase (decrease) in:			
Accounts payable and accrued expenses		**(4,214,157)**	8,553,421
Other noncurrent liabilities		**(173,792)**	(151,353)
Cash generated from operations		**21,322,962**	24,303,286
Interest income received		**711,076**	169,544
Income taxes paid		**(912,698)**	(347,003)
Interest expense and other financing charges paid		**(5,229,477)**	(4,900,486)
Net cash flows provided by operating activities		**15,891,863**	19,225,341
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from redemption of preferred shares	*10*	**78,717,390**	-
Additions to intangible assets		**(1,620)**	(1,470)
Advances paid to suppliers and contractors		**(291,915)**	(1,186,164)
Additions to property, plant and equipment	*11*	**(3,360,335)**	(17,356,538)
Cash of deconsolidated subsidiaries		**(5,667,901)**	-
Additions to investments and advances, net		**(7,779,814)**	(1,131,373)
Decrease (increase) in other noncurrent assets		**(21,046,127)**	50,188
Net cash flows provided by (used in) investing activities		**40,569,678**	(19,625,357)

Forward

	Note	2025 (Unaudited)	2024 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	*12, 23*	**P19,500,000**	P29,172,000
Proceeds from the issuance of senior perpetual capital securities	*16, 23*	**5,749,775**	-
Proceeds from long-term debts	*14, 23*	**9,400,000**	12,000,000
Distributions paid to senior perpetual capital securities holders	*16*	**(4,103,625)**	(1,261,945)
Payments of long-term debts	*14, 23*	**(4,962,070)**	(1,374,820)
Payments of lease liabilities	*6, 23*	**(7,224,539)**	(5,070,231)
Distributions paid to redeemable perpetual capital securities holders	*16*	**(15,939,866)**	-
Payments of short-term borrowings	*12, 23*	**(45,912,300)**	(29,172,000)
Net cash flows provided by (used in) financing activities		**(43,492,625)**	4,293,004
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(681,785)**	26,089
NET INCREASE IN CASH AND CASH EQUIVALENTS		**12,287,131**	3,919,077
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**67,867,411**	31,659,442
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7	**P80,154,542**	P35,578,519

See accompanying Management Discussion and Analysis and Selected Notes to Consolidated Financial Statements.

Certified Correct:

PAUL BERNARD D. CAUSON
Chief Finance Officer / Authorized Signatory

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

SELECTED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Per Share Data and Number of Shares)

1. Reporting Entity

San Miguel Global Power Holdings Corp. (the “Parent Company”) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on January 23, 2008, and its primary purpose of business is to purchase, sell, assign, lease, develop, create security interest over, operate and dispose of all properties of every kind and description, including, and shares of stocks or other securities or obligations, created or issued by any corporation or other entity. The Parent Company has a perpetual corporate life in accordance with the Revised Corporation Code of the Philippines.

The accompanying consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiaries (collectively referred to as the Group) and the Group’s interests in associates and joint ventures.

The Parent Company is a wholly-owned subsidiary of San Miguel Corporation (SMC). The ultimate parent company of the Group is Top Frontier Investment Holdings, Inc. (Top Frontier). SMC and Top Frontier are public companies under Section 17.2 of the Securities Regulation Code and whose shares are listed on The Philippine Stock Exchange, Inc.

The Board of Directors (BOD) and the stockholders approved, on May 13, 2024 and June 4, 2024, respectively, the change of the Parent Company’s principal office and amendment of its Amended Articles of Incorporation to reflect the same, from 5th Floor, C5 Office Building Complex, #100 E. Rodriguez Jr. Ave., C5 Road, Bo. Ugong, Pasig City 1604, Metro Manila to No. 40 San Miguel Avenue, Wack-Wack Greenhills 1550, City of Mandaluyong, Second District, National Capital Region. On September 26, 2024, the Philippine SEC approved the application filed by the Parent Company.

2. Basis of Preparation

The consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting,* and should be read in conjunction with the Group's last annual audited consolidated financial statements as at and for the year ended December 31, 2024. They do not include all the information required for a complete set of Philippine Financial Reporting Standards (PFRS) Accounting Standards financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual audited consolidated financial statements.

The consolidated financial statements were approved and authorized for issue in accordance with a resolution by the BOD on March 13, 2025.

Basis of Measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis except for the following items which are measured on an alternative basis on each reporting date:

Items	Measurement Basis
Financial assets at fair value through profit or loss (FVPL)	Fair value
Defined benefits retirement asset (liability)	Fair value of the plan assets less the present value of the defined benefits retirement obligation

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine Peso, which is the functional currency of the Parent Company. All financial information is rounded off to the nearest thousand (P000), except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries. The major subsidiaries include the following:

	Percentage of Ownership	
	2025	2024
Power Generation		
Sual Power Inc. (SPI)	**100**	**100**
San Roque Hydropower Inc. (SRHI)	**100**	100
Limay Power Inc. (LPI)	**100**	100
Malita Power Inc. (MPI)	**100**	100
PowerOne Ventures Energy Inc. (PVEI)	**100**	100
Prime Electric Generation Corporation	**100**	100
Oceantech Power Generation Corporation	**100**	100
Masinloc Power Co. Ltd. (MPCL)	**100**	100
Power Ventures Generation Corporation	**100**	100
Mariveles Power Generation Corporation (MPGC)	**95**	95
SMC Global Light and Power Corp.	**100**	100
Lucanin Solar Inc.	**100**	100
South Premiere Power Corp. (SPPC)	**33**	100
Excellent Energy Resources Inc. (EERI)	**33**	100

Forward

	Percentage of Ownership	
	2025	2024
Retail and Other Power-related Services		
SMGP BESS Power Inc. (SMGP BESS)	**100**	100
SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan)	**100**	100
SMC Power Generation Corp.	**100**	100

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Group obtains control, and continue to be consolidated until the date when such control ceases.

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

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

Non-controlling interests include the interests not held by the Parent Company in MPGC as at March 31, 2025 and December 31, 2024.

On January 27, 2025, the Parent Company's ownership interests in SPPC, EERI and Ilijan Primeline Industrial Estate Corp. (IPIEC) - a wholly-owned landholding subsidiary, were diluted from 100% to 33%, thereby resulting to loss of control over these subsidiaries (see Note 10).

3. Material Accounting Policy Information

The principal accounting policies adopted in the preparation of the consolidated financial statements of the Group are consistent with those followed in the most recent annual audited consolidated financial statements, except for the changes in accounting policies as explained below. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending December 31, 2025.

The Financial and Sustainability Reporting Standards Council approved the adoption of a number of amendments to standards as part of PFRS Accounting Standards.

Adoption of Amendments to Standards

The Group has adopted the Lack of Exchangeability (Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates*) effective January 1, 2025. The amendments clarify that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When a currency is not exchangeable, an entity needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the entity because the currency is not exchangeable.

The adoption of the amendments to standards did not have a material effect on the consolidated financial statements.

New and Amendments to Standards Not Yet Adopted

A number of new and amended standards are effective for annual periods beginning after January 1, 2025 and have not been applied in preparing the consolidated financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the consolidated financial statements.

The Group will adopt the following new and amendments to standards on the respective effective dates:

- Classification and Measurement of Financial Instruments (Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures*). The amendments clarify that financial assets and financial liabilities are recognized and derecognized on the settlement date, except for regular way purchases or sales of financial assets and financial liabilities that meet the conditions for an exception. The exception allows entities to elect to derecognize certain financial liabilities settled through an electronic payment system before the settlement date.

  The amendments also provide guidelines for assessing the contractual cash flow characteristics of financial assets that include environmental, social, and governance-linked features and other similar contingent features.

  Entities are required to disclose additional information about financial assets and financial liabilities with contingent features, and equity instruments classified at fair value through other comprehensive income.

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

- Contracts Referencing Nature-dependent Electricity (Amendments to PFRS 9 and PFRS 7). The amendments clarify the application of the own-use exemption for contracts referencing electricity from nature-dependent renewable energy sources, amend the hedge accounting requirements to allow these contracts to be designated as hedging instruments if certain conditions are met, and introduce additional disclosure requirements on the impact of these contracts on the financial performance and future cash flow.

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

- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to two standards:

  - Gain or Loss on Derecognition (Amendments to PFRS 7). The amendments replaced the reference to ‘inputs that were not based on observable market data’ in the obsolete paragraph 27A of PFRS 7, with reference to ‘unobservable inputs’ in paragraphs 72-73 of PFRS 13, *Fair Value Measurement*.

  - Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9). The amendments:

    - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss; and

    - replaced the term 'their transaction price (as defined in PFRS 15, *Revenue from Contracts with Customers*)' with 'the amount determined by applying PFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that’s unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

  The amendments apply for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

- PFRS 18, *Presentation and Disclosure in Financial Statements*, replaces PAS 1, *Presentation of Financial Statements*. The new standard introduces the following key requirements:

  - Entities are required to classify all income and expenses into five categories in the statement of income: operating, investing, financing, income tax, and discontinued operations. Subtotals and totals are presented in the statement of income for operating profit or loss, profit or loss before financing and income taxes, and profit or loss.

  - Management-defined performance measures are disclosed in a single note to the financial statements.

- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit or loss subtotal as the starting point for the statement of cash flows when presenting cash flows from operating activities under the indirect method.

PFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with retrospective application required. Early adoption is permitted.

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

4. Management's Use of Judgments, Estimates and Assumptions

In preparing these consolidated financial statements, management has exercised judgments, made accounting estimates and used assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied in the audited consolidated financial statements as at and for the year ended December 31, 2024.

5. Segment Information

Operating Segments
The Group's operations are segmented into three businesses: a) power generation, b) retail and other power-related services and c) others consistent with the reports prepared internally for use by the Group's chief operating decision maker in reviewing the business performance of the operating segments. The differing economic characteristics and activities of these operating segments make it more useful to users of the consolidated financial statements to have information about each component of the Group's profit or loss, assets and liabilities.

Segment Assets and Liabilities
Segment assets include all operating assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment, right-of- use assets, net of allowances, accumulated depreciation and amortization, and impairment, and other noncurrent assets. Segment liabilities include all operating liabilities and consist primarily of loans payable, accounts payable and accrued expenses, lease liabilities, and other noncurrent liabilities. Segment assets and liabilities do not include deferred taxes. Capital expenditures consist of additions to property, plant and equipment of each reportable segment.

Inter-segment Transactions
Segment revenues, expenses and performance include sales and purchases between operating segments. Such transactions are eliminated in consolidation.

The Group operates only in the Philippines which is treated as a single geographical segment.

Major Customers

The Group sells, retails and distributes power, through power supply agreements (PSAs), retail supply contracts, ancillary service procurement agreements and other power-related service agreements, either directly to customers (other generators, distribution utilities, including Manila Electric Company [Meralco], electric cooperatives, industrial customers and National Grid Corporation of the Philippines [NGCP]) or through the Philippine Wholesale Electricity Spot Market (WESM). Sale of power to external customers that represents 10% or more of the Group's total revenues, is as follows:

	March 31	
Customer	**2025 (Unaudited)**	2024 (Unaudited)
Meralco	**P17,072,900**	18,589,837
WESM	**8,472,830**	7,894,317

For management reporting purposes, the Group's operating segments are organized and managed separately as follows:

Operating Segments

Financial information about reportable segments follows:

	For the Periods Ended March 31									
	Power Generation		Retail and Other Power-related Services		Others		Eliminations		Consolidated	
	2025 (Unaudited)	2024 (Unaudited)	**2025 (Unaudited)**	2024 (Unaudited)	**2025 (Unaudited)**	2024 (Unaudited)	**2025 (Unaudited)**	2024 (Unaudited)	**2025 (Unaudited)**	2024 (Unaudited)
Revenues										
External	**P32,916,805**	P35,711,028	**P9,398,591**	P8,318,589	**P181,379**	P92,918	**P -**	P -	**P42,496,775**	P44,122,535
Inter-segment	**6,249,892**	3,421,078	**-**	-	**470,825**	478,549	**(6,720,717)**	(3,899,627)	**-**	-
	39,166,697	39,132,106	**9,398,591**	8,318,589	**652,204**	571,467	**(6,720,717)**	(3,899,627)	**42,496,775**	44,122,535
Costs and Expenses										
Cost of power sold	**29,600,983**	31,399,065	**5,716,946**	5,463,435	**547,968**	332,991	**(6,415,602)**	(3,654,825)	**29,450,295**	33,540,666
Selling and administrative expenses	**1,995,110**	1,303,677	**522,264**	360,874	**377,967**	471,177	**(537,097)**	(394,416)	**2,358,244**	1,741,312
	31,596,093	32,702,742	**6,239,210**	5,824,309	**925,935**	804,168	**(6,952,699)**	(4,049,241)	**31,808,539**	35,281,978
Segment Result	**P7,570,604**	P6,429,364	**P3,159,381**	P2,494,280	**(P273,731)**	(P232,701)	**P231,982**	P149,614	**P10,688,236**	P8,840,557
Interest expense and other financing charges									**(5,776,551)**	(5,017,019)
Interest income									**808,262**	221,279
Equity in net earnings (losses) of associates and joint ventures - net									**1,562,586**	(22,868)
Other income (charges) - net									**21,139,617**	(1,329,936)
Income tax expense									**(2,036,477)**	(1,145,308)
Consolidated Net Income									**P26,385,673**	P1,546,705

	As at and For the Periods Ended									
	Power Generation		Retail and Other Power-related Services		Others		Eliminations		Consolidated	
	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)	**March 31, 2025 (Unaudited)**	December 31, 2024 (Audited)	**March 31, 2025 (Unaudited)**	December 31, 2024 (Audited)	**March 31, 2025 (Unaudited)**	December 31, 2024 (Audited)	**March 31, 2025 (Unaudited)**	December 31, 2024 (Audited)
Other Information										
Segment assets	**P536,636,210**	P716,667,127	**P80,834,143**	P82,193,061	**P298,535,232**	P259,941,743	**(P235,928,559)**	(P269,914,823)	**P680,077,026**	P788,887,108
Investments and advances - net	**7,680,702**	7,251,335	**251,893**	256,211	**317,127,924**	284,502,022	**(254,584,927)**	(272,113,981)	**70,475,592**	19,895,587
Goodwill and other intangible assets - net									**70,069,869**	71,736,078
Deferred tax assets									**1,279,485**	1,353,752
Consolidated Total Assets									**P821,901,972**	P881,872,525
Segment liabilities	**P305,972,296**	P409,354,613	**P27,838,207**	P31,680,751	**P64,473,552**	P83,456,792	**(P267,755,610)**	(P303,640,702)	**P130,528,445**	P220,851,454
Long-term debt - net									**281,671,426**	277,937,891
Income tax payable									**112,431**	79,614
Deferred tax liabilities									**16,520,679**	23,978,387
Consolidated Total Liabilities									**P428,832,981**	P522,847,346
Capital expenditures	**P6,478,016**	P47,246,555	**P1,736,469**	P11,341,437	**P43,899**	P119,262	**(P5,804)**	(P5,370,685)	**P8,252,580**	P53,336,569
Coal, fuel oil and other consumables	**15,918,230**	92,265,094	**1,620,298**	9,498,823	**-**	5	**-**	-	**17,538,528**	101,763,922
Power purchases	**9,733,517**	45,622,234	**2,940,267**	10,639,701	**-**	-	**(6,243,645)**	(26,597,361)	**6,430,139**	29,664,574
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets	**3,172,281**	10,803,126	**711,887**	3,166,256	**66,549**	243,229	**(9,946)**	(39,743)	**3,940,771**	14,172,868
Noncash items other than depreciation and amortization	**(22,880,998)**	5,475,625	**120,756**	(133,165)	**(624,481)**	(162,631)	**-**	-	**(23,384,723)**	5,179,829

**Noncash items other than depreciation and amortization include gain on fair valuation upon loss of control of subsidiaries, equity in net losses (earnings) of associates and joint ventures, net unrealized foreign exchange losses (gains), retirement benefits cost, and impairment losses on trade receivables (net of reversals), property, plant and equipment.*

6. Significant Agreements and Lease Commitments

Independent Power Producer (IPP) Administration (IPPA) Agreements

As a result of the biddings conducted by the Power Sector Assets and Liabilities Management Corporation (PSALM) for the Appointment of the IPP Administrator for the capacity of the following power plants, the Group was declared the winning bidder to act as IPP Administrator through the following appointed subsidiaries:

Subsidiary	Power Plant	Location
SPI	Sual Coal - Fired Power Station (Sual Power Plant)	Sual, Pangasinan Province
SRHI	San Roque Hydroelectric Multi- purpose Power Plant (San Roque Hydroelectric Power Plant)	San Roque, Pangasinan Province

SPPC also became the IPP Administrator for the Ilijan Power Plant, a natural gas-fired combined cycle power plant located in Ilijan, Batangas, in June 2010 until the Ilijan Power Plant was turned over to SPPC in June 2022.

SPI served as the IPP Administrator for the Sual Power Plant from November 2009 until the end of the IPPA Agreement term on October 24, 2024. Accordingly, PSALM turned over the Sual Power Plant to SPI on October 25, 2024.

The IPPA Agreements are with the conformity of the National Power Corporation (NPC), a government-owned and controlled corporation created by virtue of Republic Act (RA) No. 6395, as amended, whereby NPC confirms, acknowledges, approves and agrees to the terms of the IPPA Agreements and further confirms that for so long as it remains the counterparty of the IPP, it will comply with its obligations and exercise its rights and remedies under the original agreement with the IPP at the request and instruction of PSALM.

The IPPA Agreements include, among others, the following common salient rights and obligations:

i. the right and obligation to manage and control the capacity of the power plant for its own account and at its own cost and risks;

ii. the right to trade, sell or otherwise deal with the capacity (whether pursuant to the spot market, bilateral contracts with third parties or otherwise) and contract for or offer related ancillary services, in all cases for its own account and at its own cost and risks. Such rights shall carry the rights to receive revenues arising from such activities without obligation to account therefore to PSALM or any third party;

iii. the right to receive a transfer of the power plant upon termination of the IPPA Agreement at the end of the cooperation period or in case of buy-out;

iv. previously for SPI and SPPC, the right to receive an assignment of NPC's interest in existing short-term bilateral power supply contracts;

v. the obligation to supply and deliver, at its own cost, fuel required by the IPP and necessary for the Sual Power Plant to generate the electricity required to be produced by the IPP;

vi. maintain the performance bond in full force and effect with a qualified bank; and

vii. the obligation to pay PSALM the monthly payments and energy fees in respect of all electricity generated from the capacity, net of outages.

Relative to the IPPA Agreements, SRHI has to pay PSALM monthly payments for 18 years until April 26, 2028, SPPC for 12 years until June 26, 2022 and SPI for 15 years until October 1, 2024. Energy fees amounted to P294,837 and P301,846 for the periods ended March 31, 2025 and 2024, respectively (see Note 18). SRHI renewed its performance bond amounting to US$20,305 which will expire on January 25, 2026.

On June 16, 2015, SPPC renewed its performance bond amounting to US$60,000 with a validity period of one year. This performance bond was subsequently drawn by PSALM on September 4, 2015, which is subject of an ongoing case (see Note 23).

The lease liabilities of SRHI are carried at amortized cost using the US Dollar and Philippine Peso discount rates of 3.30% and 7.90%, respectively.

The discount determined at inception of the agreement is amortized over the period of the IPPA Agreements and recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income. Interest expense amounted to P216,849 and P439,063 for the periods ended March 31, 2025 and 2024, respectively.

The carrying amount of the San Roque Hydroelectric Power Plant under the IPPA lease arrangement with PSALM, presented under "Right-of-use assets" account in the consolidated statements of financial position, amounted to P28,189,762 and P28,440,709 as at March 31, 2025 and December 31, 2024, respectively.

The total cash outflows amounted to P1,069,693 and P5,442,451 for the periods ended March 31, 2025 and 2024, respectively.

Maturity analysis of lease payments as at March 31, 2025 and December 31, 2024 are disclosed in Note 21.

Power Sales Agreements (PSAs)

On March 20, 2024, LPI also executed a PSA with Meralco, pursuant to a competitive selection process conducted by Meralco for its 400 MW baseload power requirements, for the interim supply of 400 MW which took effect starting in August 2024 until February 2025.

On July 31, 2024, Meralco awarded in favor of SRHI a PSA for the supply of 340 MW (net) renewable energy mid-merit capacity to be sourced from the San Roque Hydroelectric Power Plant or other sources for a term of 10 years. On December 3, 2024, the ERC issued the provisional authority to implement this Meralco PSA with modifications. The approval was received by SRHI only on May 2, 2025.

On September 2, 2024, Meralco awarded in favor of MPCL a PSA for the supply of 500 MW baseload capacity to be sourced from Units 3 and 4 of the Masinloc Coal-Fired Thermal Power Plant for a term of 15 years effective September 2025. As at report date, the application for the approval of the PSA of MPCL has been filed with and has yet to be approved by the ERC.

The PSA of Meralco with MPGC has been approved by the ERC on November 26, 2024. However, MPGC is still awaiting for the issuance and receipt of the orders of approval from the ERC.

7. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	Note	**March 31, 2025 (Unaudited)**	December 31, 2024 (Audited)
Cash in banks and on hand		**P29,166,043**	P27,206,205
Short-term investments		**50,988,499**	40,661,206
	21, 22	**P80,154,542**	P67,867,411

Cash in banks earns interest at bank deposit rates. Short-term investments include demand deposits which can be withdrawn at any time depending on the immediate cash requirements of the Group and earn interest at short-term investment rates.

Interest income from cash and cash equivalents amounted to P739,035 and P165,391 for the periods ended March 31, 2025 and 2024, respectively.

8. Trade and Other Receivables

Trade and other receivables consist of:

	Note	**March 31, 2025 (Unaudited)**	December 31, 2024 (Audited)
Trade		**P74,994,832**	P101,798,812
Non-trade		**16,616,275**	11,504,874
Amounts owed by related parties	*10, 15*	**18,333,828**	7,447,364
		109,944,935	120,751,050
Less allowance for impairment losses		**4,462,273**	4,867,019
	21, 22	**P105,482,662**	P115,884,031

Trade and other receivables are non-interest-bearing, unsecured and are generally on a 30-day term or an agreed collection period. The balance of trade receivables is inclusive of value-added tax (VAT) on the sale of power collectible from customers.

The movements in the allowance for impairment losses are as follows:

	Note	**March 31, 2025 (Unaudited)**	December 31, 2024 (Audited)
Balance at beginning of period		**P4,867,019**	P2,665,606
Impairment losses		**-**	2,145,703
Reversal		**-**	(5,081)
Deconsolidation of subsidiaries and others	*10*	**(404,746)**	60,791
Balance at end of period		**P4,462,273**	P4,867,019

There were no impairment losses recognized in the consolidated statements of income for the periods ended March 31, 2025 and 2024, respectively.

In 2024, certain trade receivables were collected and the related allowance for impairment losses recognized in prior years were reversed accordingly. Reversal of impairment losses on trade receivables recognized in the consolidated statements of income under “Selling and administrative expenses” account amounted to P5,081 for the period ended March 31, 2024.

9. Inventories

Inventories consist of:

	Note	**March 31, 2025 (Unaudited)**	December 31, 2024 (Audited)
Coal		**P5,943,522**	P5,695,799
Materials and supplies		**4,737,435**	5,992,159
Fuel oil	*15*	**198,643**	817,604
LNG		**-**	1,585,329
Other consumables		**235,282**	235,492
		P11,114,882	P14,326,383

There were no inventory write-downs to net realizable value as at March 31, 2025 and December 31, 2024. Inventories charged to cost of power sold amounted to P17,538,528 and P22,527,965 for the periods ended March 31, 2025 and 2024, respectively (see Note 18).

10. Investments and Advances

Joint Investment with Meralco and Aboitiz Power Corporation (AboitizPower) into the Country's First Integrated LNG-to-Power Facility Projects in Batangas City

On March 1, 2024, Meralco PowerGen Corporation (MGen) and Therma NatGas Power, Inc. (TNGP, a subsidiary of AboitizPower), through their jointly owned entity, Chromite Gas Holdings Inc. (CGHI), have entered into binding agreements with the Parent Company and its relevant subsidiaries, for MGen and TNGP to jointly invest for a 67% equity interest in the Parent Company's gas-fired power plants, namely (i) the brownfield 1,278 MW Ilijan Power Plant owned by SPPC, (ii) the greenfield 1,320 MW Batangas Combined Cycle Power Plant (BCCPP) owned by EERI and (iii) land owned by IPIEC where the gas-fired power plant and related facilities of EERI as well as the Batangas LNG Terminal are located.

The transaction also involved the joint acquisition by CGHI and the Parent Company of LFC, the owner of the Batangas LNG Terminal, which receives, stores and processes LNG to fuel SPPC's Ilijan Power Plant and for EERI's BCCPP.

The transaction has customary closing conditions and has been issued the requisite regulatory approvals, including the review and approval of the Philippine Competition Commission (PCC). On May 17, 2024, Top Frontier filed its application for the approval of the transaction with the PCC. On December 23, 2024, the PCC publicly disclosed its approval of the joint acquisition of power facilities and Batangas LNG Terminal by MGen, TNGP and the Parent Company, subject to certain commitments from the parties aimed at ensuring fair competition and promoting transparency in the power industry.

On January 27, 2025, the Parent Company completed the following transactions (collectively, the "Chromite Transaction") pursuant to the agreements executed on March 1, 2024 with CGHI:

- Investment by CGHI of 67% equity interests in: (i) SPPC, (ii) EERI, and (iii) IPIEC.

  As a result of this transaction, the Parent Company's equity interests in SPPC, EERI and IPIEC were diluted from 100% to 33%, thereby resulting to a loss of control and deconsolidation of the assets and liabilities of the 3 subsidiaries from the books of the Parent Company, and the recognition of the 33% equity interests retained in SPPC, EERI and IPIEC at their fair market values totaling to P52,706,102, classified as "Investments in shares of stocks of associates" under "Investment and advances" account in the consolidated statement of financial position as at March 31, 2025, and the resulting revaluation gain of P21,933,046, included as part of "Other income (charges) - net" account, in the consolidated statement of income for the period ended March 31, 2025 (see Note 19).

  The following summarizes the derecognized accounts at the deconsolidation date:

Current assets	**P62,419,630**
Noncurrent assets	**99,364,389**
Current liabilities	**(71,747,551)**
Noncurrent liabilities	**(59,263,412)**
Net assets	**P30,773,056**

- Acquisition by CGHI and the Parent Company of 67% and 32.98% equity interests, respectively, in LFC.

Total consideration paid by the Parent Company for the acquisition of 32.98% equity interests in LFC amounted to P4,340,406, classified as "Investments in shares of stocks of associates" under "Investment and advances" account in the consolidated statement of financial position as at March 31, 2025.

For the period ended March 31, 2025, the Group recognized share in equity in net earnings amounting to P1,562,586, which includes share in equity in net earnings of EERI, SPPC, IPIEC and LFC amounting to a total of P1,137,537.

Subsequently, SPPC, EERI, and IPIEC redeemed and paid their respective redeemable preferred shares (RPS) issued to the Parent Company, previously recognized as investments in equity instruments classified as financial assets at fair value through other comprehensive income in the audited separate statement of financial position as at December 31, 2024 of the Parent Company, the redemption price of P27,115,910, P48,641,209 and P2,960,271, respectively. Consequently, the Parent Company recognized a net gain on investments in equity instruments, on the difference between the total consideration and carrying value of the RPS, presented under "Equity reserves" account in the consolidated statement of financial position as at March 31, 2025 and under "Net gain on financial assets at fair value through other comprehensive income" account in the consolidated statement of comprehensive income for the period ended March 31, 2025.

11. Property, Plant and Equipment

Property, plant and equipment consist of:

March 31, 2025 and December 31, 2024

	Note	Power Plants	Land and Leasehold Improvements	Other Equipment	Building	Capital Projects in Progress (CPIP)	Total
Cost							
January 1, 2024 (Audited)		P197,100,391	P15,291,863	P8,444,101	P4,947,573	P149,927,769	P375,711,697
Additions		2,738,578	1,276,495	368,710	33,470	48,919,316	53,336,569
Reclassifications and others		128,627,113	4,869,464	757,469	228,324	(56,747,414)	77,734,956
December 31, 2024 (Audited)		328,466,082	21,437,822	9,570,280	5,209,367	142,099,671	506,783,222
Additions		1,632,862	25,319	122,462	-	6,471,937	8,252,580
Deconsolidation of subsidiaries	*10*	(97,717,398)	(1,619,225)	(466,914)	(422,128)	(20,656,655)	(120,882,320)
Reclassifications		19,026,761	(348,148)	344,416	-	(18,607,921)	415,108
March 31, 2025 (Unaudited)		**251,408,307**	**19,495,768**	**9,570,244**	**4,787,239**	**109,307,032**	**394,568,590**
Accumulated Depreciation							
January 1, 2024 (Audited)		32,397,121	1,140,409	2,147,669	556,568	-	36,241,767
Depreciation of subsidiaries		9,465,586	455,052	655,410	151,632	-	10,727,680
Reclassifications and others		-	96	27,903	-	-	27,999
December 31, 2024 (Audited)		41,862,707	1,595,557	2,830,982	708,200	-	46,997,446
Depreciation		3,259,541	126,739	182,246	37,888	-	3,606,414
Deconsolidation of subsidiaries	*10*	(23,717,874)	(9,005)	(31,293)	(37,475)	-	(23,795,647)
Reclassifications		(233,809)	(309)	(1,472)	(1,184)	-	(236,774)
March 31, 2025 (Unaudited)		**21,170,565**	**1,712,982**	**2,980,463**	**707,429**	**-**	**26,571,439**
Accumulated Impairment Losses							
January 1, 2024 (Audited)		-	-	244,956	-	-	244,956
Impairment		-	-	34,991	-	-	34,991
December 31, 2024 (Audited) and March 31, 2025 (Unaudited)		**-**	**-**	**279,947**	**-**	**-**	**279,947**
Carrying Amount							
December 31, 2024 (Audited)		P286,603,375	P19,842,265	P6,459,351	P4,501,167	P142,099,671	P459,505,829
March 31, 2025 (Unaudited)		**P230,237,742**	**P17,782,786**	**P6,309,834**	**P4,079,810**	**P109,307,032**	**P367,717,204**

March 31, 2024

	Power Plants	Land and Leasehold Improvements	Other Equipment	Building	Capital Projects in Progress	Total
Cost						
January 1, 2024 (Audited)	197,100,391	15,291,863	8,444,101	4,947,573	149,927,769	375,711,697
Additions	487,617	26,818	18,859	12,306	16,810,938	17,356,538
Reclassifications	19,334,802	3,396,458	93,280	174,409	(21,876,272)	1,122,677
Currency translation adjustments	-	33	253	-	-	286
March 31, 2024 (Unaudited)	216,922,810	18,715,172	8,556,493	5,134,288	144,862,435	394,191,198
Accumulated Depreciation						
January 1, 2024 (Audited)	32,397,121	1,140,409	2,147,669	556,568	-	36,241,767
Depreciation and amortization	1,994,258	82,502	143,093	36,026	-	2,255,879
Reclassifications	-	-	20,169	-	-	20,169
Currency translation adjustments	-	34	252	-	-	286
March 31, 2024 (Unaudited)	34,391,379	1,222,945	2,311,183	592,594	-	38,518,101
Accumulated Impairment Losses						
January 1, 2024 (Audited)	-	-	244,956	-	-	244,956
Impairment	-	-	-	-	-	-
March 31, 2024 (Unaudited)	-	-	244,956	-	-	244,956
Carrying Amount						
March 31, 2024 (Unaudited)	P182,531,431	P17,492,227	P6,000,354	P4,541,694	P144,862,435	P355,428,141

a. Other equipment includes machinery and equipment, transportation equipment, office equipment and furniture and fixtures.

b. CPIP pertains to the following:

   i. Expenditures MPGC related to the construction of its 4 x 150 MW Circulating Fluidized Bed coal-fired power plant in Mariveles, Bataan (Mariveles Greenfield Power Plant).

      Units 1, 2, 3 and 4 of the Mariveles Greenfield Power Plant were declared operational on March 28, September 26, and October 26, 2024, and January 9, 2025, respectively. Following the declarations, all CPIP costs related all 4 units were reclassified to the appropriate property, plant and equipment account.

   ii. Projects of SMGP BESS for the construction of BESS facilities and gas turbine generators situated in various locations in the Philippines.

      Following the start of commercial operations during the first quarter of 2024 of 3 additional BESS facilities located in Concepcion, Tarlac, Ormoc, Leyte and Jasaan, Misamis Oriental, all CPIP costs related to these facilities were reclassified to the appropriate property, plant and equipment account.

   iii. Projects of MPCL for the construction of the Masinloc Power Plant Units 4 and 5, and other related facilities and 20 MW BESS.

   iv. Projects of SMGP Kabankalan for the construction of its 10 MW BESS Phase 2 facility in Kabankalan, Negros Occidental.

   v. Various construction works relating to the respective power plant facilities of LPI and MPI.

   Ongoing capital projects are expected to be completed in 2026.

c. Depreciation and amortization related to property, plant and equipment are recognized in the consolidated statements of income as follows:

		March 31	
	Note	**2025 (Unaudited)**	2024 (Unaudited)
Cost of power sold	*18*	**P3,432,035**	P2,129,177
Selling and administrative expenses		**174,379**	126,702
		P3,606,414	P2,255,879

d. Reclassifications in 2024 mainly pertain to:

i. the Sual Power Plant, which was reclassified from the "Right-of-use assets" account following the expiration of its IPPA Agreement with PSALM and its turnover to SPI (see Note 6);

ii. the portion of land where the Ilijan Power Plant is located that was previously leased by SPPC and subsequently acquired from PSALM in 2024; and

iii. application of advances to contractors against progress billings for ongoing capital projects.

As at March 31, 2025 and December 31, 2024, certain property, plant and equipment amounting to P277,303,350 and P268,670,559 respectively, are pledged as security for syndicated project finance loans (see Note 14).

Certain fully depreciated property, plant and equipment with aggregate costs amounting to P6,667,241 and P6,660,416 as at March 31, 2025 and December 31, 2024, respectively, are still being used in the Group's operations.

12. Loans Payable

Loans payable account consist of:

	Note	**March 31, 2025 (Unaudited)**	December 31, 2024 (Audited)
Philippine Peso-denominated:			
Parent Company		**P10,000,000**	P28,736,000
SPPC		**-**	5,000,000
MPGC		**-**	383,800
		10,000,000	34,119,800
Foreign Currency-denominated:			
Parent Company		**-**	7,230,625
	21, 22	**P10,000,000**	P41,350,425

The loans are unsecured short-term loans obtained from various financial institutions, to partially refinance maturing obligations, for working capital and for general corporate purposes.

The interest rates applied for the Philippine Peso-denominated loans ranged from 6.50% to 7.95%% and from 6.25% to 7.95% as at March 31, 2025 and December 31, 2024, respectively. The interest rate applied for foreign currency-denominated loan was 7.60% as at December 31, 2024.

Interest expense on loans payable amounted to P291,981 and P263,269 for the periods ended March 31, 2025 and 2024, respectively.

13. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	Note	**March 31, 2025 (Unaudited)**	December 31, 2024 (Audited)
Trade		**P14,295,794**	P28,244,901
Non-trade		**50,058,837**	80,682,106
Output VAT		**13,761,958**	17,541,261
Amounts owed to related parties	*15*	**10,140,718**	11,608,134
Accrued interest	*6, 12, 14*	**2,097,501**	2,005,377
Withholding and other accrued taxes		**1,810,482**	4,006,200
Derivative liabilities not designated as cash flow hedge		**22,375**	13,725
	21, 22	**P92,187,665**	P144,101,704

Trade payables consist of payable related to energy fees, inventories and power purchases. These are generally on a 30-day term and are non-interest bearing.

Non-trade payables include liability relating to payables to contractors, power rate adjustments, and other payables to the Government excluding output VAT and withholding taxes.

The methods and assumptions used to estimate the fair values of financial liabilities are discussed in Note 22.

14. Long-term Debt

Long-term debt consists of:

	Note	**March 31, 2025 (Unaudited)**	December 31, 2024 (Audited)
Bonds			
Parent Company			
Philippine Peso-denominated:			
Fixed interest rate of 5.9077%, 7.1051% and 8.0288% maturing in 2025, 2028 and 2032, respectively		**P39,674,096**	P39,650,721
Fixed interest rate of 7.6000% maturing in April 2026		**6,906,018**	6,902,264
Fixed interest rate of 6.6250% maturing in December 2027		**3,595,476**	3,594,372
Fixed interest rate of 5.1792% maturing in July 2026		**4,747,805**	4,746,231
		54,923,395	54,893,588

Forward

	Note	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Term Loans			
Parent Company			
Philippine Peso-denominated:			
Fixed interest rate with maturities up to 2025		**P4,822,526**	P4,818,722
Fixed interest rate maturing in 2028		**7,454,252**	7,451,212
Fixed interest rate with maturities up to 2029		**9,564,212**	9,684,184
Foreign currency-denominated:			
Floating interest rate based on Secured Overnight Financing Rate (SOFR) plus margin, maturing in 2026		**17,079,421**	17,248,607
Floating interest rate based on SOFR plus margin, maturing in 2027		**16,796,775**	16,953,726
Floating interest rate based on SOFR plus margin, maturing in 2025		**5,715,745**	5,769,644
Floating interest rate based on SOFR plus margin, maturing in 2027		**16,917,697**	17,084,579
Floating interest rate based on SOFR plus margin, settled in February 2025 (a)		**-**	2,880,001
Subsidiaries			
Philippine Peso-denominated:			
Fixed interest rate with maturities up to 2029 (b)		**28,614,951**	29,414,962
Fixed interest rate with maturities up to 2030 (c)		**13,101,255**	13,410,025
Fixed interest rate with maturities up to 2033 (d)		**38,019,638**	38,502,565
Fixed interest rate with maturities up to 2034 (e)		**41,206,522**	31,853,575
Floating rate based on Bloomberg Valuation (BVAL) plus margin, with maturities up to 2030 (f)		**5,764,760**	6,049,990
Foreign currency-denominated:			
Fixed interest rate with maturities up to 2030		**16,319,351**	16,494,080
Floating interest rate based on SOFR plus margin, with maturities up to 2030		**5,370,926**	5,428,431
		226,748,031	223,044,303
	21, 22	**281,671,426**	277,937,891
Less current maturities		**42,678,322**	28,477,307
		P238,993,104	P249,460,584

a. On February 10, 2024, the Parent Company fully paid the US$50,000 loan availed on October 31, 2023, pursuant to the terms and conditions of the facility agreement executed on October 24, 2023 with a foreign bank. The loan was paid using cash from operations.

b. In 2025, LPI made partial payments amounting to P817,000 of its P44,000,000, 12-year term loan, pursuant to the terms and conditions of its Omnibus Loan and Security Agreement (OLSA) with a syndicate of local banks.

c. In 2025, MPI made partial payments amounting to P324,186 of its P21,300,000, 12-year term loan, pursuant to the terms and conditions of its OLSA with a syndicate of local banks.

The loan includes amount payable to Bank of Commerce (BOC), an associate of entities under common control, amounting to P1,982,784 and P2,031,488 as at March 31, 2025 and December 31, 2024, respectively (see Note 15).

d. In 2025, SMGP BESS made partial payments amounting to P500,000 of its P40,000,000, 10-year term loan, pursuant to the terms and conditions of its OLSA with a syndicate of local banks.

   The loan includes amount payable to BOC, an associate of entities under common control, amounting to P5,582,500 and P5,655,000 as at March 31, 2025 and December 31, 2024, respectively (see Note 15).

e. On March 27, 2025, MPGC completed the additional drawdown amounting to P9,400,000 from its OLSA executed on December 17, 2024 with various local banks. The loan is subject to a fixed interest rate and will mature in December 2034.

   The proceeds from the loan was used to finance the Mariveles Greenfield Power Plant project.

   The loan includes amount payable to BOC, an associate of entities under common control, amounting to P7,500,000 as at March 31, 2025 and December 31, 2024 (see Note 15).

f. In 2025, MPCL made principal repayments amounting to P291,134 pursuant to the terms and conditions of its Amended Omnibus Refinancing Agreement (ORA).

   The loan includes the P3,511,345 and P3,686,912 amount payable to BOC as at March 31, 2025 and December 31, 2024, respectively (see Note 15).

Unamortized debt issue costs amounted to P2,908,242 and P3,069,044 as at March 31, 2025 and December 31, 2024, respectively. Accrued interest amounted to P2,078,678 and P1,905,165 as at March 31, 2025 and December 31, 2024, respectively. Interest expense amounted to P4,934,479 and P4,001,784 for the periods ended March 31, 2025 and 2024, respectively.

On April 29, 2025, MPCL made principal repayments of loans from its Omnibus Expansion Facility Agreement (OEFA) amounting US$16,328 (equivalent to P911,728).

Valuation Technique for Peso-denominated Bonds
The market value was determined using the market comparison technique. The fair values are based on Philippine Dealing and Exchange Corp. (PDEx). The Bonds are traded in an active market and the quotes reflect the actual transactions in identical instruments.

The fair value of the Bonds, amounting to P57,543,688 and P57,219,517 as at March 31, 2025 and December 31, 2024, respectively, has been categorized as Level 1 in the fair value hierarchy based on the inputs used in the valuation techniques (see Note 22).

The debt agreements of the Parent Company, LPI, MPI, MPCL, SMGP BESS and MPGC impose a number of covenants including, but not limited to, maintenance of certain financial ratios throughout the duration of the term of the debt agreements. The terms and conditions of the debt agreements also contain negative pledge provision with certain limitations on the ability of the Parent Company and its material subsidiaries, LPI, MPI, MPCL, SMGP BESS and MPGC to create or have any outstanding security interest upon or with respect to any of the present or future business, undertaking, assets or revenue (including any uncalled capital) of the Parent

Company or any of its material subsidiaries, LPI, MPI, MPCL, SMGP BESS and MPGC to secure any indebtedness, subject to certain exceptions.

The loans of LPI, MPI, SMGP BESS and MPGC are secured by real estate and chattel mortgages, on all present and future assets, amounting to P44,100,000, P21,325,000, P40,000,000 and P41,900,000, respectively, and reserves of LPI, MPI, SMGP BESS and MPGC as well as a pledge by the Parent Company of all its outstanding shares of stock in LPI, MPI, SMGP BESS and MPGC.

The loans of MPCL obtained from its Amended ORA and OEFA are secured by real estate and chattel mortgages, on all present assets (purchased under its asset purchase agreement, and all its rights in a land lease agreement, with PSALM) and all future assets as defined in its loan agreements, amounting to P8,155,000 and US$525,000, respectively.

As at March 31, 2025 and December 31, 2024, the Group is in compliance with the covenants, including the required financial ratios, of the debt agreements.

The movements in debt issue costs are as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at beginning of period	**P3,069,044**	P2,684,515
Additions	**78,450**	1,250,648
Amortization	**(36,505)**	(398,506)
Capitalized amount	**(202,747)**	(467,613)
Balance at end of period	**P2,908,242**	P3,069,044

Repayment Schedule

The annual maturities of the long-term debts as at March 31, 2025 are as follows:

	Gross Amount				
Year	**US Dollar**	**Peso Equivalent of US Dollar**	**Peso**	**Debt Issue Costs**	**Net**
April 1, 2025 to March 31, 2026	US$433,390	P24,794,242	P18,226,778	P342,698	P42,678,322
April 1, 2026 to March 31, 2027	34,912	1,997,344	26,404,896	572,853	27,829,387
April 1, 2027 to March 31, 2028	636,488	36,413,450	21,396,756	896,490	56,913,716
April 1, 2028 to March 31, 2029	38,168	2,183,563	51,983,111	491,749	53,674,925
April 1, 2029 to March 31, 2030	39,952	2,285,682	27,518,278	223,011	29,580,949
April 1, 2030 to March 31, 2031 and thereafter	199,290	11,401,381	59,974,187	381,441	70,994,127
	US$1,382,200	**P79,075,662**	**P205,504,006**	**P2,908,242**	**P281,671,426**

Contractual terms of the Group's interest-bearing loans and borrowings and exposure to interest rate, foreign currency and liquidity risks are discussed in Note 21.

15. Related Party Disclosures

The Parent Company, certain subsidiaries and their shareholders, associates and joint ventures, purchase products and services from one another in the normal course of business. Transactions with related parties are made at normal market prices and terms. The Group requires approval of the BOD for certain limits on the amount and extent of transactions with related parties.

Amounts owed by/owed to related parties are collectible/will be settled in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The following are the transactions with related parties and the outstanding balances as at March 31, 2025 (Unaudited) and December 31, 2024 (Audited):

	Year	Revenues from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
SMC	**2025**	**P129,510**	**P1,102,659**	**P42,065**	**P5,624,290**	On demand or 30 days;	Unsecured;
	2024	546,201	4,388,136	51,985	6,849,349	non-interest-bearing	no impairment
Entities under Common Control	**2025**	**2,166,745**	**1,087,453**	**2,071,845**	**11,011,697**	On demand or 30 days;	Unsecured;
	2024	7,941,539	4,606,848	1,810,683	11,503,950	non-interest-bearing	no impairment
	2025	**-**	**-**	**8,645,305**	**-**	Installment basis up to	Unsecured;
	2024	-	-	8,645,305	-	2026; interest-bearing	no impairment
Associates	**2025**	**362,307**	**-**	**13,119,954**	**28,101**	On demand or 30 days;	Unsecured;
	2024	1,298,826	-	663,448	28,101	non-interest-bearing	no impairment
	2025	**12**	**-**	**11**	**-**	9 years;	Unsecured;
	2024	1,608	-	2,129	-	interest-bearing	no impairment
Joint Venture	**2025**	**8,462**	**914,170**	**20,721**	**694,712**	30 days;	Unsecured;
	2024	33,598	1,028,812	5,011	427,591	non-interest-bearing	no impairment
	2025	**1,485**	**-**	**171,601**	**-**	92 days;	Unsecured;
	2024	5,990	-	180,732	**-**	interest-bearing	no impairment
	2025	**18,425**		**1,591,470**		10.5 years;	Unsecured;
	2024	74,927	-	1,564,475	-	interest-bearing	no impairment
Associate and Joint Ventures of Entities under Common Control	**2025**	**-**	**-**	**481**	**1,157**	30 days;	Unsecured;
	2024	-	-	481	1,157	non-interest-bearing	no impairment
	2025	**-**	**416,485**	**-**	**18,710,379**	7 to 12 years;	Secured
	2024	-	952,088	-	19,014,637	interest-bearing	
	2025	**P2,686,946**	**P3,520,767**	**P25,663,453**	**P36,070,336**		
	2024	P9,902,689	P10,975,884	P12,924,249	P37,824,785		

a. Amounts owed by related parties consist of trade and non-trade receivables, receivables pertaining to the sale of certain parcels of land and investments in 2022, included as part of "Trade and other receivables" and "Other noncurrent assets" accounts in the consolidated statements of financial position, prepayments for rent and insurance, and security deposits (see Note 8).

b. Amounts owed to related parties consist of trade and non-trade payables including management fees, purchases of fuel, reimbursement of expenses, rent, insurance, services rendered, customers' deposits and subscriptions payable to Olongapo Electricity Distribution Company, Inc. (OEDC). As at March 31, 2025 and December 31, 2024, amounts owed to related parties for the lease of office space and parcels of land presented as part of "Lease liabilities - current portion" and "Lease liabilities - net of current portion" accounts in the consolidated statements of financial position amounted to P7,071,966 and P7,066,765, respectively.

c. Amounts owed by associates mainly consist of advances granted and management/shared service fees charged to SPPC and EERI and interest-bearing loan granted to OEDC included as part of "Trade and other receivables" and "Other noncurrent assets" accounts in the consolidated statements of financial position (see Note 8).

d. Amounts owed by a joint venture consists of interest-bearing loans granted and management fees charged to Angat Hydropower Corporation by PVEI included as part of "Trade and other receivables" and "Other noncurrent assets" accounts in the consolidated statements of financial position (see Note 8).

e. Amounts owed to an associate and joint venture of entities under common control include interest-bearing long-term loans of MPI, MPCL, SMGP BESS and MPGC payable to BOC, amounting to P18,576,629 and P18,873,400, presented as part of "Long-term debt" account in the consolidated statements of financial position as at March 31, 2025 and December 31, 2024, respectively (see Note 14). These loans are secured by certain property, plant and equipment (see Note 11).

f. The compensation of key management personnel of the Group, by benefit type, are as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Short-term employee benefits	**P46,301**	P133,074
Retirement benefits costs	**2,956**	9,076
	P49,257	P142,150

There were no known transactions with parties that fall outside the definition "related parties" under PAS 24, *Related Party Disclosures*, but with whom the Group or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

16. Equity

Capital Stock

The details of the Parent Company's authorized, subscribed, issued and outstanding capital stock as at March 31, 2025 and December 31, 2024 are as follows.

	March 31, 2025 (Unaudited)		December 31, 2024 (Audited)	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized – par value of P1.00	**3,774,400,000**	**P3,774,400**	3,774,400,000	P3,774,400
Subscribed capital stock:				
Balance at beginning of period	**2,823,604,000**	**P2,823,604**	2,823,604,000	P2,823,604
Subscription	**950,796,000**	**950,796**	-	-
Balance at end of period	**3,774,400,000**	**3,774,400**	2,823,604,000	2,823,604
Less subscription receivable:				
Balance at beginning of period	**-**	**-**	-	-
Subscription during the period	**950,796,000**	**950,796**	-	-
Balance at end of period	**950,796,000**	**950,796**	-	-
Issued and outstanding	**2,823,604,000**	**P2,823,604**	2,823,604,000	P2,823,604

On March 6, 2025, the BOD of the Parent Company approved the following:

- subscription by SMC to 950,796,000 common shares out of the unissued capital stock of the Parent Company ("Subject Shares") in cash, at a subscription price of P30.00 per share or for a total subscription amount of P28,523,880;

- increase in its authorized capital stock of the Parent Company by P4,025,600 (comprising of 4,025,600,000 shares with par value of P1.00), or from P3,774,400, divided into 3,774,400,000 shares with par value of P1.00 to P7,800,000, divided into 7,800,000,000 shares with par value of P1.00 (the "ACS Increase"); and

- subscription by SMC to 1,011,093,800 common shares out of the ACS increase at P30.00 per share, or for a total subscription amount of P30,332,814.

On the same day, the Parent Company and SMC executed the respective Subscription Agreements covering the aforesaid subscriptions approved by the BOD.

On April 7, 2025, the stockholders of the Parent Company approved the ACS Increase and the amendment of the Amended Articles of Incorporation to reflect the ACS Increase and ratified the said subscription by SMC out of the ACS Increase. As at report date, the application for the ACS Increase is pending with the Philippine SEC.

The subscription amounts were fully paid by SMC to Parent Company on April 7, 2025.

Issuance of Senior Perpetual Capital Securities (SPCS)
On February 19, 2025, the Parent Company completed the issuance of another US$100,000 SPCS (equivalent to P5,749,775, net of directly attributable transaction costs), at an issue price of 100.503% plus an amount corresponding to accrued distribution from and including December 2, 2024 to, but excluding, February 19, 2025. The US$100,000 SPCS is consolidated into and form a single series with the US$500,000 SPCS issued on December 2, 2024, bringing the total securities to US$600,000. The US$100,000 SPCS are identical in all respects with the US$500,000 SPCS, other than with respect to the date of issuance and issue price.

The Parent Company intends to apply the net proceeds from the issuance of the US$100,000 SPCS towards the partial purchase, repurchase and/or redemption of the outstanding 7.00% SPCS issued in October and December 2020.

The US$100,000 SPCS was listed on the Singapore Exchange Securities Trading Limited on February 20, 2025.

Distributions to SPCS Holders
The Parent Company paid P4,103,625 and P1,261,945 to the SPCS holders in 2025 and 2024, respectively, as distributions in accordance with the terms and conditions of the relevant subscription agreements.

In April 2025, the Parent Company paid distributions amounting to US$6,769 to holders of SPCS issued in October and December 2020.

Distributions to RPCS Holders
On January 10, 2025, the Parent Company paid distributions amounting to US$17,000 (equivalent to P1,322,827) to the US$800,000 RPCS holder.

On February 12, 2025, the Parent Company paid distributions in arrears amounting to P14,617,039 to SMC for all outstanding RPCS issued in 2018, 2022 and 2023 in accordance with the terms and conditions of the respective subscription agreements.

In April 2025, the Parent Company paid distributions amounting to US$17,000 to the US$800,000 RPCS holder.

17. Revenues

Revenues consist of:

	Note	March 31 2025 (Unaudited)	March 31 2024 (Unaudited)
Sale of power:			
Power generation and trading		**P32,916,805**	P35,711,028
Retail and other power-related services		**9,398,591**	8,318,589
Other services		**181,379**	92,918
	5, 15	**P42,496,775**	P44,122,535

Revenues from other services mainly pertain to operations and maintenance services rendered (see Note 15).

18. Cost of Power Sold

Cost of power sold consist of:

	Note	March 31 2025 (Unaudited)	March 31 2024 (Unaudited)
Coal, fuel oil and other consumables	*9, 15*	**P17,538,528**	P22,527,965
Power purchases		**6,430,139**	6,272,327
Depreciation and amortization	*11*	**3,695,429**	3,036,082
Plant operations and maintenance, and other fees		**1,491,362**	1,402,446
Energy fees	*6*	**294,837**	301,846
	5	**P29,450,295**	P33,540,666

19. Other Income (Charges) - net

Other income (charges) consist of:

	Note	March 31 2025 (Unaudited)	March 31 2024 (Unaudited)
Gain on fair valuation upon loss of control of subsidiaries	*10*	**P21,933,046**	P -
Foreign exchange losses - net	*21*	**(822,022)**	(1,435,618)
Marked-to-market gains on derivatives	*22*	**(34,375)**	97,230
Miscellaneous income		**62,968**	8,452
		P21,139,617	(P1,329,936)

20. Basic and Diluted Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share is computed as follows:

	March 31	
	2025 (Unaudited)	2024 (Unaudited)
Net income attributable to equity holders of the Parent Company	**P26,376,950**	P1,552,187
Distributions for the period to:		
RPCS holders	**(3,246,246)**	(1,929,377)
SPCS holders	**(4,047,689)**	(3,784,561)
Net income (loss) attributable to common shareholders of the Parent Company (a)	**19,083,015**	(4,161,751)
Weighted average number of common shares issued and outstanding (in thousands) (b)	**2,823,604**	2,823,604
Basic/Diluted Earnings (Loss) Per Share (a/b)	**P6.76**	(P1.47)

As at March 31, 2025 and 2024, the Parent Company has no dilutive debt or equity instruments.

The negative basic/diluted loss per common share in 2024 resulted mainly from the impact of foreign exchange losses and interest costs and other financing charges in (including distributions to perpetual capital securities) for the Group's various financing activities. These were undertaken to fund the ongoing construction of several power plant expansion projects intended to significantly increase the capacities and modernize the existing power generation portfolio of the Group. These expansion projects, including, among others, the ~1,000 MW BESS facilities, 4 x 150 MW Mariveles Greenfield Power Plant and the 2 x 350 MW Masinloc Power Generation Units 4 and 5, are to commence commercial operations up to 2026 (see Note 11). The projects' capacities are contracted and to be contracted to creditworthy offtakers such as Meralco and NGCP, and are expected to contribute significantly to the profitability of the Group in the coming years following the start of their commercial operations.

21. Financial Risk and Capital Management Objectives and Policies

<u>Objectives and Policies</u>
The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Liquidity Risk
- Credit Risk
- Market Risk (Interest Rate Risk, Foreign Currency Risk and Commodity Price Risk)

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group include cash and cash equivalents, restricted cash, long-term receivables, loans payable, long-term debt and derivative instruments. These financial instruments, except derivative instruments, are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Group such as trade and other receivables, accounts payable and accrued expenses, lease liabilities and other noncurrent liabilities arise directly from and are used to facilitate its daily operations.

The outstanding derivative instruments of the Group, such as forwards, are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to foreign currency and commodity price risks arising from the operating and financing activities.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD constituted the Audit and Risk Oversight Committee to assist the BOD in fulfilling its oversight responsibility of the Group's corporate governance process relating to the: a) quality and integrity of the consolidated financial statements and financial reporting process and the systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the consolidated financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance with tax, legal and regulatory requirements; e) evaluation of management's process to assess and manage the enterprise risk issues; and f) fulfillment of the other responsibilities set out by the BOD. The Audit and Risk Oversight Committee shall prepare such reports as may be necessary to document the activities of the committee in the performance of its functions and duties. Such reports shall be included in the annual report of the Group and other corporate disclosures as may be required by the Philippine SEC and/or the PDEx.

The Audit and Risk Oversight Committee also oversees how management monitors compliance with the risk management policies and procedures of the Group and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit assists the Audit and Risk Oversight Committee in monitoring and evaluating the effectiveness of the risk management and governance processes of the Group. Internal Audit undertakes both regular and special reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Oversight Committee.

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall under normal and stress circumstances.

The Group’s objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary. The Group also uses derivative instruments such as forwards to manage liquidity.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management:

March 31, 2025 (Unaudited)	**Carrying Amount**	**Contractual Cash Flow**	**1 Year or Less**	**>1 Year - 2 Years**	**>2 Years - 5 Years**	**Over 5 Years**
Financial Assets						
Cash and cash equivalents	**P80,154,542**	**P80,154,542**	**P80,154,542**	**P -**	**P -**	**P -**
Trade and other receivables - net*	**101,648,228**	**101,648,228**	**101,648,228**	**-**	**-**	**-**
Long-term receivables (including current portion)	**14,001,614**	**14,001,614**	**3,643,012**	**8,475,954**	**1,593,387**	**289,261**
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	**13,697,068**	**13,697,068**	**9,018,899**	**3,004,620**	**1,673,524**	**25**
Financial Liabilities						
Loans payable	**10,000,000**	**10,025,278**	**10,025,278**	**-**	**-**	**-**
Accounts payable and accrued expenses*	**76,414,637**	**76,414,637**	**76,414,637**	**-**	**-**	**-**
Derivative liabilities not designated as cash flow hedge (included under "Accounts payable and accrued expenses" account)	**22,375**	**22,375**	**22,375**	**-**	**-**	**-**
Long-term debt - net (including current maturities)	**281,671,426**	**363,007,524**	**63,437,567**	**45,877,099**	**172,737,599**	**80,955,259**
Lease liabilities (including current portion)	**24,053,632**	**27,422,365**	**3,907,307**	**6,154,916**	**9,619,172**	**7,740,970**
Other noncurrent liabilities	**550,384**	**550,384**	**-**	**250,931**	**197,524**	**101,929**

**Excluding statutory receivables and payables.*

December 31, 2024 (Audited)	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P67,867,411	P67,867,411	P67,867,411	P -	P -	P -
Trade and other receivables - net*	110,776,695	110,776,695	110,776,695	-	-	-
Long-term receivables (including current portion)	14,140,044	14,140,044	5,104,369	7,393,836	1,352,637	289,202
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	8,495,006	8,495,006	3,865,243	2,973,551	1,656,202	10
Financial Liabilities						
Loans payable	41,350,425	41,662,148	41,662,148	-	-	-
Accounts payable and accrued expenses*	122,229,914	122,229,914	122,229,914	-	-	-
Derivative liabilities not designated as cash flow hedge (included under "Accounts payable and accrued expenses" account)	13,725	13,725	13,725	-	-	-
Long-term debt - net (including current maturities)	277,937,891	362,378,837	49,276,576	60,537,755	170,496,680	82,067,826
Lease liabilities (including current portion)	31,405,266	40,231,022	10,324,934	6,169,050	9,646,282	14,090,756
Other noncurrent liabilities	502,869	502,869	-	199,972	183,678	119,219

**Excluding statutory receivables and payables.*

Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Trade and Other Receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on the credit risk.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group ensures that sales on account are made to customers with appropriate credit history. The Group has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

Financial information on the Group's maximum exposure to credit risk, without considering the effects of other risk mitigation techniques, is presented below:

	Note	**March 31, 2025 (Unaudited)**	December 31, 2024 (Audited)
Cash and cash equivalents (excluding cash on hand)	*7*	**P80,152,096**	P67,864,985
Trade and other receivables - net*	*8*	**101,648,228**	110,776,695
Long-term receivables		**14,001,614**	14,140,044
Restricted cash		**13,697,068**	8,495,006
		P209,499,006	P201,276,730

**Excluding statutory receivables*

The table below presents the Group's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month ECL or lifetime ECL. Financial assets that are credit-impaired are separately presented.

	Financial Assets at Amortized Cost			
March 31, 2025 (Unaudited)	**12-month ECL**	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit Impaired**	**Total**
Cash and cash equivalents (excluding cash on hand)	**P80,152,096**	**P -**	**P -**	**P80,152,096**
Trade and other receivables	-	**101,648,228**	**4,462,273**	**106,110,501**
Long-term receivables	-	**14,001,614**	-	**14,001,614**
Restricted cash	**13,697,068**	-	-	**13,697,068**
	P93,849,164	**P115,649,842**	**P4,462,273**	**P213,961,279**

	Financial Assets at Amortized Cost			
December 31, 2024 (Audited)	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit Impaired	Total
Cash and cash equivalents (excluding cash on hand)	P67,864,985	P -	P -	P67,864,985
Trade and other receivables	-	110,776,695	4,867,019	115,643,714
Long-term receivables	-	14,140,044	-	14,140,044
Restricted cash	8,495,006	-	-	8,495,006
	P76,359,991	P124,916,739	P4,867,019	P206,143,749

Receivables that are not credit impaired are considered high grade since the customers or counterparties have strong financial capacity and business performance and with the lowest default risk.

The aging of trade and other receivables (excluding statutory receivables) is as follows:

	March 31, 2025 (Unaudited)				December 31, 2024 (Audited)			
	Trade	**Non-trade**	**Amounts Owed by Related Parties**	**Total**	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	**P40,066,554**	**P13,182,575**	**P11,400,698**	**P64,649,827**	P57,027,864	P4,845,403	P1,089,041	P62,962,308
Past due:								
1 - 30 days	**1,266,165**	**26,384**	**236,221**	**1,528,770**	12,002,438	45,266	365,300	12,413,004
31 - 60 days	**1,247,973**	**251,121**	**75,028**	**1,574,122**	2,030,425	15,809	81,464	2,127,698
61 - 90 days	**1,561,019**	**89,336**	**82,850**	**1,733,205**	1,042,048	9,942	13,071	1,065,061
Over 90 days	**30,853,055**	**2,682,922**	**3,088,600**	**36,624,577**	29,696,037	6,209,073	1,170,533	37,075,643
	P74,994,766	**P16,232,338**	**P14,883,397**	**P106,110,501**	P101,798,812	P11,125,493	P2,719,409	P115,643,714

Past due trade receivables more than 30 days pertain mainly to generation charges and output VAT. The Group believes that the unimpaired amounts that are past due and those that are neither past due nor impaired are still collectible based on historical payment behavior and analyses of the underlying customer credit ratings. There are no significant changes in their credit quality.

The Group computes impairment loss on receivables based on past collection experience, current circumstances and the impact of future economic conditions, if any, available at the reporting period. There are no significant changes in the credit quality of the counterparties during the period.

The Group's cash and cash equivalents, derivative assets and restricted cash are placed with reputable entities with high quality external credit ratings.

The Group has significant concentration of credit risk. Sale of power to Meralco accounts for 40% and 42% of the Group's total revenues for the periods ended March 31, 2025 and 2024, respectively.

The Group does not execute any credit guarantee in favor of any counterparty.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates relates primarily to the long-term borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

On the other hand, the investment policy of the Group is to maintain an adequate yield to match or reduce the net interest cost from its borrowings pending the deployment of funds to their intended use in the operations and working capital management. However, the Group invests only in high-quality short-term investments while maintaining the necessary diversification to avoid concentration risk.

In managing interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit or loss.

The management of interest rate risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various standard and non-standard interest rate scenarios.

Interest Rate Risk Table
The terms and maturity profile of the interest-bearing financial instruments, together with its gross amounts, are shown in the following tables:

March 31, 2025 (Unaudited)	< 1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated	P17,062,244	P25,240,362	P20,232,222	P50,818,577	P26,353,744	P59,974,187	P199,681,336
Interest rate	5.0000% to 8.6228%	5.1792% to 8.6228%	6.6250% to 8.6228%	7.1051% to 8.6228%	7.6525% 8.6228%	7.6525% to 8.6228%	
Foreign currency-denominated (expressed in Philippine Peso)	1,437,230	1,502,763	1,570,558	1,642,871	1,719,704	8,578,182	16,451,308
Interest rate	8.3310%	8.3310%	8.3310%	8.3310%	8.3310%	8.3310%	
Floating Rate							
Philippine Peso-denominated	1,164,534	1,164,534	1,164,534	1,164,534	1,164,534	-	5,822,670
Interest rate	BVAL + Margin	BVAL + Margin	BVAL + Margin	BVAL + Margin	BVAL + Margin	BVAL + Margin	
Foreign currency-denominated (expressed in Philippine Peso)	23,357,012	494,581	34,842,892	540,692	565,978	2,823,199	62,624,354
Interest rate	SOFR + Margin	SOFR + Margin	SOFR + Margin	SOFR + Margin	SOFR + Margin	SOFR + Margin	
	P43,021,020	P28,402,240	P57,810,206	P54,166,674	P29,803,960	P71,375,568	P284,579,668

December 31, 2024 (Audited)	< 1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated	P17,004,744	P22,339,154	P18,370,097	P48,394,411	P26,400,744	P59,538,372	P192,047,522
Interest rate	5.0000% to 8.6228%	5.1792% to 8.6228%	6.6250% to 8.6228%	7.1051% to 8.6228%	7.5758% to 8.6228%	7.5758% to 8.2443%	
Foreign currency-denominated (expressed in Philippine Peso)	1,453,182	1,519,443	1,587,990	1,661,106	1,738,792	8,673,395	16,633,908
Interest rate	8.3310%	8.3310%	8.3310%	8.3310%	8.3310%	8.3310%	
Floating Rate							
Philippine Peso-denominated	1,164,534	1,164,534	1,164,534	1,164,534	1,164,534	291,134	6,113,804
Interest rate	BVAL + Margin	BVAL + Margin	BVAL + Margin	BVAL + Margin	BVAL + Margin	BVAL + Margin	
Foreign currency-denominated (expressed in Philippine Peso)	9,155,013	17,853,571	35,229,629	546,693	572,260	2,854,535	66,211,701
Interest rate	SOFR + Margin	SOFR + Margin	SOFR + Margin	SOFR + Margin	SOFR + Margin	SOFR + Margin	
	P28,777,473	P42,876,702	P56,352,250	P51,766,744	P29,876,330	P71,357,436	P281,006,935

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's profit before tax (through the impact on floating rate borrowings) by P171,118 and P723,255 for the period ended March 31, 2025 and for the year ended December 31, 2024, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Group's other comprehensive income.

Foreign Currency Risk
The functional currency is the Philippine Peso, which is the denomination of the bulk of the Group's revenues. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group enters into foreign currency hedges using derivative instruments, such as foreign currency forwards, to manage its foreign currency risk exposure.

Short-term currency forward contracts (non-deliverable) are entered into to manage foreign currency risks relating to foreign currency-denominated obligations and long-term borrowings.

Information on the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine Peso equivalents is as follows:

		March 31, 2025 (Unaudited)		**December 31, 2024 (Audited)**	
	Note	**US Dollar**	**Peso Equivalent**	US Dollar	Peso Equivalent
Assets					
Cash and cash equivalents	*7*	**US$918,178**	**P52,528,938**	US$168,440	P9,743,423
Trade and other receivables	*8*	**259,133**	**14,824,978**	198,748	11,496,606
Long-term receivables		**34,043**	**1,947,605**	33,855	1,958,324
		1,211,354	**69,301,521**	401,043	23,198,353
Liabilities					
Loans payable	*12*	**-**	**-**	125,000	7,230,625
Accounts payable and accrued expenses	*13*	**1,707,109**	**97,663,681**	1,288,607	74,539,484
Long-term debt (including current maturities)	*14*	**1,382,200**	**79,075,662**	1,432,200	82,845,609
Lease liabilities (including current portion)		**159,049**	**9,099,200**	277,111	16,029,502
		3,248,358	**185,838,543**	3,122,918	180,645,220
Net Foreign Currency-denominated Monetary Liabilities		**US$2,037,004**	**P116,537,022**	US$2,721,875	P157,446,867

The Group reported net losses on foreign exchange amounting to P822,022 and P1,435,618 for the periods ended March 31, 2025 and 2024, respectively, with the translation of its foreign currency-denominated assets and liabilities (see Note 19).

These mainly resulted from the movements of the Philippine Peso against the US dollar as shown in the following table:

	US Dollar to Philippine Peso
March 31, 2025	**P57.210**
December 31, 2024	57.845
March 31, 2024	56.240
December 31, 2023	55.370

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various foreign currency exchange rate scenarios.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to translation of results and financial position of foreign operations):

	P1 Decrease in the US Dollar Exchange Rate		**P1 Increase in the US Dollar Exchange Rate**	
March 31, 2025 (Unaudited)	**Effect on Income before Income Tax**	**Effect on Equity**	**Effect on Income before Income Tax**	**Effect on Equity**
Cash and cash equivalents	**(P915,043)**	**(P689,416)**	**P915,043**	**P689,416**
Trade and other receivables	**(258,730)**	**(194,450)**	**258,730**	**194,450**
Long-term receivables	**(34,043)**	**(25,532)**	**34,043**	**25,532**
	(1,207,816)	**(909,398)**	**1,207,816**	**909,398**
Loans Payable				
Accounts payable and accrued expenses	**1,706,842**	**1,279,866**	**(1,706,842)**	**(1,279,866)**
Long-term debt (including current maturities)	**1,382,200**	**1,036,650**	**(1,382,200)**	**(1,036,650)**
Lease liabilities (including current portion)	**159,049**	**119,287**	**(159,049)**	**(119,287)**
	3,248,091	**2,435,803**	**(3,248,091)**	**(2,435,803)**
	P2,040,275	**P1,526,405**	**(P2,040,275)**	**(P1,526,405)**

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
December 31, 2024 (Audited)	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P165,301)	(P127,114)	P165,301	P127,114
Trade and other receivables	(198,734)	(149,068)	198,734	149,068
Long-term receivables	(33,855)	(25,391)	33,855	25,391
	(397,890)	(301,573)	397,890	301,573
Loans Payable	125,000	93,750	(125,000)	(93,750)
Accounts payable and accrued expenses	1,288,337	966,523	(1,288,337)	(966,523)
Long-term debt (including current maturities)	1,432,200	1,074,150	(1,432,200)	(1,074,150)
Lease liabilities (including current portion)	277,111	207,833	(277,111)	(207,833)
	3,122,648	2,342,256	(3,122,648)	(2,342,256)
	P2,724,758	P2,040,683	(P2,724,758)	(P2,040,683)

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency-denominated transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

Capital Management

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, distribution payment, pay-off existing debts, return capital to shareholders or issue new shares, subject to compliance with certain covenants of its long-term debts, SPCS and RPCS (see Notes 14 and 16).

The Group defines capital as capital stock, additional paid-in capital, SPCS and RPCS and retained earnings, both appropriated and unappropriated. Other components of equity such as equity reserves are excluded from capital for purposes of capital management.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the consolidated statements of financial position.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Group's business, operation and industry.

There were no changes in the Group's approach to capital management during the period.

22. Financial Assets and Financial Liabilities

The table below presents a comparison by category of the carrying amounts and fair values of the Group's financial instruments:

	March 31, 2025		**December 31, 2024**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	Fair Value
Financial Assets				
Cash and cash equivalents	**P80,154,542**	**P80,154,542**	P67,867,411	P67,867,411
Trade and other receivables - net*	**101,648,228**	**101,648,228**	110,776,695	110,776,695
Long-term receivables (including current portion)	**14,001,614**	**14,001,614**	14,140,044	14,140,044
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	**13,697,068**	**13,697,068**	8,495,006	8,495,006
	P209,501,452	**P209,501,452**	P201,279,156	P201,279,156
Financial Liabilities				
Loans payable	**P10,000,000**	**P10,000,000**	P41,350,425	P41,350,425
Accounts payable and accrued expenses*	**76,414,637**	**76,414,637**	122,229,914	122,229,914
Derivative liabilities not designated as cash flow hedge (included under "Accounts payable and accrued expenses" account)	**22,375**	**22,375**	13,725	13,725
Long-term debt - net (including current maturities)	**281,671,426**	**296,250,243**	277,937,891	295,112,421
Lease liabilities (including current portion)	**24,053,632**	**24,053,632**	31,405,266	31,405,266
Other noncurrent liabilities	**550,384**	**550,384**	502,869	502,869
	P392,712,454	**P407,291,271**	P473,440,090	P490,614,620

**Excluding statutory receivables and payables*

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Trade and Other Receivables (excluding statutory receivables), Long-term Receivables, and Restricted Cash. The carrying amounts of cash and cash equivalents, and trade and other receivables approximate their fair values primarily due to the relatively short-term maturities of these financial instruments. In the case of long-term receivables and restricted cash, the carrying amounts approximate their fair values, since the effect of discounting is not considered material.

Derivatives. The fair values of forward exchange contracts are calculated by reference to current forward exchange rates. In the case of freestanding currency and commodity derivatives, the fair values are determined based on quoted prices obtained from their respective active markets. Fair values for stand-alone derivative instruments that are not quoted from an active market and for embedded derivatives are based on valuation models used for similar instruments using both observable and non-observable inputs. The fair values of the derivatives have been categorized as Level 2 in the fair value hierarchy.

Loans Payable and Accounts Payable and Accrued Expenses (excluding statutory payables and Derivative Liabilities). The carrying amounts of loans payable and accounts payable and accrued expenses approximate their fair values due to the relatively short-term maturities of these financial instruments.

Lease Liabilities. The fair value is based on the present value of expected cash flows using the applicable discount rates based on current market rates of similar instruments. The fair value of lease liabilities has been categorized as Level 2 in the fair value hierarchy.

Long-term Debt and Other Noncurrent Liabilities. The fair value of interest-bearing fixed-rate loans is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as at reporting date. Discount rates used for Philippine Peso-denominated loans range from 5.10% to 5.85% and 5.65% to 6.16% as at March 31, 2025 and December 31, 2024, respectively. Discount rates used for foreign currency-denominated loans range from 3.89% to 5.18% and 4.20% to 5.99% as at March 31, 2025 and December 31, 2024, respectively. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

The fair value of Peso-denominated bonds has been categorized as Level 1 and interest-bearing fixed-rate loans, lease liabilities and other noncurrent liabilities have been categorized as Level 2 in the fair value hierarchy.

Derivative Financial Instruments

The Group's derivative financial instruments according to the type of financial risk being managed and the details of freestanding derivative financial instruments that are categorized into those accounted for as cash flow hedges and those that are not designated as accounting hedges are discussed below.

The Group enters into various foreign currency and commodity derivative contracts to manage its exposure on foreign currency and commodity price risks. The portfolio is a mixture of instruments including forwards.

Derivative Instruments not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding derivatives which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the consolidated statements of income. Details are as follows:

Freestanding Derivatives
Freestanding derivatives consist of foreign currency derivatives entered into by the Group.

Currency Forwards
The Group entered into short-term foreign currency forward contracts with aggregate notional amount of US$60,000 and US$45,000 as at March 31, 2025 and December 31, 2024, respectively. As at March 31, 2025 and December 31, 2024, the negative fair value of these currency forwards included under “Accounts payable and accrued expenses” account amounted to P22,375 and P13,725, respectively (see Note 13).

The Group recognized marked-to-market gains (losses) from freestanding derivatives amounting to (P34,375) and P97,230 for the periods ended March 31, 2025 and 2024, respectively (see Note 19).

Fair Value Changes on Derivatives
The net movements in fair value of all derivative instruments are as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at beginning of period	**(P13,725)**	(P13,925)
Net change in fair value of derivatives not designated as accounting hedge	**(34,375)**	104,350
	(48,100)	90,425
Less fair value of settled instruments	**(25,725)**	104,150
Balance at end of period	**(P22,375)**	(P13,725)

Fair Value Measurements
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

23. Other Matters

a. Contingencies

The Group is a party to certain cases or claims which are either pending decision by the court/regulators or are subject to settlement agreements. The outcome of these cases or claims cannot be presently determined.

i. *Temporary Restraining Order (TRO) Issued to Meralco*

On December 5, 2013, Meralco wrote the ERC requesting for clearance and authority: (i) to collect a generation charge of P7.90 per kWh in its December 2013 billings to its customers for its generation cost for the month of November 2013; and (ii) to defer to February 2014 the recovery of the remaining P3,000,000, representing a portion of the generation costs for the November 2013 supply month which was not passed on to customers in December 2013, subject.to the inclusion of the appropriate carrying charge. In response thereto, the ERC, in its letter dated December 9, 2013, granted Meralco the authority to implement a staggered collection of its generation cost for the power supplied in November 2013. The ERC, however, did not approve Meralco's request to recover the carrying costs and directed it to file a formal application for this instead.

On December 19, 2013, Petitioners Bayan Muna representatives, et al. filed a petition against the ERC and Meralco, questioning the increase in the generation cost for November 2013 supply month. On December 20, 2013, Petitioner National Association of Electricity Consumers for Reforms (NASECORE) et al. filed a petition against the ERC, DOE and Meralco assailing the automatic adjustment of generation cost. On December 23, 2013, the Supreme Court (SC) issued a resolution consolidating both petitions and issued a TRO enjoining: (I) the ERC from implementing its letter dated December 9, 2013, and (II) Meralco from increasing the rates it charged to its consumers based on its letter dated December 5, 2013.

As a result, Meralco was constrained to fix its generation rate to its October 2013 level of P5.67 per kWh. The TRO originally had a period of 60 days.

On January 8, 2014, Meralco filed its Consolidated Comment/Opposition with Counter-Petition (the "Counter-Petition") which prayed, among others, for the inclusion of SPI, SPPC, SRHI, MPCL and several generators as respondents to the case. On January 10, 2014, the SC issued an order treating the Counter-Petition as in the nature of a third party complaint and granting the prayer to include SPI, SPPC, SRHI and MPCL as respondents in the Petition.

On February 18, 2014, the SC extended the TRO issued on December 23, 2013 for another 60 days or until April 22, 2014 and granted additional TROs enjoining the PEMC and the generators from demanding and collecting the deferred amounts. In a Resolution dated April 22, 2014, the SC extended indefinitely the effectivity of the TROs issued on December 23, 2013 and February 18, 2014.

In the Petition filed by special interest groups, the SC was made aware of the order of the ERC dated March 3, 2014 (the "March 3, 2014 ERC Order") (as defined and discussed under "ERC Order Voiding WESM Prices"), in which the ERC declared void the WESM prices during the November and December 2013 supply months and imposed regulated prices in their stead. The March 3, 2014 ERC Order likewise directed PEMC to: (a) calculate these "regulated prices" based on a formula identified by the ERC as representative of 2013 market prices under normalized conditions and (b) to collect the same from the WESM participants involved.

A decision was promulgated by the SC En Banc on August 3, 2021 (the "SC Decision"), affirming the December 9, 2013 ERC Order, which approved the staggered imposition by Meralco of its generation rate for November 2013 from its consumers and declared as null and void the March 3, 2014 ERC Order. SPI, SPPC, and SRHI however received a copy of the SC Decision through their counsel only on July 5, 2022, while MPCL received the same on July 6, 2022.

On July 26, 2022, the special interest groups sought reconsideration of the SC Decision by filing separate Motions for Reconsideration where they prayed that the SC Petition be granted. The ERC likewise filed a Motion for Partial Reconsideration of the SC Decision and sought the reinstatement of the March 3, 2014 ERC Order, among others.

These motions were denied with finality by the SC En Banc, in its resolution dated October 11, 2022, which also directed the entry of judgment of the SC Decision be made immediately. On January 4, 2023, the external counsel of SPPC, SPI and SRHI received a copy of the Entry of Judgement from the SC En Banc dated October 11, 2022, while the external counsel of MPCL received a copy of the same on January 5, 2023.

With this, the relevant subsidiaries namely, SPPC, MPCL and SPI are pursuing the implementation of the SC Decision as at March 31, 2025. SPPC, MPCL and SPI have aggregate outstanding receivables from Meralco estimated at P1,275,985 included under "Trade and other receivables" account in the consolidated statements of financial position as at March 31, 2025.

ii. *ERC Order Voiding WESM Prices*

Relative to the above-cited Petition, on December 27, 2013, the DOE, ERC and PEMC, acting as a tripartite committee, issued a joint resolution setting a reduced price cap on the WESM of P32.00 per kWh. The price was set to be effective for 90 days until a new cap is decided upon.

On March 3, 2014, the ERC, in the exercise of its police power, issued an order in Miscellaneous Case No. 2014-021, declaring the November and December 2013 Luzon WESM prices void, imposed the application of regulated prices and mandated PEMC, the operator of the WESM, to calculate and issue adjustment bills using recalculated prices (the "March 3, 2014 ERC Order").

Subsequent orders were issued by the ERC setting the period for compliance of the March 3, 2014 ERC Order (collectively, together with the March 3, 2014 Order, the "2014 ERC Orders"). Based on these orders, SPI and SRHI recognized a reduction in the sale of power while MPCL, San Miguel Electric Corp. (SMELC) and SPPC recognized a reduction in its power purchases. Consequently, a payable and receivable were also recognized for the portion of over-collection or over-payment, the settlement of which have been covered by a 24-month Special Payment Arrangement with PEMC which was already completed on May 25, 2016.

SPI, SPPC, SRHI and MPCL filed various pleadings requesting ERC for the reconsideration of the March 3, 2014 ERC Order. Other generators also requested the SC to stop the implementation of the March 3, 2014 ERC Order. The ERC denied the motions for reconsideration filed by the generators.

On June 26, 2014, SPI, SPPC and SRHI, while on December 12, 2014, MPCL appealed the said ERC denial before the Court of Appeals ("CA") through their respective Petitions for Review.

After consolidating the cases, the CA, in its decision dated November 7, 2017 (the "November 7, 2017 Decision"), granted the Petition for Review filed by SPI, SPPC, SRHI and MPCL, declared the 2014 ERC Orders null and void and accordingly reinstated and declared as valid the WESM prices for Luzon for the supply months of November to December 2013.

Motions for Reconsideration of the November 7, 2017 Decision and several other motions which were filed by various intervenors, were denied by the CA through its Omnibus Resolution dated March 29, 2019. The intervenors filed Petitions for Review on Certiorari before the SC, which were also denied by the SC through its resolutions dated September 11, 2019 and October 1, 2019. Entries of judgment have been issued by the SC certifying that the resolutions denying the Petitions for Review on Certiorari filed by various intervenors against SPI, SPPC, SRHI and MPCL, among others, have become final and executory.

The ERC and Meralco also filed separate Petitions for Review appealing the November 7, 2017 Decision and Omnibus Resolution dated March 29, 2019 of the CA, which nullified and set aside the 2014 ERC Orders, declaring the WESM prices for November and December 2013 void.

In a Resolution dated November 4, 2020, the SC directed the consolidation of the separate petitions filed by the ERC and Meralco considering that said cases involve the same parties, raise the same issues, and assail the same decision and resolution, and the transfer of the petition filed by Meralco to the 3rd Division of the SC handling the petition by the ERC.

The ERC filed its Consolidated Reply to the comments on its petition dated November 18, 2020.

The SC has not yet promulgated a decision as at December 31, 2024. However, on August 3, 2021, a decision was rendered by the SC En Banc in a separate case (as discussed under *TRO Issued to Meralco*") declaring the March 3, 2014 ERC Order as null and void, which is the subject of the aforementioned Petition. Considering that this decision of the SC En Banc covers the March 3, 2014 ERC Order, the difference between the actual Luzon WESM prices and the regulated prices (based on the March 3, 2014 ERC Order) for WESM sales and purchases by SPI, SPPC, SRHI, SMELC and MPCL amounting to up to P2,321,785 will have to be settled with the IEMOP, the current operator of the WESM, in favor of the relevant subsidiaries of the Group.

iii. *Generation Payments to PSALM*

SPPC and PSALM were parties to the Ilijan IPPA Agreement covering the appointment of SPPC as the IPP Administrator of the Ilijan Power Plant.

SPPC and PSALM have an ongoing dispute arising from differing interpretations of certain provisions related to generation payments under the Ilijan IPPA Agreement. As a result of such dispute, the parties have arrived at different computations regarding the subject payments. In a letter dated August 6, 2015, PSALM has demanded payment of the difference between the generation payments calculated based on its interpretation and the amount which has already been paid by SPPC, plus interest, covering the period December 26, 2012 to April 25, 2015.

On August 12, 2015, SPPC initiated a dispute resolution process with PSALM as provided under the terms of the Ilijan IPPA Agreement, while continuing to maintain its position that it has fully paid all of its obligations to PSALM. Notwithstanding the bona fide dispute, PSALM issued a notice terminating the Ilijan IPPA Agreement on September 4, 2015. On the same day, PSALM also called on the performance bond posted by SPPC pursuant to the Ilijan IPPA Agreement.

On September 8, 2015, SPPC filed a Complaint with the Regional Trial Court of Mandaluyong City (the "RTC") requesting the RTC that its interpretation of the relevant provisions of the Ilijan IPPA Agreement be upheld and asked that a 72-hour TRO be issued against PSALM for illegally terminating the Ilijan IPPA Agreement and drawing on the performance bond of SPPC. On even date, the RTC issued a 72-hour TRO which prohibited PSALM from treating SPPC as being in Administrator Default and from performing other acts that would change the status quo ante between the parties before PSALM issued the termination notice and drew on the performance bond of SPPC. The TRO was extended until September 28, 2015.

On September 28, 2015, the RTC issued an order granting a Preliminary Injunction enjoining PSALM from proceeding with the termination of the Ilijan IPPA Agreement while the main case is pending. PSALM sought for reconsideration of the said order but was later on denied by the RTC. PSALM filed with the CA a Petition for Review on Certiorari assailing the RTC's order of denial. The CA ruled in favor of SPPC and affirmed the RTC's issuance of a writ of preliminary injunction against PSALM prohibiting it from terminating the Ilijan IPPA Agreement while the main case in the lower court is pending and named Meralco as intervenor (the "2017 CA Decision").

PSALM filed a Motion for Reconsideration of the 2017 CA Decision but it was denied by the CA in its resolution dated July 12, 2018 (the "2018 CA Resolution").

On September 19, 2018, PSALM filed a Petition for Certiorari with Urgent Prayer for the Issuance of a TRO and/or Writ of Preliminary Injunction before the SC praying for the reversal and nullification of the 2017 CA Decision and the 2018 CA Resolution but was denied by the SC in its resolution dated March 4, 2019 (the "March 4, 2019 SC Resolution"). PSALM filed a Motion for Reconsideration thereof and was denied by the SC in a resolution dated August 5, 2019 which became final and executory on the same date.

After years of resolving other related issues, pre-trial proceeded on November 19, 2021 and the parties filed the Joint Stipulation of Facts on April 6, 2022.

On August 30, 2024, SPPC filed its Formal Offer of Evidence. On September 12, 2024, in compliance with a directive from the court, SPPC submitted additional hard copies of its exhibits. The court admitted SPPC's documentary evidence through an Order dated October 11, 2024.

On November 22, 2024, PSALM filed its Formal Offer of Evidence. In an Order dated December 19, 2024, the trial court admitted PSALM's exhibits and directed the parties to submit their respective closing Memoranda. PSALM filed its closing Memorandum on February 7, 2025 and SPPC filed its Memorandum on February 18, 2025. In an Order dated March 7, 2025, the court considered the case as submitted for decision.

Although the proceedings before the RTC remain pending, the Ilijan Power Plant was turned over by PSALM to SPPC pursuant to the IPPA Agreement and the Deed of Sale executed between PSALM and SPPC on June 3, 2022.

iv. *Criminal Cases*

SPPC

On September 29, 2015, SPPC filed a criminal complaint for estafa and for violation of Section 3(e) of Republic Act No. 3019, otherwise known as the Anti-Graft and Corrupt Practices Act ("RA No. 3019"), before the Department of Justice (DOJ), against certain officers of PSALM, in connection with the termination of SPPC's Ilijan IPPA Agreement, which was made by PSALM with manifest partiality and evident bad faith. Further, it was alleged that PSALM fraudulently misrepresented its entitlement to draw on the performance bond posted by SPPC, resulting in actual injury to SPPC in the amount of US$60,000. On June 13, 2017, the DOJ endorsed the complete records of the complaint to the Office of the Ombudsman for appropriate action.

On a related matter, on November 14, 2018, SPPC filed with the Office of the Ombudsman-Field Investigation Office, an administrative complaint against an executive officer of PSALM and several unidentified persons for violation of the Ombudsman Act and the Revised Administrative Code, in the performance of their functions as public officers.

In a Resolution dated March 10, 2021, which was approved by the Ombudsman on February 15, 2022, the Graft Investigation and Prosecution Officer (GIPO) dismissed the criminal complaint against the Respondents. In a Decision of the same date, approved by the Ombudsman also on February 15, 2022, the GIPO also dismissed the administrative complaint against the Respondents.

On March 21, 2022, SPPC filed a Motion for Reconsideration of the resolution dismissing the criminal complaint. In an Order dated May 25, 2022, the Office of the Ombudsman denied SPPC's Motion for Reconsideration. SPPC has decided not to question the dismissal of the criminal complaint.

SPI

On October 21, 2015, SPI filed a criminal complaint for Plunder and violation of Sections 3(e) and 3(f) of R.A. No. 3019, before the DOJ against a certain officer of PSALM, and certain officers of TPEC and TSC, relating to the illegal grant of the so-called "excess capacity" of the Sual Power Plant in favor of TPEC which enabled it to receive a certain amount at the expense of the Government and SPI.

In a Resolution dated July 29, 2016, the DOJ found probable cause to file an Information against the respondents for Plunder and violation of Sections 3(e) and 3(f) of RA No. 3019 (the "July 29, 2016 DOJ Resolution"). The DOJ further resolved to forward the entire records of the case to the Office of the Ombudsman for their proper action. The TPEC and TSC officers appealed said July 29, 2016 DOJ Resolution, through the filing of a Petition for Review with the Secretary of Justice. The PSALM officer filed a Verified Motion for Reconsideration.

On October 25, 2017, the DOJ issued a Resolution partially granting the Petition for Review of the TPEC and TSC officers by reversing the July 29, 2016 DOJ Resolution insofar as the conduct of the preliminary investigation was concerned, ruling that the Office of the Prosecutor General should have endorsed the case to the Office of the Ombudsman. On November 17, 2017, SPI filed a motion for partial reconsideration of said DOJ Resolution dated October 25, 2017.

While the said Motion for Partial Reconsideration was pending, SPI, TPEC, TSC and the TPEC and TSC officers filed before the DOJ a Joint Motion to Dismiss dated June 6, 2022 praying for the dismissal of the criminal complaint filed by SPI against TPEC and TSC.

In a Resolution promulgated on May 5, 2023, the DOJ affirmed its Resolution dated October 25, 2017. The DOJ held that considering SPI's desistance, SPI's Motion for Partial Reconsideration of the DOJ’s Resolution of October 25, 2017 was considered dismissed and/or withdrawn. The PSALM officer’s Verified Motion for Reconsideration remains unresolved as at report date.

v. *Civil Cases*

SPI

On June 17, 2016, SPI filed with the RTC, Pasig City (“RTC Pasig”) a civil complaint for consignation against PSALM arising from PSALM’s refusal to accept SPI’s remittances corresponding to the proceeds of the sale on the WESM for electricity generated from capacity in excess of the 1,000 MW of the Sual Power Plant (the “Sale of the Excess Capacity”). With the filing of the complaint, SPI also consigned with the RTC Pasig, the amount corresponding to the proceeds of the Sale of the Excess Capacity for the billing periods December 26, 2015 to April 25, 2016.

PSALM filed an Answer dated August 17, 2016 stating that it has no right to, and is not the owner of, the proceeds of the sale on the WESM of electricity generated from the capacity in excess of 1,000 MW of the Sual Plant and that the consignation should belong to TPEC as it is rightfully entitled to the 200 MW and to the payments which SPI made consequent therewith.

On October 3, 2016, SPI filed an Omnibus Motion to Admit Supplemental Complaint and to Allow Future Consignation without Tender (the “Omnibus Motion”). Together with this Omnibus Motion, SPI consigned with the RTC Pasig an additional amount corresponding to the proceeds of the Sale of the Excess Capacity for the billing periods from April 26, 2016 to July 25, 2016. After this, SPI continuously consigned additional proceeds of Sale of the Excess Capacity for succeeding billing periods.

On May 22, 2018, the RTC Pasig issued an order dismissing the complaint for consignation filed by SPI on the ground that the court has no jurisdiction over the subject matter of the complaint and finding that the ERC has the technical competence to determine the proper interpretation of “contracted capacity”, the fairness of the settlement formula and the legality of the memorandum of agreement.

On July 4, 2018, SPI filed its Motion for Reconsideration (“MR”) to the May 22, 2018 order which dismissed the consignation case.

After the case was later re-raffled to RTC Branch 268, in an Order dated September 30, 2021, the RTC Branch 268: (a) granted SPI’s Motion for Reconsideration of the Order of May 22, 2018, which dismissed the case for lack of jurisdiction; (b) granted SPI’s Omnibus Motion to Admit Supplemental Complaint and Allow Future Consignations without Tender; and (c) reinstated the Complaint (the “September 30, 2021 Order”).

On October 5, 2022, SPI and PSALM filed an Omnibus Motion to Dismiss and Release Deposited Monies, whereby PSALM, consistent with its representation and acknowledgment in its Answer that the consigned amounts rightfully belong to TPEC, agreed to the release of the said amounts to TPEC and SPI, relying on PSALM’s representation and acknowledgment, did not object to the release of the consigned amounts to TPEC.

On October 10, 2022, the RTC issued an Order granting the Omnibus Motion and authorized TPEC’s named representative in the Omnibus Motion to withdraw the consigned amounts.

Further related thereto, on December 1, 2016, SPI received a copy of a Complaint filed by TPEC and TSC with the ERC against SPI and PSALM in relation to the Excess Capacity issues, which issues have already been raised in the abovementioned cases. SPI filed a Motion to Dismiss and Motion to Suspend Proceeding of the instant case.

On June 6, 2022, SPI, TPEC and TSC filed a Joint Motion to Dismiss the ERC complaint. SPI received the Order from the ERC on June 22, 2022, asking the parties to submit a copy of the settlement agreement within 5 days from receipt of such order. TPEC, TSC and SPI filed with the ERC a Compliance and Submission attaching the settlement agreement on June 28, 2022. As at December 31, 2024, the case is still pending as the ERC has not issued any resolution granting the Joint Motion to Dismiss filed by the parties.

The total amount consigned with the RTC Pasig amounting to P491,242 was released to TPEC on December 20, 2022.

vi. Claims for Contract Price Adjustments on Certain "Fixed Price" PSAs with Meralco

On October 22, 2019, SPI and SPPC each filed before the ERC a Joint Application with Meralco for the approval of their respective PSA with Meralco with prayer for provisional authority (the "Application"). The PSA of SPPC covers the supply of 670 MW baseload capacity to Meralco ("SPPC PSA") while the PSA of SPI covers the supply of 330 MW baseload capacity to Meralco ("SPI PSA") both for a period of 10 years (collectively, the "PSAs"). The PSAs were awarded by Meralco to each of SPPC and SPI after they emerged as the winning bidders in the competitive selection process conducted by Meralco in September 2019.

On March 16, 2020, the ERC released Orders both dated December 10, 2019, granting provisional authority to implement the SPPC PSA and SPI PSA.

On May 11, 2022, SPPC and SPI each filed a Joint Motion for Price Adjustment with Meralco (the "Joint Motion") seeking approval from the ERC to temporarily increase the contract price under the SPPC PSA and SPI PSA for a period of 6 months, to recover incremental fuel costs covering January to May 2022 billing periods arising from a Change in Circumstances (as defined in the PSAs) to be collected over a period of 6 months.

On September 29, 2022, the ERC denied the foregoing Joint Motions filed by each of SPPC and SPI with Meralco requesting for the proposed price adjustments (the "September 29, 2022 ERC Orders").

SPPC CA Petition

On November 10, 2022, SPPC filed with the CA a Petition for Certiorari under Rule 65 with Application for the Issuance of a TRO and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPPC (the "SPPC CA Petition").

In a Resolution dated November 23, 2022, the 14th Division of the CA granted SPPC's application for a 60-day TRO, conditioned upon the posting of a bond in the amount of P50,000 (the "TRO Bond"). The CA later issued a TRO on December 2, 2022, after posting by SPPC of the TRO Bond, and the writ of preliminary injunction for the SPPC CA Petition on February 23, 2023.

On July 10, 2023, SPPC received the CA's Joint Decision dated June 27, 2023 (the "June 27, 2023 CA Decision") which granted the consolidated petitions of SPPC and SPI. The CA: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the Joint Decision); and (iii) made permanent the writ of preliminary injunction issued in favor of SPPC.

On January 16, 2024, SPPC received, through its external counsel, a copy of the Resolution issued by the CA dated December 28, 2023, denying the separate Motions for Reconsideration filed by NASECORE and the ERC.

The June 27, 2023 CA Decision was later on confirmed by the SC in a Resolution dated April 3, 2024 which denied the ERC's Petition for Review on Certiorari "for failure of petitioner [ERC] to sufficiently show that the Court of Appeals committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court's discretionary appellate jurisdiction." ERC's Motion for Reconsideration of the SC Resolution was also denied with finality in another SC Resolution date July 10, 2024, and received on August 30, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPPC filed on October 10, 2024 its Motion for Issuance of Writ of Execution with the ERC to enforce the June 27, 2023 CA Decision. The motion is pending with the ERC to date.

On February 6, 2025, SPPC filed a Motion to Resolve (re: Motion for Issuance of Writ of Execution) with the ERC. On March 11, 2025, SPPC also filed with the CA a Motion to Direct the Court of Origin to Issue Writ of Execution to compel the ERC to issue writs of execution on the June 27, 2023 CA Decision.

Related thereto, pursuant to the June 27, 2023 CA Decision, SPPC issued a Notice of Change in Circumstances (CIC) on August 18, 2023, informing Meralco of its request for price adjustments for the period May 26, 2022 to December 6, 2022 and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under the SPPC PSA, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco acknowledged SPPC's right to the adjustment in the Contract Price as a result of the CIC under the SPPC PSA and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPPC filed a Motion for Price Adjustment with the ERC, for its CIC claim for the period May 26, 2022 to December 6, 2022 pursuant to the SPPC PSA, with its claims anchored on essentially the same legal bases established or ruled on by the CA in its Joint Decision and confirmed by the SC with finality. The motion remains pending to date with the ERC.

SPI CA Petition

On November 10, 2022, SPI also filed with the CA a Petition for Certiorari under Rule 65 with Application for the Issuance of a TRO and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPI (the "SPI CA Petition"). This was raffled to the 17th Division of the CA which was subsequently transferred to its 16th Division.

On November 24, 2022, SPI filed an Urgent Motion for Consolidation of the instant Petition with the SPPC CA Petition pending before the 13th Division of the CA.

On January 26, 2023, SPI received the Resolution dated January 13, 2023 of the CA 16th Division which (i) denied SPI's prayer for the issuance of a TRO and/or writ of preliminary injunction, and (ii) granted the consolidation of the SPI CA Petition with the SPPC CA Petition. The SPI CA Petition was thus consolidated with the SPPC CA Petition before the CA 13th Division.

On July 10, 2023, SPI received the CA's Joint Decision dated June 27, 2023 (the "June 27, 2023 CA Decision") which granted the consolidated petitions of SPPC and SPI. The CA: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the Joint Decision); and (iii) denied SPI's Motion for Partial Reconsideration of the January 13, 2023 CA Resolution and its application for the issuance of a writ of preliminary injunction for being moot and academic. On January 16, 2024, SPI received, through its external counsel, a copy of the Resolution issued by the CA dated December 28, 2023, denying the separate Motions for Reconsideration filed by NASECORE and the ERC.

The June 27, 2023 CA Decision was later on confirmed by the SC in a Resolution dated April 3, 2024, and received on May 21, 2024, which denied the ERC's Petition for Review on Certiorari "for failure of petitioner [ERC] to sufficiently show that the Court of Appeals committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court's discretionary appellate jurisdiction." ERC's Motion for Reconsideration of the SC Resolution was denied with finality in an SC Resolution dated July 10, 2024, and received on August 30, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPI filed on October 10, 2024 its Motion for Issuance of Writ of Execution with the ERC to enforce the June 27, 2023 CA Decision. The motion is pending with the ERC to date.

On February 6, 2025, SPI filed a Motion to Resolve (re: Motion for Issuance of Writ of Execution) with the ERC. On March 11, 2025, SPI also filed with the CA a Motion to Direct the Court of Origin to Issue Writ of Execution to compel the ERC to issue writs of execution on the June 27, 2023 CA Decision.

Related thereto, pursuant to the June 27, 2023 CA Decision, SPI issued a Notice of Change in Circumstances on August 18, 2023, informing Meralco of its request for price adjustments for the period June 2022 to July 2023, and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under the PSA, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco acknowledged SPI's right to the adjustment in the Contract Price as a result of the CIC under the SPI PSA, and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPI filed a Motion for Price Adjustment with the ERC, for its CIC claim for the period June 2022 to July 2023 pursuant to the SPI PSA with its claims anchored on essentially the same legal bases established or ruled on by the CA in its Joint Decision and confirmed by the SC with finality. The motion remains pending to date with the ERC.

In view of the dilution of the Parent Company's equity interest in SPPC from 100% to 33%, SPPC assigned in favor of the Parent Company all of its rights of action under the case relating to the Generation Payments to PSALM and the claims for contract price adjustments from Meralco, and the Parent Company assumed all obligations of SPPC in relation to the cases involving the TRO Issued to Meralco and ERC Voiding WESM Prices, pursuant to the terms of the agreements executed on March 1, 2024 and January 15, 2025 with relevant parties.

b. Events After Report Date

On April 7, 2025, the Parent Company redeemed a portion of its outstanding RPCS issued to SMC with total carrying amount equivalent to P57,299,318 and paid distributions amounting to P1,528,042.

c. Supplemental Cash Flows Information

The following table summarizes the changes in liabilities and equity arising from the financing activities, including both changes arising from cash flows and non-cash changes:

	Loans Payable	Long-term Debt	Lease Liabilities	SPCS	Total
Balances as at January 1, 2025 (Audited)	**P41,350,425**	**P277,937,891**	**P31,405,266**	**P151,194,865**	**P501,888,447**
Changes from Financing Activities					
Proceeds from borrowings	**19,500,000**	**9,400,000**	**-**	**-**	**28,900,000**
Proceeds from issuance of SPCS	**-**	**-**	**-**	**5,749,775**	**5,749,775**
Payments of borrowings	**(45,912,300)**	**(4,962,070)**	**-**	**-**	**(50,874,370)**
Payments of lease liabilities	**-**	**-**	**(7,224,539)**	**-**	**(7,224,539)**
Total Changes from Financing Activities	**(26,412,300)**	**4,437,930**	**(7,224,539)**	**5,749,775**	**(23,449,134)**
Effect of changes in foreign exchange rates	**61,875**	**(933,447)**	**(201,680)**	**-**	**(1,073,252)**
Other changes	**(5,000,000)**	**229,052**	**74,585**	**-**	**(4,696,363)**
Balance as at March 31, 2025 (Unaudited)	**P10,000,000**	**P281,671,426**	**P24,053,632**	**P156,944,640**	**P472,669,698**

	Loans Payable	Long-term Debt	Lease Liabilities	Total
Balances as at January 1, 2024 (Audited)	P13,736,000	P258,769,473	P42,787,300	P315,292,773
Changes from Financing Activities				
Proceeds from borrowings	29,172,000	12,000,000	-	41,172,000
Payments of borrowings	(29,172,000)	(1,374,820)		(30,546,820)
Payments of lease liabilities	-	-	(5,070,231)	(5,070,231)
Total Changes from Financing Activities	-	10,625,180	(5,070,231)	5,554,949
Effect of changes in foreign exchange rates	-	1,273,784	281,935	1,555,719
Other changes	-	199,634	149,325	348,959
Balance as at March 31, 2024 (Unaudited)	P13,736,000	P270,868,071	P38,148,329	P322,752,400

Other changes pertain to deconsolidated loans payable of SPPC (see Note 10), additions for new lease agreements and amortizations of lease liabilities and debt-issue costs of long-term debt.

d. Commitments

The outstanding purchase commitments of the Group amounted to P88,545,626 and P109,084,701 as at March 31, 2025 and December 31, 2024, respectively.

The Group's material commitments for capital expenditure consist mainly of construction of power plants, mostly utilizing high efficiency low emission technologies, in line with the Group's expansion projects, and acquisition, upgrade or repair of fixed assets needed for normal operations of the business. These will be funded by available cash and proceeds from short-term loans, long-term debt and issued capital securities.

e. There are no unusual items as to the nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in the Management Discussion and Analysis of Financial Position and Financial Performance.

f. There were no material changes in the estimates of amounts reported in prior financial year.

San Miguel Global Power
Giving You the Power to Celebrate Life

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE

INTRODUCTION

This discussion summarizes the significant factors affecting the consolidated financial performance, financial position and cash flows of San Miguel Global Power Holdings Corp.[1] ("San Miguel Global Power" or "Parent Company") and its subsidiaries (collectively referred to as the "Group") for the three-year period ended December 31, 2024. The following discussion should be read in conjunction with the attached audited consolidated statements of financial position of the Group as at December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2024. All necessary adjustments to present fairly the Group's consolidated financial position as at December 31, 2024 and the financial performance and cash flows for the year ended December 31, 2024, and for all the other periods presented, have been made.

The financial information appearing in this report is presented in Philippine Peso, which is the functional currency of the Parent Company. All financial information is rounded off to the nearest million (P000,000), except when otherwise indicated.

I. FINANCIAL PERFORMANCE

Comparisons of key financial performance for the last three years are summarized in the following table:

	Years Ended December 31		
(In Millions)	**2024**	2023	2022
Revenues	**P205,091**	P169,590	P221,389
Cost of power sold	**(154,684)**	(130,992)	(198,371)
Selling and administrative expenses	**(9,950)**	(6,072)	(5,563)
Other operating income	**-**	-	11,431
Income from operations	**40,457**	32,526	28,886
Interest expense and other financing charges	**(20,691)**	(18,478)	(18,288)
Interest income	**833**	749	1,211
Equity in net earnings (losses) of an associate and joint ventures - net	**506**	(272)	(400)
Other income (charges) - net	**(3,505)**	538	(7,240)
Income before income tax	**17,600**	15,063	4,169
Income tax expense	**(5,216)**	(5,160)	(1,035)
Net income	**12,384**	9,903	3,134

[1] On March 22, 2023, the Philippine Securities and Exchange Commission (SEC) approved the change in the corporate name of "SMC Global Power Holdings Corp." to "San Miguel Global Power Holdings Corp.".

2024 vs. 2023

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Millions	**2024**	2023	Amount	%	**2024**	2023
Revenues	**P205,091**	P169,590	P35,501	21%	**100%**	100%
Cost of power sold	**(154,684)**	(130,992)	23,692	18%	**(75%)**	(77%)
Gross profit	**50,407**	38,598	11,809	31%	**25%**	23%
Selling and administrative expenses	**(9,950)**	(6,072)	3,878	64%	**(5%)**	(4%)
Income from operations	**40,457**	32,526	7,931	24%	**20%**	19%
Interest expense and other financing charges	**(20,691)**	(18,478)	2,213	12%	**(10%)**	(11%)
Interest income	**833**	749	84	11%	**1%**	1%
Equity in net earnings (losses) of an associate and joint ventures - net	**506**	(272)	778	286%	**0%**	0%
Other income (charges) - net	**(3,505)**	538	(4,043)	(751%)	**(2%)**	0%
Income before income tax	**17,600**	15,063	2,537	17%	**9%**	9%
Income tax expense	**5,216**	5,160	56	1%	**3%**	3%
Net income	**P12,384**	P9,903	P2,481	25%	**6%**	6%

Revenues

The Group's consolidated revenues in 2024 reached P205,091 million, an increase of 21% from last year's P169,590 million, as offtake volumes rose by 45% to 36,564 gigawatt hours (GWh). Revenue growth was driven by: (i) new power supply agreements (PSAs) from Manila Electric Company (Meralco) and other distribution utilities (DUs), with fuel passthrough arrangements, which contracted most of the Group's available capacities, (ii) new retail electricity supply (RES) customers for Limay Power Plant, and (iii) additional revenues from ancillary services rendered for National Grid Corporation of the Philippines (NGCP) and offered to reserve market through its battery energy storage system (BESS) facilities. Moreover, the Group increased its power generation output by 32% from last year due primarily to the full-year operation of the 1,200 megawatts (MW) Ilijan Power Plant in 2024, which resumed operations in July 2023 when the adjacent liquefied natural gas (LNG) terminal (the "Batangas LNG Terminal") went into testing and commissioning, and the incremental generation from the 4 x 150 MW Mariveles Greenfield Power Plant, with 3 out of 4 units being declared as operational on March 28, 2024, September 26, 2024 and October 26, 2024, respectively, after undergoing testing and commissioning.

Cost of Power Sold

Cost of power sold increased to P154,684 million in 2024, which is 18% higher than the P130,992 million incurred in 2023. While coal global prices came down, averaging only US$135.26 per metric ton (MT) in 2024 compared to US$172.79/MT (in GC Newcastle terms) last year, such costs increased due to the following: (i) the resumption of Ilijan Power Plant's operations from July 2023 onwards, (ii) generation costs of the Mariveles Greenfield Power Plant incurred during its testing and commissioning and eventual start of commercial operations of its 3 units in 2024, and (iii) incremental depreciation expense from the 10 BESS facilities that are now in full commercial operations. The increase in cost of power sold was mitigated by fuel passthrough arrangements under most of the Group's PSAs and Retail Supply Contracts (RSCs) with its customers.

Selling and Administrative Expenses
Selling and administrative expenses increased by 64% or P3,878 million, from P6,072 million in 2023 to P9,950 million in 2024. The increase was mainly due to: (i) incremental operating expenses following the start of commercial operations of 10 BESS facilities and Mariveles Greenfield Power Plant, along with the turnover of the Sual Power Plant to Sual Power Inc. (SPI)[2] in October 2024, following the end of its Independent Power Producer Administration (IPPA) Agreement with Power Sector Assets and Liabilities Management Corporation (PSALM), (ii) higher personnel-related expenses necessary for the continuing business expansion of the Group, and (iii) additional allowance for probable losses recognized on trade receivables.

Income from Operations
The foregoing developments translated to a significant growth in the consolidated operating income by 24% to P40,457 million in 2024.

Interest Expense and Other Financing Charges
Interest expense and other financing charges went up to P20,691 million in 2024. This was attributable to the additional P40,000 million term loan, drawn in tranches in October 2023 and March 2024 by SMGP BESS Power Inc.[3] (SMGP BESS), and the pervasive increase in global and local interest rates which affected primarily the new and outstanding debts of the Group, but was partly mitigated by lower interest expense on the declining principal balances of the Group's finance lease liabilities owed to PSALM arising from the IPPA Agreements, such as primarily on the Sual Power Plant which was settled in October 2024.

Interest Income
Interest income increased by 11% to P833 million in 2024 due to higher balance of short-term placements of the Group compared to last year.

Equity in Net Earnings (Losses) of an Associate and Joint Ventures - net
Equity in net earnings of an associate and joint ventures registered at P506 million in 2024, a turnaround from the P272 million loss in 2023, mainly due to the improvement in the financial performance of Angat Hydropower Corporation (AHC).

Other income (charges) - net
Other charges amounted to P3,505 million in 2024, a complete turnaround from the P538 million other income in 2023. This was mainly due to the foreign exchange losses recognized on the revaluation of the Group's US Dollar-denominated net monetary liabilities brought by the significant depreciation of the Philippine Peso against the US Dollar in 2024, which is in stark contrast to the appreciation of the Philippine Peso against the US Dollar in 2023.

Income Tax Expense
Provision for income tax amounted to P5,216 million in 2024. The slight increase was mainly due to the expiration of the income tax holiday of Limay Power Inc.[4] (LPI) and Malita Power Inc.[5] (MPI) in May and September 2023, respectively, offset by the provision for deferred tax benefit on foreign exchange losses of Masinloc Power Co. Ltd. [6] (MPCL) and Mariveles Power Generation Corporation (MPGC).

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[2] On March 9, 2023, the Philippine SEC approved the change in the corporate name of "San Miguel Energy Corporation" to "Sual Power Inc.".
[3] On November 3, 2023, the Philippine SEC approved the change in the corporate name of "Universal Power Solutions, Inc." to "SMGP BESS Power Inc.".
[4] On February 7, 2023, the Philippine SEC approved the change in the corporate name of "SMC Consolidated Power Corporation" to "Limay Power Inc.".
[5] On March 9, 2023, the Philippine SEC approved the change in the corporate name of "San Miguel Consolidated Power Corporation" to "Malita Power Inc.".
[6] On November 13, 2023, the Philippine SEC approved the change in the corporate name of "Masinloc Power Partners Co. Ltd." to "Masinloc Power Co. Ltd.".

Net Income
Consequently, the consolidated net income of the Group for the year 2024 increased to P12,384 million or by 25%, from P9,903 million reported in 2023. Excluding the significant effect of the net foreign exchange losses/gains - net of tax recognized, consolidated net income would have been P15,369 million, up by 72% from last year.

The following are the highlights of the performance of the individual operating business per segment:

1. **POWER GENERATION**

   a. **SPI, owner of Sual Power Plant (upon expiration of the IPPA Agreement with PSALM and turnover by PSALM of the Sual Power Plant to SPI in October 2024)**

   For the year 2024, net generation of 5,787 GWh, at 55% net capacity factor rate, was lower by 3% than in 2023 due mainly to the plant's longer outages.

   Revenues of P56,344 million fell by 15%, from P66,238 million in 2023. The decrease was mainly due to lower average realization price resulting from lower fuel tariff as global coal prices fell from an average of US$172.79/MT in 2023 vs US$135.26/MT in 2024, and the 4% decline in offtake volumes.

   Notwithstanding the decline in revenues, margins improved due mainly to lower generation costs brought by lower global coal prices. Consequently, operating income in 2024 rose to P13,373 million, up by 22% from P10,906 million in 2023.

   b. **SPPC, owner of Ilijan Power Plant**

   The net generation of Ilijan Power Plant for the year 2024 increased to 6,765 GWh compared to last year, mainly due to the plant's full-year operation in 2024 which resumed in July 2023 following the successful supply of regasified LNG from the Batangas LNG Terminal.

   Likewise, total offtake volumes rose to 7,627 GWh on account of the increase in Meralco nominations resulting from the full-year impact of its PSAs with Meralco. Said bilateral contracts have fuel passthrough arrangements that translated to a higher average realization rate. Consequently, revenues increased to P57,809 million for the year 2024 from the P41,596 million posted in 2023.

   For the year 2024, SPPC recognized an operating income of P4,195 million due mainly to improved margins. This was higher than the P1,238 million posted in 2023.

   c. **LPI, owner of Limay Greenfield Power Plant**

   For the year 2024, the net generation of the Limay Greenfield Power Plant registered at 3,879 GWh, at 82% net capacity factor rate. This was a 2% decrease from the same period last year due primarily to higher combined plant outages. Of the plant's registered net generation, 1,541 GWh was dispatched to power generation customers while the remainder was supplied to its RES customers.

   For the year 2024, total offtake volumes of 3,311 GWh grew by 61% due to the increase in bilateral sales volume. Likewise, revenues increased by 34% from P13,024 million in 2023 to P17,447 million in 2024 attributable to higher offtake volumes.

Operating income registering at P4,751 million in 2024 rose by 39% from P3,415 million posted in 2023. The increase was on account of higher offtake volumes and improved margins resulting from lower generation costs brought by the decline in global coal prices.

d. **MPI, owner of Davao Greenfield Power Plant**

For the year 2024, the plant generated a total of 1,561 GWh at a net capacity factor rate of 67%. The net generation and total offtake volumes were at par to last year's level.

Nevertheless, revenues at P9,726 million dropped by 18% compared to 2023 due to lower average realization price for bilateral sales volumes, resulting from lower fuel tariff as global coal prices fell, and lower average spot prices. As a result, operating income at P2,836 million declined by 24% compared to last year.

e. **MPCL, owner of Masinloc Power Plant**

The Masinloc Power Plant's operating Units 1, 2, and 3 contributed a total net generation of 5,804 GWh in 2024 with 5,182 GWh or 89% supplied to power generation customers while the rest was dispatched to RES customers. This was 7% higher, compared to the 5,407 GWh generated in 2023, as a result of lower outage days in 2024.

Total offtake volumes of 6,393 GWh went up from 2023 resulting primarily from higher customer nominations and new contracts entered into during the year. On the other hand, revenues and operating income decreased to P31,891 million and P4,360 million, respectively, on account of lower average realization price due to the decline in fuel tariff passed on to bilateral customers as global coal prices fell as well as the decline in spot prices in 2024.

f. **MPGC, owner of Mariveles Greenfield Power Plant**

For most part of 2024, all 4 units of the Mariveles Greenfield Power Plant underwent the necessary testing and commissioning, with Units 1, 2 and 3 declared as operational with the Independent Electricity Market Operator of the Philippines (IEMOP) starting March 28, September 26, and October 26, 2024, respectively. MPGC reported revenues and operating income of P11,047 million and P1,157 million, respectively, in 2024.

g. **San Roque Hydropower Inc.[7] (SRHI, IPPA of San Roque Hydroelectric Power Plant)**

The San Roque Hydroelectric Power Plant's net generation of 848 GWh in 2024, at 28% net capacity factor rate, dropped by 3% due to shorter operating hours attributable mainly to lower water reservoir level. The lower generation contributed to the decline in total offtake volumes by 8% to 1,765 GWh.

Revenues of P8,311 million decreased by 40% compared to last year due mainly to the decline in offtake volumes and lower average realization price.

Consequently, operating income of P1,292 million in 2024 dropped by 66% compared to last year.

[7] On March 31, 2023, the Philippine SEC approved the change in the corporate name of "Strategic Power Devt. Corp." to "San Roque Hydropower Inc.".

2. **RETAIL AND OTHER POWER-RELATED SERVICES**

a. **LPI - RES**

For the year 2024, total offtake volumes registered at 3,232 GWh. This increased by 45% compared to last year's 2,230 GWh due mainly to higher customer nominations with new RES customers contracted during the year. As a result, revenues increased by 29% from P14,749 million in 2023 to P19,026 million in 2024.

On the other hand, operating income registered at P738 million, 37% lower than the P1,180 million posted last year due primarily to lower average realization price in 2024.

b. **MPCL - RES and BESS**

Revenues, inclusive of ancillary revenues from the 10 megawatt hours (MWh) BESS, increased to P6,780 million due to new contestable customers contracted during the year. However, operating income dropped to P986 million on account of lower average realization price in 2024.

c. **SMGP Kabankalan Power Co. Ltd.** [8] **(SMGP Kabankalan; owner of Kabankalan I BESS)**

Revenues of P746 million for the year 2024 increased by 18% compared to last year. Likewise, the operating income of P455 million was higher by 20% compared to the operating income reported in 2023 due to higher offtake volumes as Kabankalan I BESS underwent repair works in 2023.

d. **SMGP BESS (owner of 10 BESS Facilities with a combined installed capacity of 330 MWh)**

For the year 2024, SMGP BESS reported revenues and operating income of P8,711 million and P5,901 million, respectively. Beginning in July 2023, the Energy Regulatory Commission (ERC) granted provisional authority for the implementation of the Ancillary Service Procurement Agreements (ASPA) between NGCP and SMGP BESS with 7 BESS facilities, with a combined installed capacity of 220 MWh, commencing commercial operations on various dates during the second semester of 2023. Another 3 BESS facilities, with a combined installed capacity of 110 MWh, were declared as operational in March 2024.

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[8] On September 21, 2023, the Philippine SEC approved the change in the corporate name of "SMCGP Philippines Energy Storage Co. Ltd." to "SMGP Kabankalan Power Co. Ltd.".

2023 vs. 2022

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Millions	**2023**	2022	Amount	%	**2023**	2022
Revenues	**P169,590**	P221,389	(P51,799)	(23%)	**100%**	100%
Cost of power sold	**(130,992)**	(198,371)	(67,379)	(34%)	**(77%)**	(90%)
Gross profit	**38,598**	23,018	15,580	68%	**23%**	10%
Selling and administrative expenses	**(6,072)**	(5,563)	509	9%	**(4%)**	(3%)
Other operating income	**-**	11,431	(11,431)	(100%)	**0%**	5%
Income from operations	**32,526**	28,886	3,640	13%	**19%**	12%
Interest expense and other financing charges	**(18,478)**	(18,288)	190	1%	**(11%)**	(8%)
Interest income	**749**	1,211	(462)	(38%)	**1%**	1%
Equity in net losses of an associate and joint ventures - net	**(272)**	(400)	128	32%	**0%**	0%
Other income (charges) - net	**538**	(7,240)	7,778	107%	**0%**	(3%)
Income before income tax	**15,063**	4,169	10,894	261%	**9%**	2%
Income tax expense	**5,160**	1,035	4,125	399%	**3%**	1%
Net income	**P9,903**	P3,134	P6,769	216%	**6%**	1%

Revenues

The Group's consolidated revenues for the year 2023 amounted to P169,590 million, down by 23% from P221,389 million in 2022. The decrease driven by a decline in the fuel tariffs for the Group's bilateral customers as coal prices fell in 2023 - averaging only US$172.79/MT in 2023 compared to US$360.19/MT in 2022, in terms of GC Newcastle indexed prices. Revenues were also adversely affected by lower offtake volumes which declined by 8% in 2023 to 25,205 GWh following the suspension and eventual termination of the Group's 670 MW PSA with Meralco as allowed by a favorable decision from the higher court. The Group, however, has been able to secure several emergency power supply agreements (EPSA) from Meralco and other DUs that allowed the contracting of its available capacities, and the resumption of operations of the Ilijan Power Plant using commercial LNG on a fuel passthrough basis.

The decline in revenues was partially mitigated by additional revenues from ancillary services rendered by the 7 BESS facilities of SMGP BESS for NGCP, with a combined capacity of 220 MWh, which commenced commercial operations in the second semester of 2023.

Cost of Power Sold

Cost of power sold decreased to P130,992 million in 2023, which is 34% lower than the P198,371 million incurred in 2022. The decrease was mainly attributable to lower fuel costs as international coal prices went down by an average of 52% in terms of GC Newcastle indexed prices. Moreover, the Group was able to substantially reduce its exposure to power purchases in the Philippine Wholesale Electricity Spot Market (WESM) to supplement its required generation output following the suspension and eventual termination of the obligation to deliver the 670 MW contract capacity with Meralco as allowed by a favorable decision from the higher court.

Selling and Administrative Expenses

Selling and administrative expenses increased by 9% or P509 million, from P5,563 million in 2022 to P6,072 million in 2023. The increase was mainly due to: (i) higher taxes and licenses pertaining to documentary stamp taxes from various transactions of San Miguel Global Power, and local business taxes of SPI, LPI, MPI, SRHI and MPCL, and (ii) higher personnel-related expenses of the Group driven by its continuing business expansion.

Other Operating Income
In 2022, the Group recognized gains from the sale of real properties, previously acquired as potential project sites for its several power plant expansion projects, pursuant to the Group's normal course of business and consistent with its asset optimization strategies.

Income from Operations
Consolidated income from operations of P32,526 million was higher by 13% compared to 2022 owing to improved margins on contracted volumes, as the Group worked out a transition to fuel passthrough arrangements for most of its bilateral customers and following the significant reduction in its exposure to unplanned power purchases from the WESM market with the suspension and eventual termination of its 670 MW PSA with Meralco as allowed by the higher court.

Interest Expense and Other Financing Charges
Interest expense and other financing charges went up slightly to P18,478 million in 2023. This was due to the pervasive increase in global and local interest rates which affected primarily the new debt raised by the Group, but was partly mitigated by the declining principal balances of its finance lease liabilities owed to PSALM arising from IPPA Agreements, such as on the Ilijan Power Plant and Sual Power Plant, which were fully settled in June 2022 and in October 2024, respectively.

Interest Income
Interest income amounted to P749 million in 2023. The lower number compared to 2022 was due primarily to lower average interest rate and shorter placement periods as funds were utilized to defray capital expenditures for ongoing construction projects.

Equity in Net Losses of an Associate and Joint Ventures - net
Equity in net losses of an associate and joint ventures registered at P272 million loss in 2023, down from the P400 million loss in 2022, mainly due to the improvement in the financial performance of AHC with better hydrological conditions seen in 2023.

Other Income (Charges) - net
Other income amounted to P538 million in 2023, a complete turnaround from the P7,240 million other charges in 2022. This was mainly due to the net foreign exchange gain recognized on the revaluation of the Group's US Dollar-denominated net monetary liabilities, with the appreciation of the Philippine Peso against the US Dollar in 2023 versus the significant depreciation of the Philippine Peso against the US Dollar in 2022.

Income Tax Expense
Provision for income tax amounted to P5,160 million in 2023. The higher number compared to 2022 was due mainly to: (i) higher deferred tax expense recognized by SPI and SRHI on its lease-related temporary differences, and (ii) higher provision for deferred tax benefit on net operating loss carryover recognized by SPPC and SPI in 2022.

Net Income
Consequently, the consolidated net income of the Group surged to P9,903 million from P3,134 million reported in 2022 which was burdened with significant net unrealized foreign exchange losses.

The following are the highlights of the performance of the individual operating business per segment:

1. **POWER GENERATION**

a. **SPI (IPPA of Sual Power Plant)**
For the year 2023, net generation of 5,957 GWh, at 57% net capacity factor rate, was lower by 7% compared to 2022 due mainly to longer outages during the year. On the other hand, offtake volumes were up by 11% as a result of higher replacement power sold to affiliate power plants, primarily Ilijan which was contracted to supply the 810 MW emergency power to Meralco.

Revenues of P66,238 million decreased by 13% compared to P75,817 million reported revenues in 2022 due mainly to lower average realization price resulting from lower fuel tariff as global coal prices fell from an average of US$360.19/MT in 2022 to an average of just US$172.79/MT in 2023. Despite the decrease in revenues, operating income increased by 105% from P5,308 million in 2022 to P10,906 million in 2023 due to improved margins as Sual transitioned most of its pool of bilateral contracts to having fuel passthrough arrangements.

b. **SRHI (IPPA of San Roque Power Plant)**
The San Roque Power Plant's net generation of 874 GWh for the year 2023, at 29% net capacity factor rate, increased by 41% due to longer operating hours with higher water inflows resulting from high water reservoir level. Likewise, total offtake volumes of 1,920 GWh increased by 109% compared to 2022 due to a new bilateral contract which took effect in March 2022, the supply of which was partly sourced from affiliate generators.

Revenues of P13,876 million were up by 31% compared to P10,579 million in 2022 due mainly to higher offtake volumes, partly offset by lower average realization price.

However, operating income of P3,842 million in 2023 dropped by 25% compared to 2022 due to lower margin owing to the aforesaid decline in the average realization price.

c. **SPPC, owner of Ilijan Power Plant**
The net generation of Ilijan Power Plant for the year 2023 decreased by 6% due primarily to the plant's extended outage since its turnover from PSALM in June 2022 up to May 2023 while it underwent retrofitting works to improve its fuel efficiency and reliability, and as it awaited the substantial completion of the adjacent full-scale Batangas LNG Terminal that has been tolled on a long-term basis to receive, store and regasify LNG fuel for the Ilijan Power Plant. The said terminal started supplying LNG fuel to the Ilijan Power Plant in the latter part of May 2023.

Likewise, total offtake volumes of 5,822 GWh for the year 2023 decreased by 5% compared to 2022 due to the suspension and eventual termination of the obligation to supply the 670 MW PSA with Meralco, which was partially offset by the 480 MW and 330 MW EPSAs which took effect in April and September 2023, respectively.

Revenues of P41,596 million for the year 2023 improved by 43% compared to the revenues reported in 2022 mainly on account of higher average realization price.

For the year 2023, SPPC recognized an operating income of P1,238 million, a complete turnaround from the P13,042 million operating loss in 2022. This was mainly due to higher revenues from bilateral contracts and lower cost to supply.

d. **LPI, owner of Limay Greenfield Power Plant**
The net generation of the Limay Greenfield Power Plant of 3,976 GWh in 2023, at 85% net capacity factor rate, was slightly lower by 4% than the registered net generation in 2022 at 4,144 GWh. LPI dispatched 1,862 GWh of the plant's net generation to its power generation customers while the rest was dispatched to its RES customers.

Total offtake volumes of 2,051 GWh went up from 2022 by 11% due to the increase in spot and replacement power sales volume. However, revenues decreased by 9% from P14,239 million in 2022 to P13,024 million in 2023 attributable to lower average realization price with the decline in fuel tariff passed-on to customers as a result of lower global coal prices.

Operating income registering at P3,415 million in 2023 was 47% higher than the P2,329 million posted in 2022 on account of higher offtake volumes.

e. **MPI, owner of Davao Greenfield Power Plant**
For the year 2023, a total of 1,557 GWh was generated by the plant, at a capacity factor rate of 67%, slightly lower than 2022 by 2% due to the decrease in bilateral nominations.

On the other hand, revenues at P11,840 million dropped by 35% compared to 2022 due to lower bilateral offtake volumes, on account of the aforesaid decline in bilateral nominations, as well as lower average realization price resulting from lower fuel tariff as global coal prices fell. As a result, operating income at P3,729 million was down by 45% compared to 2022.

f. **MPCL, owner of Masinloc Power Plant**
The Masinloc Power Plant's operating Units 1, 2, and 3 contributed a total net generation of 5,407 GWh for the year 2023 with 5,056 GWh or 94% supplied to power generation customers while the rest was discharged to RES customers. This was 11% lower, compared to the 6,086 GWh generated from 2022, as a result of higher outage days attributed to the scheduled preventive maintenance of the 3 units and the turbine retrofit of Unit 1.

Total offtake volumes of 5,529 GWh and revenues of P34,300 million fell from 2022 resulting primarily from lower customer nominations and spot sales volume. Operating income decreased to P5,648 million on account of lower offtake volumes coupled with lower average realization price due to the decline in fuel tariff passed on to bilateral customers as global coal prices fell.

2. **RETAIL AND OTHER POWER-RELATED SERVICES**

a. **LPI - RES**
For the year 2023, total offtake volumes registered at 2,230 GWh. Total offtake volumes declined by 11% compared to 2,509 GWh in 2022 due to contracts that have expired or have been disconnected. Likewise, revenues went down by 36% from P23,045 million in 2022 to P14,749 million in 2023 due to lower offtake volumes and lower average realization price with the decline in global coal prices.

Consequently, operating income of P1,180 million for the year 2023 was down compared to the P3,490 million posted in 2022.

b. **MPCL, RES and BESS**
Revenues, inclusive of ancillary revenues from the 10 MWh BESS, and operating income decreased to P6,382 million and P1,074 million, respectively, due to lower customer requirements and expiration of contracts in 2023.

c. **SMGP Kabankalan, owner of Kabankalan I BESS**
Revenues of P634 million for the year 2023 decreased by 26% compared to 2022 on account of longer forced outages, from April 18 to August 25, 2023, resulting from the equipment breakdown and completion of repair works. Consequently, operating income of P378 million was lower by 14% compared to the P438 million registered in 2022.

d. **SMGP BESS, owner of various BESS Sites**
Beginning July 2023, the ERC granted provisional authority for the implementation of ASPA between NGCP and SMGP BESS with 7 BESS facilities which commenced commercial operations on various dates during the second semester of 2023. SMGP BESS reported revenues and operating income of P2,208 million and P1,391 million in 2023, respectively.

II. FINANCIAL POSITION

A. MAJOR DEVELOPMENTS IN 2024

UPDATE ON BESS PROJECTS OF THE GROUP

As at December 31, 2024, about ~ 40% of the Group's 1,000 MWh BESS projects are already in operation, rendering ancillary services to NGCP under 5-year ASPAs or selling their spare capacities to the Reserves Market that has been established by the government, through IEMOP, to ensure grid stability. The remaining BESS projects in the pipeline are expected to commence commercial operations by the second half of 2025 and are expected to participate in any future tender of ancillary services by NGCP or to sell their available capacities in the Reserves Market as the Group sees the country's demand-supply situation remaining relatively tight at least in the near term.

UPDATE ON CLAIMS FOR CONTRACT PRICE ADJUSTMENTS ON CERTAIN "FIXED PRICE" PSAs WITH MERALCO

On June 27, 2023, the Court of Appeals (CA) released its joint decision on the separate petitions of SPI and SPPC for certiorari (the "Joint Decision"), which effectively annulled and set aside the previous Orders of the ERC denying their joint petitions with Meralco for tariff adjustments on certain "fixed price" PSAs allowing the recovery of incremental power supply costs due to *Changes in Circumstances* (CIC) and the eventual termination of these PSAs. Following the release of the CA's Joint Decision, SPI and SPPC confirmed the termination of the PSAs, but without prejudice to additional claims on incremental power supply costs incurred beyond the period covered by the said petitions arising from the same CIC during the continued implementation of the PSAs by SPPC and SPI pending issuance of the Temporary Restraining Order and the Joint Decision by the CA. SPPC ceased the supply under its PSA only on December 7, 2022, after the issuance of the Temporary Restraining Order by the CA, while SPI ceased to supply nominations on its PSA on July 24, 2023. On December 28, 2023, the CA issued a decision denying the Motions for Reconsideration filed by the ERC and intervenors on its Joint Decision, which was received by the external counsel of SPI and SPPC on January 16, 2024.

The ERC then filed a Petition for Review on Certiorari with the Supreme Court (“SC”), a copy of which was received by the SPI and SPPC on March 6, 2024. On April 3, 2024, the SC issued a Resolution denying the ERC’s Petition for Review on Certiorari “for failure of petitioner [ERC] to sufficiently show that the CA committed any reversible error in the challenged Joint Decision”.

The SC in its Resolution dated July 10, 2024 also denied with finality the ERC’s Motion for Reconsideration of the SC’s Resolution dated April 3, 2024 and the ERC’s prayer for the issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction and directed the immediate issuance of an entry of judgment. An Entry of Judgment has already been issued for this case. SPI and SPPC thereafter respectively filed on October 10, 2024, a Motion for Issuance of the Writ of Execution before the ERC praying for the ERC to issue a Writ of Execution enforcing the Joint Decision. The Motion remains pending with the ERC to date. Consequently, SPPC and SPI filed separate Motions to Resolve (re: Motion for Issuance of Writ of Execution) with the ERC on February 6, 2025. SPPC and SPI also filed with the CA on March 11, 2025, separate Motions to Direct the Court of Origin to Issue Writ of Execution. to compel the ERC to issue writs of execution on the Joint Decision.

Related thereto, pursuant to the Joint Decision, SPPC and SPI respectively issued Notices of *Change in Circumstances* (CIC) on August 18, 2023, informing Meralco of their requests for price adjustments for the period May 26, 2022 to December 6, 2022 for SPPC, and for the period June 2022 to July 2023 for SPI, and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under their respective PSAs, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco separately acknowledged SPPC’s and SPI’s rights to the additional adjustment in the Contract Price as a result of the CIC under the respective PSAs, and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPPC and SPI separately filed a Motion for Price Adjustment with the ERC, for their respective CIC claims covering the aforesaid periods pursuant to their respective PSAs, with their claims anchored on essentially the same legal bases established or ruled on by the CA in its Joint Decision and confirmed by the SC with finality. The motions remain pending to date with the ERC.

On January 15, 2025, SPPC and the San Miguel Global Power executed an agreement wherein SPPC assigned in favor of the San Miguel Global Power all of its rights of action under the above claims for price adjustments from Meralco, in contemplation of the imminent dilution of San Miguel Global Power’s equity interest in SPPC from 100% to 33%.

JOINT AGREEMENT WITH CITICORE RENEWABLE ENERGY CORPORATION (CREC) ON THE GROUP’S SOLAR PROJECTS

On June 28, 2024, San Miguel Global Power through its subsidiary, SMC Global Light and Power Corp., signed an agreement with CREC for a 153.5 MW peak solar power plant to be constructed in Barangay Lucanin, Mariveles, Province of Bataan, that is expected to be completed in 2026. The solar power plant is to be located in a property with an area of approximately 158 hectares owned by an affiliate of San Miguel Global Power. Upon commencement of operations, all capacity to be generated by the solar power plant shall be supplied to the Group or any of its affiliates under long-term energy supply contracts.

TURNOVER OF THE SUAL POWER PLANT

On October 11, 2024, SPI executed a Land Lease Agreement with PSALM for the parcels of land where the Sual Power Plant is located. On October 24, 2024, SPI and PSALM executed a Deed of Sale for the transfer of control and ownership of the Sual Power Plant to SPI following the end of its IPPA Agreement. The Sual Power Plant was turned over by PSALM to SPI on October 25, 2024.

LONG-TERM DEBTS

Availment of Term Loans

- SMGP BESS

  On March 25, 2024, SMGP BESS drew the second tranche amounting to P12,000 million from its P40,000 million Omnibus Loan and Security Agreement (OLSA) executed on October 23, 2023 with various local banks. The loan is subject to a fixed interest rate and will mature in October 2033.

  The proceeds were used (i) for the purchase of outstanding perpetual securities issued to San Miguel Corporation (SMC) and reimbursement or repayment of reimbursable advances from San Miguel Global Power, (ii) to fund the initial amount required to be deposited into the Debt Service Reserve Account, (iii) to fund the cost and expenses in relation to the design, construction, and operation of the BESS project, and (iv) for payment of transaction costs.

- San Miguel Global Power

  On July 19, 2024, San Miguel Global Power availed of a P10,000 million term loan from a facility agreement executed on July 17, 2024, with a local bank. The loan is subject to a fixed interest rate and will mature in June 2029.

  The proceeds of the loan, net of transaction-related fees and costs of the facility, were used for refinancing of an existing loan.

  On September 9, 2024, San Miguel Global Power availed of a US$200 million term loan (equivalent to P11,010 million, net of transaction costs) from a US$200 million loan facility, with option to increase up to US$300 million, executed on August 30, 2024, with a foreign bank. The loan is subject to a floating interest rate based on Secured Overnight Financing Rate (SOFR) plus margin and will mature in August 2027.

  On October 9, 2024, San Miguel Global Power availed of an additional US$100 million (equivalent to P5,558 million, net of transaction costs) from the facility agreement executed on August 30, 2024.

  The proceeds of the loans were used to refinance the US$200 million and US$100 million term loans which matured on September 9, 2024 and October 10, 2024, respectively.

- MPGC

  On December 27, 2024, MPGC availed of Tranches A and B, amounting to P20,000 million and P12,500 million, respectively, from its OLSA executed on December 17, 2024, with various local banks. The loan is subject to a fixed interest rate and payable quarterly up to December 2034.

  The proceeds from the loan were used to finance the Mariveles Greenfield Power Plant project.

Payments of Maturing Long-term Debts
For the year 2024, LPI, MPI, MPCL, San Miguel Global Power, and SMGP BESS paid a total of P8,765 million of their scheduled long-term debt principal amortizations pursuant to the terms and conditions of their respective facility agreements.

On April 26, 2024, San Miguel Global Power fully paid the P14,100 million balance of its P15,000 million fixed rate 7-year term loan availed in April 2017 from a local bank upon its maturity pursuant to the terms and conditions of the credit facility.

On September 9 and October 10, 2024, San Miguel Global Power settled its US$200 million and US$100 million term loans drawn on January 21, 2022 and March 16, 2023, respectively, from facility agreements executed with foreign banks.

Redemption of Series I and Series E Bonds by San Miguel Global Power
On April 24 and December 23, 2024, San Miguel Global Power redeemed upon maturity its Series I and Series E Bonds, amounting to P9,232 million and P6,478 million, respectively. The Series I Bonds formed part of the P30,000 million Series H-I-J fixed rate bonds issued in April 2019, while Series E Bonds formed part of the P20,000 million Series D-E-F fixed rate bonds issued in December 2017.

The redemption was funded through short-term loan availed by San Miguel Global Power in April 2024 and cash generated from operations.

PERPETUAL CAPITAL SECURITIES

Issuance of US$800 million Redeemable Perpetual Capital Securities (RPCS)
On April 19, 2024, San Miguel Global Power issued US$800 million (equivalent to P43,432 million, net of directly attributable transaction costs) RPCS to a third party at an issue price of 100%, with a prescribed initial distribution rate per annum, payable pursuant to the terms of the agreement.

Issuances of Senior Perpetual Capital Securities (SPCS), Partly Applied for Exchange and Tender Offers
On September 12, 2024, San Miguel Global Power issued US$800 million SPCS (equivalent to P44,300 million, net of transaction costs amounting to P660 million, the "Securities"), at an issue price of 100%, with an initial distribution rate of 8.75% per annum, payable pursuant to the terms of the agreement. On the same day, the Securities were used in part for the exchange of certain existing SPCS amounting to US$531.94 million (with a carrying value of P25,801 million) and the repurchase of certain existing SPCS amounting to US$157.38 million (with a carrying value of P7,679 million) (the “Tender Offers”) pursuant to the Exchange Offers and Tender Offers that were announced on the Singapore Exchange Securities Trading Limited (SGX-ST) website on August 27, 2024.

On September 30, 2024, San Miguel Global Power issued another US$100 million SPCS (P5,549 million, net of transaction costs amounting to P54 million, the "Additional Securities"), at an issue price of 100% plus an amount corresponding to accrued distribution from and including September 12, 2024 to, but excluding, September 30, 2024. The Additional Securities are consolidated into and form a single series with the Securities issued on September 12, 2024, bringing the total securities to US$900 million. The Additional Securities are identical in all respects with the Securities, other than with respect to the date of issuance and issue price.

On December 2, 2024, San Miguel Global Power issued US$500 million SPCS (P28,882 million, net of transaction costs amounting to P445 million), at an issue price of 100%, with an initial distribution rate of 8.125% per annum, payable pursuant to the terms of the agreement. On the same day, the US$500 million SPCS were used in part for the exchange of certain existing SPCS amounting to US$273.93 million (with a carrying value of P13,402 million) and the repurchase of certain existing SPCS amounting to US$46.10 million (with a carrying value of P2,236 million) pursuant to the Exchange Offers and Tender Offers that were announced on the SGX-ST website on November 26, 2024.

The US$800,000, US$100,000 and US$500,000 SPCS (collectively, the “New Securities”) were listed on the SGX-ST on September 13, October 1 and December 3, 2024, respectively.

The remaining proceeds from the New Securities were used for the payment of: (i) costs and expenses related to the issuances of the New Securities, (ii) accrued distributions in respect of the existing securities that were accepted for exchange and repurchase, and (iii) for pre-development costs of solar energy projects and BESS projects.

Redemption of SPCS
On April 23, 2024, San Miguel Global Power completed the redemption of its US$783 million remaining securities out of the US$800 million SPCS issued in April and July 2019, pursuant to the terms and conditions of the securities. The redemption price includes the principal amount and any accrued but unpaid distributions up to (but excluding) the step-up date.

The US$783 million SPCS was redeemed using in part the proceeds from the issuance of RPCS and cash generated from operations.

B. MAJOR DEVELOPMENTS IN 2023

LONG TERM DEBTS

Availment of Term Loans

- San Miguel Global Power

  On March 16, 2023, San Miguel Global Power availed of a US$100 million term loan from a facility agreement executed on March 10, 2023, with a foreign bank. The loan is subject to a floating interest rate plus margin and will mature in September 2024.

  The proceeds of the loan, net of transaction-related fees and costs of the facility, were used for general corporate purposes, as well as for various capital expenditures and debt refinancing.

  On June 15 and August 8, 2023, San Miguel Global Power drew P5,000 million and P2,500 million, respectively, from a P10,000 million Corporate Notes Facility Agreement executed on June 9, 2023. The loan is subject to a fixed interest rate and will mature in June 2028.

  The proceeds of the loan were used to (a) partially refinance maturing debt obligations, (b) fund general corporate purposes, including investments in LNG and BESS, and (c) cover transaction-related costs, fees and expenses.

  On October 31, 2023, San Miguel Global Power availed of a US$50 million term loan from a Facility Agreement executed on October 24, 2023 with a foreign bank. The loan is subject to a floating interest rate plus margin and will mature in April 2025.

  The proceeds of the loan were used to (a) refinance the US$50 million 3-year term loan drawn in April 2021 which matured in October 2023, and (b) payment of transaction related fees, cost and expenses in relation to the Facility Agreement.

- SMGP BESS

  On October 27, 2023, SMGP BESS drew the first tranche amounting to P28,000 million from the P40,000 million OLSA executed on October 23, 2023 with various local banks. The loan is subject to a fixed interest rate and will mature in October 2033.

  The proceeds from the first tranche were used (i) for the purchase of outstanding perpetual securities issued to SMC and reimbursement or repayment of reimbursable advances from San Miguel Global Power, (ii) for payment of interest during construction, (iii) to fund the costs and expenses in relation to the design, construction and the operation of the BESS projects, and (iv) for payment of transaction costs.

Amendment of MPCL's Omnibus Refinancing Agreement (ORA)
On January 17, 2023, MPCL agreed with local bank lenders to amend its ORA, with an outstanding obligation amounting to US$149 million as at the agreement date, into a Philippine Peso-denominated loan pegged at P8,155 million, subject to floating interest rate with maturities up to January 2030. MPCL holds a one-time right to convert the loan into a fixed interest rate borrowing on the second anniversary as allowed under the terms of the agreement.

<u>Payment of Maturing Long-term Debt</u>
On March 13, 2023, San Miguel Global Power paid the remaining balance of its US$700 million term loan facility availed last March 16, 2018, amounting to US$500 million. The loan was paid using, in part, the proceeds from the RPCS issued by San Miguel Global Power to SMC in March 2023. The rest was paid from San Miguel Global Power's cash flows from operations.

In October 2023, San Miguel Global Power refinanced the US$50 million term loan drawn on April 21, 2021, from a facility agreement with a foreign bank executed on October 12, 2020.

For the year 2023, San Miguel Global Power, LPI, MPI and MPCL paid a total of P6,842 million of their scheduled long-term debt principal amortizations pursuant to the terms and conditions of their respective facility agreements.

<u>Redemption of Maturing Series B and Series G Bonds by San Miguel Global Power</u>
On July 11 and August 17, 2023, San Miguel Global Power redeemed its Series B and Series G Bonds, respectively, amounting to P19,090 million. The Series B Bonds formed part of the P15,000 million Series A-B-C fixed rate bonds issued in July 2016 while the Series G Bonds were issued in August 2018.

The redemption was funded through capital infusion by SMC and cash generated from operations.

SUBSCRIPTION TO SAN MIGUEL GLOBAL POWER'S COMMON SHARES BY SMC

On July 25, 2023, San Miguel Global Power and SMC executed a Subscription Agreement to subscribe to an additional 410,000,000 common shares out of the unissued capital stock of San Miguel Global Power for a total subscription price of P12,300 million or P30.00 per share, which was fully paid in 2023.

On July 25, 2023, the Board of Directors (BOD) of San Miguel Global Power approved the additional increase in its authorized capital stock by P1,774 million (comprising of 1,774,400,000 shares with par value of P1.00), or from P2,000 million, divided into 2,000,000,000 shares with par value of P1.00 to P3,774 million, divided into 3,774,400,000 shares with par value of P1.00 (the "ACS Increase"). On August 1, 2023, SMC in a Subscription Agreement, subscribed to 443,600,000 common shares out of the ACS Increase for a total subscription price of P13,308 million or P30.00 per share. The total subscription price was fully paid in 2023.

On September 7, 2023, the stockholders of San Miguel Global Power approved the aforesaid increase in authorized capital and the amendment of the Articles of Incorporation to reflect the ACS Increase and ratified the said subscription by SMC out of the ACS Increase.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of San Miguel Global Power was approved by the Philippine SEC on October 24, 2023.

On November 13, 2023, San Miguel Global Power and SMC executed a Subscription Agreement to subscribe to an additional 720,000,000 common shares out of the unissued capital stock of San Miguel Global Power for a total subscription price of P21,600 million or P30.00 per share, which was fully paid in 2023.

The proceeds from the capital infusion of SMC were used to finance maturing obligations and for general corporate purposes, including capital expenditures of the Group.

ISSUANCE OF REDEEMABLE PERPETUAL CAPITAL SECURITIES

In 2023, San Miguel Global Power and SMGP BESS issued various US Dollar-denominated and Philippine Peso-denominated RPCS in favor of SMC, amounting to a total of US$704 million (equivalent to P38,517 million, net of transaction costs) and P32,316 million (net of transaction costs), respectively.

The proceeds from the issuances were used for general corporate purposes, including capital expenditures and repayment by SMGP BESS of its advances from San Miguel Global Power, and refinancing of maturing obligations.

Purchase by SMGP BESS of its RPCS issued to SMC
On October 27, 2023, SMGP BESS purchased its outstanding RPCS issued to SMC, for a total consideration of P21,669 million, pursuant to the terms of the RPCS. The purchase was financed using in part the proceeds of the P28,000 million drawn by SMGP BESS from its P40,000 million OLSA.

EVENTS AFTER THE REPORTING DATE

Joint Investment with Meralco and Aboitiz Power Corporation (AboitizPower) into the Country's First Integrated LNG-to-Power Facility Projects in Batangas City
On March 1, 2024, Meralco PowerGen Corporation (MGen) and Therma NatGas Power, Inc. (TNGP, a subsidiary of AboitizPower), through their joint venture entity, Chromite Gas Holdings Inc. (CGHI), have entered into binding agreements with San Miguel Global Power and its relevant subsidiaries, for MGen and TNGP to jointly invest for a 67% equity interest in San Miguel Global Power 's gas-fired power plants, namely (i) the brownfield 1,200 MW Ilijan Power Plant owned by SPPC, (ii) the greenfield 1,320 MW Batangas Combined Cycle Power Plant (BCCPP) owned by Excellent Energy Resources Inc. (EERI) and (iii) land owned by Ilijan Primeline Industrial Estate Corp. (IPIEC) where the gas-fired power plant and related facilities of EERI as well as the Batangas LNG Terminal are located.

The transaction also involved the acquisition by CGHI and San Miguel Global Power of Linseed Field Corporation, the owner of the Batangas LNG Terminal, which receives, stores and processes LNG to fuel for SPPC's Ilijan Power Plant and for EERI's BCCPP.

The transaction has customary closing conditions and has been issued the requisite regulatory approvals, including the review and approval of the Philippine Competition Commission (PCC). On May 17, 2024, Top Frontier Investment Holdings, Inc., the ultimate parent company of San Miguel Global Power, filed its application for the approval of the transaction with the PCC. On December 23, 2024, the PCC publicly disclosed its approval of the joint acquisition of power facilities and Batangas LNG Terminal by MGen, TNGP and San Miguel Global Power, subject to certain commitments from the parties aimed at ensuring fair competition and promoting transparency in the power industry.

On January 27, 2025, San Miguel Global Power completed the following transactions pursuant to the agreements executed on March 1, 2024 with CGHI:

- Investment by CGHI of 67% equity interests in: (i) SPPC, (ii) EERI, and (iii) IPIEC.

- Acquisition by CGHI and San Miguel Global Power of 67% and 32.98% equity interests, respectively, in LFC.

As a result of the transactions, San Miguel Global Power’s equity interests in SPPC, EERI and IPIEC will be diluted from 100% to 33%. Consequently, San Miguel Global Power will derecognize the assets and liabilities of SPPC, EERI and IPIEC in its books and, and recognize the 33% equity interests in SPPC, EERI and IPIEC at their fair market values and a revaluation gain estimated at P52,706 million and P21,724 million, respectively.

Issuance of US$100,000 SPCS by San Miguel Global Power
On February 19, 2025, San Miguel Global Power completed the issuance of another US$100 million SPCS (the “Additional US$100 million SPCS”), at an issue price of 100.503% plus an amount corresponding to accrued distribution from and including December 2, 2024 to, but excluding, February 19, 2025. The Additional US$100 million SPCS is consolidated into and form a single series with the US$500 million SPCS issued on December 2, 2024, bringing the total securities to US$600 million. The Additional US$100 million SPCS are identical in all respects with the US$500 million SPCS, other than with respect to the date of issuance and issue price.

San Miguel Global Power intends to apply the net proceeds from the issuance of the Additional US$100 million SPCS towards the partial purchase, repurchase and/or redemption of the outstanding 7.00% SPCS issued in October and December 2020.

The Additional US$100 million SPCS was listed on the SGX-ST on February 20, 2025.

Subscription to San Miguel Global Power’s Common Shares by SMC
On March 6, 2025, the BOD of San Miguel Global Power approved the following:

- subscription by SMC to 950,796,000 common shares out of the unissued capital stock of San Miguel Global Power in cash at a subscription price of P30.00 per share, or for a total subscription amount of P28,524 million, payable within 60 days;

- increase in its authorized capital stock by P4,026 million (comprising of 4,025,600,000 shares with par value of P1.00), or from P3,774 million, divided into 3,774,400,000 shares with par value of P1.00 to P7,800 million, divided into 7,800,000,000 shares with par value of P1.00 (the “2025 ACS Increase”); and

- subscription by SMC to 1,011,093,800 common shares out of the 2025 ACS increase at P30.00 per share, or for a total subscription amount of P30,333 million, payable within 60 days.

On the same day, San Miguel Global Power and SMC executed the respective Subscription Agreements covering the aforesaid subscriptions approved by BOD.

C. MATERIAL CHANGES PER LINE OF ACCOUNT

2024 vs. 2023

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Millions	**2024**	2023	Amount	%	**2024**	2023
Cash and cash equivalents	**P67,867**	P31,659	P36,208	114%	**8%**	4%
Trade and other receivables - net	**115,884**	116,976	(1,092)	(1%)	**13%**	15%
Inventories	**14,326**	16,841	(2,515)	(15%)	**2%**	2%
Prepaid expenses and other current assets	**51,562**	48,522	3,040	6%	**6%**	6%
Total Current Assets	**249,639**	213,998	35,641	17%	**29%**	27%
Investments and advances - net	**19,896**	10,953	8,943	82%	**2%**	1%
Property, plant and equipment - net	**459,506**	339,225	120,281	35%	**52%**	44%
Right-of-use assets - net	**42,123**	104,975	(62,852)	(60%)	**4%**	13%
Goodwill and other intangible assets - net	**71,736**	71,712	24	0%	**8%**	9%
Deferred income tax assets	**1,354**	974	380	39%	**0%**	0%
Other noncurrent assets	**37,619**	43,098	(5,479)	(13%)	**4%**	6%
Total Noncurrent Assets	**632,234**	570,937	61,297	11%	**71%**	73%
Total Assets	**P881,873**	P784,935	P96,938	12%	**100%**	100%
Loans payable	**P41,350**	P13,736	P27,614	201%	**5%**	2%
Accounts payable and accrued expenses	**144,102**	97,633	46,469	48%	**16%**	12%
Lease liabilities - current portion	**10,049**	17,645	(7,596)	(43%)	**1%**	2%
Income tax payable	**80**	222	(142)	(64%)	**0%**	0%
Current maturities of long-term debt - net of debt issue costs	**28,477**	54,125	(25,648)	(47%)	**3%**	7%
Total Current Liabilities	**224,058**	183,361	40,697	22%	**25%**	23%
Long-term debt - net of current maturities and debt issue costs	**249,461**	204,644	44,817	22%	**28%**	26%
Deferred income tax liabilities	**23,978**	21,285	2,693	13%	**3%**	3%
Lease liabilities - net of current portion	**21,357**	25,142	(3,785)	(15%)	**2%**	3%
Other noncurrent liabilities	**3,994**	7,030	(3,036)	(43%)	**1%**	1%
Total Noncurrent Liabilities	**298,790**	258,101	40,689	16%	**34%**	33%
Total Liabilities	**522,848**	441,462	81,386	18%	**59%**	56%

Forward

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Millions	**2024**	2023	Amount	%	**2024**	2023
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	**P2,824**	P2,824	P -	0%	**0%**	0%
Additional paid-in capital	**48,082**	48,082	-	0%	**5%**	6%
Senior perpetual capital securities	**151,195**	161,768	(10,573)	(7%)	**17%**	21%
Redeemable perpetual capital securities	**145,979**	102,547	43,432	42%	**17%**	13%
Equity reserves	**(16,385)**	(3,020)	(13,365)	(443%)	**(1%)**	0%
Retained earnings	**26,387**	30,367	(3,980)	(13%)	**3%**	4%
	358,082	342,568	15,514	5%	**41%**	44%
Non-controlling Interests	**943**	905	38	4%	**0%**	0%
Total Equity	**359,025**	343,473	15,552	5%	**41%**	44%
Total Liabilities and Equity	**P881,873**	P784,935	P96,938	12%	**100%**	100%

The Group's consolidated total assets as at December 31, 2024, amounted to P881,873 million, higher by 12% or P96,938 million than the December 31, 2023 balance of P784,935 million. The increase was attributable to the following factors:

a. Increase in property, plant and equipment by P120,281 million as a result of the ongoing construction of the Masinloc Power Plant Units 4 and 5, BESS projects, Mariveles Greenfield Power Plant, BCCPP project, additional construction works and improvements for Limay and Davao Greenfield Power Plants, and rehabilitation of the Ilijan Power Plant.

b. Increase in cash and cash equivalents by P36,208 million was due mainly to (i) P32,500 million and P12,000 million term loans drawn by MPGC and SMGP BESS, respectively, from their OLSA and P10,000 million drawn by San Miguel Global Power, (ii) short-term loans availed by San Miguel Global Power, SPPC, and MPGC, (iii) issuances of perpetual capital securities by San Miguel Global Power and (v) cash generated from operations. These were partly offset by the (i) capital expenditures for Masinloc Power Plant Units 4 and 5, BESS projects, Mariveles Greenfield Power Plant, BCCPP project, major repair and additional construction works for Limay and Davao Greenfield Power Plants, solar projects, and rehabilitation of the Ilijan Power Plant, (ii) payments of maturing long-term borrowings of LPI, MPI, MPCL, SMGP BESS and San Miguel Global Power, (iii) finance lease payments of SPI and SRHI to PSALM, and (iv) distributions paid to the holders of perpetual capital securities.

c. Increase in investment and advances by P8,943 million was mainly attributable to the additional deposits which will be applied against future stock subscriptions by San Miguel Global Power to certain companies and share in the net earnings of AHC.

d. Increase in prepaid expenses and other current assets by P3,040 million was mainly attributable to the (i) the additional advances paid to suppliers for the procurement of coal and LNG; and (ii) higher restricted cash set aside by SMGP BESS, LPI and MPI for its debt servicing requirements.

e. Increase in deferred income tax assets by P380 million was primarily due to the deferred income tax benefit recognized by the Group on unrealized foreign exchange losses from the revaluation of its US Dollar-denominated net monetary liabilities.

f. Decrease in right-of-use assets - net by P62,852 million was mainly due to the (i) reclassifications to property, plant and equipment account following the turnover of the Sual Power Plant to SPI and portion of land previously leased from PSALM and subsequently acquired by SPPC in 2024, and (ii) amortization for the year. These were partly offset by the recognition of additional right-of-use assets for the leased land, where the Sual Power Plant is situated, from PSALM.

g. Decrease in other noncurrent assets by P5,479 million was mainly attributable to the reclassification to property, plant and equipment account of advances to suppliers and contractors that were applied to progress billings for the Group's ongoing construction projects.

h. Decrease in inventories by P2,515 million was primarily attributable to higher consumption of LNG and coal inventories for the Ilijan and coal-fired power plants which exceeded purchases during the year.

The Group's consolidated total liabilities as at December 31, 2024, amounted to P522,848 million, 18% or P81,386 million higher than the December 31, 2023 balance of P441,462 million. The major items accounting for the increase are as follows:

a. Increase in accounts payable and accrued expenses by P46,469 million was mainly attributable to additional payables to contractors relating to the Group's ongoing construction projects, and higher trade payables mainly for the acquisition of LNG, coal and fuel inventories and power purchases.

b. Increase in loans payable by P27,614 million was mainly attributable to the short-term loans availed by San Miguel Global Power, SPPC, and MPGC from various local financial institutions during the year.

c. Increase in long-term debt - net of debt issue costs (including current and noncurrent portions) by P19,169 million was attributable to the: (i) P32,500 million and P12,000 million term loans drawn by MPGC and SMGP BESS, respectively (ii) San Miguel Global Power's availment of P10,000 million term loan in July 2024, (iii) unrealized foreign exchange losses recognized on the revaluation of the Group's US Dollar-denominated loans, (iv) amortization of debt issue costs, partly offset by the (v) redemption by San Miguel Global Power of its Series I and Series E bonds in April and December 2024, respectively, and (vi) settlement of maturing loans of San Miguel Global Power, LPI, MPI, MPCL and SMGP BESS.

d. Increase in deferred income tax liabilities by P2,693 million was due to (i) the additional provision for deferred income tax expense on temporary differences arising mainly from lease-related expenses of SPI, and (ii) SPPC's application of its available net operating loss carry over benefits to its income tax due.

e. Decrease in lease liabilities (including current and noncurrent portions) by P11,381 million was mainly on account of (i) finance lease payments made by SPI and SRHI to PSALM, partly offset by the (ii) unrealized foreign exchange losses recognized on the revaluation of US Dollar-denominated lease liabilities.

f. Decrease in other noncurrent liabilities by P3,036 million was attributable mainly to the settlement of US Dollar-denominated payables to contractors relating to the Group's ongoing construction projects.

g. Decrease in income tax payable by P142 million was mainly attributable to lower taxable income for the year.

The Group's consolidated total equity as at December 31, 2024, amounted to P359,025 million, higher by 5% or P15,552 million than the December 31, 2023 balance of P343,473 million. The increase is accounted for as follows:

a. Increase in RPCS by P43,432 million was mainly attributable to the issuance of the US$800 million RPCS in April 2024.

b. Decrease in equity reserves by P13,365 was mainly attributable to the difference between the price paid and net carrying value of the redeemed, exchanged and repurchased SPCS during the year.

c. Decrease in SPCS by P10,573 million was mainly attributable to the redemption of the US$783 million SPCS in April 2024, partly offset by various issuances of SPCS, net of exchange offers and tender offers, in September and December 2024.

d. Decrease in retained earnings by P3,980 was mainly attributable to the distributions to SPCS and RPCS holders and partly offset by the net income for the year.

2023 vs. 2022

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Millions	**2023**	2022	Amount	%	**2023**	2022
Cash and cash equivalents	**P31,659**	P22,726	P8,933	39%	**4%**	3%
Trade and other receivables - net	**116,976**	105,940	11,036	10%	**15%**	15%
Inventories	**16,841**	16,822	19	0%	**2%**	2%
Prepaid expenses and other current assets	**48,522**	43,293	5,229	12%	**6%**	6%
Total Current Assets	**213,998**	188,781	25,217	13%	**27%**	26%
Investments and advances - net	**10,953**	7,855	3,098	39%	**1%**	1%
Property, plant and equipment - net	**339,225**	304,412	34,813	11%	**44%**	43%
Right-of-use assets - net	**104,975**	106,610	(1,635)	(2%)	**13%**	15%
Goodwill and other intangible assets - net	**71,712**	71,765	(53)	0%	**9%**	10%
Deferred income tax assets	**974**	2,280	(1,306)	(57%)	**0%**	0%
Other noncurrent assets	**43,098**	35,812	7,286	20%	**6%**	5%
Total Noncurrent Assets	**570,937**	528,734	42,203	8%	**73%**	74%
Total Assets	**P784,935**	P717,515	P67,420	9%	**100%**	100%
Loans payable	**P13,736**	P21,000	(P7,624)	(35%)	**2%**	3%
Accounts payable and accrued expenses	**97,633**	84,447	13,186	16%	**12%**	12%
Lease liabilities - current portion	**17,645**	19,185	(1,540)	(8%)	**2%**	2%
Income tax payable	**222**	326	(104)	(32%)	**0%**	0%
Current maturities of long-term debt - net of debt issue costs	**54,125**	63,722	(9,597)	(15%)	**7%**	9%
Total Current Liabilities	**183,361**	188,680	(5,319)	(3%)	**23%**	26%
Long-term debt - net of current maturities and debt issue costs	**204,644**	208,431	(3,787)	(2%)	**26%**	29%
Deferred income tax liabilities	**21,285**	19,364	1,921	10%	**3%**	3%
Lease liabilities - net of current portion	**25,142**	40,773	(15,631)	(38%)	**3%**	6%
Other noncurrent liabilities	**7,030**	7,950	(920)	(12%)	**1%**	1%
Total Noncurrent Liabilities	**258,101**	276,518	(18,417)	(7%)	**33%**	39%
Total Liabilities	**441,462**	465,198	(23,736)	(5%)	**56%**	65%

Forward

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Millions	**2023**	2022	Amount	%	**2023**	2022
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	**P2,824**	P1,250	P1,574	126%	**0%**	0%
Additional paid-in capital	**48,082**	2,490	45,592	1831%	6%	0%
Senior perpetual capital securities	**161,768**	161,768	-	0%	**21%**	23%
Redeemable perpetual capital securities	**102,547**	51,934	50,613	97%	**13%**	7%
Equity reserves	**(3,020)**	(1,559)	(1,461)	(94%)	**0%**	0%
Retained earnings	**30,367**	35,526	(5,159)	(15%)	**4%**	5%
	342,568	251,409	91,159	36%	**44%**	35%
Non-controlling Interests	**905**	908	(3)	0%	**0%**	0%
Total Equity	**343,473**	252,317	91,156	36%	**44%**	35%
Total Liabilities and Equity	**P784,935**	P717,515	P67,420	9%	**100%**	100%

The Group's consolidated total assets as at December 31, 2023, amounted to P784,935 million, higher by 9% or P67,420 million than the December 31, 2022 balance of P717,515 million. The increase was attributable to the following factors:

a. Increase in property, plant and equipment by P34,813 million as a result of the ongoing construction of the Masinloc Power Plant Units 4 and 5, BCCPP project, Mariveles Greenfield Power Plant, rehabilitation of the Ilijan Power Plant, BESS projects, and major repair and additional construction works for Limay and Davao Greenfield Power Plants.

b. Increase in trade and other receivables by P11,036 million was mainly attributable to (i) SPPC's recognition of trade receivables in relation to its 480 MW and 330 MW EPSAs starting April 2023 and September 2023, respectively, (ii) SMGP BESS' receivables from NGCP for ancillary services rendered by the 7 BESS facilities which commenced commercial operations in the second semester of 2023, and (iii) higher trade receivables of SPI.

c. Increase in cash and cash equivalents by P8,933 million was due mainly to (i) proceeds from the issuances of Philippine Peso and US Dollar-denominated RPCS by San Miguel Global Power and SMGP BESS, (ii) net proceeds from various term loans drawn by San Miguel Global Power in 2023, (iii) proceeds from the aforesaid capital infusions of SMC. These were partly offset by (i) payments of maturing short-term and long-term loans of San Miguel Global Power, MPI, LPI and MPCL, (ii) redemption of Series B and Series G fixed rate bonds in July and August 2023, respectively, (iii) capital expenditures for Masinloc Power Plant Units 4 and 5, BCCPP project, Mariveles Greenfield Power Plant, BESS projects and Ilijan Power Plant, (iv) purchase of RPCS issued by SMGP BESS in October 2023, (v) finance lease payments of SPI and SRHI to PSALM, and (vi) distributions paid to the holders of perpetual capital securities.

d. Increase in other noncurrent assets by P7,286 million was mainly attributable to (i) net additional advances to suppliers/contractors for power-related projects of the Group, (ii) additional investment properties recognized following the acquisition of IPIEC and Blue Eagle Star Corp. in April and December 2023, respectively, and (iii) additional restricted cash set aside by MPCL and LPI for its debt servicing requirements.

e. Increase in prepaid expenses and other current assets by P5,229 million was mainly attributable to the (i) additional input taxes relating to ongoing construction projects and power purchases, (ii) additional advances paid to suppliers relating to LNG and spare parts deliveries of Ilijan Power Plant and Davao Greenfield Power Plant, and (iii) additional prepayment of taxes recognized, net of amortizations of real property and business taxes for 2023.

f. Increase in investment and advances by P3,098 million was mainly attributable to the additional deposits made by SPI and San Miguel Global Power to landholding companies net of share in lower net losses of AHC.

g. Decrease in deferred income tax assets by P1,306 million was attributable to lower provision for income tax benefits recognized on unrealized foreign exchange losses and net operation loss carryover in 2023 compared to 2022.

The Group's consolidated total liabilities as at December 31, 2023, amounted to P441,462 million, 5% or P23,736 million lower than the December 31, 2022 balance of P465,198 million. The major items accounting for the decrease are as follows:

a. Decrease in lease liabilities (including current and noncurrent portions) by P17,171 million was mainly on account of lease payments made by the IPPA entities to PSALM and the foreign exchange gain recognized on US Dollar-denominated lease liabilities resulting from the appreciation of the Philippine Peso in 2023.

b. Decrease in long-term debt - net of debt issue costs (including current and noncurrent portions) by P13,384 million was attributable to the: (i) redemption by San Miguel Global Power of its Series B and Series G fixed rate bonds in July and August 2023, respectively, (ii) settlement of long-term debts of San Miguel Global Power, MPI, LPI and MPCL, and (iii) the effect of unrealized foreign exchange gain recognized on the revaluation of US Dollar-denominated loans, which were partly offset by (iv) San Miguel Global Power's availment of various term loans in 2023, and (v) amortization of debt issue costs.

c. Decrease in loans payable by P7,624 million was mainly attributable to the net effect of the full settlement by San Miguel Global Power of its P16,000 million short-term loan which matured in June 2023, and availment of an P8,750 million short-term loan in 2023.

d. Decrease in other noncurrent liabilities by P920 million was attributable mainly to the settlement of US Dollar-denominated payables to contractors relating to the Group's ongoing construction projects.

e. Decrease in income tax payable by P104 million was mainly attributable to (i) lower taxable income in 2023 of MPI and MPCL, partly offset by the (ii) income tax payable recognized by landholding subsidiaries on the second tranche of the installment sales of properties.

f. Increase in accounts payable and accrued expenses by P13,186 million was mainly attributable to higher payables for the acquisition of LNG and fuel supplies, energy fees, power purchases, and capital expenditures.

g. Increase in deferred income tax liabilities by P1,921 million was due to (i) the provision for deferred income tax expense on temporary differences arising mainly from lease-related expenses of SRHI and SPI. This was partly offset by the recognition of additional income tax benefit on net operating loss carryover in 2023.

The Group's consolidated total equity as at December 31, 2023, amounted to P343,473 million, higher by 36% or P91,156 million than the December 31, 2022 balance of P252,317 million. The increase is accounted for as follows:

a. Increase in RPCS by P50,613 million was mainly attributable to the RPCS issued by San Miguel Global Power to SMC. The proceeds of which were used for general corporate purposes, including capital expenditures, and refinancing of maturing obligations.

b. Increase in capital stock and additional paid-in capital by a total of P47,166 million was due to the additional capital infusions of SMC through several subscriptions to San Miguel Global Power's common shares in 2023.

c. Decrease in retained earnings by P5,159 million was mainly attributable to distributions paid to perpetual capital securities holders, partly offset by the net income recognized in 2023.

d. Decrease in equity reserves by P1,461 million mainly pertains to the RPCS issued to SMC that was purchased back by SMGP BESS in October 2023.

III. CASH FLOW

SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

(in Millions)	December 31		
	2024	2023	2022
Net cash flows provided by (used in) operating activities	**P54,333**	P16,252	(P22,858)
Net cash flows used in investing activities	**(46,252)**	(49,955)	(56,658)
Net cash flows provided by financing activities	**28,335**	42,302	33,797

Net cash flows from operations basically consists of income for the year and changes in certain liabilities and others.

Net cash flows used in investing activities are as follows:

(in Millions)	December 31		
	2024	2023	2022
Cash from newly acquired subsidiaries, net	**P -**	P121	(P12)
Proceeds from disposal of subsidiaries, net of cash disposed of	**-**	-	494
Proceeds from sale of properties	**-**	-	1,187
Additions to intangible assets	**(140)**	(57)	(254)
Increase in other noncurrent assets	**(897)**	(2,351)	(3,645)
Advances paid to suppliers and contractors	**(1,689)**	(7,307)	(5,013)
Additions to investments and advances	**(8,433)**	(4,182)	(939)
Additions to property, plant and equipment	**(35,093)**	(36,179)	(48,476)

Net cash flows provided by financing activities are as follows:

(in Millions)	December 31		
	2024	2023	2022
Proceeds from short-term borrowings	**P165,147**	P95,322	P51,182
Proceeds from long-term debts	**71,506**	51,978	72,312
Proceeds from issuance of RPCS	**43,432**	70,833	19,182
Proceeds from issuance of SPCS, net of exchange and tender offers	**21,040**	-	-
Proceeds from issuance of capital stock	**-**	47,165	-
Proceeds from collection of subscription receivable	**-**	-	188
Payments for the purchase of RPCS	**-**	(21,669)	-
Payments of share issuance costs	**(388)**	(29)	(210)
Distributions paid to RPCS holder	**(2,552)**	-	(1,617)
Distributions paid to SPCS holders	**(13,385)**	(15,035)	(15,362)
Payments of lease liabilities	**(18,298)**	(19,315)	(24,220)
Payments for the redemption/repurchase of SPCS	**(45,040)**	-	(4,703)
Payments of long-term debts	**(55,615)**	(64,362)	(30,582)
Payments of short-term borrowings	**(137,512)**	(102,586)	(32,373)

The effect of exchange rate changes on cash and cash equivalents amounted to (P208 million), P334 million and P755 million in 2024, 2023 and 2022, respectively.

IV. ADDITIONAL INFORMATION ON UNAPPROPRIATED RETAINED EARNINGS

The consolidated unappropriated retained earnings of the Group include the accumulated earnings in subsidiaries, net of equity in net losses of an associate and joint ventures, not available for declaration as dividends until declared by the respective investees.

V. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year. Please refer to Item I "Financial Performance" and Item II "Financial Position" of the Management's Discussion and Analysis for the discussion of certain Key Performance Indicators.

LIQUIDITY RATIO

$$\textbf{Current Ratio} = \frac{\textbf{Current Assets}}{\textbf{Current Liabilities}}$$

	Conventional		***Adjusted*** [1]	
(in Millions Peso)	**December 2024**	December 2023	**December 2024**	December 2023
(A) Current Assets	**249,639**	213,998	**249,639**	213,998
(B) Current Liabilities	**224,058**	183,361	**220,621**	165,870
Current Ratio (A) / (B)	**1.11**	1.17	**1.13**	1.29

(1) Current portion of lease liabilities, in relation to the IPPA Agreements with PSALM, are excluded from the total current liabilities as these current obligations on lease are pass-through charges billable to customers. As at December 31, 2024 and 2023, current portion of lease liabilities to PSALM amounted to P3,437 and P17,491 million, respectively.

SOLVENCY RATIO

$$\textbf{Net Debt-to-Equity* Ratio} = \frac{\textbf{Net Debt}}{\textbf{Total Equity}}$$

Per relevant Loan Covenants of San Miguel Global Power

(in Millions Peso)	**December 2024**	December 2023
(A) Net Debt [2]	**219,596**	225,585
(B) Total Equity [3]	**354,566**	343,034
Net Debt-to-Equity Ratio (A) / (B)	**0.62**	0.66

**All items are net of amounts attributable to ring-fenced subsidiaries.*

(2) Consolidated net total debt plus total PSALM lease liabilities.
(3) Consolidated total equity.

$$\textbf{Asset-to-Equity Ratio} = \frac{\textbf{Total Assets}}{\textbf{Total Equity}}$$

(in Millions Peso)	Conventional		Adjusted [4]	
	December 2024	December 2023	**December 2024**	December 2023
(A) Total Assets	**881,873**	784,935	**853,432**	689,390
(B) Total Equity	**359,025**	343,473	**359,025**	343,473
Asset-to-Equity Ratio (A) / (B)	**2.46**	2.29	**2.38**	2.01

(4) Net carrying amount of the IPPA power plants, in relation to the IPPA Agreements with PSALM, was omitted in total assets as these power plant assets were capitalized with corresponding lease liabilities. As at December 31, 2024 and 2023, the net carrying amount of the IPPA power plant assets amounted to P28,441 million and P95,545 million, respectively.

PROFITABILTY RATIO

$$\textbf{Return on Equity} = \frac{\textbf{Net Income}}{\textbf{Total Equity}}$$

(in Millions Peso)	**December 2024**	December 2023
(A) Net Income	**12,384**	9,903
(B) Total Equity	**359,025**	343,473
Return on Equity (A) / (B)	**3.4%**	2.9%

$$\textbf{Interest Coverage Ratio} = \frac{\textbf{Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)}}{\textbf{Interest Expense}}$$

Per relevant Loan Covenants of San Miguel Global Power

(in Millions Peso)	**December 2024**	December 2023
(A) EBITDA [5]	**37,897**	34,511
(B) Interest Expense [6]	**14,761**	13,575
Interest Coverage Ratio (A) / (B)	**2.57**	2.54

(5) Full-year consolidated EBITDA (gross of PSALM payments and excluding amounts attributable to ring-fenced subsidiaries).

(6) Full-year consolidated interest expense (excluding amounts attributable to ring-fenced subsidiaries).

OPERATING EFFICIENCY

$$\text{Volume Growth (Decline)} = \frac{\text{Current Period Offtake Volume}}{\text{Prior Period Offtake Volume}} - 1$$

	Years Ended December 31	
(in GWh)	**2024**	2023
(A) Current Period Offtake Volume	**36,564**	25,205
(B) Prior Period Offtake Volume	**25,205**	27,402
Volume Growth (Decline) [(A / B) – 1]	**45.1%**	(8.0%)

$$\text{Revenue Growth (Decline)} = \frac{\text{Current Period Revenues}}{\text{Prior Period Revenues}} - 1$$

	Years Ended December 31	
(in Millions Peso)	**2024**	2023
(A) Current Period Revenues	**205,091**	169,590
(B) Prior Period Revenues	**169,590**	221,389
Revenue Growth (Decline) [(A / B) – 1]	**20.9%**	(23.4%)

$$\text{Operating Margin} = \frac{\text{Income from Operations}}{\text{Revenues}}$$

	Years Ended December 31	
(in Millions Peso)	**2024**	2023
(A) Income from Operations	**40,457**	32,526
(B) Revenues	**205,091**	169,590
Operating Margin (A) / (B)	**19.7%**	19.2%

VI. OTHER MATTERS

a. Fuel Commodity Price Volatility

In January 2022, the Government of Indonesia implemented a month-long ban on the exportation of its coal which reduced the overall availability of coal fuel in the commodities market. Consequently, international price indices for coal such as the GC Newcastle Index surged beyond the expected trajectory of historical prices based on long-term fundamental factors pertinent to the coal commodity market. Barely a few weeks after the partial lifting of the foregoing coal export ban, Russia commenced its invasion of Ukraine on February 24, 2022. This worsened the short-term outlook on coal prices as reflected in the further spikes in coal prices, with GC Newcastle Index reaching levels beyond US$400/MT from May 2022 onwards. With Russia-Ukraine conflict continuing to this day, coal prices remain at elevated levels, averaging at US$135.26/MT and at US$172.79/MT in 2024 and 2023, respectively. The Group has been able to effectively mitigate the adverse impact of commodity price risks, primarily for coal fuel, thru the fuel price passthrough mechanism or the periodic tariff rate review allowed under its power supply agreements or retail supply contracts with most of its offtakers. It also has supply-side risk mitigation, including among others, maintaining a pool of international and local sources of coal fuel which provide a certain level of fuel price risk mitigation and more importantly, fuel supply security.

b. Malampaya Gas Supply Restrictions

The Ilijan Power Plant was originally designed to use natural gas from the Malampaya gas facility in Palawan (“Malampaya”) as fuel for its power generation. As early as March 2021, the National Power Corporation issued notices of gas supply restrictions from Malampaya. This significantly reduced the net generation of the Ilijan Power Plant to 60% of its total installed capacity for the remainder of 2021 until the end of the Ilijan IPPA Agreement on June 4, 2022. The Malampaya Gas Sale and Purchase Agreement also expired on the same date as PSALM is no longer required to supply fuel to the Ilijan Power Plant upon turnover of the same to SPPC. The Group was constrained to use its available capacity from its portfolio of generation assets, and in certain cases, purchase from the WESM spot market, to augment its generation from the Ilijan Power Plant to meet its bilateral demand from its customers, primarily from Meralco pursuant to its PSAs. This reduced the gross margins of the Group in cases where the cost of replacement supply exceeds the power generation costs from the Ilijan Power Plant using Malampaya natural gas. This accounts for a significant portion in the reduction of the Group’s gross margins and operating income for the year 2022.

On June 23, 2022, SPPC entered into a gas supply agreement for 70.26 Petajoules of banked gas with the Philippine National Oil Company ("PNOC") at a daily volume of dispatch sufficient to run the Ilijan Power Plant at 45% to 75% plant factor. This volume of gas is adequate and expected to support the Ilijan Power Plant’s fuel requirements until February 2024. The term of the gas supply agreement with PNOC expired without commencing the supply of banked gas to SPPC. The management of SPPC is reviewing its legal options on the equitable resolution of its unenforced rights and foregone opportunities over such banked gas.

With LNG prices fundamentally dropping to coal price-parity levels, SPPC pursued the procurement of commercial LNG as fuel for its Ilijan Power Plant. The scheduled deliveries of the procured LNG shipments are aligned with the imminent completion of the adjacent Batangas LNG Terminal currently undergoing commissioning activities, the commissioning activities of the BCCPP, and the supply of the contract capacities by the Ilijan Power Plant and the BCCPP to the Grid.

c. Commitments
The outstanding purchase commitments of the Group amounted to P109,085 million as at December 31, 2024.

The Group's material commitments for capital expenditure consist mainly of construction of power plants, mostly utilizing high efficiency low emission technologies, in line with the Group's expansion projects, and acquisition, upgrade or repair of fixed assets needed for normal operations of the business. These will be funded by available cash and proceeds from short-term loans, long-term debt and issued capital securities.

d. There are no unusual items as to nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in Management's Discussion and Analysis of Financial Position and Financial Performance.

e. There were no material changes in estimates of amounts reported in prior interim periods of the current year or changes in estimates of amounts reported in prior financial years.

f. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate within the next 12 months any cash flow or liquidity problems. The Group was not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring payments. There were no significant amounts of the Group's trade payables that have not been paid within the stated trade terms.

g. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operation.

h. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets since the last annual reporting date. No material contingencies and any other events or transactions exist that are material to an understanding of the current reporting period.

i. There are no significant elements of income or loss that did not arise from continuing operations.

j. The effects of seasonality or cyclicality on the operations of the Group's businesses are not material.

k. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

San Miguel Global Power
Giving You the Power to Celebrate Life

San Miguel Global Power Holdings Corp.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE

INTRODUCTION

The following discussion should be read in conjunction with the attached unaudited consolidated financial statements of San Miguel Global Power Holdings Corp. ("San Miguel Global Power" or "Parent Company", formerly SMC Global Power Holdings Corp.) and its subsidiaries (collectively referred to as the "Group") as at and for the period ended March 31, 2025 (with comparative figures as at December 31, 2024 and for the period ended March 31, 2024). All necessary adjustments have been made to present fairly the consolidated financial position, financial performance and cash flows of the Group as at March 31, 2025, and for all the other periods presented. Certain information and footnote disclosure normally included in the audited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards have been omitted.

I. MAJOR DEVELOPMENTS AND SIGNIFICANT TRANSACTIONS IN 2025

Joint Agreement with Manila Electric Company (Meralco) and Aboitiz Power Corporation (AboitizPower) on the Group's Liquefied Natural Gas (LNG) Projects

On January 27, 2025, San Miguel Global Power completed the following transactions (collectively, the "Chromite Transaction" pursuant to the agreements executed on March 1, 2024 with Chromite Gas Holdings Inc. (CGHI), an entity owned jointly by Meralco PowerGen Corporation (a subsidiary of Meralco) and Therma NatGas Power, Inc. (a subsidiary of AboitizPower):

- Investment by CGHI of 67% equity interests in: (i) South Premiere Power Corp. (SPPC), the owner/operator of the 1,278 megawatts (MW) Ilijan Power Plant; (ii) Excellent Energy Resources Inc. (EERI), the owner/operator of the 1,320MW Batangas Combined Cycle Gas Power Plant; and (iii) Ilijan Primeline Industrial Estate Corp. (IPIEC), the owner of the land where EERI's power plant and facilities and the Batangas Liquified Natural Gas (LNG) Terminal are located.

- Acquisition by CGHI and SMGP of 67% and 32.98% equity interests, respectively, in Linseed Field Corporation (LFC), the owner/operator of the Batangas LNG Terminal, which receives, stores and processes LNG to fuel the power plants of SPPC and EERI.

As a result of the Chromite Transaction, San Miguel Global Power's equity interests in SPPC, EERI and IPIEC were diluted from 100% to 33%. Consequently, San Miguel Global Power derecognized the assets and liabilities of the 3 subsidiaries and recognized the 33% equity interests retained at fair market values and a revaluation gain amounting to P52,706 million and P21,933 million, respectively.

Update on Claims for Contract Price Adjustments on Certain "Fixed Price" Power Sales Agreements (PSAs) with Meralco

On June 27, 2023, the Court of Appeal's (CA) released its joint decision on the separate petitions of Sual Power Inc. (SPI) and SPPC for certiorari (the "Joint Decision"), which effectively annulled and set aside the previous Orders of the Energy Regulatory Commission (ERC) denying their joint petitions with Meralco for tariff adjustments on certain "fixed price" PSAs allowing the recovery of incremental power supply costs due to Change in Circumstances (CIC) and the eventual termination of the PSAs. Following the release of the CA's Joint Decision, SPI and SPPC confirmed the termination of their respective PSAs, but without prejudice to additional claims on incremental power supply costs incurred beyond the period covered by the said petitions arising from the same CIC during the continued implementation of the PSAs by SPPC and SPI pending issuance of the Temporary Restraining Order (TRO) and the Joint Decision by the CA. SPPC ceased the supply under its PSA only on December 7, 2022, after the issuance of the TRO by the CA, while SPI ceased to supply nominations on its PSA on July 24, 2023. On December 28, 2023, the CA issued a decision denying the Motions for Reconsideration filed by the ERC and intervenors on its Joint Decision, which was received by the external counsel of SPI and SPPC on January 16, 2024. The ERC then filed a Petition for Review on Certiorari with the Supreme Court (SC), a copy of which was received by the SPI and SPPC on March 6, 2024. On April 3, 2024, the SC issued a Resolution denying the ERC's Petition for Review on Certiorari "for failure of petitioner [ERC] to sufficiently show that the CA committed any reversible error in the challenged Joint Decision".

The SC in its Resolution dated July 10, 2024 also denied with finality the ERC's Motion for Reconsideration of the SC's Resolution dated April 3, 2024 and the ERC's prayer for the issuance of a TRO and/or Writ of Preliminary Injunction and directed the immediate issuance of an entry of judgment. An Entry of Judgment has already been issued for this case. SPI and SPPC thereafter respectively filed on October 10, 2024, a Motion for Issuance of the Writ of Execution before the ERC praying for the ERC to issue a Writ of Execution enforcing the Joint Decision. The Motion remains pending with the ERC to date. SPPC and SPI filed separate Motions to Resolve (re: Motion for Issuance of Writ of Execution) with the ERC on February 6, 2025. SPPC and SPI also filed with the CA on March 11, 2025, separate Motions to Direct the Court of Origin to Issue Writ of Execution to compel the ERC to issue writs of execution on the Joint Decision.

Related thereto, pursuant to the Joint Decision, SPPC and SPI respectively issued Notices of CIC on August 18, 2023, informing Meralco of their requests for price adjustments for the period May 26, 2022 to December 6, 2022 for SPPC, and for the period June 2022 to July 2023 for SPI, and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under their respective PSAs, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco separately acknowledged SPPC's and SPI's rights to the additional adjustment in the Contract Price as a result of the CIC under the respective PSAs, and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPPC and SPI separately filed a Motion for Price Adjustment with the ERC, for their respective CIC claims covering the aforesaid periods, pursuant to their respective PSAs, with their claims anchored on essentially the same legal bases established or ruled on by the CA in its Joint Decision and confirmed by the SC with finality. The motions remain pending to date with the ERC.

On January 15, 2025, SPPC and the San Miguel Global Power executed an agreement wherein SPPC assigned in favor of the San Miguel Global Power all of its rights of action under the above claims for price adjustments from Meralco in view of the dilution of San Miguel Global Power's equity interest in SPPC from 100% to 33%, following the Chromite Transaction.

Subscription to San Miguel Global Power's Common Shares by San Miguel Corporation (SMC)

On March 6, 2025, the Board of Directors (BOD) of San Miguel Global Power approved the following:

- subscription by SMC to 950,796,000 common shares out of the unissued capital stock of San Miguel Global Power in cash, at a subscription price of P30.00 per share or for a total subscription amount of P28,524 million;

- increase in authorized capital stock of San Miguel Global Power by P4,026 million (comprising of 4,025,600,000 shares with par value of P1.00), or from P3,774 million, divided into 3,774,400,000 shares with par value of P1.00 to P7,800 million, divided into 7,800,000,000 shares with par value of P1.00 (the "ACS Increase"); and

- subscription by SMC to 1,011,093,800 common shares out of the ACS increase at P30.00 per share, or for a total subscription amount of P30,333 million.

On the same day, San Miguel Global Power and SMC executed the respective Subscription Agreements covering the aforesaid subscriptions approved by BOD.

On April 7, 2025, the stockholders of San Miguel Global Power approved the ACS Increase and the amendment of the Amended Articles of Incorporation to reflect the ACS Increase and ratified the said subscription by SMC out of the ACS Increase. As at report date, the application for the ACS Increase is pending with the Philippine SEC.

The subscription amounts were fully paid by SMC to San Miguel Global Power on April 7, 2025.

Long-term Debts

- *Availment of Term Loan by Mariveles Power Generation Corp. (MPGC)*
  On March 27, 2025, MPGC completed additional drawdowns amounting to P9,400 million from its Omnibus Loan and Security Agreement (OLSA) executed on December 17, 2024, with various local banks. The loan is subject to a fixed interest rate and payable quarterly up to December 2034.

  The proceeds from the loan were used to finance the Mariveles Greenfield Power Plant project.

- *Payments of Maturing Term Loans*
  In the first quarter of 2025, Limay Power Inc. (LPI), Malita Power Inc. (MPI), Masinloc Power Co. Ltd. (MPCL), San Miguel Global Power and SMGP BESS Power Inc. (SMGP BESS) paid a total of P2,057 million of their scheduled long-term debt principal amortizations pursuant to the terms and conditions of their respective facility agreements.

  On February 10, 2025, San Miguel Global Power fully settled its US$50 million term loan (equivalent to P2,905 million) drawn on October 31, 2023 from a foreign bank.

Issuance of US$100 million Senior Perpetual Capital Securities (SPCS) by San Miguel Global Power

On February 19, 2025, San Miguel Global Power completed the issuance of another US$100 million SPCS (equivalent to P5,750 million, net of directly attributable transaction costs), at an issue price of 100.503% plus an amount corresponding to accrued distribution from and including December 2, 2024 to, but excluding, February 19, 2025. The US$100 million SPCS is consolidated into and form a single series with the US$500 million SPCS issued on December 2, 2024, bringing the total securities to US$600 million. The US$100 million SPCS are identical in all respects with the US$500 million SPCS, other than with respect to the date of issuance and issue price.

San Miguel Global Power intends to apply the net proceeds from the issuance of the US$100 million SPCS towards the partial purchase, repurchase and/or redemption of the outstanding 7.00% SPCS issued in October and December 2020.

The US$100 million SPCS was listed on the Singapore Exchange Securities Trading Limited on February 20, 2025.

Events After the Reporting Date

On April 7, 2025, San Miguel Global Power redeemed a portion of its outstanding Redeemable Perpetual Capital Securities (RPCS) issued to SMC with total carrying amount equivalent to P57,300 million and paid distributions amounting to P1,528 million.

II. FINANCIAL PERFORMANCE

2025 vs. 2024

	March 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Millions	**2025**	2024	Amount	%	**2025**	2024
Revenues	**P42,497**	P44,123	(P1,626)	(4%)	**100%**	100%
Cost of power sold	**(29,451)**	(33,541)	(4,090)	(12%)	**(69%)**	(76%)
Gross profit	**13,046**	10,582	2,464	23%	**31%**	24%
Selling and administrative expenses	**(2,358)**	(1,742)	616	35%	**(6%)**	(4%)
Income from operations	**10,688**	8,840	1,848	21%	**25%**	20%
Interest expense and other financing charges	**(5,777)**	(5,017)	760	15%	**(14%)**	(11%)
Interest income	**808**	221	587	266%	**2%**	0%
Equity in net earnings (losses) of associates and joint ventures - net	**1,563**	(23)	1,586	6,896%	**4%**	0%
Other income (charges) - net	**21,140**	(1,329)	22,469	1,691%	**50%**	(3%)
Income before income tax	**28,422**	2,692	25,730	956%	**67%**	6%
Income tax expense	**2,036**	1,145	891	78%	**5%**	3%
Net income	**P26,386**	P1,547	P24,839	1,606%	**62%**	3%

Revenues

The Group's consolidated revenues for the first quarter of 2025 amounted to P42,497 million, lower by 4% from the P44,123 million recognized in the same period last year. The decline was due primarily to the aforementioned divestment and resulting deconsolidation of SPPC, owner of the 1,278 MW Ilijan Power Plant, following the completion of the Chromite Transaction. In addition, the decline in revenues reflects a downward adjustment in fuel tariffs to customers as coal fuel prices went down by 17% with GC Newcastle prices declining from an average of US$126 per metric ton (MT) for the first quarter of 2024 to US$105/MT for the same period this year. The effect of the deconsolidation was compensated by the revenue contributions from: (a) Units 1 and 2 of EERI's 1,320 MW new gas power plant which were declared operational on December 29, 2024 and January 7, 2025, respectively, thereby contributing a month's worth of revenues prior to its deconsolidation as part of the Chromite Transaction; (b) the full quarter operations of the 4x150 MW Mariveles Greenfield Power Plant Units 1, 2, 3 and 4 (with Unit 4 commencing commercial operations on January 9, 2025) and the additional 3 battery energy storage system (BESS) facilities with a combined capacity of 110 MWh which started commercial operations in March 2024; (c) improved average realization price for Masinloc Power Plant's new and renewed bilateral contracts; and (d) the 400 MW emergency PSA (EPSA) of Limay Power Plant with Meralco which took effect starting August 2024 up to February 2025.

Costs of Power Sold

Costs of power sold decreased to P29,451 million for the first quarter of 2025, which is 12% lower than the P33,541 million incurred for the same period last year. This reduction was attributable to the following: (i) deconsolidation of SPPC which contributed a net decrease in cost of power sold by P8,347 million; and (ii) lower generation costs, as coal global prices averaged at US$105/MT during the period – down from the US$126/MT (in GC Newcastle terms) for the same period last year. The decline was countered by the increase in cost of power sold with the full quarter operations of the Mariveles Greenfield Power Plant's 4 units, incremental depreciation expense from the additional 3 BESS facilities and the one-month operation of EERI's new gas power prior to its deconsolidation.

Selling and Administrative Expenses

Selling and administrative expenses increased by 35% or P616 million, from P1,742 million for the first quarter of 2024 to P2,358 million in 2025 for the same period. The increase was mainly due to incremental operating expenses associated with the full-quarter operations of the Mariveles Greenfield Power Plant and the additional 3 BESS facilities as well as the one-month operation of EERI's Units 1 & 2 new gas power plant prior its deconsolidation.

Income from Operations

Consolidated income from operations of P10,688 million for the first quarter of 2025 grew by 21% from the same period last year. The increase was driven by improved margins from contracted capacities with fuel passthrough arrangements for most of its bilateral customers, including the PSAs with Meralco, as well as the additional margin contributions from ancillary services rendered for National Grid Corporation of the Philippines (NGCP) and offered to the reserve market through the BESS facilities.

Interest Expense and Other Financing Charges

Interest expense and other financing charges went up by 15% to P5,777 million for the first quarter of 2025. This was mainly attributable to the P32,500 million and P9,400 million term loans drawn in tranches by MPGC in December 2024 and March 2025, respectively. This was partly mitigated by lower interest expense on the declining principal balances of the Group's finance lease liabilities owed to Power Sector Assets and Liabilities Management Corporation (PSALM) with only the Independent Power Producer Administrator (IPPA) Agreement of San Roque Hydropower Inc. (SRHI) outstanding, as the finance lease liabilities arising from the Sual IPPA Agreement was fully settled in October 2024.

Interest Income

Interest income amounted to P808 million for the first quarter of 2025. The higher number was due primarily to the increase in outstanding short-term placements of the Group compared to last year.

Equity in Net Earnings (Losses) of Associates and Joint Ventures - net

Equity in net earnings of an associate and joint ventures reached P1,563 million in the first quarter of 2025, marking a significant turnaround from the P23 million loss recorded in the same period last year. This improvement was mainly due to the share in the net earnings of SPPC, EERI, and IPIEC - following the dilution of the Group's equity interests thereon from 100% to 33%, as well as the improved financial performance of Angat Hydropower Corporation (AHC).

Other Income (Charges) - net

Other income-net amounted to P21,140 million for the first quarter of 2025, a significant turnaround from the P1,329 million other charges-net registered for the same period last year. This surge was primarily driven by the revaluation gain recognized from the dilution of equity interests in SPPC, EERI and IPIEC following the completion of the Chromite Transaction.

Income Tax Expense

Provision for income tax amounted to P2,036 million for the first quarter of 2025, higher by 78% from last years' P1,145 million mainly due to the provisions for deferred tax expense recognized on lease-related liabilities and higher taxable income for the period.

Net Income

Consequently, the consolidated net income of the Group for the first quarter of 2025 increased to P26,386 million or by 1,606%, from P1,547 million reported for the same period last year.

The following are the highlights of the performance of the individual operating business segments:

1. **POWER GENERATION**

    a. **SPI, owner of Sual Power Plant**

    For the first quarter of 2025, net generation of 1,031 gigawatt hours (GWh), at 40% net capacity factor rate, was lower by 18% than the same period in 2024 mainly due to the plant's longer outages.

    Revenues of P9,018 million fell by 24%, from P11,825 million in 2024. The decrease was mainly due to the decline in offtake volume as contracts with certain distribution utilities (DUs) expired in December 2024 and was partly replaced by new contracts that took effect only in February 2025 or still awaiting approval from the regulatory agency. Moreover, lower average realization price, resulting from lower fuel tariff as global coal prices fell from an average of US$126/MT in the first quarter of 2024 to US$105/MT for the same period last year, contributed to the decline in revenues.

    Consequently, operating income for the first quarter of 2025 fell to P1,015 million, down by 55% from P2,276 million in 2024.

    b. **SPPC, owner of Ilijan Power Plant**

    Upon completion of the Chromite Transaction on January 27, 2025, SMGP's equity interest in SPPC was diluted from 100% to 33% resulting to a loss of control over SPPC. Accordingly, the assets and liabilities of SPPC were deconsolidated from the books of SMGP and the recognition of share in SPPC's net earnings commenced following the deconsolidation.

    For the month of January 2025, the Ilijan Power Plant contributed 424 GWh (at 47% net capacity factor rate), P4,346 million and P1,254 million to the Group's net generation, revenues and operating income, respectively. After the deconsolidation, share in net earnings recognized from the operations of SPPC amounted to P484 million during the period.

    c. **LPI, owner of Limay Greenfield Power Plant**

    For the first quarter of 2025, the net generation of Limay Greenfield Power Plant of 707 GWh, at 61% net capacity factor rate, was lower by 25% than the 940 GWh registered for the same period in 2024. LPI dispatched 414 GWh of the plant's net generation to its power generation customers while the rest was dispatched to its retail electricity supplier (RES) customers.

    On the other hand, total offtake volume has gone up to 970 GWh, a 248% increase from same period in 2024 attributable to the emergency PSA with Meralco that commenced in August 2024 up to February 2025. Likewise, revenues increased by 191% from P1,673 million in 2024 to P4,868 million in 2025 due to higher offtake volume.

    Consequently, operating income of P679 million for the first quarter of 2025 was 7.5% higher than the P632 million posted in the same period last year.

d. **MPI, owner of Davao Greenfield Power Plant**

For the first quarter of 2025, a total of 390 GWh was generated by the plant, at a net capacity factor rate of 68%. This was higher by 12% compared to the same period in 2024 owing to the increase in spot nominations. Consequently, total offtake volume increased by 15% to 405 GWh.

Similarly, revenues increased by 13% to P2,336 million during the quarter compared to last year due to higher offtake volume. As a result, operating income for the first quarter of 2025 increased to P540 million from the P485 million posted for the same period last year.

e. **MPCL, owner of Masinloc Power Plant**

The Masinloc Power Plant's operating Units 1, 2, and 3 contributed a total net generation of 1,349 GWh for the first quarter of 2025 with 1,245 GWh or 92% supplied to power generation customers while the rest was discharged to RES customers. This was 8% lower, compared to the 1,471 GWh generated from the same period in 2024, which was attributed to the annual preventive maintenance of Unit 1 during the current period.

Total offtake volume of 1,567 GWh went up from the same period in 2024 resulting primarily from higher customer nominations. Revenues grew by 18% to P8,620 million while operating income increased by 14% to P1,862 million for the first quarter of 2025 compared to the same period in 2024. The growth was driven by higher offtake volume and improved average realization prices under new and renewed bilateral contracts.

f. **MPGC, owner of Mariveles Greenfield Power Plant**

For the first quarter of 2025, the net generation of Mariveles Greenfield Power Plant registered at 898 GWh, at 77% net capacity factor rate. This was a 65% increase from the same period in 2024 due primarily to higher plant dispatch with all 4 units declared operational on March 28, 2024, September 26, 2024, October 26, 2024, and January 9, 2025, respectively, following the completion of its testing and commissioning activities. Likewise, total offtake volume of 911 GWh increased by 67% compared to the same period in 2024 with higher net generation supplied to affiliate generators and the spot market.

As a result, revenues and operating income registered at P4,807 million and P985 million, respectively, an increase of 216% compared to last year's revenues of P1,523 million and a turnaround from the P28 million operating loss posted in 2024.

g. **EERI, owner of the new Batangas Combined Cycle Power Plant (BCCPP)**

Testing and commissioning activities of EERI's Units 1 and 2 started in November 2024 while Unit 3 started in January 2025. Subsequently, Units 1 and 2 were declared operational starting on December 29, 2024 and January 7, 2025, respectively.

As a result of the completion of the Chromite Transaction on January 27, 2025, SMGP's equity interest in EERI was diluted from 100% to 33% thereby resulting to a loss of control over EERI. Accordingly, the assets and liabilities of EERI were deconsolidated from the books of SMGP and the recognition of share in EERI's net earnings commenced following the deconsolidation.

For the month of January 2025, the BCCPP of EERI contributed 364 GWh (at 41% net capacity factor rate), P3,058 million and P731 million to the Group's net generation, revenues and operating income, respectively. After the deconsolidation, share in net earnings recognized from the operations of EERI amounted to P662 million during the period.

h. **SRHI, IPPA of San Roque Hydroelectric Power Plant**

The San Roque Hydroelectric Power Plant's net generation of 227 GWh for the first quarter of 2025, at 30% net capacity factor rate, increased by 57% due to longer operating hours attributable mainly to higher water reservoir level. Likewise, total offtake volumes of 417 GWh increased by 23% compared to the same period in 2024 resulting from higher generation.

Revenues of P2,116 million increased by 32% compared to revenues reported in 2024 at P1,601 million mainly due to increase in offtake volume and higher average realization price.

Operating income of P534 million for the first quarter of 2025 rose by 131% compared to the same period in 2024. The increase was due to higher margin, resulting from the aforesaid increase in offtake volumes and average realization price.

2. **RETAIL AND OTHER POWER-RELATED SERVICES**

a. **LPI - RES**

For the first quarter of 2025, total offtake volume registered at 620 GWh, lower by 28% compared to the same period in 2024 at 859 GWh due mainly to lower customer nominations. Likewise, revenues decreased by 22% from P5,055 million in 2024 to P3,952 million for the first quarter of 2025 due to lower offtake volume.

Consequently, operating income for the quarter was registered at P411 million, 49% lower compared to the P810 million posted for the same period in 2024.

b. **MPCL - RES and BESS**

For the first quarter of 2025, net revenues (inclusive of revenues from retail electricity supply contracts and ancillary revenues from the 10 MWh BESS) and operating income amounted to P2,275 million and P500 million, an increase of 83% and 76%, respectively, from the same period in 2024. The growth was primarily driven by a significant rise in offtake volumes, with a total of 340 GWh supplied under new contracts.

c. **SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan; owner of Kabankalan I BESS)**

Revenues and operating income decreased by 37% to P146 million and P95 million, respectively, for the first quarter of 2025 compared to the same period last year due to the preventive maintenance activities conducted during the current period resulting to lower offtake volumes.

d. **SMGP BESS (owner of 10 BESS Facilities with combined installed capacity of 330 MWh)**

For the first quarter of 2025, SMGP BESS reported revenues of P3,026 million, higher by 69% compared to the same period last year primarily due to full-quarter operations of the additional 3 BESS sites with a combined capacity of 110 MWh. Likewise, operating income of P2,157 million rose by 72% from P1,251 million in 2024.

2024 vs. 2023

	March 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Millions	**2024**	2023	Amount	%	**2024**	2023
Revenues	**P44,123**	P41,124	P2,999	7%	**100%**	100%
Cost of power sold	**(33,541)**	(32,094)	1,447	5%	**(76%)**	(78%)
Gross profit	**10,582**	9,030	1,552	17%	**24%**	22%
Selling and administrative expenses	**(1,742)**	(1,455)	287	20%	**(4%)**	(4%)
Income from operations	**8,840**	7,575	1,265	17%	**20%**	18%
Interest expense and other financing charges	**(5,017)**	(4,398)	619	14%	**(11%)**	(10%)
Interest income	**221**	367	(146)	(40%)	**0%**	1%
Equity in net earnings (losses) of an associate and joint ventures - net	**(23)**	164	(187)	(114%)	**0%**	0%
Other income (charges) - net	**(1,329)**	3,316	(4,645)	(140%)	**(3%)**	8%
Income before income tax	**2,692**	7,024	(4,332)	(62%)	**6%**	17%
Income tax expense	**1,145**	1,679	(534)	(32%)	**3%**	4%
Net income	**P1,547**	P5,345	(P3,798)	(71%)	**3%**	13%

Revenues
The Group's consolidated revenues for the first quarter of 2024 amounted to P44,123 million, higher by 7% than the P41,124 million recognized for the same period in 2023. The increase was mainly driven by: (i) higher offtake volume as the Group was able to secure several EPSA from Meralco and other DUs that allowed the contracting of its available capacities, and (ii) the resumption of operations of the Ilijan Power Plant using commercial LNG on a fuel passthrough basis. Moreover, the Group recognized additional revenues from ancillary services rendered by 10 BESS facilities of SMGP BESS for NGCP, with a combined capacity of 330 MWh, of which 220 MWh commenced commercial operations in the second semester of 2023 while the other 110 MWh started in the first quarter of 2024.

Cost of Power Sold
Cost of power sold increased to P33,541 million for the first quarter of 2024, which is 5% higher than the P32,094 million incurred for the same period in 2023. The increase was mainly attributable to: (i) higher power purchases from the Philippine Wholesale Electricity Spot Market to supplement the Group's required generation output, and (ii) the resumption of Ilijan Power Plant's operations in June 2023. The increase in cost of power sold was partially mitigated by lower fuel costs as international coal prices went down - averaging only US$125.76/MT in the first quarter of 2024 compared to US$247.81/MT in 2022 for the same period, in terms of GC Newcastle indexed prices.

Selling and Administrative Expenses
Selling and administrative expenses increased by 20% or P287 million, from P1,455 million for the first quarter of 2023 to P1,742 million in 2024 for the same period. The increase was mainly due to higher: (i) contracted services incurred during the preventive maintenance of Masinloc Power Plant Unit 1 and outages of Sual Power Plant Unit 1, (ii) taxes and licenses representing documentary stamp taxes from various transactions of the Group, and local business taxes of MPCL, and (iii) personnel-related expenses of the Group driven by its continuing business expansion.

Income from Operations
As a result, consolidated income from operations of P8,840 million for the first quarter of 2024 was higher by 17% from the same period in 2023 owing to improved margins as the Group worked out a transition to fuel passthrough arrangements for most of its bilateral customers including the 810 MW EPSA of SPPC with Meralco, as well as the additional margins contributed by BESS through ancillary services.

Interest Expense and Other Financing Charges
Interest expense and other financing charges went up to P5,017 million for the first quarter of 2024. This is due to the pervasive increase in global and local interest rates which affected primarily the new and outstanding debts of the Group, but was partly mitigated by the declining principal balances of its finance lease liabilities owed to PSALM arising from the IPPA agreements, such as on the Sual Power Plant, which is nearing full settlement by October 2024.

Interest Income
Interest income amounted to P221 million for the first quarter of 2024. The lower number compared to the same period in 2023 was due primarily to shorter placement periods as funds were utilized to cover capital expenditures for ongoing construction projects.

Equity in Net Earnings (Losses) of an Associate and Joint Ventures - net
Equity in net losses of an associate and joint ventures registered at P23 million loss for the first quarter of 2024, down from the P164 million earnings for the same period in 2023, mainly due to the decline in the financial performance of AHC with unfavorable hydrological conditions seen during the period.

Other income (charges) - net
Other charges amounted to P1,329 million for the first quarter of 2024, a complete turnaround from the P3,316 million other income for the same period in 2023. This was mainly due to the net foreign exchange loss recognized on the revaluation of the Group's US Dollar-denominated net monetary liabilities, with the depreciation of the Philippine Peso against the US Dollar during the period, which is in stark contrast to the significant appreciation of the Philippine Peso against the US Dollar seen in the first quarter of 2023.

Income Tax Expense
Provision for income tax amounted to P1,145 million for the first quarter of 2024. The lower number compared to the same period in 2023 was due mainly to: (i) deferred tax benefit recognized by MPCL, SRHI, SPI on its unrealized foreign exchange loss, partly offset by (ii) higher income tax expense of LPI and MPI following the expiration of its income tax holiday in May and September 2023, respectively, and higher taxable income of MPCL.

Net Income
Consequently, the consolidated net income of the Group for the first quarter of 2024 decreased to P1,547 million, from P5,345 million net income reported for the same period in 2023, which was burdened with significant net foreign exchange losses. Without the impact of the net foreign exchange losses recognized in the first quarters of 2024 and 2023, the consolidated net income would have increased by 15% compared to 2023.

The following are the highlights of the performance of the individual operating subsidiaries per business segments:

1. **POWER GENERATION**

a. **SPI, owner of Sual Power Plant**

For the first quarter of 2024, net generation of 1,265 GWh, at 48% net capacity factor rate, was lower by 19% than in 2023 same period due mainly to the plant's longer outages. On the other hand, offtake volume was up by 8% as a result of higher spot sales volume.

Revenues of P11,825 million decreased by 34% compared to revenues reported in 2023 at P17,861 million due mainly to lower average realization price resulting from lower fuel tariff as global coal prices fell from an average of US$247.81/MT in the first quarter of 2023 to an average of just US$125.76/MT in 2024 same period.

As a result, operating income for the first quarter of 2024 decreased by 6% to P2,276 million from P2,412 million in 2023.

b. **SPPC, owner of Ilijan Power Plant**

The net generation of Ilijan Power Plant for the first quarter of 2024 significantly increased to 1,438 GWh, from 28 GWh registered in the first quarter of 2023, due primarily to the plant's resumption of operations in June 2023 following the successful supply of LNG from the Batangas LNG terminal.

Likewise, total offtake volume of 1,791 GWh for the first quarter of 2024 was higher compared to the same period in 2023 on account of the increase in Meralco nominations due to the full quarter impact of its EPSAs with Meralco. Said bilateral contracts have fuel pass-through arrangements that translated to a higher average realization rate. Consequently, revenues surged to P13,115 million for the first quarter of 2024 from the P2,337 million posted for the same period in 2023.

For the first quarter of 2024, SPPC recognized an operating income of P1,248 million due mainly to improved margins. This was a complete turnaround from the P932 million operating loss posted in 2023 same period.

c. **LPI, owner of Limay Greenfield Power Plant**

The net generation of the Limay Greenfield Power Plant of 940 GWh for the first quarter of 2024, at 80% net capacity factor rate, was slightly higher by 1% than same period in 2023 at 932 GWh. LPI dispatched 116 GWh of the plant's net generation to its power generation customers while the rest was dispatched to its RES customers.

For the first quarter of 2024, total offtake volume of 279 GWh went down from same period in 2023 by 40% due to the decrease in replacement power sales volume. Moreover, revenues decreased by 52% from P3,498 million in 2023 to P1,673 million in 2024 attributable to lower offtake volume and lower average realization price with the decline in fuel tariff passed-on to customers as a result of lower global coal prices.

Operating income registering at P632 million for the quarter of 2024 was 5% lower than the P663 million posted in 2023 mainly on account of lower offtake volume.

d. **MPI, owner of Davao Greenfield Power Plant**

For the first quarter of 2024, a total of 349 GWh was generated by the plant, at a capacity factor rate of 60%, higher compared to the same period in 2023 by 6% due to the increase in spot and bilateral nominations.

On the other hand, revenues at P2,059 million dropped by 39% compared to the same period in 2023 due to lower average realization price resulting from lower fuel tariff as global coal prices fell. As a result, operating income at P485 million fell by 54% compared to operating income reported in the first quarter of 2023.

e. **MPCL, owner of Masinloc Power Plant**

The Masinloc Power Plant's operating Units 1, 2, and 3 contributed a total net generation of 1,471 GWh for the first quarter of 2024 with 1,340 GWh or 91% supplied to power generation customers while the rest was discharged to RES customers. This was 38% higher, compared to the 1,064 GWh generated from the same period in 2023, as a result of lower outage days attributed to the scheduled preventive maintenance of Unit 1.

Total offtake volume of 1,479 GWh went up from the same period in 2023 resulting primarily from higher customer nominations. On the other hand, revenues and operating income decreased to P7,335 million and P1,632 million, respectively, on account of lower average realization price due to the decline in fuel tariff passed on to bilateral customers as global coal prices fell as well as the decline in spot prices for the period.

f. **SRHI, IPPA of San Roque Hydroelectric Power Plant**

The San Roque Power Plant's net generation of 145 GWh for the first quarter of 2024, at 19% net capacity factor rate, fell by 20% due to shorter operating hours attributable mainly to lower water reservoir level. Likewise, total offtake volume of 339 GWh decreased by 8% compared to the same period in 2023 resulting from lower generation.

Revenues of P1,601 million were down by 52% compared to the same period in 2023 at P3,330 million due mainly to the decrease in offtake volume and lower average realization price owing to the decline in the average spot price.

Operating income of P232 million for the first quarter of 2024 dropped by 79% compared to same period in 2023 due to lower margin, owing to the aforesaid decline in the average realization price and offtake volume.

2. **RETAIL AND OTHER POWER-RELATED SERVICES**

a. **LPI - RES**

For the first quarter of 2024, total offtake volume registered at 859 GWh. This increased by 69% compared to the same period in 2023 at 507 GWh due to new customers. Likewise, revenues increased by 11% from P4,553 million in 2023 to P5,055 million for the first quarter of 2024 due to higher offtake volume.

Consequently, operating income of P810 million for the quarter was registered, this is 19% higher compared to the P679 million posted for the same period in 2023.

b. **MPCL - RES and BESS**

For the first quarter of 2024, revenues, inclusive of ancillary revenues from the 10 MWh BESS, and operating income decreased to P1,241 million and P284 million, respectively, due to lower customer requirements and expiration of contracts in 2023.

c. **SMGP Kabankalan, owner of Kabankalan I BESS**

Revenues of P232 million for the first quarter of 2024 increased by 9% compared to same period in 2023. Likewise, operating income of P151 million was higher by 45% compared to the P104 million registered from the same period in 2023 on account of higher average realization price during the period.

d. **SMGP BESS, owner of various BESS Facilities**

For the first quarter of 2024, SMGP BESS reported revenues and operating income of P1,791 million and P1,251 million, respectively. Beginning July 2023, the ERC granted provisional authority for the implementation of Ancillary Service Procurement Agreements between NGCP and SMGP BESS with 7 BESS facilities commencing commercial operations on various dates during the second semester of 2023. Another 3 BESS facilities started commercial operations in the first quarter of 2024.

III. FINANCIAL POSITION

2025 vs. 2024

In Millions	**March 31, 2025**	December 31, 2024	**Horizontal Analysis Increase (Decrease)** Amount	%	**Vertical Analysis** **2025**	2024
Cash and cash equivalents	**P80,155**	P67,867	P12,288	18%	**10%**	8%
Trade and other receivables - net	**105,482**	115,884	(10,402)	(9%)	**13%**	13%
Inventories	**11,115**	14,326	(3,211)	(22%)	**1%**	2%
Prepaid expenses and other current assets	**36,243**	51,562	(15,319)	(30%)	**4%**	6%
Total Current Assets	**232,995**	249,639	(16,644)	(7%)	**28%**	29%
Investments and advances - net	**70,476**	19,896	50,580	254%	**9%**	2%
Property, plant and equipment - net	**367,717**	459,506	(91,789)	(20%)	**45%**	52%
Right-of-use assets - net	**41,389**	42,123	(734)	(2%)	**5%**	4%
Goodwill and other intangible assets - net	**70,070**	71,736	(1,666)	(2%)	**8%**	8%
Deferred tax assets	**1,279**	1,354	(75)	(6%)	**0%**	0%
Other noncurrent assets	**37,976**	37,619	357	1%	**5%**	4%
Total Noncurrent Assets	**588,907**	632,234	(43,327)	(7%)	**72%**	71%
Total Assets	**P821,902**	P881,873	(P59,971)	(7%)	**100%**	100%
Loans payable	**P10,000**	P41,350	(P31,350)	(76%)	**1%**	5%
Accounts payable and accrued expenses	**92,188**	144,102	(51,914)	(6%)	**11%**	16%
Lease liabilities - current portion	**4,164**	10,049	(5,885)	(59%)	**1%**	1%
Income tax payable	**112**	80	32	42%	**0%**	0%
Current maturities of long-term debt - net of debt issue costs	**42,678**	28,477	14,201	50%	**5%**	3%
Total Current Liabilities	**149,142**	224,058	(74,916)	(33%)	**18%**	25%
Long-term debt - net of current maturities and debt issue costs	**238,993**	249,461	(10,468)	(4%)	**29%**	28%
Deferred tax liabilities	**16,521**	23,978	(7,457)	(31%)	**2%**	3%
Lease liabilities - net of current portion	**19,890**	21,357	(1,467)	(7%)	**2%**	2%
Other noncurrent liabilities	**4,287**	3,994	293	7%	**1%**	1%
Total Noncurrent Liabilities	**279,691**	298,790	(19,099)	(6%)	**34%**	34%
Total Liabilities	**428,833**	522,848	(94,015)	(18%)	**52%**	59%

Forward

In Millions	**March 31, 2025**	December 31, 2024	Horizontal Analysis Increase (Decrease) Amount	%	Vertical Analysis **2025**	2024
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	**P2,824**	P2,824	P -	0%	**0%**	0%
Additional paid-in capital	**48,082**	48,082	-	0%	**6%**	5%
Senior perpetual capital securities	**156,945**	151,195	5,750	4%	**19%**	17%
Redeemable perpetual capital securities	**145,979**	145,979	-	0%	**18%**	17%
Equity reserves	**5,872**	(16,385)	22,257	136%	**1%**	(1%)
Retained earnings	**32,415**	26,387	6,028	23%	**4%**	3%
	392,117	358,082	34,035	10%	**48%**	41%
Non-controlling Interests	**952**	943	9	1%	**0%**	0%
Total Equity	**393,069**	359,025	34,044	9%	**48%**	41%
Total Liabilities and Equity	**P821,902**	P881,873	(P59,971)	(7%)	**100%**	100%

The Group's consolidated total assets as at March 31, 2025, amounted to P821,902 million, lower by 7% or P59,971 million than December 31, 2024 balance of P881,873 million. The decline was attributable to the following factors:

a. Decrease in property, plant and equipment by P91,789 million as a result of the deconsolidation of SPPC and EERI's property, plant and equipment, partly offset by additional capital expenditures for BESS and Masinloc Units 4 and 5 projects.

b. Decrease in prepaid expenses and other current assets by P15,319 million was mainly attributable to the deconsolidation of SPPC and EERI's prepaid taxes, input value-added tax and advance payments for LNG procurements. This was partially offset by additional restricted cash set aside for debt servicing requirements of the Group.

c. Decrease in trade and other receivables by P10,402 million was mainly attributable to deconsolidation of SPPC and EERI's receivables, partly offset by higher trade receivables of MPGC from revenues generated by its 4 units and higher revenues of SRHI and MPI during the relevant period.

d. Decrease in inventories by P3,211 million was mainly attributable to the deconsolidation of SPPC and EERI's LNG and spare parts. This was partly offset by higher coal inventories for Sual Power Plant and Mariveles and Limay Greenfield Power Plants.

e. Decrease in deferred tax assets by P75 million was due primarily to the application of net operating loss carryover benefit to taxable income during the period.

f. Increase in investment and advances by P50,580 million was attributable to the recognition of 33% equity interests retained in SPPC, EERI and IPIEC at fair value, the acquisition of the 33% equity interest in LFC and related costs, and the recognition of share in net earnings of the said entities during the period.

g. Increase in cash and cash equivalents by P12,288 million was due mainly to the (i) net proceeds from the redemption by the deconsolidated entities of its redeemable preferred shares issued to San Miguel Global Power in January 2025; (ii) net proceeds from the additional term loan drawn by MPGC from its OLSA in March 2025, (iii) net proceeds from the issuance of US$100 million SPCS in February 2025; and (iv) cash generated from operations; partly offset by (v) payments of maturing short/long-term loans of San Miguel Global Power, LPI, MPI, MPCL and SMGP BESS; (vi) capital expenditures for Masinloc Power Plant Units 4 and 5 and BESS sites and other power expansion projects; (vii) distributions paid to the holders of perpetual capital securities; and (viii) lease payments of SPI and SRHI to PSALM.

The Group's consolidated total liabilities as at March 31, 2025, amounted to P428,833 million, 18% or P94,015 million lower than the December 31, 2024 balance of P522,848 million. The major items accounting for the decrease are as follows:

a. Decrease in accounts payable and accrued expenses by P51,914 million was mainly attributable to the deconsolidation of SPPC and EERI; partly offset by net additional payables to contractors relating to the Group's ongoing construction projects.

b. Decrease in loans payable by P31,350 million was due to settlements by San Miguel Global Power and MPGC during the period and the deconsolidation of SPPC 's P5,000 million short-term loan.

c. Decrease in deferred tax liability by P7,457 million was mainly attributable to deconsolidation of SPPC, partly offset by additional deferred tax expense recognized on temporary differences relating to lease liabilities and net unrealized foreign exchange gain on foreign currency-denominated borrowings during the period.

d. Decrease in lease liabilities (including current and noncurrent portions) by P7,352 million was mainly on account of lease payments to PSALM by SPI, pursuant to its land lease agreement executed in October 2024, and by SRHI, pursuant to its IPPA Agreement.

e. Increase in long-term debt - net of debt issue costs (including current and noncurrent portions) by P3,733 million was attributable to the: (i) P9,400 million drawn by MPGC from its credit facility executed in December 2024, (ii) amortization of debt issue costs during the period, partly offset by (iii) payments of maturing long-term loans of San Miguel Global Power, LPI, MPI, MPCL and SMGP BESS, and (iv) unrealized foreign exchange gain recognized on the revaluation of US Dollar-denominated loans.

f. Increase in other noncurrent liabilities by P293 million was mainly attributable to additional customer deposits received by MPCL for new RES customers and additional advance payments received in relation to the disposal of certain real estate properties.

g. Increase in income tax payable by P32 million was mainly attributable to the additional payable arising from income tax due recognized for the first quarter of 2025.

The Group's consolidated total equity as at March 31, 2025 amounted to P393,069 million, higher by 9% or P34,044 million than the December 31, 2024 balance of P359,025 million. The increase is accounted for as follows:

a. Increase in equity reserves by P22,257 million was mainly attributable to the gain (net of tax) recognized by San Miguel Global Power from its investments in the preferred shares issued by SPPC, EERI and IPIEC and redeemed by the latter in January 2025.

b. Increase in retained earnings by P6,028 million was mainly attributable to the net income for the first quarters of 2025 and partly offset by the distributions to perpetual capital security holders.

c. Increase in SPCS by P5,750 million was mainly attributable to the issuance of US$100 million SPCS by San Miguel Global Power in February 2025.

2024 vs. 2023

In Millions	**March 31, 2024**	December 31, 2023	Horizontal Analysis Increase (Decrease) Amount	%	Vertical Analysis **2024**	2023
Cash and cash equivalents	**P35,579**	P31,659	P3,920	12%	**4%**	4%
Trade and other receivables - net	**117,165**	116,976	189	0%	**15%**	15%
Inventories	**12,316**	16,841	(4,525)	(27%)	**2%**	2%
Prepaid expenses and other current assets	**50,004**	48,522	1,482	3%	**6%**	6%
Total Current Assets	**215,064**	213,998	1,066	0%	**27%**	27%
Investments and advances - net	**12,062**	10,953	1,109	10%	**1%**	1%
Property, plant and equipment - net	**355,428**	339,225	16,203	5%	**44%**	44%
Right-of-use assets - net	**104,114**	104,975	(861)	1%	**13%**	13%
Goodwill and other intangible assets - net	**71,684**	71,712	(28)	0%	**9%**	9%
Deferred tax assets	**1,063**	974	89	9%	**0%**	0%
Other noncurrent assets	**44,642**	43,098	1,544	4%	**6%**	6%
Total Noncurrent Assets	**588,993**	570,937	18,056	3%	**73%**	73%
Total Assets	**P804,057**	P784,935	P19,122	2%	**100%**	100%
Loans payable	**P13,736**	P13,736	P -	0%	**2%**	2%
Accounts payable and accrued expenses	**108,394**	97,633	10,761	11%	**13%**	12%
Lease liabilities - current portion	**13,623**	17,645	(4,022)	(23%)	**2%**	2%
Income tax payable	**345**	222	123	55%	**0%**	0%
Current maturities of long-term debt - net of debt issue costs	**55,346**	54,125	1,221	2%	**7%**	7%
Total Current Liabilities	**191,444**	183,361	8,083	4%	**24%**	23%
Long-term debt - net of current maturities and debt issue costs	**215,522**	204,644	10,878	5%	**26%**	26%
Deferred tax liabilities	**21,849**	21,285	564	3%	**3%**	3%
Lease liabilities - net of current portion	**24,525**	25,142	(617)	(2%)	**3%**	3%
Other noncurrent liabilities	**6,952**	7,030	(78)	(1%)	**1%**	1%
Total Noncurrent Liabilities	**268,848**	258,101	10,747	4%	**33%**	33%
Total Liabilities	**460,292**	441,462	18,830	4%	**57%**	56%

Forward

In Millions	**March 31, 2024**	December 31, 2023	Horizontal Analysis Increase (Decrease) Amount	%	Vertical Analysis **2024**	2023
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	**P2,824**	P2,824	P -	0%	**0%**	0%
Additional paid-in capital	**48,082**	48,082	-	0%	**6%**	6%
Senior perpetual capital securities	**161,768**	161,768	-	0%	**20%**	21%
Redeemable perpetual securities	**102,547**	102,547	-	0%	**13%**	13%
Equity reserves	**(3,014)**	(3,020)	6	0%	**0%**	0%
Retained earnings	**30,658**	30,367	291	1%	**4%**	4%
	342,865	342,568	297	0%	**43%**	44%
Non-controlling Interests	**900**	905	(5)	(1%)	**0%**	0%
Total Equity	**343,765**	343,473	292	0%	**43%**	44%
Total Liabilities and Equity	**P804,057**	P784,935	P19,122	2%	**100%**	100%

The Group's consolidated total assets as at March 31, 2024, amounted to P804,057 million, higher by 2% or P19,122 million than December 31, 2023 balance of P784,935 million. The increase was attributable to the following factors:

a. Increase in property, plant and equipment by P16,203 million as a result of the ongoing construction of the Masinloc Power Plant Units 4 and 5, BESS projects, Mariveles Greenfield Power Plant, rehabilitation of the Ilijan Power Plant, BCCPP project, and additional construction works for Limay and Davao Greenfield Power Plants.

b. Increase in cash and cash equivalents by P3,920 million was due mainly to the net proceeds from the P12,000 million loan drawn by SMGP BESS in March 2024 from its OLSA. This was partly offset by the (i) capital expenditures for Masinloc Power Plant Units 4 and 5, BESS projects, Mariveles Greenfield Power Plant, Ilijan Power Plant and BCCPP; (ii) lease payments of SPI and SRHI to PSALM; (iii) payments of maturing long-term loans of MPI, LPI and MPCL, and (iv) distributions paid to the holders of capital securities.

c. Increase in other noncurrent assets by P1,544 million was mainly attributable to (i) net increase in advances to suppliers/contractors for ongoing projects, and (ii) additional restricted cash set aside by MPCL and LPI for its debt servicing requirements.

d. Increase in prepaid expenses and other current assets by P1,482 million was mainly attributable to the (i) additional advances paid for procurement of coal and LNG, and (ii) input VAT recognized on purchases made for the Group's construction projects.

e. Increase in investment and advances by P1,109 million was mainly attributable to the additional deposits made by San Miguel Global Power to landholding companies, net of share in net losses of AHC.

f. Increase in deferred tax assets by P89 million was due primarily to the deferred income tax benefit recognized by the Group on unrealized foreign exchange losses from the revaluation of its US Dollar-denominated net monetary liabilities.

g. Decrease in inventories by P4,525 million was attributable primarily to overall LNG, spare parts and coal consumption which exceeded purchases during the period, coupled with lower average cost of coal.

The Group's consolidated total liabilities as at March 31, 2024, amounted to P460,292 million, 4% or P18,830 million higher than the December 31, 2023 balance of P441,462 million. The major items accounting for the increase are as follows:

a. Increase in long-term debt - net of debt issue costs (including current and noncurrent portions) by P12,099 million was attributable to the: (i) second drawdown of P12,000 million by SMGP BESS from its P40,000 million credit facility in March 2024, (ii) unrealized foreign exchange loss recognized on the revaluation of US Dollar-denominated loans, and (iii) amortization of debt issue costs, which were partly offset by settlements of maturing long-term debts of MPI, LPI and MPCL.

b. Increase in accounts payable and accrued expenses by P10,761 million was mainly attributable to additional payables to contractors relating to the Group's ongoing construction projects, and higher trade-related payables mainly for the acquisition of LNG and fuel supplies.

c. Increase in income tax payable by P123 million was mainly attributable to higher income tax due of LPI and MPI, following the expiration of its income tax holiday incentive in May and September 2023, respectively, and additional income tax due on the taxable income for the period of MPCL.

d. Decrease in lease liabilities (including current and noncurrent portions) by P4,639 million was mainly on account of (i) lease payments made by the IPPA entities to PSALM, partly offset by the (ii) the foreign exchange loss recognized for the period on the revaluation of US Dollar-denominated lease liabilities.

The Group's consolidated total equity as at March 31, 2024 amounted to P343,765 million, at par with the December 31, 2023 balance of P343,473 million. The slight movement of P292 million increase is accounted for as follows:

a. Increase in retained earnings by P291 million was mainly attributable to the net income for the first quarter of 2024, partly offset by the distributions to capital securities holders during the period.

IV. CASH FLOW

SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

(in Millions)	March 31	
	2025	2024
Net cash flows provided by operating activities	**P15,892**	P19,226
Net cash flows provided by (used in) investing activities	**40,570**	(19,625)
Net cash flows provided by (used in) financing activities	**(43,493)**	4,293

Net cash flows from operations basically consists of income for the period and changes in certain liabilities and others.

Net cash flows provided by (used in) investing activities are as follows:

(in Millions)	March 31	
	2025	2024
Proceeds from redemption of preferred shares	**P78,717**	P -
Additions to intangible assets	**(1)**	(1)
Advances paid to suppliers and contractors	**(292)**	(1,186)
Additions to property, plant and equipment	**(3,360)**	(17,357)
Cash of deconsolidated subsidiaries	**(5,668)**	-
Additions to investments and advances, net	**(7,780)**	(1,131)
Decrease (increase) in other noncurrent assets	**(21,046)**	50

Net cash flows provided by (used in) financing activities are as follows:

(in Millions)	March 31	
	2025	2024
Proceeds from short-term borrowings	**P19,500**	P29,172
Proceeds from the issuance of SPCS	**5,750**	-
Proceeds from long-term debts	**9,400**	12,000
Distributions paid to SPCS holders	**(4,104)**	(1,262)
Payments of long-term debts	**(4,962)**	(1,375)
Payments of lease liabilities	**(7,225)**	(5,070)
Distributions paid to RPCS holders	**(15,940)**	-
Payments of short-term borrowings	**(45,912)**	(29,172)

The effect of exchange rate changes on cash and cash equivalents amounted to (P681) and P26 million on March 31, 2025 and 2024, respectively.

V. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year. Please refer to Item II "Financial Performance" and Item III "Financial Position" for the discussion of certain Key Performance Indicators.

LIQUIDITY RATIO

Current Ratio = **Current Assets** / **Current Liabilities**

(in Millions Peso)	**March 2025**	December 2024
(A) Current Assets	**232,995**	249,639
(B) Current Liabilities	**149,142**	224,058
Current Ratio (A) / (B)	**1.56**	1.11

SOLVENCY RATIO

Net Debt-to-Equity* Ratio = **Net Debt** / **Total Equity**

Per relevant Loan Covenants of San Miguel Global Power

(in Millions Peso)	**March 2025**	December 2024
(A) Net Debt *(1)*	**130,897**	219,596
(B) Total Equity *(2)*	**386,203**	354,566
Net Debt-to-Equity Ratio (A) / (B)	**0.34**	0.62

**All items are net of amounts attributable to ring-fenced subsidiaries*

(1) Consolidated net total debt plus total PSALM lease liabilities.
(2) Consolidated total equity.

Asset-to-Equity Ratio = **Total Assets** / **Total Equity**

(in Millions Peso)	*Conventional* March 2025	December 2024	*Adjusted (3)* March 2025	December 2024
(A) Total Assets	**821,902**	881,873	**793,712**	853,432
(B) Total Equity	**393,069**	359,025	**393,069**	359,025
Asset-to-Equity Ratio (A) / (B)	**2.09**	2.46	**2.02**	2.38

(3) Net carrying amount of the IPPA power plant, in relation to the IPPA Agreement of SRHI with PSALM, was omitted in total assets as this power plant asset was capitalized with corresponding lease liabilities. As at March 31, 2025 and December 31, 2024, the carrying amount of the IPPA power plant asset amounted to P28,190 million and P28,441 million, respectively.

PROFITABILITY RATIO

Return on Equity = **Net Income** / **Total Equity**

(in Millions Peso)	**March 2025**	December 2024
(A) Net Income *(5)*	**37,223**	12,384
(B) Total Equity	**393,069**	359,025
Return on Equity (A) / (B)	**9.5%**	3.4%

(4) Annualized for quarterly reporting.

Interest Coverage Ratio = **Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)** / **Interest Expense**

Per relevant Loan Covenants of San Miguel Global Power

(in Millions Peso)	**March 2025**	December 2024
(A) EBITDA *(6)*	**39,370**	37,897
(B) Interest Expense *(7)*	**14,764**	14,761
Interest Coverage Ratio (A) / (B)	**2.67**	2.57

(5) Most recent four quarterly period consolidated EBITDA (gross of PSALM payments and excluding amounts attributable to ring-fenced subsidiaries).

(6) Most recent four quarterly period consolidated interest expense (excluding amounts attributable to ring-fenced subsidiaries).

OPERATING EFFICIENCY

$$\text{Volume Growth (Decline)} = \frac{\text{Current Period Offtake Volume}}{\text{Prior Period Offtake Volume}} - 1$$

(in GWh)	Periods Ended March 31 **2025**	 2024
(A) Current Period Offtake Volume	**7,496**	7,956
(B) Prior Period Offtake Volume	**7,956**	4,657
Volume Growth (Decline) [(A / B) – 1]	**(5.8%)**	70.8%

$$\text{Revenue Growth (Decline)} = \frac{\text{Current Period Revenue}}{\text{Prior Period Revenue}} - 1$$

(in Millions Peso)	Periods Ended March 31 **2025**	 2024
(A) Current Period Revenue	**42,497**	44,123
(B) Prior Period Revenue	**44,123**	41,124
Revenue Growth (Decline) [(A / B) – 1]	**(3.7%)**	7.3%

$$\text{Operating Margin} = \frac{\text{Income from Operations}}{\text{Revenues}}$$

(in Millions Peso)	Periods Ended March 31 **2025**	 2024
(A) Income from Operations	**10,688**	8,840
(B) Revenues	**42,497**	44,123
Operating Margin (A) / (B)	**25.2%**	20.0%

VI. OTHER MATTERS

a. Commitments
The outstanding purchase commitments of the Group amounted to P88,546 million and P109,085 million as at March 31, 2025 and December 31, 2024, respectively.

The Group's material commitments for capital expenditure consist mainly of construction of power plants, mostly utilizing high efficiency low emission technologies, in line with the Group's expansion projects, and acquisition, upgrade or repair of fixed assets needed for normal operations of the business. These will be funded by available cash and proceeds from short-term loans, long-term debt and issued capital securities.

b. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate within the next 12 months any cash flow or liquidity problems. The Group was not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring payments. There were no significant amounts of the Group's trade payables that have not been paid within the stated trade terms.

c. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operation, except those stated in Item II, discussion of Financial Performance.

d. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in the contingent liabilities and contingent assets since the last annual reporting date. No material contingencies and any other events or transactions exist that are material to an understanding of the current interim period.

e. There are no significant elements of income or loss that did not arise from continuing operations.

f. The effects of seasonality or cyclicality on the interim operations of the Group's businesses are not material.

g. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

Annex "G"

DRAFT ONLY
(subject to approval in the next Annual Stockholders' Meeting)

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.

Held on 04 June 2024, 2:00 p.m.
via remote communication (through Zoom weblink)
with the Chairman presiding at
40 San Miguel Avenue, Mandaluyong City

PRESENT:	No. of Common Shares
San Miguel Corporation *(By Proxy)*	2,823,600,500
Ramon S. Ang	500
John Paul L. Ang *(By Proxy)*	500
Aurora T. Calderon	500
Virgilio S. Jacinto	500
Jack G. Arroyo, Jr.	500
Consuelo M. Ynares-Santiago	500
Josefina Guevara-Salonga	500
Total Number of Shares Present:	2,823,604,000
Total Number of Shares Issued and Outstanding:	2,823,604,000
Percentage of shares present and voting	100%

ALSO PRESENT:

Ferdinand K. Constantino
Elenita D. Go
Paul Bernard D. Causon
Ramon U. Agay
Gonzalo B. Julian, Jr.
Danilo T. Tolarba
Jose Ferlino P. Raymundo
Dennis I. Ilan
Julie Ann B. Domino-Pablo
Maria Floreselda S. Abalos-Sampaga
Harold M. Abrenica
Jose Mari R. Valte
Beatriz Irina Denise A. Garcia
Majalla S. Baun
Irene M. Cipriano

- -

I. CALL TO ORDER

Mr. Ramon S. Ang, the Chairman of the Board and the Chairman of the meeting, called the meeting of the stockholders to order and presided over the same. Atty. Virgilio S. Jacinto, the Corporate Secretary, recorded the minutes of the proceedings.

II. CERTIFICATION OF QUORUM AND VOTING PROCEDURE

Stockholders owning or representing 100% of the outstanding capital stock of the Corporation being present, in person, by ballot or by proxy, the Corporate Secretary certified that a quorum existed for the valid transaction of business.

For each Agenda Item, taking into consideration the ballots casts, a motion shall be made by any stockholder and when duly seconded by another shareholder (there being no objections from any stockholder) shall be declared as duly approved and carried by the all the stockholders present in the meeting. Should there be any objection from a stockholder, such objection shall be registered as a dissent to and a vote against the passage of the subject resolution.

For purposes of election of the members of the Board of Directors, a stockholder may vote the number of common shares held in his name in the stock and transfer book of the Corporation and may vote such number of common shares for as many persons as there are directors to be elected or he may cumulate said common shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his common shares shall equal, or he may distribute them on the same principle as among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of common shares owned by him as shown in the books of the Corporation multiplied by the total number of directors to be elected.

For the record, stockholders owning and/or representing 100% of the total outstanding capital stock of the Corporation have submitted their ballots for the election of the Board of Directors and the approval all corporate acts which require the conformity of the stockholders as provided in the Agenda for the meeting.

III. APPROVAL OF THE PREVIOUS MEETING MINUTES

The Minutes of the Annual Stockholders' Meeting held on 06 June 2023 and the Minutes of the Special Stockholders' Meeting held on 07 September 2023 were presented to the stockholders for approval.

Upon motion duly made and seconded, there being no objections, the stockholders unanimously approved the following resolution:

> **Stockholders' Resolution No. 2024-06-04-01**
> ***Approval of the Minutes of the Previous Meetings***
>
> "**RESOLVED**, as it is hereby resolved, that the stockholders approve the Minutes of the Annual Stockholders' Meeting held on 06 June 2023 and the Minutes of the Special Stockholders' Meeting held on 07 September 2023."

IV. APPROVAL OF THE 2023 AUDITED FINANCIAL STATEMENTS

Mr. Paul D. Causon, the Chief Finance Officer of the Corporation, presented to the Board the 2023 Audited Financial Statements, as reported to and approved by the Board of Directors during its meeting held on 11 March 2024, which covered the financial results and financial position of the Corporation on a consolidated basis for the year ended 31 December 2023.

The Corporation's external auditors, R.G. Manabat & Co., a member firm of KPMG International, rendered an Unqualified Opinion on the 2023 Audited Financial Statements of the Corporation and subsidiaries, as presented.

The 2023 Audited Financial Statements of the Corporation are included in the Definitive Information Statement provided to the stockholders.

After giving opportunity for any of the stockholders to ask questions, none of the stockholders asked any questions. As such, the Chairman proceeded to entertain a motion to approve the 2023 Audited Financial Statements of the Corporation as presented.

Upon motion duly made and seconded, there being no objections, the following resolution was unanimously approved by the stockholders:

Stockholders' Resolution No. 2024-06-04-02
Approval of 2023 Audited Financial Statements

"**RESOLVED**, as it is hereby resolved, that the stockholders approve the Annual Report and the Audited Financial Statements of the Corporation for the year ended 31 December 2023."

V. RATIFICATION OF ALL ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS AND CORPORATE OFFICERS

The Chairman presented to the stockholders for its approval the acts and proceedings of the Board of Directors and corporate officers since its Annual Stockholders' Meeting held on 06 June 2023, as set out in the minutes of meetings of the Board of Directors and as disclosed in the Definitive Information Statement of the Corporation.

Upon motion duly made and seconded, there being no objections, the following resolution was unanimously approved by the stockholders:

Stockholders' Resolution No. 2024-06-04-03
Ratification of All Acts and Proceedings of the Board of Directors and Corporate Officers

"**RESOLVED**, as it is resolved, that all acts, proceedings and resolutions of the Board of Directors and the Corporate Officers of the Corporation since the date of the Annual Stockholders' Meeting held on 06 June 2023 up to the date of this meeting, as set out in the minutes of the meetings of the Board of Directors, be approved, confirmed and ratified."

VI. APPOINTMENT OF EXTERNAL AUDITORS

As endorsed by the Audit and Risk Oversight Committee and the Board of Directors, upon motion duly made and seconded, there being no objections, the following resolution was unanimously approved by the stockholders:

Stockholders' Resolution No. 2024-06-04-04
Appointment of External Auditors

"**RESOLVED**, as it is resolved, that the accounting firm of R.G. Manabat & Co., be designated as external auditors of the Corporation for fiscal year 2024."

VII. ELECTION OF THE BOARD OF DIRECTORS

Atty. Jacinto presented to the stockholders the names of the nominees for election to the Board of Directors of the Corporation:

Ramon S. Ang
John Paul L. Ang
Aurora T. Calderon
Virgilio S. Jacinto
Jack G. Arroyo, Jr. *(Independent Director)*
Consuelo M. Ynares-Santiago *(Independent Director)*
Josefina Guevara-Salonga *(Independent Director)*

On behalf of the Board, Atty. Jacinto reported that each of Jack G. Arroyo, Jr. and Consuelo M. Ynares-Santiago has served the Company as independent directors for more than nine (9) years. Their retention as Independent Directors beyond the nine (9) year term-limit is justified by their meritorious contributions to the Corporation. They have both brought high standards of corporate governance to the Corporation and objectively contributed insights to the Board Committees and to the Board. Their years of experience and expertise in their fields have enhanced the corporate values of the Company by their sustained advisory relationship with the Corporation.

Atty. Jacinto further explained that the Information Statement circulated to the stockholders provided the names of the nominees for election as independent directors of the Board of Directors and they are Jack G. Arroyo, Jr., Consuelo M. Ynares-Santiago and Josefina Guevara-Salonga. He likewise informed the stockholders that all the named independent directors comply with the mandatory requirements imposed by the Securities and Exchange Commission.

A motion was made for the above-named nominees be unanimously elected as directors, including the re-election of Jack G. Arroyo, Jr. and Consuelo M. Ynares-Santiago as Independent Directors beyond their cumulative term of nine (9) years, until their successors are elected and qualified, and that the votes of the stockholders present by ballot and represented by proxies be distributed and recorded accordingly.

Upon said motion being duly seconded, and there being no objections, stockholders unanimously approved the following resolutions:

Stockholders' Resolution No. 2024-06-04-05
Election of the Board of Directors

"**RESOLVED**, as it is resolved, that the following be, as they are hereby are, elected as members of the Board of Directors of the Corporation, to serve as such for the ensuing year, until their successors are duly elected and qualified:

1. Ramon S. Ang
2. John Paul L. Ang
3. Aurora T. Calderon
4. Virgilio S. Jacinto
5. Jack G. Arroyo, Jr. *(Independent Director)*
6. Consuelo M. Ynares-Santiago *(Independent Director)*
7. Josefina Guevara-Salonga *(Independent Director)*.

"**RESOLVED**, **FURTHER**, that the re-election of Jack G. Arroyo, Jr. and Consuelo M. Ynares-Santiago, as Independent Directors of the Corporation, beyond their cumulative term of nine (9) years, taking into consideration the meritorious justifications presented by the Board for their retention as Independent Directors of the Corporation, is hereby likewise approved."

VIII. APPROVAL OF DIRECTORS' FEE

Atty. Jacinto reported to the stockholders that the Corporation provides its Independent Directors the following per diem allowance for meetings attended, as approved during the 2023 Annual Stockholders' Meeting, which is likewise presented for approval by the stockholders for meetings attended in 2024:

Regular Board Meeting and Stockholders Meeting	P40,000
Special Board Meeting	P45,000
Board Committee Meeting	P20,000

Upon motion duly made and seconded, there being no objections, the following resolution was unanimously approved by the stockholders:

Stockholders' Resolution No. 2024-06-04-06
Approval of Directors' Fees

"**RESOLVED**, as it is resolved, that the directors' fee provided to the Independent Directors of the Corporation, representing per diem allowance for meetings attended, as presented, be approved, confirmed and ratified."

IX. RATIFICATION OF THE EXECUTION OF OMNIBUS AGREEMENT BY THE CORPORATION AS SPONSOR AND SHARES SECURITY GRANTOR

During the meeting of the Board of Directors held on 20 October 2023, the Corporation's Board of Directors approved the following matters;

a. for the Corporation to act as the Sponsor and Shares Security Grantor under a term loan facility to be obtained by SMGP BESS Power Inc. (formerly, Universal Power Solutions, Inc.) (the "Borrower"), in the aggregate principal amount of up to P40,000,000,000.00, from China Banking Corporation, Bank of Commerce, and BDO Unibank, Inc. (collectively, the "Senior Term Lenders");
b. the creation of a security interest in favor of the Senior Term Lenders over:
   (i) the shares of the Corporation in the Borrower, and
   (ii) the subordinated shareholder loans extended by the Corporation to the Borrower and perpetual securities issued by the Borrower to the Corporation, and
c. the designation of authorized signatories to the agreements to be executed to implement the foregoing transactions.

The Omnibus Loan and Security Agreement was executed by the Borrower, the Corporation and the Senior Term lenders on 23 October 2023 (the "Omnibus Agreement").

The Omnibus Agreement requires that the execution, delivery and performance by the Corporation of the agreements, the Notes and Counterparty Consents as defined under the Omnibus Agreement to which the Corporation is a party, shall be approved or ratified by the stockholders of the Corporation holding at least 2/3 of the outstanding capital stock thereof.

Upon motion duly made and seconded, there being no objections, the following resolution was unanimously approved by the stockholders:

Stockholders' Resolution No. 2024-06-04-07
Ratification of the Execution of
Omnibus Agreement by the Corporation
As Sponsor and Shares Security Grantor

"**RESOLVED**, **AS IT IS HEREBY RESOLVED**, that San Miguel Global Power Holdings Corp. (the "Corporation") be authorized, as it is hereby authorized, to act as the Sponsor and Shares Security Grantor under a term loan facility in the aggregate principal amount of up to Forty Billion Pesos (PHP40,000,000,000.00), to be divided into two (2) tranches of: (i) up to Twenty Eight Billion Pesos (PHP28,000,000,000.00) for Tranche A, and (ii) up to Twelve Billion Pesos (PHP12,000,000,000.00) for Tranche B, that was obtained by Universal Power Solutions, Inc. (the "Borrower"), a wholly-owned subsidiary of the Corporation, from CHINA BANKING CORPORATION, BANK OF COMMERCE, and BDO UNIBANK, INC., as the senior term lenders (the "Senior Term Lenders"), under such terms and conditions set forth in the Omnibus Loan and Security Agreement dated 23 October 2023, executed by and among: (a) the Borrower, (b) the Corporation as Sponsor and Shares Security Grantor, (c) the Senior Term Lenders, (d) BANK OF COMMERCE and BDO CAPITAL & INVESTMENT CORPORATION as the Mandated Lead

Arrangers and Bookrunners, (e) CHINA BANK CAPITAL CORPORATION as Arranger, (f) BANK OF COMMERCE – TRUST SERVICES GROUP as the Facility Agent, and (g) BDO UNIBANK, INC. – TRUST AND INVESTMENTS GROUP as the Security Trustee (the “Omnibus Agreement”);

“**RESOLVED**, **FURTHER**, that as Sponsor and Shares Security Grantor under the Omnibus Agreement, the Corporation is authorized, as it is hereby authorized, to create a security interest in favor of the Senior Term Lenders over: (A) any and all of its shares of the capital stock in the Borrower including all of its rights and interest therein (collectively, the “UPSI Shares”), and (B) any and all of its rights and interest in and to any subordinated shareholder loans extended by the Corporation to the Borrower and perpetual securities issued by the Borrower to the Corporation, in each case, as security for the obligations of the Borrower under the Omnibus Agreement (together with the UPSI Shares, the “Collateral”);

“**RESOLVED**, **FURTHER**, that the Corporation recognizes and confirms that it will derive corporate benefit from acting as Sponsor and Shares Security Grantor (as defined under the Omnibus Agreement) and from creating a security interest over the Collateral;

“**RESOLVED**, **FURTHER**, that the terms of, and the transactions contemplated by, the Omnibus Agreement and the other Financing Agreements (as such term is defined in the Omnibus Agreement) and Security Documents (as such term is defined in the Omnibus Agreement) to which it is a party be, as they are hereby, approved and the execution thereof be, as they are hereby authorized;

"**RESOLVED**, **FURTHER**, that any two (2) of the following, acting jointly, namely:

Ferdinand K. Constantino
Joseph N. Pineda
Elenita D. Go
Paul Bernard D. Causon
Ramon U. Agay

as each of them is hereby designated as the authorized representative(s) and signatory(ies) of the Corporation (each an "Authorized Representative" or collectively the "Authorized Representatives"), having full discretion and authority to: (I) negotiate, enter into, execute, and deliver, on behalf of the Corporation, the Omnibus Agreement, the Financing Agreements, the Security Documents and any and all agreements, acknowledgements, certifications, instruments or other documents to which it is party (including any amendments or supplements thereto and to the Omnibus Agreement) required, contemplated or as may be otherwise necessary and/or appropriate in connection with the Omnibus Agreement and/or the transactions contemplated thereby (the “Relevant Documents”), with the authority to delegate the task of initialing each and every page of any of the aforementioned agreements, certifications, instruments or other documents, and to appoint the persons authorized to initial; (II) perform the obligations arising from each of the Relevant Documents and the transactions contemplated thereby; and (III) do any and all acts, as may be necessary and proper to give effect to the foregoing resolutions;

“**RESOLVED**, **FURTHER**, that Julie Ann B. Domino-Pablo, Dennis I. Ilan, Beatriz Irina Denise C. Alazas, Janelle L. Gomendoza, Keel Achernar R.

Dinoy and Harold M. Abrenica, acting singly, are hereby authorized to initial each and every page of each of the Relevant Documents for and on behalf of the Corporation and the Authorized Representatives signing the Relevant Documents; and

"**RESOLVED**, **FINALLY**, that the Corporation hereby ratifies and confirms any and all acts which the foregoing Authorized Representatives have done or shall lawfully do or cause to be done in accordance with the terms of the foregoing resolutions."

X. CHANGE IN PRINCIPAL OFFICE ADDRESS AND AMENDMENT OF THE ARTICLES OF INCORPORATION TO REFLECT THE SAME

During the meeting of the Board of Directors held on 13 May 2024, all the members of the Board of Directors of the Company unanimously approved the change in the place of principal office of the Company ***from*** 5th Floor, C5 Office Building Complex, #100 E. Rodriguez Jr. Ave., C5 Road, Bo. Ugong, Pasig City 1604, Metro Manila ***to*** 40 San Miguel Avenue, Wack-Wack Greenhills 1550, City of Mandaluyong, Second District, National Capital Region (NCR), and the amendment of Article Third of the Amended Articles of Incorporation of the Company to reflect the aforementioned change in the principal office address.

The approval of the stockholders of the Company is sought for the purpose of amending the Article Third of the Amended Articles of Incorporation of the Company to reflect the aforementioned change in the place of its principal office.

Upon motion duly made and seconded, there being no objections, the following resolution was unanimously approved by the stockholders:

Stockholders' Resolution No. 2024-06-04-08
Change in Principal Office Address and
Amendment of the Articles of Incorporation
to reflect the same

"**RESOLVED**, as it is resolved, that the principal office address of the Corporation be changed ***from*** 5th Floor, C5 Office Building Complex, #100 E. Rodriguez Jr. Ave., C5 Road, Bo. Ugong, Pasig City 1604, Metro Manila ***to*** 40 San Miguel Avenue, Wack-Wack Greenhills 1550, City of Mandaluyong, Second District, National Capital Region (NCR), and that Article Third of the Amended Articles of Incorporation of the Company be amended to reflect the aforementioned change in the principal office address."

XI. ADJOURNMENT

There being no other matters to be discussed, the meeting was adjourned.

XII. VOTING RESULTS

The voting results for each Agenda Item is set out in the attached Annex "A" hereof.

ATTESTED BY:

RAMON S. ANG
Chairman

Certified Correct:

VIRGILIO S. JACINTO
Corporate Secretary

Annex "A"

Voting Results of each Agenda Item of the
Annual Meeting of the Stockholders of
San Miguel Global Power Holdings Corp. held on 04 June 2024

No. of shares present/represented: 2,823,604,000 votes

Agenda Item	*Percentage of Outstanding Shares Voted For the Approval of the Agenda Item and No. of Votes Received*
Approval of the Minutes of the Annual Stockholders' Meeting held on 06 June 2023 and Minutes of the Special Stockholders' Meeting held on 07 September 2023	100% (2,823,604,000 votes)
Approval of the 2023 Audited Financial Statements	100% (2,823,604,000 votes)
Ratification of All Acts and Proceedings of the Board of Directors and Corporate Officers since 2023 Annual Stockholders' Meeting	100% (2,823,604,000 votes)
Appointment of R.G. Manabat & Co. as External Auditors for fiscal year 2024	100% (2,823,604,000 votes)
Election of the Board of Directors	
Ramon S. Ang	100% (2,823,604,000 votes)
John Paul L. Ang	100% (2,823,604,000 votes)
Aurora T. Calderon	100% (2,823,604,000 votes)
Virgilio S. Jacinto	100% (2,823,604,000 votes)
Jack G. Arroyo, Jr.*	100% (2,823,604,000 votes)
Consuelo M. Ynares-Santiago*	100% (2,823,604,000 votes)
Josefina Guevara-Salonga	100% (2,823,604,000 votes)
*re-election of Jack G. Arroyo, Jr. and Consuelo M. Ynares-Santiago as Independent Directors beyond their cumulative term of nine (9) years, taking into consideration the meritorious justifications presented by the Board	
Approval of Directors' Fees	100% (2,823,604,000 votes)
Ratification of the Execution of Omnibus Agreement by the Company as Sponsor and Shares Security Grantor	100% (2,823,604,000 votes)
Change in Principal Office Address and Amendment of the Articles of Incorporation to reflect the same	100% (2,823,604,000 votes)

Annex "H"

DRAFT ONLY
(subject to the approval of the stockholders in the next stockholders' meeting)

MINUTES OF THE SPECIAL STOCKHOLDERS' MEETING
OF
SAN MIGUEL GLOBAL POWER HOLDINGS CORP.

Held on 14 April 2025, 2:00 p.m.
via remote communication (through Zoom weblink)
with the Chairman presiding at 40 San Miguel Avenue, Mandaluyong City

PRESENT:	No. of Common Shares
San Miguel Corporation *(By Proxy)*	3,774,396,500
Ramon S. Ang	500
John Paul L. Ang	500
Aurora T. Calderon	500
Virgilio S. Jacinto	500
Jack G. Arroyo, Jr.	500
Consuelo M. Ynares-Santiago	500
Josefina Guevara-Salonga	500
Total Number of Shares Present:	3,774,400,000
Total Number of Shares Issued and Outstanding:	3,774,400,000
Percentage of shares present and voting	100%

ALSO PRESENT:

Ferdinand K. Constantino
Elenita D. Go
Paul Bernard D. Causon
Ramon U. Agay
Julie Ann B. Domino-Pablo
Beatriz Irina Denise A. Garcia
Jose Mari R. Valte
Irene M. Cipriano

- -

I. CALL TO ORDER

Upon the request of Mr. Ramon S. Ang, the Chairman of the Board, Director Aurora T. Calderon to called the meeting of the stockholders to order and presided over the same. Atty. Virgilio S. Jacinto, the Corporate Secretary, recorded the minutes of the proceedings.

II. CERTIFICATION OF QUORUM AND VOTING PROCEDURE

Stockholders owning or representing 100% of the outstanding capital stock of the Corporation being present, in person, by ballot or by proxy, the Corporate Secretary certified that a quorum existed for the valid transaction of business.

Taking into consideration the ballots cast, a motion shall be made by any stockholder on the Agenda item and when duly seconded by another shareholder (there being no objections from any stockholder) shall be declared as duly approved and carried by the all the stockholders present in the meeting. Should there be any objection from a stockholder, such objection shall be registered as a dissent to and a vote against the passage of the subject resolution.

For the record, ballots covering 100% of the total outstanding capital stock of the Corporation have been issued by the stockholders approving the corporate acts which require the conformity of the stockholders as provided in the Agenda for the meeting.

III. APPROVAL OF THE INCREASE IN THE AUTHORIZED CAPITAL STOCK, AMENDMENT OF THE AMENDED ARTICLES OF INCORPORATION TO REFLECT THE INCREASE, AND RATIFICATION OF THE SUBSCRIPTION OF SAN MIGUEL CORPORATION TO SUPPORT THE INCREASE IN THE AUTHORIZED CAPITAL STOCK

Mr. Paul Causon reported to the stockholders that the Corporation in line with the additional equity funding requirements of the Corporation, the Board of Directors, during its meeting held on 06 March 2025, approved the following matters, among others:

a. the increase the authorized capital stock of the Corporation by Php4,025,600,000.00 (comprising of 4,025,600,000 shares with par value of Php1.00 per share), or *from* Php3,774,400,000.00, divided into 3,774,400,000 shares with a par value of Php1.00 per share *to* Php7,800,000,000.00, divided into 7,800,000,000 shares with a par value of Php1.00 per share (the "ACS Increase");

b. the amendment of Article Seventh of the Amended Articles of Incorporation of the Corporation to reflect the ACS Increase (the "AOI Amendment"); and

c. the subscription by the Corporation's parent company, San Miguel Corporation, to 1,011,093,800 shares in cash at a subscription price of Php30.00 per share, or for a total subscription amount of Php30,332,814,000.00, out of the ACS Increase, to support the requirement of the Securities and Exchange Commission for the application of the ACS Increase (the "SMC Subscription").

The ACS Increase and AOI Amendment will require approval by the stockholders owning and/or representing at least 2/3 of the outstanding capital stock of the Corporation, and shall be effective upon approval of the Securities and Exchange Commission ("SEC"). The Corporation shall file with the SEC the relevant documents relating to the ACS Increase and the AOI Amendment for the issuance of the approval of the SEC.

As such, the details of the proposed ACS Increase and AOI Amendment were presented to the stockholders for approval. Likewise presented, for ratification by the stockholders, is the SMC Subscription.

Upon motion duly and seconded, there being no objections, the stockholders unanimously approved the following resolutions:

Stockholders Resolution No. 2024-04-14-01
Approval of the ACS Increase, AOI Amendment, and Ratification of the SMC Subscription

"**RESOLVED**, as it is hereby resolved, that the stockholders of the Corporation approve the increase in the authorized capital stock of the Corporation by Php4,025,600,000.00 (comprising of 4,025,600,000 shares with a par value of Php1.00 per share), or

from Php3,774,400,000.00 divided into 3,774,400,000 common shares with a par value of Php1.00 per share ***to*** Php7,800,000,000.00 divided into 7,800,000,000 common shares with a par value of Php1.00 per share (the "ACS Increase");

"**RESOLVED**, **FURTHER**, that Article Seventh of the Amended Articles of Incorporation be amended to reflect the ACS Increase (the "AOI Amendment");

"**RESOLVED**, **FURTHER**, that the Corporation shall secure the approval of the Securities and Exchange Commission ("SEC") by filing the requisite application for the ACS Increase and AOI Amendment (the "ACS Increase and AOI Amendment Application");

"**RESOLVED**, **FINALLY**, that the stockholders of the Corporation approve, confirm, and ratify the subscription by the Corporation's parent company, San Miguel Corporation, to 1,011,093,800 shares in cash at the subscription price of Php30.00 per share, or for a total subscription amount of Php30,332,814,000.00, which shares be issued out of the ACS Increase after the Corporation has secured the approval of the ACS Increase and AOI Amendment Application with the SEC."

IV. APPROVAL OF THE AOI AMENDMENTS - CORPORATE PURPOSES AND CORPORATE TERM

Mr. Causon reported to the stockholders that during the Board of Directors' Meeting held on 06 March 2025, the Board approved the additional amendments to the Amended Articles of Incorporation ("Amended AOI") of the Corporation (collectively, the "Proposed AOI Amendments"), as follows:

a. Article Second of the Amended AOI for the Primary and Secondary Purposes of the Corporation to include in its Primary Purpose the authority to create security interest in assets owned by the Corporation - The proposed amendment aims to give assurance to project financing lenders of its subsidiaries on the authority of the Corporation to act as sponsor and create security interests in its shares and shareholder loans or advances in the borrower-subsidiary; and

b. Article Fourth of the Amended AOI to reflect the perpetual corporate term of Corporation in accordance with the Revised Corporation Code.

The Proposed AOI Amendments will require approval by the stockholders owning and/or representing at least 2/3 of the outstanding capital stock of the Corporation and shall be effective upon SEC approval. The Corporation will file with the SEC the relevant documents relating to the Proposed AOI Amendments for approval of the SEC.

Mr. Causon proceeded to present to the stockholders, for its approval, the Proposed AOI Amendments, as follows:

1. Article Second of the Amended AOI

The Primary Purpose shall be amended to read as follows:

To acquire by purchase, exchange, assignment or otherwise, and to sell, assign, transfer, exchange, lease, let, develop, mortgage, pledge, create security interest over, deal in and with, and otherwise operate, enjoy and dispose of, all properties of every kind and description and wherever situated and to the extent permitted by law, including but not limited to ~~real estate, whether improved or unimproved, and any interest or right or right therein, as well as buildings, tenements, warehouses, factories, edifices and structures and other improvements, and~~ shares of capital stock or other securities or obligations, created, negotiated or issued by any corporation, association or other entity, and while the owner, holder or possessor thereof, to exercise all the rights, power and privileges of ownership or any other interest therein, including the right to receive, collect and dispose of, any and all ~~rentals,~~ dividends, interests and income derived therefrom, and the right to vote on any proprietary or other interest on any shares of the capital stock, and other securities, having voting power, so owned or held, and to the extent necessary to accomplish the primary purpose of the corporation or required by the exigencies of its businesses, incorporate, organize, establish and invest in the capital stock of firms, associations and corporations, which shall undertake and pursue the businesses that complement or augment the businesses of the corporation, as reasonably determined by the Board of Directors and, in the furtherance of such related businesses, assume, undertake, guarantee or secure, whether as solidary obligor, surety or guarantor or in any other capacity and either on its general credit or on the mortgage or pledge of, or creation of security interest over, any of its properties, the satisfactory performance of -the whole or any part of the liabilities and obligations of any of its stockholders, subsidiaries or affiliates or any person, firm, association or corporation, whether domestic or foreign, and whether a going concern or not, engaging in or previously engaged in a business which the corporation or any of its subsidiaries is or may become authorized to carry on or which may be appropriate or suitable for the purposes of the corporation or any of its subsidiaries, and for this purpose, constitute and establish security agreements such as but not limited to guarantee, surety, mortgage, and pledge agreements and undertakings, as may be required by such persons or entities; provided that the corporation shall not engage in the business of an investment company as defined in the Investment Company Act (R.A. 2629), as amended, without first complying with the applicable provisions of the said statute.

For the Secondary Purposes, subparagraph 4 on the creation of security interest shall be deleted, while the succeeding subparagraphs shall be re-numbered.

2. Article Fourth of the Amended AOI shall read as follows:

FOURTH: That the term for which the corporation is to exist is ***perpetual*** from and after the date of issuance of the certificate of incorporation.

Upon motion duly made and seconded, there being no objections, the stockholders unanimously approved the following resolutions:

Stockholders Resolution No. 2024-04-14-02
Approval of the AOI Amendments -
Corporate Purposes and Corporate Term

"**RESOLVED**, as it is hereby resolved, that Articles Second and Fourth of the Amended Articles of Incorporation of the Corporation be amended to reflect the changes in the primary and secondary purposes, as well as to indicate the perpetual corporate term of the Corporation, respectively, as presented (collectively, the "AOI Amendments");

"**RESOLVED**, **FURTHER**, that any two (2) of the directors and/or officers of the Corporation be authorized to: (1) negotiate, execute, sign and deliver any and all documents, certifications, contracts and agreements, relating to or in connection with the filing of the necessary application for the AOI Amendments with the Securities and Exchange Commission; and (2) perform such acts as they may deem necessary and desirable to implement the foregoing resolutions."

V. RATIFICATION OF OMNIBUS LOAN AND SECURITY AGREEMENT BY THE CORPORATION AS SPONSOR AND SHARES SECURITY GRANTOR

Mr. Causon reported to the stockholders that in the meeting of the Board of Directors held on 04 November 2024, the Board authorized (i) the Corporation to act as the Sponsor and Shares Security Grantor under a term loan facility to be obtained by Mariveles Power Generation Corporation (the "Borrower" and the subsidiary of the the Corporation which owns the 4 x 150MW Circulating Fluidized Bed Coal-fired Power Plant located in Mariveles, Bataan), in the aggregate principal amount of up to Php50,000,000,000.00, from Asia United Bank Corporation, Bank of Commerce, China Banking Corporation, Development Bank of the Philippines, Philippine National Bank, and other financial institutions as senior term lenders (collectively, the "Senior Term Lenders"), (ii) the creation of a security interest in favor of the Senior Term Lenders over: (a) the shares of the Corporation in the Borrower and (b) the subordinated shareholder loans extended by the Corporation to the Borrower, and (iii) the designation of authorized signatories to the agreements to be executed to implement the foregoing transactions.

The Omnibus Loan and Security Agreement was executed by the Borrower, the Corporation and the Senior Term Lenders on 17 December 2024 (the "Omnibus Agreement") first and foremost, to repay vendor or supplier financing provided by Formosa Heavy Industries Corporation and/or its affiliates relating to the design, construction, development, procurement, engineering, construction, installation, testing, commissioning, operation and maintain the Mariveles Plant and second, and in no particular order: to fund and/or repay outstanding short-term obligations used to fund other remaining costs and expenses in relation to the design, construction, development, procurement, engineering, construction, installation, testing, commissioning, operation and maintenance of the Project; to repay reimbursable sponsor advances; to fund the interest during construction; to fund the debt service reserve account; and to fund transaction costs and such other costs.

Mr. Causon presented to the stockholders, for its ratification, the execution, delivery, and performance by the Corporation of the Omnibus Agreement, Notes, Counterparty Consents and any Additional Senior Term Loan Financing Agreements that may be subsequently executed by the Borrower and the Corporation as defined thereunder, as the same are required to be ratified by the stockholders of the Corporation owning and/or representing at least two-thirds (2/3) of its outstanding capital stock.

Stockholders Resolution No. 2024-04-14-03
Ratification of Omnibus Loan and Security Agreement by the Corporation as Sponsor and Shares Security Grantor

"**RESOLVED**, as it is hereby resolved, that the stockholders hereby approve, confirm, and ratify the execution by the Corporation (as Sponsor and Shares Security Grantor) of the Omnibus Loan and Security Agreement with Mariveles Power Generation Corporation (the "Borrower" and the subsidiary of the Corporation which owns 4 x 150MW Circulating Fluidized Bed Coal-fired Power Plant located in Mariveles, Bataan), and the Senior Term Lenders (namely:

Asia United Bank Corporation, Bank of Commerce, China Banking Corporation, Development Bank of the Philippines, Philippine National Bank, and other financial institutions) in the aggregate principal amount of up to Php50,000,000,000.00, the Notes, the Counterparty Consents, and any Additional Senior Term Loan Financing Agreements (as defined thereunder) that may be subsequently executed by the Borrower and the Corporation in relation thereto."

VI. ADJOURNMENT

After giving opportunity for any of the stockholders to ask questions, none of the stockholders asked any questions. There being no other matters to be discussed, the meeting was adjourned.

VII. VOTING RESULTS

The voting results for each of the Agenda items are set out below.

No. of shares present/represented: 3,774,400,000 shares

Agenda Item	*Percentage out of Outstanding Shares Approving the Agenda Item and No. of Votes Received*
Approval of the increase in authorized capital stock (the "ACS Increase"), Amendment of the Seventh Article of the Corporation's Amended Articles of Incorporation to reflect the ACS Increase, and Ratification of the Subscription to support the ACS Increase	100% 3,774,400,000 shares
Amendment of the Primary and Secondary Purposes of the Corporation under the Second Article of its Amended Articles of Incorporation	100% 3,774,400,000 shares
Amendment of the Corporate Term of the Corporation under the Fourth Article of its Amended Articles of Incorporation	100% 3,774,400,000 shares
Ratification of the Execution of the Omnibus Agreement by the Corporation as Sponsor and Shares Security Grantor	100% 3,774,400,000 shares

ATTESTED BY:

RAMON S. ANG
Chairman

VIRGILIO S. JACINTO
Corporate Secretary

ANNEX "I"

2024 PERFORMANCE APPRAISAL

I. <u>Audit and Risk Oversight Committee Performance Assessment Results</u>

For each criteria, the highest score is 5 and lowest is 1.

a. under the category Quality and Integrity of the Corporation's Financial Statements and Financial Reporting Process, comprised of five questions, the average rating given by the members of the Audit and Risk Oversight Committee is 4.8;

b. under the category Effectiveness of the Corporation's Internal Control Systems, comprised of sixteen questions, the average rating given by the members of the Audit and Risk Oversight Committee is 4.8;

c. under the category Independence and Performance of the Corporation's Internal and External Auditors, comprised of sixteen questions, the average rating given by the members of the Audit and Risk Oversight Committee is 4.8;

d. under the category Compliance by the Corporation with Accounting Standards, Legal and Regulatory Requirements, including Corporation's Disclosure Policies and Procedures, comprised of three questions, the average rating given by the members of the Audit and Risk Oversight Committee is 4.7; and

e. under the Category Evaluation of Management's Process to Assess and Manage the Corporation's Enterprise Risk Issues, comprised of six questions, the average rating given by the members of the Audit and Risk Oversight Committee is 4.7.

II. <u>Corporate Governance Committee Performance Assessment Results</u>

For each criteria, the highest score is 5 and lowest is 1.

a. under the category Oversight Responsibilities in Corporate Governance Development and Implementation, comprised of six questions, the average rating given by the members of the Corporate Governance Committee is 4.8;

b. under the category Recommendation of Continuous Education and Training, comprised of two questions, the average rating given by the members of the Corporate Governance Committee is 4.7;

c. under the category Effectiveness of the Nomination, Election and Employment Process of the Corporation, comprised of five questions, the average rating given by the members of the Corporate Governance Committee is 4.8;

d. under the category Transparency of Executive Remuneration, comprised of four questions, the average rating given by the members of the Corporate Governance Committee is 4.8;

e. under the category Reporting Process, comprised of one question, the average rating given by the members of the Corporate Governance Committee is 4.8; and

f. under the category Performance of Other Activities, comprised of one question, the average rating given by the members of the Corporate Governance Committee is 4.8.

III. <u>Related Party Committee Performance Assessment Results</u>

For each criteria, the highest score is 5 and lowest is 1.

a. under the category Identification and Review of Related Party Transactions, comprised of three questions, the average rating given by the members of the Corporate Governance Committee is 4.7;

b. under the category Periodic Disclosure and Review of Related Party Transactions, comprised of four questions, the average rating given by the members of the Corporate Governance Committee is 4.8; and

c. under the category Performance of Other Activities, comprised of one question, the average rating given by the members of the Corporate Governance Committee is 4.6.

IV. <u>Internal Board Performance Assessment Results</u>

For each criteria, the highest score is 5 and lowest is 1.

a. under the category Fulfillment of the Board's Key Responsibilities, comprised of nine questions, the average rating given by the members of the Board is 4.8;

b. under the category Recommendation of Board-Management Relationship, comprised of four questions, the average rating given by the members of the Board is 4.9;

c. under the category Effectiveness of Board Processes and Meetings, comprised of nine questions, the average rating given by the members of the Board is 4.9; and

d. under the category Individual Performance of Board Members, comprised of nine questions, the average rating given by the members of the Board is 4.9.

V. Management Performance Assessment Results

For each criteria, the highest score is 5 and lowest is 1.

a. under the criteria on the confidence of the Board of the Management's qualifications, the average rating given by Management is 4.9;

b. under the criteria on provision of complete, adequate, and timely information of Management to the board about the matters to be taken up during their meetings, the average rating given by Management is 4.9;

c. under the criteria on Management's strategies to implement and execute the approved plans, goals and targets and is satisfied in the Management's ability to perform its responsibilities in the best interest of the Company, the average rating given by Management is 4.9;

d. under the criteria on the establishment and maintenance of Management of an adequate, effective, and efficient internal control framework and functional and effective risk management system that provides a systematic process for the identification of risks and assessment of their potential impact, the average rating given by Management is 4.9;

e. under the criteria on the promptness of the reply of Management to the Internal Auditor's findings and recommendations, the average rating given by Management is 4.9;

f. under the criteria on the formulation by Management of rules and procedures on financial reporting and internal controls, the average rating given by Management is 4.9; and

g. under the criteria on efficiency of Management in managing credit, market, liquidity, operational, legal and other risk exposures of the Corporation, promptness of Management in reporting and communicating to the Board any risk exposures and risk management activities, and addressing the same, the average rating given by Management is 4.7.

VI. Chief Executive Officer Performance Assessment Results

For each criteria, the highest score is 5 and lowest is 1.

a. under the criteria on the integrity of the President and Chief Executive Officer ("P/CEO"), the P/CEO gave himself a rating of 5;

b. under the criteria on the ability of the P/CEO to clearly define, communicate, and implement the Company's vision, mission, values, and overall strategy, promote any organizational or stakeholder change in relation to the same, the P/CEO gave himself a rating of 5;

c. under the category that the efficiency and effectiveness in the general supervision, administration and management of the P/CEO of the business of the Company, the P/CEO gave himself a rating of 5;

d. under the criteria on the integration of the P/CEO of the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times, the P/CEO gave himself a rating of 5;

e. under the criteria on the establishment by the P/CEO of general administrative and operating policies, and initiation and development of programs for management training and development, as well as executive compensation plans, the P/CEO gave himself a rating of 5;

f. for each of the following functions performed by the P/CEO, the P/CEO gave himself a rating of 5:

    (i) determination of the Company's strategic direction and formulation and implementation of its strategic plan on the direction of the business;
    (ii) oversight of the operations of the Company and management of human and financial resources in accordance with the strategic plan;
    (iii) possession of a good working knowledge of the Company's industry and market, including updates with regard to its core business purpose
    (iv) direction, evaluation and guidance of work of the key officers of the Company;
    (v) prudent management of the Company's resources and maintenance of a proper balance of the same; and
    (vi) functioning as the link between internal operations and external stakeholders

g. under the criteria on the accountability of the P/CEO for the Company's organization and procedural controls. the P/CEO gave himself a rating of 5.