



## **San Miguel Global Power Holdings Corp.**

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

**Registration and Offer and Sale in the Philippines of  
Fixed Rate Bonds in the aggregate principal amount  
of up to ₱30,000,000,000  
comprised of:**

**Base Offer of ₱20,000,000,000  
with an Oversubscription Option of up to ₱10,000,000,000**

**Consisting of:**

**Series “N” Bonds: [•]% p.a. due 2031**

**Series “O” Bonds: [•]% p.a. due 2033**

**Series “P” Bonds: [•]% p.a. due 2036**

**at an Offer Price of 100% of Face Value**  
to be listed and traded in the Philippine Dealing & Exchange Corp.

### **JOINT ISSUE MANAGERS**

Bank of Commerce

BDO Capital & Investment  
Corporation

China Bank Capital Corporation

### **JOINT LEAD UNDERWRITERS AND JOINT BOOKRUNNERS**

Bank of Commerce<sup>1</sup>

BDO Capital & Investment Corporation

China Bank Capital Corporation

Land Bank of the Philippines

Philippine Commercial Capital, Inc.

PNB Capital and Investment Corporation

Security Bank Capital Investment Corporation

### **SELLING AGENTS**

[•]

### **TRUSTEE**

RCBC Trust Corporation

**THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.**

The date of this Prospectus is 6 February 2026.

<sup>1</sup> Bank of Commerce is an affiliate of San Miguel Global Power Holdings Corp.

**San Miguel Global Power Holdings Corp.**

40 San Miguel Avenue

Wack-Wack Greenhills 1550

City of Mandaluyong

Second District, National Capital Region

Telephone Number: (632) 5317 1000

[www.smcglobalpower.com.ph](http://www.smcglobalpower.com.ph)

This Prospectus (“**Prospectus**”) relates to the registration and offer and sale in the Philippines (the “**Offer**”) of fixed rate bonds (the “**Bonds**”) with an aggregate principal amount of up to Thirty Billion Pesos (₱30,000,000,000) by San Miguel Global Power Holdings Corp. (the “**Company**”, the “**Issuer**” or “**SMGP**”). The Bonds will be issued at face value (“**Issue Price**”) and listed and traded in the Philippine Dealing & Exchange Corp. (“**PDEX**”).

The Offer is comprised of a base offer with an aggregate principal amount of Twenty Billion Pesos (₱20,000,000,000) (the “**Base Offer**”), and in the event of an oversubscription, the Joint Lead Underwriters and Joint Bookrunners (as defined below), in consultation with the Issuer, may increase the size of the Offer by up to Ten Billion Pesos ₱10,000,000,000 (the “**Oversubscription Option**”) to an aggregate issue size of up to Thirty Billion Pesos (₱30,000,000,000).

The Bonds will be issued on [•] (the “**Issue Date**”) and will be comprised of Series N Bonds due 2031 (the “**Series N Bonds**”), Series O Bonds due 2033 (the “**Series O Bonds**”), and Series P Bonds due 2036 (the “**Series P Bonds**”). The Issuer has the discretion to allocate the principal amount of the Bonds between the Series N Bonds, Series O Bonds, and Series P Bonds based on the book building process.

The Series N Bonds shall have a term of five (5) years and three (3) months (5.25 years) from the Issue Date, with a fixed interest rate equivalent to [•]% per annum. The Series O Bonds shall have a term of seven (7) years from the Issue Date, with a fixed interest rate equivalent to [•]% per annum. The Series P Bonds shall have a term of ten (10) years from the Issue Date, with a fixed interest rate equivalent to [•]% per annum. Interest on the Bonds shall be payable quarterly in arrears on [January], [April], [July], and [October] of each year with the first Interest Payment Date on [July] or the subsequent Business Day without adjustment if such Interest Payment Date is not a Business Day, for as long as the Bonds remain outstanding. For a more detailed discussion on the interest payments due on the Bonds, see “*Description of the Bonds*” – “*Interest*” of this Prospectus.

Subject to the consequences of default as may be contained in the Trust Agreement, and unless otherwise redeemed or purchased prior to the relevant Maturity Date, the Bonds will be redeemed at par or 100% of the face value thereof on the relevant Maturity Date. For a more detailed discussion on the redemption of the Bonds, see “*Description of the Bonds*” – “*Redemption and Purchase*” of this Prospectus.

On [•], the Company filed an application with the Philippine Securities and Exchange Commission (“**SEC**”) to register the Bonds under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799) (“**SRC**”). The SEC is expected to issue an order rendering the Registration Statement effective, and a corresponding permit to offer securities for sale covering the Bonds.

The Company will apply for the listing of the Bonds in the PDEX. However, there is no assurance that such a listing will be achieved either before or after the relevant issue date of the Bonds being offered at a particular time or whether such a listing will materially affect the liquidity of the Bonds on the secondary market. Such listing will be subject to the Company’s execution of a listing agreement with PDEX that may require the Company to make certain disclosures, undertakings and payments on an ongoing basis.

The Bonds will be offered to the public solely in the Philippines through Bank of Commerce, BDO Capital & Investment Corporation, and China Bank Capital Corporation (collectively, the “**Joint**

**Issue Managers**”), and together with Land Bank of the Philippines, Philippine Commercial Capital, Inc., PNB Capital and Investment Corporation, and Security Bank Capital Investment Corporation, (collectively with the Joint Issue Managers, referred to as the “**Joint Lead Underwriters and Joint Bookrunners**”), and participating selling agents named herein, if any (the “**Selling Agent**”).

The Company reserves the right to withdraw the offer and sale of the Bonds at any time and the Issuer (acting through the Joint Lead Underwriters and Joint Bookrunners) reserve the right to reject any application to purchase the Bonds, in whole or in part, and to allot to any prospective purchaser less than the full amount of the Bonds sought by such purchaser. If the Offer is withdrawn or discontinued, the Company shall subsequently notify the SEC and, as applicable, the PDEx. Any of the Joint Lead Underwriters and Joint Bookrunners and the Selling Agent, if any, may acquire for their own account a portion of the Bonds.

The Bonds will be registered and offered exclusively in the Philippines. The distribution of this Prospectus and the offer and sale of the Bonds may, in certain jurisdictions, be restricted by law. The Company and the Joint Lead Underwriters and Joint Bookrunners require persons into whose possession this Prospectus comes, to inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally.

Each investor in the Bonds must comply with all laws applicable to it and must obtain the necessary consent, approvals or permission for its purchase, offer or sale under the laws and regulations in force in any jurisdiction to which it is subject, and neither the Company nor any of the Joint Lead Underwriters and Joint Bookrunners shall have any responsibility therefor.

The Company is organized under Philippine Law. 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 shareholders. The declaration of stock dividends is subject to the approval of shareholders 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.

The information contained in this Prospectus relating to the Company, its operations and those of its subsidiaries and affiliates has been supplied by the Company, unless otherwise stated herein. To the best of its knowledge and belief, the Company (which has taken all reasonable care to ensure that such is the case) confirms that the information contained in this Prospectus relating to it, its operations and those of its subsidiaries and affiliates is correct, and that there is no material misstatement or omission of fact which would make any statement in this Prospectus misleading in any material respect and that the Company hereby accepts full and sole responsibility for the accuracy of information contained in this Prospectus with respect to the same.

Unless otherwise indicated, all information in this Prospectus is as of the date of this Prospectus. Neither the delivery of this Prospectus nor any sale made pursuant to this Prospectus shall, under any circumstance, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company since such date.

The Joint Lead Underwriters and Joint Bookrunners have exercised the required due diligence in ascertaining that all material representations contained in this Prospectus, and any amendment or supplement thereto, are true and correct as of the date hereof and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading in any material respect.

This Prospectus is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by either the Issuer, the Joint Lead Underwriters and Joint Bookrunners or their respective affiliates or legal advisers that any recipient of this Prospectus should purchase the Bonds.

This Prospectus does not constitute an offer of any securities, or any offer to sell, or a solicitation of any offer to buy any of the securities of the Company in any jurisdiction, to or from any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

No representation or warranty, express or implied, is made by the Company and the Joint Lead Underwriters and Joint Bookrunners, regarding the legality of an investment in the Bonds under any legal, investment or similar laws or regulations. This Prospectus is not investment, legal, or tax advice. Prospective investors should consult their own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Bonds. Before making an investment decision, investors must rely on their own examination of the Company and the terms of the Offer, including the risks involved. These risks include:

- risks related to the Company's business;
- risks relating to the Philippines;
- risks relating to the Offer and the Bonds.

There can be no assurance in respect of: (i) whether the Company would issue such debt securities at all; (ii) the size or timing of any individual issuance or the total issuance of such debt securities; or (iii) the specific terms and conditions of any such issuance. Any decision by the Company to offer such debt securities will depend on a number of factors at the relevant time, many of which are not within the control of the Company, including but not limited to: prevailing interest rates, the financing requirements of business and prospects of the Company, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general.

The price of securities can and does fluctuate, and any individual security may experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. An investment in the Bonds described in this Prospectus involves a certain degree of risk. A prospective purchaser of the Bonds should carefully consider several factors inherent to the Company such as risks pertinent to the industry and operational risks relevant to the Philippines *vis-à-vis* risks inherent to the Bonds, in addition to the other information contained in this Prospectus, in deciding whether to invest in the Bonds.

For a more detailed discussion on the risks in investing in the Bonds, see the section entitled "*Risk Factors and Other Considerations*", which, while not intended to be an exhaustive enumeration of all the risks, must be considered in connection with any investment in or any purchase of the Bonds. The risk disclosure discussion does not purport to disclose all the risks and other significant aspects of investing in the Bonds. A person contemplating an investment in the Bonds should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in trading of securities.

The Company's financial statements are reported in Pesos and are prepared based on its accounting policies, which are in accordance with the Philippine Financial Reporting Standards ("**PFRS**") issued by the Financial Reporting Standard Council of the Philippines. PFRS include statements named PFRS and Philippine Accounting Standards ("**PAS**"), and Philippines Interpretations from International Financial Reporting Interpretations Committee.

Figures in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.



The Company's fiscal year begins on January 1 and ends on December 31 of the year. R.G. Manabat & Co., a member firm of KPMG ("**R.G. Manabat & Co.**"), the Company's external auditor, has audited and rendered an unqualified audit report on the Company's financial statements as of and for the years ended December 31, 2024, 2023 and 2022.

Market data and certain industry information used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified. The Company does not make any representation, undertaking or other assurance as to the accuracy or completeness of such information or that any projections will be achieved, or in relation to any other matter, information, opinion or statements in relation to the Offer. Any reliance placed on any projections or forecasts is a matter of commercial judgment. Certain agreements are referred to in this Prospectus in summary form. Any summary does not purport to be a complete or accurate description of the agreement and prospective investors are expected to independently review such agreements in full.

No person has been authorized to give any information or to make any representation not contained in this Prospectus. If given or made, any such information or representation must not be relied upon as having been authorized by the Company or any of the Joint Lead Underwriters and Joint Bookrunners.

Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer is prohibited.

### **Conventions which apply to this Prospectus**

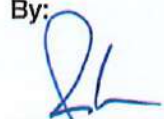
In this Prospectus, unless otherwise specified or the context otherwise requires, all references to the Company are to the Company and its subsidiaries and affiliates (or the Company and any one or more of its subsidiaries or affiliates, as the context may require). All references to the "**Philippines**" are references to the Republic of the Philippines. All references to the "**Government**" are to the national and local government of the Philippines, including any of its departments, agencies, or other instrumentalities.

The items expressed in the "Definition of Terms" may be defined otherwise by appropriate government agencies or regulations from time to time, or by conventional or industry usage.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE OFFER PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.

By:



**Ramon S. Ang**

Chairman & Chief Executive Officer and  
President & Chief Operating Officer

SUBSCRIBED AND SWORN to before me this FEB 06 2026, affiant exhibiting to me his Philippine Passport with No. P2247867B expiring on May 21, 2029 as competent evidence of identity.

Doc. No. : 485 ;  
Page No. : 98 ;  
Book No. : I ;  
Series of 2026.

  
**JOHN CHRISTOPHER O. TAN**  
Appointment No. M-581  
Notary Public for Makati City  
Until December 31, 2026  
Liberty Center-Picazo Law  
104 H.V. Dela Costa Street, Makati City  
Roll of Attorney's No. 94654  
PTR No. 10766618/Makati City/01-02-2026  
IBP No. 536196/Makati/12-23-2025  
Admitted to the bar in 2025

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## Forward-Looking Statements

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This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors that may cause the actual results, performance or achievements of SMGP to be materially different from any future results; and
- performance or achievements expressed or implied by forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the present and future business strategies of SMGP and the environment in which SMGP will operate in the future. Important factors that may cause some or all the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

- the ability of SMGP to successfully implement its strategies;
- the ability of SMGP to anticipate and respond to market trends;
- changes in availability and prices of fuel used in the power plants of SMGP;
- unexpected shutdowns of (i) the San Roque Power Plant for which San Roque Hydropower, Inc. (“**SRHI**”) acts as the IPPA and (ii) the Ilijan Power Plant, the Sual Power Plant, the Masinloc Power Plant, the Davao Greenfield Power Plant, the Limay Greenfield Power Plant and AHP;
- adverse weather patterns and natural disasters;
- the ability of SMGP to successfully manage its growth;
- the ability of SMGP to successfully implement and manage its power portfolio;
- the condition of and changes in, the Philippine, Asian or global economies;
- any political instability in the Philippines;
- the ability of SMGP to secure additional financing;
- changes in interest rates, inflation rates and the value of the Philippine Peso against the US Dollar and other currencies;
- price volatility in the wholesale energy spot market;
- changes in power supply and demand dynamics in the Philippines;
- competition in the Philippine power industry;
- other risks relating to the Philippines, including changes in laws, rules and regulations, including tax laws and licensing requirements; and
- risks relating to the Bonds.

Additional factors that could cause the actual results, performance or achievements of SMGP to differ materially from forward-looking statements include, but are not limited to, those disclosed under “*Risk Factors and Other Considerations*” and elsewhere in this Prospectus.

These forward-looking statements speak only as of the date of this Prospectus. SMGP and the Joint Lead Underwriters and Joint Bookrunners expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect events or circumstances, or to reflect any change in the expectations of SMGP with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based or to reflect that SMGP became aware of any such events or circumstances, that occur after the date of this Prospectus. The Issuer, Joint Lead Underwriters and Joint Bookrunners assume no obligation to update any of the forward-looking statements after the date of this Prospectus to conform those statements to actual results, subject to compliance with all applicable laws.

This Prospectus includes statements regarding the expectations and projections of the Company for future operating performance and business prospects. The words “believe,” “plan,” “expect,”

“anticipate,” “estimate,” “project,” “intend,” “will,” “shall,” “should,” “may,” “could,” “would” and similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Prospectus are forward-looking statements. Statements in this Prospectus as to the opinions, beliefs and intentions of SMGP accurately reflect in all material respects the opinions, beliefs and intentions of its management as to such matters as of the date of this Prospectus, although SMGP gives no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. This Prospectus discloses, under the section “*Risk Factors and Other Considerations*” and elsewhere, important factors that could cause actual results to differ materially from expectations of the Company. All subsequent written and oral forward-looking statements attributable to SMGP or persons acting on behalf of SMGP are expressly qualified in their entirety by the above cautionary statements.

Should one or more of such risks and uncertainties materialize, or should any underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated in the applicable forward-looking statements. Any forward-looking statement or information contained in this Prospectus speaks only as of the date the statement was made.

All of the forward-looking statements of SMGP made herein and elsewhere are qualified in their entirety by the risk factors discussed in “*Risk Factors and Other Considerations*”. These risk factors and statements describe circumstances that could cause actual results to differ materially from those contained in any forward-looking statement in this Prospectus.

## Definition of Terms

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In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below:

|                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actual Energy Generated         | Actual output of the power plant measured in GWh, MWh or KWh attributable to the contracted capacity of the power plants, as applicable.                                                                                                                                                                                                                                                                                                                                                                                           |
| Affiliates                      | With respect to San Miguel Corporation, any Person that directly or indirectly, controls or is controlled by, or is under common control with San Miguel Corporation. In this context, “control” (including, with correlative meanings, the terms “controlling”, “controlled by” and under common control with) means the possession, directly or indirectly, of the power to direct, or cause the direction of, the management and policies of such Person whether through ownership of voting shares, by contract, or otherwise. |
| AHC                             | Angat Hydropower Corporation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| AHP                             | Angat Hydroelectric Power Plant.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| ALECO                           | Albay Electric Cooperative, Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Alpha Water                     | Alpha Water and Realty Services Corp.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Ancillary Services              | Refer to support services necessary to support the transmission capacity and energy that are essential in maintaining power quality and reliability of the grid.                                                                                                                                                                                                                                                                                                                                                                   |
| APEC                            | Albay Power and Energy Corp.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| ASPA                            | Ancillary Services Procurement Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Applicable Law                  | Any statute, law, regulation, ordinance, rule, judgment, order, decree, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority.                                                                                                                                                                                                                                                     |
| Applicant                       | Any Person who seeks to subscribe to the Bonds and submits a duly accomplished Application to Purchase, together with all requirements set forth therein.                                                                                                                                                                                                                                                                                                                                                                          |
| Application to Purchase         | The application form accomplished and submitted by an Applicant for the purchase of a specified amount of Bonds, together with all the other requirements set forth in such application form.                                                                                                                                                                                                                                                                                                                                      |
| ASEAN                           | The Association of Southeast Asian Nations, including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.                                                                                                                                                                                                                                                                                                                                                                      |
| Average Net Dependable Capacity | Average for any given period of the Net Dependable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

|                                     |                                                                                                                                                                                                                                                                            |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                     | Capacity within that period, expressed in MW.                                                                                                                                                                                                                              |
| Availability Factor                 | Ratio, in percent, equal to (1)(a) the number of hours in a period (e.g., a month or a year) less (b) the average number of hours of planned and unplanned outages during that period, divided by (2) the number of hours in that period.                                  |
| Auxiliary Unit                      | One of the three 6 MW capacity hydroelectric generators of AHP.                                                                                                                                                                                                            |
| BankCom                             | Bank of Commerce.                                                                                                                                                                                                                                                          |
| Batangas Combined Cycle Power Plant | The 1,320 MW combined cycle power plant in Barangays Ilijan and Dela Paz Proper, Batangas.                                                                                                                                                                                 |
| Bayan                               | Bayan Resources TBK, which refers to the other subsidiaries in the Bayan group, such as PT Bara Tabang which have contracts with the Company Subsidiaries.                                                                                                                 |
| Bayanihan II                        | Republic Act No. 11494 (Bayanihan to Recover as One Act).                                                                                                                                                                                                                  |
| Batangas LNG Terminal               | An integrated LNG import terminal at Barangay Ilijan, Batangas City, adjacent to the Ilijan Power Plant and the Batangas Combined Cycle Power Plant, which is designed to utilize onshore regasification and storage facilities supplemented with a floating storage unit. |
| BCC Power Plant or BCCPP            | Batangas Combined Cycle Power Plant.                                                                                                                                                                                                                                       |
| BDO Capital                         | BDO Capital & Investment Corporation.                                                                                                                                                                                                                                      |
| BESS                                | Battery Energy Storage Systems.                                                                                                                                                                                                                                            |
| BIR                                 | Philippine Bureau of Internal Revenue.                                                                                                                                                                                                                                     |
| Board of Directors or Directors     | Board of Directors of SMGP.                                                                                                                                                                                                                                                |
| Bondholder                          | A Person whose name appears, at any relevant time, as the registered owner of the Series N Bonds, the Series O Bonds, and/or the Series P Bonds in the Registry of Bondholders.                                                                                            |
| BOI                                 | Board of Investments.                                                                                                                                                                                                                                                      |
| Bonanza Energy                      | Bonanza Energy Resources, Inc.                                                                                                                                                                                                                                             |
| BOT                                 | Build-Operate-Transfer.                                                                                                                                                                                                                                                    |
| BSP                                 | Bangko Sentral ng Pilipinas.                                                                                                                                                                                                                                               |
| Business Day                        | A day, other than a public non-working holiday, Saturday, Sunday or legal holiday, on which the facilities of the Philippine banking system are open and                                                                                                                   |



|                              |                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                              | available for clearing, and banks are open for business in Metro Manila, Philippines.                                                                                                                                                                                                                                                                                                                                      |
| Captive Market               | A market of end-users who do not have a choice of their supplier of electricity.                                                                                                                                                                                                                                                                                                                                           |
| CFB                          | Circulating Fluidized Bed.                                                                                                                                                                                                                                                                                                                                                                                                 |
| Chinabank Capital            | China Bank Capital Corporation.                                                                                                                                                                                                                                                                                                                                                                                            |
| Chromite Gas Holdings        | Chromite Gas Holdings, Inc., a joint venture entity of MGen and TNGP.                                                                                                                                                                                                                                                                                                                                                      |
| Clean Air Act                | The Philippine Clean Air Act of 1999.                                                                                                                                                                                                                                                                                                                                                                                      |
| Clean Water Act              | The Philippine Clean Water Act of 2004.                                                                                                                                                                                                                                                                                                                                                                                    |
| CLPPC                        | Central Luzon Premiere Power Corp.                                                                                                                                                                                                                                                                                                                                                                                         |
| COC                          | Coal Operating Contract.                                                                                                                                                                                                                                                                                                                                                                                                   |
| COD                          | Commercial Operations Date.                                                                                                                                                                                                                                                                                                                                                                                                |
| Common Stock                 | With respect to any Person, any and all shares, interests, rights to purchase, warrants, options or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Trust Agreement, and include, without limitation, all series and classes of such common stock or ordinary shares. |
| Company, Issuer, or SMGP     | San Miguel Global Power Holdings Corp. including, as the context requires, its subsidiaries.                                                                                                                                                                                                                                                                                                                               |
| Contestable Customers        | End-users who have a choice on their supplier of electricity, as may be certified by the ERC.                                                                                                                                                                                                                                                                                                                              |
| Contestable Market           | A market of end-users who have a choice on their supplier of electricity.                                                                                                                                                                                                                                                                                                                                                  |
| Debt                         | The sum of interest-bearing debt of the Issuer, as reflected in its financial statements.                                                                                                                                                                                                                                                                                                                                  |
| Daguma Agro                  | Daguma Agro Minerals, Inc.                                                                                                                                                                                                                                                                                                                                                                                                 |
| Davao Greenfield Power Plant | The 2 x 150 MW Davao coal-fired power plant located in Malita, Davao Occidental.                                                                                                                                                                                                                                                                                                                                           |
| DENR                         | Department of Environment and Natural Resources.                                                                                                                                                                                                                                                                                                                                                                           |
| Disqualified Stock           | Any class or series of Capital Stock of any Person that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or otherwise is (a) required to be redeemed prior to the Maturity Date of the Series P Bonds, (b) redeemable at the option of the holder of such class or series of                                                                                    |

Capital Stock or any other person at any time prior to the Maturity Date of the Series P Bonds or (c) convertible into or exchangeable for Capital Stock referred to in paragraphs (a) or (b) above or Indebtedness having a scheduled maturity prior to the Maturity Date of the Series P Bonds; provided that any class or series of debt securities or Preferred Stock convertible or exchangeable into Common Stock, the terms of which allow for a cash payment in lieu of Common Stock upon conversion or exchange in the event that the issue or distribution of Common Stock to the holder thereof will cause such Person to violate foreign ownership regulations applicable in the Philippines from time to time, shall not constitute Disqualified Stock provided that any such cash payments are made with the proceeds of the sale of Equity Interests of such Person to an unaffiliated Person.

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| Distribution Code | The Philippine Distribution Code.                                                                                                                                                                               |
| DOC               | ASEAN-China Declaration on the Conduct of Parties in the South China Sea.                                                                                                                                       |
| DOE               | Department of Energy of the Philippines.                                                                                                                                                                        |
| DOE CSP Policy    | DOE Circular No. DC2018-02-0003, "Adopting and Prescribing the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market". |
| DOJ               | Department of Justice of the Philippines.                                                                                                                                                                       |
| DOLE              | Department of Labor and Employment of the Philippines.                                                                                                                                                          |
| DU                | Distribution Utility.                                                                                                                                                                                           |
| EBITDA            | Earnings before interest, taxes, depreciation and amortization.                                                                                                                                                 |
| EC                | Electric Cooperatives.                                                                                                                                                                                          |
| ECA               | Energy Conversion Agreement.                                                                                                                                                                                    |
| ECC               | Environmental Compliance Certificate.                                                                                                                                                                           |
| EIS               | Environmental Impact Statement.                                                                                                                                                                                 |
| EISS Law          | Philippine Environmental Impact Statement System.                                                                                                                                                               |
| EMB               | Environmental Management Bureau.                                                                                                                                                                                |
| EMF               | Environmental Monitoring Fund.                                                                                                                                                                                  |
| EMP               | Environmental Management Plan.                                                                                                                                                                                  |

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| EPIRA                                                          | Philippine Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| EPC                                                            | Engineering, Procurement and Construction.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| ERC                                                            | Energy Regulatory Commission of the Philippines.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| ERC Resolution Adjusting Grid Market Share Limitation for 2025 | ERC Resolution No. 14, Series of 2025 dated July 30, 2025 (A Resolution Setting the Adjusted Installed Generating Capacity and Market Share Limitation per Grid and National Grid for 2025).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| ER Claim                                                       | Equivalent Relief Claim.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| FIA                                                            | Foreign Investments Act of 1991 of the Philippines, as amended.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| GDP                                                            | Gross Domestic Product.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| GEA 3 & GEA 4                                                  | Green Energy Auction Program 3 & 4.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Government                                                     | The Government of the Philippines.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Grid Code                                                      | Philippine Grid Code.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Group                                                          | The Company and its Subsidiaries from time to time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Guarantee or Guaranteed                                        | Means, in relation to any Person, any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Indebtedness or other payment obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such first-mentioned Person entered into for the purpose of assuring in any manner the obligee of such Indebtedness or other payment obligation or to protect such obligee against loss (in whole or in part), provided that the term "Guarantee" shall not include endorsement for collection or deposit in the ordinary course of business. The term "Guarantee" or "Guaranteed" used as a verb has a corresponding meaning. |
| GW                                                             | Gigawatt, a unit of electrical power equivalent to 1,000 MW.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| GWh                                                            | Gigawatt hours, a unit of electrical energy equivalent to 1,000 MWh.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| HELE Technologies                                              | High efficiency low emission technologies.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Ilijan ECA                                                     | The ECA under which NPC is required to deliver and supply to KEILCO the fuel necessary to operate the Ilijan Power Plant.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Ilijan IPPA Agreement                                          | The IPPA agreement dated May 11, 2010 between                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

PSALM and SPPC with the conformity of the NPC relative to the administration of the IPP contract of NPC for the Ilijan Power Plant.

Ilijan Power Plant

Natural gas fired combined cycle power plant with contracted capacity of 1,200 MW located in Ilijan, Batangas.

Indebtedness

In relation to a Person:

- (a) all obligations of such Person for borrowed money;
- (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) all obligations of such Person to pay the deferred purchase price of property or services except trade accounts payable arising in the ordinary course of business;
- (d) all obligations of such Person as lessee which are capitalized in accordance with PFRS;
- (e) all indebtedness of others secured by a Security Interest on any asset of such Person;
- (f) all indebtedness of such Person in respect of receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (g) all obligations of such Person in respect of any Disqualified Stock, provided that such Disqualified Stock (i) falls within paragraph (a) of the definition of "Disqualified Stock" or (ii) falls within paragraph (b) of the definition of "Disqualified Stock" and the Person entitled to exercise the option to require redemption of such Disqualified Stock has exercised or given notice to exercise such option or (iii) falls within paragraph (c) of the definition of "Disqualified Stock" and has been converted into Indebtedness having a scheduled maturity prior to the Maturity Date of the Series P Bonds;
- (h) all indebtedness of others Guaranteed by such Person;
- (i) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit, Guarantee or similar instrument; and
- (j) all indebtedness of such Person in respect of any interest rate swap, currency swap, forward foreign exchange transaction, cap, floor, collar or option transaction or any other treasury transaction or any combination thereof or any other transaction entered into in connection with protection against or benefit from

fluctuation in any rate or price (and the amount of Indebtedness in relation to any such transaction described in this paragraph (j) shall be calculated by reference to the mark-to-market valuation of such transaction at the relevant time),

and so that where the amount of Indebtedness is to be calculated, no amount shall be taken into account more than once in the same calculation and, where the amount is to be calculated on a consolidated basis in respect of a corporate group, monies borrowed or raised, or other indebtedness, as between members of such group shall be excluded.

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| Installed Capacity                            | Gross maximum dependable capacity of a power plant, expressed in MW, i.e., the maximum amount of power that can be generated by the power plant.                                                |
| IPP                                           | Independent Power Producer.                                                                                                                                                                     |
| IPPA                                          | Independent Power Producer Administrator.                                                                                                                                                       |
| IPP Agreement                                 | Independent Power Producer Agreement.                                                                                                                                                           |
| IPPA Agreement                                | Independent Power Producer Administration Agreement.                                                                                                                                            |
| IPPA Power Plants                             | The Sual Power Plant, the San Roque Power Plant and the Ilijan Power Plant.                                                                                                                     |
| IPPA Subsidiaries                             | SMEC, SPPC and SPDC.                                                                                                                                                                            |
| IRR                                           | Implementing Rules and Regulations of EPIRA promulgated on February 27, 2002.                                                                                                                   |
| ISO                                           | International Organization for Standardization.                                                                                                                                                 |
| Joint Issue Managers                          | Bank of Commerce, BDO Capital & Investment Corporation, and China Bank Capital Corporation.                                                                                                     |
| Joint Lead Underwriters and Joint Bookrunners | Joint Issue Managers together with Land Bank of the Philippines, Philippine Commercial Capital, Inc., PNB Capital and Investment Corporation, and Security Bank Capital Investment Corporation. |
| Kabankalan BESS                               | The 33.867 MWh battery energy storage facility located in Kabankalan, Negros Occidental.                                                                                                        |
| K-Water                                       | Korea Water Resources Corporation.                                                                                                                                                              |
| Kcal                                          | Kilo-Calorie, a unit of heat energy.                                                                                                                                                            |
| KEILCO                                        | KEPCO Ilijan Corporation, owner of the Ilijan Power Plant, which is a joint venture of KEPCO, Mitsubishi Corporation and TeaM Energy.                                                           |

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| KEPCO                        | Korea Electric Power Corporation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| KJ                           | Kilo-Joule, a unit of heat energy.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| KPC                          | PT Kaltim Prima Coal.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| kV                           | Kilo-Volts, a unit of voltage equivalent to 1,000 volts.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| KW                           | Kilowatt, a unit of electrical power equivalent to 1,000 watts.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| KWh                          | Kilowatt hours, a unit of electrical energy equivalent to 1,000 watt hours.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| LANDBANK                     | Land Bank of the Philippines.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| LGC                          | Philippine Republic Act No. 7160, or the Local Government Code.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| LGU                          | Local Government Unit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| LHV                          | Lower heating value of fuel.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Limay Cogeneration Plant     | The 140 MW cogeneration power plant owned by Petron Corporation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Limay Greenfield Power Plant | The 4 x 150 MW coal-fired power plant located in Limay, Bataan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| LNG                          | Liquified natural gas.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| LPI                          | Limay Power Inc. (formerly, SMC Consolidated Power Corporation).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| LSI                          | Lucanin Solar Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Luzon Grid                   | An interconnected network of transmission lines running through Luzon for delivering electricity.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Main Unit                    | One of the four 50 MW capacity main hydroelectric generators of AHP.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Majority Bondholders         | <p>(a) with respect to matters relating only to the Series N Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Series N Bonds;</p> <p>(b) with respect to matters relating only to the Series O Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Series O Bonds;</p> <p>(c) with respect to matters relating only to the Series P Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Series P Bonds; and</p> |

|                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
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|                                    | (d) with respect to matters affecting all Bonds, Bondholders representing more than fifty percent (50%) of the outstanding principal amount of the Bonds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Mariveles Greenfield Power Plant   | The 600 MW coal-fired power plant and associated facilities using HELE Technologies in Mariveles, Bataan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Masinloc BESS                      | The 35.258 MWh battery energy storage project in Masinloc, Zambales.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Masinloc Group                     | Means: <ul style="list-style-type: none"> <li>(a) SMCGP Masinloc Partners Company Limited (MAPACO), a partnership incorporated in the Philippines with company registration number PL200800394; SMCGP Masinloc Power Company Limited (MAPOCO), a partnership incorporated in the Philippines with company registration number PL200800397; and MPCL;</li> <li>(b) SMCGP Philippines, Inc. (formerly known as AES Philippines Inc.), a company incorporated in the Philippines with company registration number CS200719542;</li> <li>(c) SMCGP Transpower Pte. Ltd. (formerly known as AES Transpower Private Ltd.), a company incorporated in Singapore with company registration number 199400887M; and</li> <li>(d) the Subsidiaries of each of the above entities.</li> </ul> |
| Masinloc Power Plant               | The 1 x 344 MW (Unit 1), 1 x 344 MW (Unit 2), 1 x 335 MW (Unit 3) coal-fired thermal power plant located in Masinloc, Zambales.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Master Certificate of Indebtedness | For each of the Series N Bonds, the Series O Bonds and the Series P Bonds, the certificate of indebtedness (substantially in the form attached as Annex C of the Issue Management and Underwriting Agreement) issued by the Issuer in the name of the Trustee for the benefit of the Bondholders covering the entire principal amount of each series of the Bonds purchased during the Offer Period and to be issued by the Issuer on the Issue Date.                                                                                                                                                                                                                                                                                                                             |
| Material Agreement                 | The Independent Power Producer Administration Agreement dated December 29, 2009, between PSALM and SRHI (formerly Strategic Power Devt. Corp.) with the conformity of the National Power Corporation (NPC) relative to the administration of the Independent Power Producer (IPP) contract of NPC for the San Roque Power Plant, as may be amended or supplemented from time to time.                                                                                                                                                                                                                                                                                                                                                                                             |
| Material Subsidiary                | At any date: <ul style="list-style-type: none"> <li>(a) any Subsidiary of the Company as of such date with respect to which:</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

(i) the Company's proportionate share (based on the Company's direct or indirect equity interest therein) of the net income (excluding extraordinary gains and losses) thereof, as shown by the then latest audited accounts of such Subsidiary (which accounts shall be consolidated if such Subsidiary has any Subsidiaries), constitutes at least 25% of the consolidated net income of the Company (excluding extraordinary gains and losses) as shown by the consolidated audited accounts of the Company in respect of the same period; or

(ii) the Company's proportionate share (based on the Company's direct or indirect equity interest therein) of the total assets thereof, as shown by the then latest audited accounts of such Subsidiary (which accounts shall be consolidated if such Subsidiary has any Subsidiaries), constitute at least 25% of the total consolidated assets of the Company as shown by the consolidated audited accounts of the Company in respect of the same period,

provided that for purposes of paragraphs (i) and (ii) above:

(A) in the case of a Subsidiary acquired, or a Person becoming a Subsidiary, after the end of the financial period to which the latest consolidated audited accounts of the Company relate, the reference to the then latest consolidated audited accounts of the Company for the purposes of the calculation above shall, until consolidated audited accounts of the Company for the financial period in which the acquisition is made or, as the case may be, in which such Person becomes a Subsidiary are published, be deemed to be a reference to the then latest consolidated audited accounts of the Company adjusted as deemed appropriate by the Company to consolidate the latest audited accounts of such Subsidiary (which accounts shall be consolidated if such Subsidiary has any Subsidiaries) into such accounts (as if such latest consolidated audited accounts of the Company were prepared in respect of the same period as such latest audited accounts of such Subsidiary); provided that if the then latest consolidated audited accounts of the Company show a net loss for the relevant financial period then there shall be substituted for the words "net income" the words "gross revenues" for the purpose of this definition;

(B) if at any time when a determination must be made under this definition with respect to the Company or any Subsidiary for which consolidated audited accounts of the Company are necessary, no such consolidated audited accounts are prepared and audited, net income (excluding extraordinary gains and losses) and total assets of the Company shall be determined on the basis of pro forma



consolidated accounts prepared for this purpose by the auditors at that time of the Company; and

(C) if at any time when a determination must be made under this definition with respect to any Subsidiary for which audited accounts of such Subsidiary are necessary, no such accounts are prepared and audited, its net income (excluding extraordinary gains and losses) and total assets shall be determined on the basis of pro forma accounts of such Subsidiary (which accounts shall be consolidated if such Subsidiary has any Subsidiaries) prepared for this purpose by the auditors at that time of such Subsidiary; and/or

(iii) any Subsidiary of the Company to which is transferred all or substantially all of the assets of a Subsidiary which immediately prior to such transfer was a Material Subsidiary, provided that the Material Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Material Subsidiary (unless, and until such time as, such Subsidiary again satisfies the requirements for a Material Subsidiary).

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| Meralco         | Manila Electric Company.                                                                                                                                                                           |
| Mindanao Grid   | An interconnected network of transmission lines running through Mindanao for delivering electricity.                                                                                               |
| MPGC            | Mariveles Power Generation Corporation.                                                                                                                                                            |
| MPCL            | Masinloc Power Co. Ltd. (formerly Masinloc Power Partners Co. Ltd.), a limited liability partnership organized under the laws of the Philippines with partnership registration number PL200709834. |
| MPI             | Malita Power, Inc. (formerly San Miguel Consolidated Power Corporation).                                                                                                                           |
| Must Pay Volume | The monthly generation payments SMGP “must pay” for electricity sold up to a given volume.                                                                                                         |
| MW              | Megawatt, a unit of electrical power equivalent to 1,000 kilowatts.                                                                                                                                |
| MWac            | Megawatt alternating current.                                                                                                                                                                      |
| MWh             | Megawatt hours, a unit of electrical energy equivalent to 1,000 kilowatt hours.                                                                                                                    |
| MWp             | Megawatt peak, a solar or renewable power unit of electrical power, equivalent to 1,000-kilowatt peak.                                                                                             |
| MWSS            | Metropolitan Waterworks and Sewerage System.                                                                                                                                                       |
| National Grid   | Refers to the national grid, which is the national transmission system and related facilities that conveys bulk power.                                                                             |

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| NEA                     | National Electrification Administration of the Philippines.                                                                                                                                                                                                                                                                                                                                                  |
| Negative List           | Twelfth Regular Foreign Investment Negative List issued by the Office of the President of the Philippines on June 27, 2022.                                                                                                                                                                                                                                                                                  |
| Net Capacity Factor     | Ratio, in percent, equal to (1) actual electricity generated by a power plant in a period (net of electricity utilized to drive power plant service or auxiliaries), divided by (2)(a) number of hours in the period multiplied by (b) the contracted capacity of such power plant.                                                                                                                          |
| Net Dependable Capacity | Gross dependable capacity of a power plant (which may be less than Installed Capacity at any given time if technical problems are present) less the power plant capacity utilized to drive power plant station service or auxiliaries, expressed in MW.                                                                                                                                                      |
| Net Heat Rate           | Heat energy required by a power plant to produce one KWh of electrical energy net of the parasitic or auxiliary loads of the power plant, usually expressed in terms of British Thermal Units/KWh, Kcal/KWh or KJ/KWh.                                                                                                                                                                                       |
| NGCP                    | National Grid Corporation of the Philippines, the system operator of the transmission grid.                                                                                                                                                                                                                                                                                                                  |
| NIA                     | National Irrigation Administration.                                                                                                                                                                                                                                                                                                                                                                          |
| NPC                     | National Power Corporation.                                                                                                                                                                                                                                                                                                                                                                                  |
| NPC-IPP                 | NPC-owned and IPP-operated plants.                                                                                                                                                                                                                                                                                                                                                                           |
| NWRB                    | National Water Resources Board.                                                                                                                                                                                                                                                                                                                                                                              |
| OEDC                    | Olongapo Electricity Distribution Company, Inc.                                                                                                                                                                                                                                                                                                                                                              |
| Offer                   | The public offer for sale, distribution and issuance in the Philippines of the Bonds under the terms and conditions contained in this Prospectus.                                                                                                                                                                                                                                                            |
| Open Access             | System of allowing qualified persons to use the transmission and/or distribution systems and associated facilities of distribution utilities subject to the payment of transmission and/or distribution wheeling rates approved by the ERC.                                                                                                                                                                  |
| Pan Pacific             | Pan Pacific Renewable Power Phils. Corp.                                                                                                                                                                                                                                                                                                                                                                     |
| Paying Agent            | Means PDTC, whose principal obligation is to handle payments of the principal of, interest on, and all other amounts payable on the Bonds, to the Bondholders, pursuant to the Registry and Paying Agency Agreement. The term includes, wherever the context permits, all other person or persons for the time being acting as paying agent or paying agents under the Registry and Paying Agency Agreement. |

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|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PBR                         | Performance Based Regulation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| PCCI                        | Philippine Commercial Capital, Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| PDEx                        | The Philippine Dealing & Exchange Corp., a domestic corporation duly registered with the SEC to operate an exchange and trading market for fixed income securities and a member of the Philippine Dealing System Group of Companies.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| PDS                         | Philippine Dealing System.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| PDTC                        | The Philippine Depository & Trust Corp., a corporation with a quasi-banking license duly organized and existing under and by virtue of the laws of the Republic of the Philippines.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| PEMC                        | Philippine Electricity Market Corporation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Permitted Security Interest | <p>Means:</p> <p>(a) any Security Interest existing as of the date of the Trust Agreement;</p> <p>(b) any preference or priority granted over the payments under the Material Agreement pursuant to Article 2244(14)(a) of the Civil Code of the Philippines;</p> <p>(c) any Security Interest over or affecting any asset of any company which becomes a member of the Group after the date of the Trust Agreement, where the Security Interest is created prior to the date on which that company becomes a member of the Group;</p> <p>(d) to the extent notified to the Trustee in writing, any Security Interest created by a Ring-Fenced Subsidiary securing Project Debt;</p> <p>(e) to the extent notified to the Trustee in writing, Security Interest created over Shares and Shareholder Loans in or to any Ring-Fenced Subsidiary securing Project Debt;</p> <p>(f) Security Interest for taxes, assessments, or governmental charges or levies; provided, that the Indebtedness which is secured thereby is paid when due or contested in good faith by appropriate proceedings;</p> <p>(g) other Security Interest incidental to the ordinary conduct of the business of the Issuer or any Material Subsidiary or the ownership of the properties and assets of the Issuer or any Material Subsidiary provided that:</p> <p style="padding-left: 40px;">(i) such Security Interests are not incurred or granted in connection with incurring or maintaining Indebtedness;</p> <p style="padding-left: 40px;">(ii) such Security Interests do not, individually or in the aggregate, materially detract from the value of such properties or assets or materially impair the use</p> |

thereof in the operation of the business of the Issuer or any Material Subsidiary or materially interfere with the sale or other disposition of such properties or assets;

(iii) such Security Interests shall in no event secure any obligations or liabilities incurred by the Issuer and/or the Material Subsidiaries in the ordinary course of any real property development business; and

(iv) the aggregate amount secured by such liens permitted under this paragraph (g) (for any and all of the Issuer and the Material Subsidiaries) shall not at any time be in excess of U.S.\$35,000,000 (or the equivalent in any other currencies);

(h) any lien arising by operation of law on any property or asset of the Issuer or its Subsidiaries, including, without limitation, amounts owing to a landlord, carrier, warehouseman, mechanic or materialman;

(i) Security Interests (not otherwise permitted under this definition) securing Indebtedness owed under any government lending programs or incurred by the Issuer and/or the Material Subsidiaries (in each case) in the ordinary course of any real property development business and in an aggregate principal amount (such aggregate being the aggregate for the Issuer and the Material Subsidiaries) at any date not to exceed 5% of Consolidated Net Worth as of such date;

(j) any Security Interest upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including uncalled capital) of any of the Material Subsidiaries or any Shares and Shareholder Loans of any entity owned by the Company or any Material Subsidiary, in each case, to secure:

(i) any Indebtedness which (subject to (ii) of this definition below) is not Public Debt; or

(ii) any Public Debt (1) which (x) by its terms does not provide that the Issuer or any Material Subsidiary is an obligor, (y) by its terms does not provide that a Guarantee or credit support of any kind is given by the Issuer or any of the Material Subsidiaries and (z) does not have the legal effect of providing recourse against any of the assets of the Issuer or any of the Material Subsidiaries and (2) no default with respect to which would permit upon notice, lapse of time or both any holders of any other Indebtedness of the Issuer or any of the Material Subsidiaries to declare a default on such other Indebtedness or cause the payment of such other Indebtedness to be accelerated or payable prior to its stated maturity,

which, in either case (either alone or when aggregated with all other present or future business, undertaking, assets or revenues (including uncalled capital) of any of the Material Subsidiaries upon, or with respect to, which Security Interests are subsisting), does not exceed 15% of the Total Assets of the Issuer;

(k) to the extent notified to the Trustee in writing, any liens on the Shares and Shareholder Loans in or to any member of the Masinloc Group and its assets resulting from project financing facilities in respect of which there is no actual or contingent recourse to the Company or any other member of the Group (other than a member of the Masinloc Group);

(l) any extension, renewal, supplement, or replacement (or successive extensions, renewals, supplements, or replacements) in whole or in part of any Security Interest referred to in paragraphs (a), (b), (c) (d), (e), (f), (h) and (k), or any Indebtedness secured thereby; provided that such extension, renewal, supplements, or replacement is limited to all or any part of the same property that secured the Indebtedness extended, renewed, supplemented, or replaced (plus any construction, repair, or improvement on such property) and:

(i) in relation to MPCL:

(x) shall secure an amount of financial Indebtedness which does not result in the ratio of debt to equity of MPCL, calculated using its latest available balance sheet (after taking into account the additional refinancing amount) prior to the date of such extension, renewal, supplement or replacement, to exceed 70:30; and

(y) no breach of financial covenants under "Description of the Bonds – Financial Ratio" could reasonably be expected to result from the incurrence of such additional Indebtedness;

and

(ii) in relation to any other member of the Group, shall secure no larger amount of financial Indebtedness than that existing at the time of such extension, renewal, supplement, or replacement; and

(m) Security Interest created with the prior written consent of the Majority Bondholders.

|                               |                                                                                                                                                                                                                                        |
|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Person                        | Any individual, firm, corporation, partnership, association, joint venture, tribunal, limited liability company, trust, government or political subdivision or agency or instrumentality thereof, or any other entity or organization. |
| PFRS                          | Philippine Financial Reporting Standards.                                                                                                                                                                                              |
| Philippine peso or Pesos or ₱ | The lawful and official currency of the Republic of the Philippines.                                                                                                                                                                   |
| Philippines                   | Republic of the Philippines.                                                                                                                                                                                                           |
| Philippine Government         | The duly constituted government of the Republic of the Philippines.                                                                                                                                                                    |
| PhilRatings                   | Philippine Rating Services Corporation.                                                                                                                                                                                                |

|                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PNB Capital            | PNB Capital and Investment Corporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| PPA                    | Power Purchase Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Preferred Stock        | As applied to the Capital Stock of any Person, means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over any other class of Capital Stock of such Person.                                                                                                                                                                                                            |
| Project Debt           | Means Indebtedness incurred by a Ring-Fenced Subsidiary in relation to project finance in respect of which there is no recourse to the Company or any other member of the Group, and in respect of which neither the Company nor any other member of the Group has any actual or contingent liability of any nature, whether as principal, guarantor, surety or otherwise, except in respect of any Security Interest granted by the Company or any member of the Group over its Shares and Shareholder Loans in a Ring-Fenced Subsidiary. |
| PSA                    | Power Supply Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| PSE                    | The Philippine Stock Exchange, Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| PSALM                  | The Power Sector Assets and Liabilities Management Corporation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| PSALM ER Claim         | The ER Claim included in PSALM's claims against TeaM Energy.                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| PSC                    | Power Supply Contract.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| PVEI                   | PowerOne Ventures Energy Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| RCOA                   | Retail Competition and Open Access.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| RE Act                 | Renewable Energy Act of 2008 (Republic Act No. 9513).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Registrar              | PDTC, whose principal obligation is to maintain the Registry and record the initial issuance and subsequent transfers of the Bonds pursuant to the Registry and Paying Agency Agreement. The term includes, wherever the context permits, all other person or persons for the time being acting as registrar or registrars under the Registry and Paying Agency Agreement.                                                                                                                                                                 |
| Registration Statement | The registration statement and other supporting documents filed by the Issuer on [February 6], 2026], including the Prospectus, covering the registration of the Bonds in accordance with the provisions of the Securities Regulation Code.                                                                                                                                                                                                                                                                                                |
| Registry               | The electronic registry book of the Registrar containing the official information on the Bondholders, including,                                                                                                                                                                                                                                                                                                                                                                                                                           |

but not limited to, the names and addresses of the Bondholders and the amount of the Bonds they respectively hold, including all transfers and assignments thereof, any transactions relating thereto and any lien or encumbrance thereon, to be maintained by the Registrar pursuant to and under the terms of the Registry and Paying Agency Agreement.

Registry and Paying Agency Agreement

The agreement dated [●], and its annexes and schedules (when executed and delivered in accordance with the terms thereof), as may be modified, amended, or supplemented in a separate written instrument, from time to time, and entered into by and among the Issuer, the Registrar and the Paying Agent in relation to the Bonds.

Reliability Factor

Ratio, in percent, equal to (1)(a) the number of hours in a period less (b) the average unplanned outage hours in that period divided by (2) the number of hours in that period.

RES

Retail Electricity Supplier.

R.G. Manabat & Co

R.G. Manabat & Co., a member firm of KPMG.

Ring-fenced Subsidiary

Any entity that satisfies the following conditions:

- (a) such entity is a Subsidiary of the Company but not a Material Subsidiary;
- (b) such entity, to the extent directly owned by the Company or a member of the Group (other than another Ring-Fenced Subsidiary), is a limited liability company, partnership or corporation organized and existing under the laws of the Philippines;
- (c) the Company has delivered a written notification to the Trustee designating such entity as a Ring-Fenced Subsidiary;
- (d) no member of the Group (other than that Ring-Fenced Subsidiary) shall be contingently liable for any Indebtedness of such entity or its Subsidiaries, except in respect of the granting by a member of the Group of Security Interest over its Shares and Shareholder Loans in such entity or such entity's Subsidiaries; and
- (e) all transactions conducted between any member of the Group and such entity or its Subsidiaries must be on an arm's length basis and on normal commercial terms,

and each Subsidiary of any such entity shall also be a Ring-Fenced Subsidiary.

RPAA

Registry and Paying Agency Agreement.

RSCs

Retail Supply Contracts.

|                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| RTGS                               | The Philippine Payment Settlement System via Real Time Gross Settlement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Sanitation Code                    | The Code on Sanitation of the Philippines.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| San Roque IPPA Agreement . . . . . | The IPPA Agreement dated December 29, 2009 between PSALM and SRHI (formerly, Strategic Power Devt. Corp.) with the conformity of NPC relative to the administration of the IPP contract of NPC for the San Roque Power Plant.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| San Roque Power Plant              | Hydroelectric multipurpose power plant with contracted capacity of 345 MW located in San Manuel, Pangasinan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| San Roque PPA                      | The PPA made between SPDC and NPC dated October 11, 1997 in relation to the San Roque Power Plant.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| SEC                                | The Securities and Exchange Commission of the Philippines.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Security Bank Capital              | Security Bank Capital Investment Corporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Security Interest                  | Means with respect to any property or asset, any (a) mortgage, charge, pledge, lien, security interest, encumbrance or other preferential arrangement of any kind in respect of such property or asset, including, without limitation, any preference or priority under Article 2244 (14)(a) of the Civil Code of the Philippines, as the same may be amended from time to time, in each case, to the extent securing payment or performance of an Indebtedness prior to any general creditor of such person; and (b) right of a vendor, lessor, or similar party under any conditional sales agreement, capital lease or other title retention agreement relating to such property or asset, and any other right of or arrangement with any creditor to have its claims satisfied out of any property or assets, or the proceeds therefrom, prior to any general creditor of the owner thereof. |
| SGLPC                              | SMC Global Light and Power Corp.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Shares and Shareholder Loans       | Means, in respect of any Person, any shares, partnership interests, membership interests, perpetual or other securities, or other equity interests of such Person, and any intercompany loans made to such Person by another Person.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| SMC                                | San Miguel Corporation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| SMELC                              | San Miguel Electric Corp.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| SMGP BESS                          | SMGP BESS Power Inc. (formerly Universal Power Solutions Inc.).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| SPGC                               | SMC Power Generation Corp.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |



|                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SPI                 | Sual Power, Inc. (formerly San Miguel Energy Corporation).                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| SPPC                | South Premiere Power Corp.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| SRC                 | Securities Regulation Code of the Philippines (Republic Act No. 8799) and its implementing rules, as amended.                                                                                                                                                                                                                                                                                                                                                                                                      |
| SRHI                | San Roque Hydropower, Inc. (formerly Strategic Power Devt. Corp.).                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| SRPC                | San Roque Power Corporation, operator of the San Roque Power Plant.                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| SSS                 | The Social Security System.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Sual ECA            | Energy Conversion Agreement dated September 2, 2009 made between NPC and CEPA Pangasinan Electric Limited for the Coal-Fired Thermal Power Station at Sual, Pangasinan, Philippines.                                                                                                                                                                                                                                                                                                                               |
| Sual IPPA Agreement | The IPPA Agreement dated September 2, 2009 made between PSALM and SMEC with the conformity of NPC relative to the administration of the IPP contract of NPC for the Sual Power Plant.                                                                                                                                                                                                                                                                                                                              |
| Sual Power Plant    | Coal-fired power plant with a contracted capacity of 1,000 MW located in Sual, Pangasinan.                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Subsidiary          | An entity of which a Person has direct or indirect control or owns directly or indirectly more than 50% of the voting capital or similar right of ownership.                                                                                                                                                                                                                                                                                                                                                       |
| Sultan Energy       | Sultan Energy Phils. Corp.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Take or pay         | A type of contractual arrangement where, or the act whereby, a customer either takes a product at a certain price from the supplier or pays the supplier a penalty.                                                                                                                                                                                                                                                                                                                                                |
| Tax Code            | The National Internal Revenue Code of 1997, as amended.                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Taxes               | Any present or future taxes, including, but not limited to, documentary stamp tax, levies, imposts, filing and other fees or charges imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof, including surcharges, penalties and interests on said taxes, but excluding final withholding tax, gross receipts tax, taxes on the overall income of the underwriter or of the Bondholders, value added tax, and taxes on any gains realized from the sale of the Bonds. |
| TeaM Energy         | TeaM Sual Corporation, owner of the Sual Power Plant, which is a joint venture between Marubeni Corporation and Tokyo Electric Power Corporation.                                                                                                                                                                                                                                                                                                                                                                  |
| TransCo             | National Transmission Corporation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

|                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| TRO              | Temporary Restraining Order.                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Trustee          | RCBC Trust Corporation, a corporation organized and existing under the laws of the Republic of the Philippines and duly licensed by the BSP to engage in the trust and fiduciary businesses, in its capacity as trustee for and in behalf of the Bondholders in accordance with the Trust Agreement. The term includes, wherever the context permits, all other Person or Persons for the time being acting as trustee or trustees under the Trust Agreement. |
| Unplanned outage | A shutdown of the power plant for reasons other than planned outage. For purposes of calculating measures of power plant performance that are reported by the IPPs such as availability and reliability factors, shutdown due to (1) faults or failures in the transmission system, (2) force majeure events, (3) disruptions in fuel supply and (4) dispatch orders from the grid system operators are not included in unplanned outage.                     |
| Visayas Grid     | An interconnected network of transmission lines running through Visayas for delivering electricity.                                                                                                                                                                                                                                                                                                                                                           |
| WESM             | Wholesale Electricity Spot Market.                                                                                                                                                                                                                                                                                                                                                                                                                            |

## Executive Summary

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*The following summary is qualified in its entirety by, and is subject to, the more detailed information and the consolidated financial statements of SMGP and notes relating thereto that appear elsewhere in this Prospectus. For a discussion of certain matters that should be considered in evaluating an investment in the Bonds, see the section of this Prospectus entitled “Risk Factors and Other Considerations.” Investors are recommended to read this entire Prospectus carefully.*

*In this Prospectus, unless otherwise specified or the context otherwise requires, all references to the Company are to the Company and its subsidiaries and affiliates (or the Company and any one or more of its subsidiaries or affiliates, as the context may require).*

### **BUSINESS**

SMGP, together with its affiliates, subsidiaries, associates and joint ventures, is one of the largest power companies in the Philippines controlling an aggregate of 5,710 MW of combined capacity as of July 30, 2025 based on the ERC Resolution Adjusting Grid Market Share Limitation for 2025. The Company benefits from a diversified power portfolio, including natural gas, coal, renewable energy such as hydroelectric power and BESS. In addition, the Company is engaged in retail electricity services, invested in distribution services and has various power projects in the pipeline.

SMGP is a wholly-owned subsidiary of San Miguel Corporation (or SMC), one of the largest and most diversified conglomerates in the Philippines, founded in 1890, that is listed on the PSE. 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. The Company believes that its relationship with SMC allows it to draw on the extensive business networks, local business knowledge, relationships and expertise of SMC and its key executive officers.

Based on the total installed generating capacities reported in the ERC Resolution Adjusting Grid Market Share Limitation for 2025, SMC’s market share was approximately 20% of the National Grid, 25% of the Luzon Grid, 5% of the Visayas Grid and 9% of the Mindanao Grid.<sup>1</sup> Market share is computed by dividing the relevant installed generating capacity for the period by the total installed generating capacity of Luzon Grid, Visayas Grid, Mindanao Grid or National Grid (20,659,316 kW, 3,443,158 kW, 4,287,600 kW and 28,390,074 kW, respectively, based on data provided under the ERC Resolution Adjusting Grid Market Share Limitation for 2025).

The following table sets forth selected data in respect of the Company’s primary operating power generation assets and interests as of September 30, 2025.

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<sup>1</sup> The installed generation capacity attributable to SMC comprises the installed generation capacity attributable to SMGP and 183 MW attributable to Petron Corporation, an affiliate of SMGP through SMC.

|                                                                              | IPPA Plant                                        | Greenfield Plants                     |                                                                        |                                                                     | JV Plant                                                 | IPP Plants                         |                                                                                                                                                     |
|------------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------|------------------------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                              | San Roque                                         | Davao                                 | Limay                                                                  | Mariveles                                                           | Angat                                                    | Sual                               | Masinloc and Masinloc BESS                                                                                                                          |
| Type.....                                                                    | Hydro                                             | Coal                                  | Coal                                                                   | Coal                                                                | Hydro                                                    | Coal                               | Coal and Battery                                                                                                                                    |
| Commercial Operations Date .....                                             | 2003                                              | 2017<br>(150 MW);<br>2018<br>(150 MW) | 2017<br>(300 MW);<br>2018<br>(150 MW);<br>2019<br>(150 MW)             | 2024<br>(450 MW); <sup>(5)</sup><br>2025<br>(150 MW) <sup>(6)</sup> | 1967<br>(112 MW);<br>1968<br>(100 MW);<br>1978<br>(6 MW) | 1999                               | 1998<br>(660 MW);<br>2018<br>(additional 28 MW) <sup>(7)</sup> ;<br>2018, 2023 and 2025<br>(35.258 MWh);<br>2020<br>(335 MW) <sup>(8)</sup><br>2018 |
| Year of Acquisition / IPPA Expiry / Asset Transfer Date <sup>(1)</sup> ..... | 2010<br>IPPA Expiry: 2028                         | —                                     | —                                                                      | —                                                                   | 2014                                                     | 2009<br>Asset Transfer Date: 2024  |                                                                                                                                                     |
| Capacity (MW) Technology ....                                                | 345<br>Storage Hydropower                         | 300<br>Circulating Fluidized Bed      | 600<br>Circulating Fluidized Bed                                       | 600<br>Circulating Fluidized Bed                                    | 218<br>Storage Hydropower                                | 1,294<br>Pulverized Coal           | 1,058.258 <sup>(9)</sup><br>Pulverized Coal <sup>(10)</sup> and BESS                                                                                |
| Emission Levels <sup>(2)</sup>                                               |                                                   |                                       |                                                                        |                                                                     |                                                          |                                    |                                                                                                                                                     |
| NOx(ppm).                                                                    | —                                                 | 61.7                                  | 55.8                                                                   | 73.4                                                                | —                                                        | 158.2                              | 180.7                                                                                                                                               |
| SOx (ppm)                                                                    | —                                                 | 66.4                                  | 34.6                                                                   | 57.7                                                                | —                                                        | 244.5                              | 433.3                                                                                                                                               |
| PM (mg/Nm <sup>3</sup> ) ..                                                  | —                                                 | 9.2                                   | 9.8                                                                    | 23.3                                                                | —                                                        | 16.6                               | 61.5                                                                                                                                                |
| Operator <sup>(3)</sup> .....                                                | SRPC                                              | VPDSI                                 | LPDSI                                                                  | LPDSI                                                               | AHC                                                      | LPDSI                              | LPDSI                                                                                                                                               |
| Offtakers <sup>(4)</sup> .....                                               | Inter-company <sup>(4)</sup><br>Meralco, DU, WESM | DUs, ECs, RES, WESM, DCCs, CCs        | Meralco, DUs, ECs, DCCs, CCs, Inter-company <sup>(4)</sup> , RES, WESM | Meralco, Inter-company <sup>(4)</sup> , WESM                        | Inter-company <sup>(4)</sup><br>WESM                     | Meralco, RES, DUs, ECs, DCCs, WESM | Meralco, DUs, CCs, RES, Inter-company <sup>(4)</sup> , NGCP, WESM                                                                                   |

Notes:

- (1) Under the IPPA Agreement of SRHI, SMGP has the right to acquire the San Roque Power Plant in May 2028. See “Business—IPPA Power Plant.” The Sual IPPA Agreement and the Sual ECA expired on October 25, 2024, after which ownership and operations of the Sual Power Plant was transferred by PSALM to SPI on the same date, pursuant to the Deed of Sale dated October 24, 2024, executed by the parties.
- (2) Emissions as of September 30, 2025. See “Business—Safety, Health and Environmental Regulation” for information on DENR emission standards. Emission levels for the Masinloc Power Plant pertain to Masinloc Power Plant Units 1 and 2 and exclude the Masinloc BESS.
- (3) VPDSI: VisMin Power Dynamics Services Inc. (formerly, Safetech Power Services Corp.); LPDSI: Luzon Power Dynamics Services Inc. (formerly, Mantech Power Dynamics Services Corp.).
- (4) DUs: Distribution Utilities; ECs: Electric Cooperatives; CCs: Contestable Customers; DCCs: Directly Connected Customers; RES: Retail Electricity Supplier.
- (4) Within the SMGP group.
- (5) Mariveles Greenfield Power Plant Units 1, 2 and 3.
- (6) Mariveles Greenfield Power Plant Unit 4.
- (7) The retrofit of Masinloc Power Plant Unit 2 completed in 2018 and the retrofit of Masinloc Power Plant Unit 3 completed in 2023 resulted in an increase in capacities for each of the Units.
- (8) Masinloc Power Plant Unit 3.
- (9) Includes the capacity of Units 1, 2 and 3 of Masinloc Power Plant and Masinloc BESS.
- (10) Masinloc Power Plant Unit 3 utilizes supercritical boiler technology. Units 1 and 2 of the Masinloc Power Plant utilize pulverized technology.

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, SMGP sold 25,057 GWh, 21,565 GWh, 29,637 GWh, 22,085 GWh and 16,912 GWh of power pursuant to bilateral offtake agreements and 2,345 GWh, 3,640 GWh, 6,928 GWh, 4,958 GWh and 5,179 GWh of power through the WESM, respectively. For the years ended

December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, SMGP purchased 5,158 GWh, 2,519 GWh, 3,084 GWh, 2,163 GWh and 1,975 GWh of power from the WESM, respectively.

For the year ended December 31, 2024, the total consolidated revenues, net income and EBITDA of SMGP was ₱205,091.1 million (U.S.\$3,524.1 million), ₱12,383.6 million (U.S.\$212.8 million) and ₱37,897.2 million (U.S.\$651.2 million), respectively.

For the nine months ended September 30, 2025, the total consolidated revenue, net income and EBITDA of SMGP was ₱118,795.1 million (U.S.\$2,041.3 million), ₱42,398.9 million (U.S.\$728.6 million) and ₱54,112.5 million (U.S.\$929.8 million), respectively. As of September 30, 2025, SMGP had total consolidated assets of ₱887,214.7 million (U.S.\$15,245.3 million).

## **IPPA Projects**

San Miguel Corporation 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 San Miguel Corporation group became the IPP Administrator (“**IPPA**”) of the following plants: (1) Sual Power Inc. (“**SPI**”, formerly San Miguel Energy Corporation) 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. (formerly Strategic Power Devt. Corp.) 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 by PSALM to SPPC 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 relevant power plants by PSALM to SMGP).

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 WESM.

In September 2010, San Miguel Corporation consolidated its power generation business through the transfer of its equity interests in SPI, SRHI and SPPC to SMGP. SMGP also became a wholly-owned subsidiary of San Miguel Corporation and had at that time 2,545 MW combined contracted capacity from the IPPA Power Plants.

## **Chromite Transactions**

On March 1, 2024, Meralco PowerGen Corporation (“**MGen**”) and Therma NatGas Power, Inc. (“**TNGP**”, a subsidiary of Aboitiz Power Corporation), through their joint venture entity (MGen and TNGP shareholdings at 60% and 40% each, respectively), Chromite Gas Holdings, Inc. (“**Chromite Gas Holdings**”) entered into binding agreements with SMGP and its relevant subsidiaries for Chromite Gas Holdings to jointly invest for a 67% equity interest in each of the following SMGP gas-fired power plants and assets: (i) the operating Ilijan Power Plant owned by SPPC, (ii) the adjacent BCC Power Plant owned by Excellent Energy Resources, Inc. (“**EERI**”), and (iii) land owned by Ilijan Primeline Industrial Estate Corp. (“**IPIEC**”) where the BCC Power Plant, the Batangas LNG Terminal and their respective related facilities are located. SMGP and Chromite Gas Holdings also entered into a binding agreement to jointly acquire Linseed Field Corporation (“**LFC**”) the developer of the Batangas LNG Terminal. The Batangas LNG Terminal is an integrated LNG import terminal at Barangay Ilijan, Batangas City, adjacent to the Ilijan Power Plant and the BCC Power Plant, which is designed to utilize onshore regasification and storage

facilities supplemented with a floating storage unit. The foregoing investments are collectively referred to as the **“Chromite Transactions.”**

On December 23, 2024, the Philippine Competition Commission announced its decision to approve the transactions and on January 27, 2025, SMGP announced the completion of the Chromite Transactions. Following such completion, SMGP retains a 33% interest in each of SPPC, EERI and IPIEC and approximately 33% of LFC.

### **Greenfield, IPP and JV Power Projects**

Building on its experience as an IPPA since San Miguel Corporation’s transfer of interests in SPI, SRHI and SPPC, SMGP embarked on the development of its own greenfield power projects. In 2013, SMGP 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”**, formerly San Miguel Consolidated Power Corporation), its wholly-owned subsidiary, and the 4 x 150 MW Limay Greenfield Power Plant which is owned by Limay Power Inc. (**“LPI”**, formerly SMC Consolidated Power Corporation), 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.

SMGP also pursued strategic acquisitions to increase its energy portfolio. In November 2014, SMGP, 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 (the **“AHP”**).

In March 2018, SMGP 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”**, formerly Masinloc Power Partners Co. Ltd) and SMGP Kabankalan Power Co. Ltd. (**“SMGP Kabankalan”**, formerly SMCGP Philippines Energy Storage Co. Ltd.) (SMCGP Masin and its subsidiaries are collectively referred to as the **“Masinloc Group”**). MPCL owns the 1 x 344 MW (Unit 1), 1 x 344 MW (Unit 2), 1 x 335 MW (Unit 3) coal-fired power plant (together, comprising the **“Masinloc Power Plant”**), and the 35.258 MWh BESS project (the **“Masinloc BESS”**), all located in Masinloc, Zambales while SMGP Kabankalan holds the 33.867 MWh BESS facility in Kabankalan, Negros Occidental (the **“Kabankalan BESS”**). The capacity of Phase 1 of Kabankalan BESS (20 MWh) is contracted under an ancillary service procurement agreement (**“ASPA”**) with the NGCP with a term of five (5) 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 SMGP, purchased the entire partnership interests in SMGP Kabankalan from subsidiaries of SMCGP Masin. SMGP 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, SMGP was also admitted as a partner of SMCGP Masinloc Power Co. Ltd. (**“MAPOCO”**, a limited partnership under the Masinloc Group) and now owns 99.96% partnership interest in MAPACO after SMCGP Masin’s 50.68% partnership interest in MAPACO and 60% partnership interest in MAPOCO were transferred to SMGP following the approval of SMCGP Masin’s petition for withdrawal of its license to operate by the Philippine 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, SMGP now effectively owns 100% of Alpha Water through its subsidiaries, PEGC and MPCL. Alpha Water is the owner of the land on which the Masinloc Power Plant and Masinloc BESS in Zambales Province are located.

On June 2, 2022, SMGP 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 70 MW Modular Diesel Engine Power Plant in Isabel, Leyte.

SMGP, through its subsidiary Mariveles Power Generation Corporation (“**MPGC**”), developed and constructed the Mariveles Greenfield Power Plant, a 4 x 150 MW circulating fluidized bed coal-fired power plant and associated facilities in Mariveles, Bataan, using high efficiency low emission technologies (“**HELE Technologies**”) with an installed capacity of 600 MW and net load of 528 MW and approximately 36% to 37% in thermal efficiency. Unit 1, Unit 2 and Unit 3 commenced commercial operations on March 28, 2024, September 26, 2024 and October 26, 2024, respectively, while Unit 4 achieved commercial operations on January 9, 2025.

The Company acquired a 40% equity interest in FPSP (Holdings) Corp. (“**FPSP Holdings**”) in December 2024. FPSP Holdings wholly owns Pan Pacific Renewable Power Phils. Corp. (“**Pan Pacific**”), a company primarily engaged in the 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.

SMGP, through its subsidiaries SPI, SRHI, AHC, LPI, MPI, MPCL and MPGC, sells power through offtake agreements directly to customers, including Manila Electric Company (“**Meralco**”) and other distribution utilities, electric cooperatives, retail electricity suppliers, and industrial customers, or through the WESM. The majority of the consolidated sales of SMGP 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.

## **Retail and Distribution**

SMGP has also expanded its sale of power to a broader range of customers, including retail customers. In particular, certain subsidiaries of the Company were issued retail electricity supplier (“**RES**”) licenses, allowing it to enter into contracts with contestable customers and expand its customer base. See “*Description of the Business—Distribution and Retail Services—Retail Electric Supply.*”

In addition, SMGP 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.

## **Expansion Projects**

### **Power Plant Portfolio**

The Company, through MPCL, intends to further expand the Masinloc Power Plant by constructing additional units utilizing supercritical pulverized coal technology (Units 4 and 5) with a planned gross installed capacity of 350 MW each (with a Pmin of 2 x 87.5 MW), a net load of 630 MW and approximately 42% in thermal efficiency. The Company has signed the engineering, procurement and construction (“**EPC**”) contracts for the construction of Masinloc Power Plant Units 4 and 5, which are targeted for completion in 2026. As of the third quarter of 2025, overall project completion of Unit 4 and Unit 5 are 90% and 71%, respectively, with equity-backed capital expenditures of ₱53.4 billion.

In addition, and as part of the Company’s diversification of its power portfolio away from traditional coal technologies, the Company, through EERI, constructed the BCC Power Plant. The BCC Power Plant is a 1,320 MW (with a Pmin of 3 x 195 MW) combined cycle power plant located in Barangays Ilijan and Dela Paz Proper, Batangas, with a net load of 1,275 MW and approximately 60% in thermal efficiency. The BCC Power Plant utilizes regasified LNG. Unit 1 and Unit 2 of the BCC Power Plant commenced commercial operations in December 2024 and January 2025, respectively, while Unit 3 commenced commercial operations in April 2025. On February 5, 2024, EERI executed a power supply agreement (“**PSA**”) with Meralco for the supply of 1,200 MW

capacity after it was declared as winning bidder in the competitive selection process (“**CSP**”) conducted by Meralco on January 5, 2024, for its 1,800 MW power requirements. As of the date of this Prospectus, the PSA has commenced supply. Following the completion of the Chromite Transactions, SMGP retains a 33% interest in EERI.

### **Solar Power Project Portfolio**

In line with its decision to significantly reduce its carbon footprint and transition to cleaner sources of energy, SMGP, through its wholly-owned subsidiary, SMC Global Light and Power Corp. (“**SGLPC**”), is developing a portfolio of solar power projects together with potential partners. The first phase of the solar power projects has an aggregate initial capacity of approximately 2,450 MWp across various sites in Luzon and Mindanao, including in the provinces of Davao, Bulacan and Isabela, with target completion by 2029.

The proposed solar projects will be situated in areas with moderate to high photovoltaic potential using N-type solar panels to be supplied by reputable regional solar panel and inverter suppliers. In February 2022, SGLPC entered into Solar Energy Operating Contract (130.005 MWdc) with the DOE for a 110 MWac solar project to be located in Barangay Lucanin, Mariveles, Province of Bataan (the “**Bataan Solar Project**”) and thereafter, obtained a Certificate of Registration from the DOE as a renewable energy (“**RE**”) developer for the Bataan Solar Project.

On June 28, 2024, SGLPC signed an investment and shareholders agreement with Citicore Renewable Energy Corporation (“**CREC**”) for the Bataan Solar Project, which is expected to be completed in 2026. LSI was incorporated, is now jointly owned by SGLPC and CREC and shall be the owner of the Bataan Solar Project. The Solar Energy Operating Contract has also been assigned in favor of LSI. The solar power plant is to be located in a property with an area of approximately 158 hectares owned by an affiliate of SMGP. The lease agreement for the site of the Bataan Solar Project has been executed and as of the date of this Prospectus, the Bataan Solar Project has already secured its system impact studies and facilities studies approval from the NGCP. Upon commencement of operations, all capacity to be generated by this solar power plant shall be supplied to SMGP or any of its affiliates under long-term energy supply contracts. On June 10, 2025, the DOE issued a certificate considering the Bataan Solar Project as an Energy Project of National Significance.

On November 6, 2025, the DOE posted the list of winning bidders for the fourth auction round of the Green Energy Auction Program (“**GEA-4**”) launched on March 29, 2025. As a winning bidder, SGLP’s bids for an aggregate offered capacity of 2,225 MWac floating solar and ground-mounted solar projects in the provinces of Bulacan, Davao and Isabela were accepted with expected completion dates from 2026 to 2029. The Company received original copies of the Certificates of Award on January 12, 2026.

In line with SMGP’s commitment to the diversification of its power generation portfolio through the development of other solar power projects, SMGP intends to handle pre-development activities and land acquisition and will lease the sites to third-party owners of these plants. SMGP entities may also be the offtakers for a minimum fixed period of 20 years.

The Company continues to participate in the Government-mandated CSPs for PSAs with distribution utilities and negotiate for retail supply contracts (“**RSCs**”) with contestable customers for these expansion plans.

### **BESS Portfolio**

The Company, through its subsidiaries SMGP BESS Power Inc. (“**SMGP BESS**,” formerly Universal Power Solutions Inc.), MPCL and SMGP Kabankalan, is completing the expansion of its ~1,000 MWh portfolio of BESS projects. Of these ~1,000 MWh BESS projects, 500 MWh across 17 sites attained commercial operations as of December 2025, including the 30 MWh Kabankalan (Phase 1 and 2) and 20 MWh Masinloc (Phase 2). BESS facilities with a total capacity of 140 MWh across four sites, located in Magapit, Tabango, Tagum, and Mexico are expected to be completed in 2026 and one site, located in Dingle, with a capacity of 40 MWh is expected to be completed in



2027. The Company has also entered into EPC contracts with ATE Energy and targets to complete the 320 MWh BESS project in Mariveles in 2026. As of October 31, 2025, overall project completion for Unit 1 and Unit 2 of the Mariveles BESS are 33% and 68%, respectively.

### **Hydro Project Portfolio**

On June 9, 2025, the DOE issued a Notice of Award to the potential winning bidders for the third auction round of the Green Energy Auction Program (“**GEA-3**”) conducted on February 11, 2025. The GEA-3 Notice of Award included the following as among the winning bidders: (i) SRHI for an aggregate offered capacity 1,850 MW pump storage hydropower across three facilities to be completed between 2031 and 2035, and (ii) Pan Pacific for an aggregate offered capacity of 2,300 MW pump storage hydropower and impounding hydropower across three facilities to be completed between 2028 and 2032. On June 19, 2025, and June 20, 2025, Pan Pacific and SRHI, respectively, accepted their respective awards as winning bidders, with the certificates of awards received from the Department of Energy in September 2025. The planned hydropower projects will be located in Aklan, Visayas and in Apayao and Pangasinan, Northern Luzon.

## **RECENT DEVELOPMENTS**

### **Redemption of Securities**

On October 21, 2025, and January 21, 2026, the applicable step-up dates, the Company redeemed the remaining U.S. dollar-denominated outstanding senior perpetual capital securities issued on October 21, 2020 and January 21, 2020, respectively.

### **Issuance of Securities**

On January 20, 2026, the Company issued U.S.\$300 million senior perpetual capital securities with an initial distribution rate of 8.375%. On January 21, 2026, the securities were listed on the SGX. The net proceeds of the issuance were used to redeem all outstanding 5.70% Securities and to pay for the costs and expenses related to the securities.

### **Purchase of Meralco Common Shares**

On July 23, August 22, September 22, October 22 and November 10, 2025, the Company purchased a total of 46,596,596 common shares of Meralco held by Land Bank of the Philippines through special block sales crossed through the PSE. The transactions were undertaken pursuant to a deed of absolute sale executed by the parties and in conformity with the decision of the Court of Appeals (CA-G.R. No. 118341) promulgated on November 3, 2022, as disclosed by the Company on November 17, 2022.

### **Legal Proceedings**

In connection with the legal proceedings relating to claims for price adjustment on the Meralco PSAs (see “*Business—Legal Proceedings—Claim for Price Adjustment on the Meralco PSAs—SPPC Court of Appeals Petition* and — *SPI Court of Appeals Petition*” for background information), each of SPPC and SPI received on July 11, 2025 a copy of the *Resolution* of the Court of Appeals dated June 27, 2023 (the “**June 27, 2023 CA Decision**”), which among others, partially granted their respective motions for price adjustments under the respective PSAs and directed the ERC to act on their motions immediately and without further delay. Pursuant thereto, the ERC directed the parties to submit pertinent documents in support of the June 27, 2023 CA Decision. On September 2, 2025, SPPC and SPI received the *Compliance* filed by the ERC with the Court of Appeals detailing the ERC’s submission of its orders in ERC Cases Nos. 2019-081 RC and 2019-083 RC, both promulgated on August 22, 2025, granting SPPC’s and SPI’s respective *Motions for Issuance of Writ of Execution* (Re: Court of Appeals Joint Decision dated 27 June 2023). The orders allowed SPPC and SPI to recover from Meralco the requested price adjustments in their respective motions and authorized Meralco to collect the adjustments from its customers over a period of six months commencing from the September 2025 customer billing period. SPPC assigned to the Company all its rights and interests arising from this proceeding following the completion of the Chromite Transactions.

Further, on January 27, 2026, SPPC and SPI received a copy of the ERC's Order dated January 26, 2026, which granted the 2nd SPI CIC Claim and the 2<sup>nd</sup> SPPC CIC Claim. SPPC and SPI are allowed to recover from Meralco the aggregate amounts of ₱15,850,120,000 and ₱13,362,490,000, respectively, over a recovery period of thirty-six (36) months commencing from the March 2026 billing period.

In connection with the legal proceedings relating to the dispute with PSALM on the Ilijan IPPA Agreement, the Regional Trial Court rendered a decision in favor of SPPC on June 13, 2025, which was received by SPPC on October 7, 2025 (the "**June 13, 2025 RTC Decision**"). See "*Business – Legal Proceedings – Ilijan IPPA Agreement Dispute*". The June 13, 2025 RTC Decision stated that PSALM's termination of the Ilijan IPPA Agreement between SPPC and PSALM, its drawing of the performance bond, and its issuance of the *Cessation Notice* were unauthorized and without factual and legal basis, ordered PSALM to among others return to SPPC the amount of the performance bond drawn by PSALM with interests, and dismissed PSALM's counterclaim of alleged underpayment by SPPC of generation charges for lack of merit. On October 22, 2025, PSALM filed a Motion for Reconsideration of the June 13, 2025 RTC Decision. SPPC filed its Opposition to the Motion for Reconsideration on October 28, 2025.

## **Competitive Strengths**

SMGP believes its strengths are the following:

- Industry leader with a strong growth platform.
- Well-positioned to capture future demand growth.
- Stable and predictable cash flows.
- Control over baseload and versatile capacities.
- Established relationships with world class partners and major participants in the Philippine power industry.
- A member of the San Miguel Corporation group of companies.
- Experienced and highly competent management team.
- Strong commitment to stringent environmental policies and pollution controls.

## **Business Strategies**

The principal strategies of SMGP are set out below:

- Optimize the installed capacity of its power portfolio and strategically contract capacity to enhance margins.
- Well-positioned as a leading baseload power generator utilizing clean power technologies.
- To be a leading player in the ancillary reserve market and renewable energy initiatives through strategic establishment of battery energy storage systems across the Philippines.
- Continue to grow its power portfolio through the development of greenfield power projects, acquisition of power generation capacity in line with regulatory and infrastructure developments, and development of renewable energy projects.
- Vertically integrate complementary businesses in order to diversify its energy portfolio.
- Continue to pursue and develop measures to reduce emissions and operate power plants within and below applicable environmental compliance standards.
- Leverage operational synergies with San Miguel Corporation group of companies.

## **Risk of Investing**

Prospective investors should also consider the following risks of investing in the Offer:

### Risks relating to SMGP:

- Increased competition in the Philippine power industry.

- Availability of financing and significant long-term debt as well as perpetual capital securities.
- Suspension of issuance and renewal of RES licenses.
- Disruptions and fluctuations in availability and cost of fuel supply.
- Reliance on Independent Power Producer for the operation and maintenance of the San Roque Power Plant.
- Market limitations under the Electric Power Industry Reform Act of 2001 (“EPIRA”).
- Development of greenfield power projects and expansion projects of existing plants involve substantial project risks.
- Adverse effect of WESM price fluctuations.
- Expiration, termination, renewal and entry into offtake agreements and regulatory approvals of offtake agreements.
- Administration of the output of the Company’s power portfolio necessarily involves significant risks.
- Operating and other risks leading to network failures, equipment breakdowns, planned or unplanned outages.
- Insufficient insurance coverage for generation plants.
- No direct contractual and operational relationship.
- Foreign exchange risk.
- Variations in hydrological conditions and irrigation requirements.
- Challenges in successfully implementing its growth strategy.
- Dependence on the existence of transmission infrastructure.
- Changes in taxation and certain tax exemptions and tax incentives.
- Interest rate risk.
- Regulatory Risks.
- Climate change policies.
- ERC regulation of electricity rates of distribution utilities could have a material adverse effect on the Company.
- Trading on the WESM is affected by market volatility.
- Possible conflicts of interest.
- Dependence on the support of San Miguel Corporation.
- Compliance with and renewal of licenses, permits and other authorizations
- Legal and other proceedings arising out of its operations.

#### Risks relating to the Philippines:

- Volatility in the value of the Philippine Peso against the U.S. dollar and other currencies as well as in the global financial and capital markets could adversely affect the Company’s businesses.
- Substantially all of SMGP’s operations and assets are based in the Philippines and, therefore, a slowdown in economic growth in the Philippines could materially and adversely affect the Company’s business, financial position and results of operations.
- Political instability may have a negative effect on the business, financial position or results of operations of SMGP.
- Acts of terrorism and violent crimes could destabilize the country and could have a material adverse effect on SMGP’s business, financial position and results of operations.
- Natural or other catastrophes, including severe weather conditions, may adversely affect the Company’s business, materially disrupt SMGP’s operations and result in losses not covered by its insurance.
- Foreign exchange control.
- Corporate governance and disclosure standards in the Philippines may differ from those in more developed countries.
- Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

- Investors may face difficulties enforcing judgments against SMGP.
- The credit ratings of the Philippines may restrict the access to capital of Philippine companies, including the SMGP.
- Public health crises or outbreaks of diseases may have a material and adverse impact on the economic activities and business operations in the Philippines.

Risks relating to the Bonds:

- Suitability of Investment
- Liquidity
- The Bonds entail credit risk from Issuer
- The Bondholder may face possible gain or loss if the Bonds are sold at the secondary market
- Reinvestment
- Pricing
- Retention of Ratings
- Bonds have no Preference under Article 2244(14) of the Civil Code
- Risk of pre-payment and cancellation of certain loan obligations

For a more detailed discussion, see “*Risk Factors and Other Considerations*” in this Prospectus.

## **CORPORATE INFORMATION**

SMGP is incorporated under the laws of the Philippines. The registered office and principal place of business of SMGP is located at 40 San Miguel Avenue, Wack-Wack Greenhills 1550, City of Mandaluyong, Second District, National Capital Region. The telephone number of SMGP is (632) 8702-4579.

The investor relations officer of SMGP is Chesca B. Tenorio, who can be reached at [smcinvestorrelations@sanmiguel.com.ph](mailto:smcinvestorrelations@sanmiguel.com.ph).

## **Summary of Financial Information**

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*The summary historical consolidated statement of financial position data as of December 31, 2022, December 31, 2023 and December 31, 2024, and summary historical consolidated statement of income and cash flow data for the years ended December 31, 2022, December 31, 2023 and December 31, 2024 set forth below, have been derived from, and should be read in conjunction with, the audited consolidated financial statements of SMGP, including the notes thereto, found on Annex A of this Prospectus. The summary historical consolidated statement of financial position data as of September 30, 2025 and summary historical consolidated statement of income and cash flow data for the nine months ended September 30, 2024 and September 30, 2025, respectively set forth below, have been derived from, and should be read in conjunction with, the unaudited interim condensed consolidated financial statements of SMGP, including the notes thereto, found on Annex B of this Prospectus.*

*The consolidated financial statements of SMGP as of and for the years ended December 31, 2022, 2023 and 2024 were audited by KPMG, and prepared in compliance with the PFRS. The condensed consolidated interim financial statements of SMGP as of September 30, 2025 and for the nine months ended September 30, 2024 and 2025 were reviewed by KPMG and were prepared in compliance with PAS 34, "Interim Financial Reporting".*

*Unless otherwise stated, SMGP has presented its consolidated financial results under PFRS.*

*Potential investors should read the following data together with the more detailed information contained in "Management's Discussion and Analysis of Results of Operations" and the consolidated financial statements and related notes found on Annex A and B of this Prospectus. The following data is qualified in its entirety by reference to all of that information. The historical financial condition, results of operations and cash flows of SMGP are not a guarantee of its future operating and financial performance.*

# **CONSOLIDATED STATEMENT OF INCOME DATA**

|                                                                                                          | For the years ended<br>December 31, |            |            | For the nine months ended<br>September 30, |            |
|----------------------------------------------------------------------------------------------------------|-------------------------------------|------------|------------|--------------------------------------------|------------|
|                                                                                                          | 2022                                | 2023       | 2024       | 2024                                       | 2025       |
|                                                                                                          | (Audited)                           |            |            | (Unaudited)                                |            |
|                                                                                                          | (in millions)                       |            |            |                                            |            |
|                                                                                                          | P                                   | P          | P          | P                                          | P          |
| Revenues.....                                                                                            | 221,388.8                           | 169,590.2  | 205,091.1  | 153,591.6                                  | 118,795.1  |
| Energy fees .....                                                                                        | 10,452.1                            | 1,640.7    | 1,574.0    | 969.1                                      | 1,207.4    |
| Coal, fuel oil and other consumables.....                                                                | 114,857.8                           | 86,906.4   | 101,763.9  | 75,642.5                                   | 41,933.2   |
| Power purchases .....                                                                                    | 57,089.3                            | 25,249.7   | 29,664.6   | 22,869.6                                   | 18,171.7   |
| Depreciation and amortization .....                                                                      | 11,241.8                            | 11,664.3   | 13,339.0   | 9,735.8                                    | 10,935.0   |
| Plant operations and maintenance, and other fees .....                                                   | 4,730.0                             | 5,530.6    | 8,342.7    | 4,937.3                                    | 5,729.5    |
| Cost of Power Sold                                                                                       | 198,371.0                           | 130,991.7  | 154,684.3  | 114,154.3                                  | 77,976.8   |
| Gross Profit.....                                                                                        | 23,017.8                            | 38,598.5   | 50,406.8   | 39,437.3                                   | 40,818.3   |
| Selling and administrative expenses .....                                                                | 5,563.5                             | 6,072.4    | 9,949.6    | 5,956.6                                    | 5,984.0    |
|                                                                                                          | 17,454.3                            | 32,526.1   | 40,457.2   | 33,480.7                                   | 34,834.3   |
| Other operating income .....                                                                             | 11,431.3                            | —          | —          | —                                          | —          |
| Income from operations...                                                                                | 28,885.6                            | 32,526.1   | 40,457.2   | 33,480.7                                   | 34,834.3   |
| Interest income .....                                                                                    | 1,211.4                             | 749.3      | 832.7      | 653.5                                      | 2,736.5    |
| Equity in net earnings (losses) of associates and joint ventures — net .....                             | (400.1)                             | (272.1)    | 505.6      | 235.5                                      | 6,677.4    |
| Interest expense and other financing charges                                                             | (18,287.7)                          | (18,478.1) | (20,690.6) | (15,084.0)                                 | (18,800.2) |
| Other income (charges) — net .....                                                                       | (7,240.8)                           | 538.0      | (3,505.4)  | (532.1)                                    | 21,179.1   |
| Income before income tax                                                                                 | 4,168.4                             | 15,063.2   | 17,599.5   | 18,753.6                                   | 46,627.1   |
| Income tax expense .....                                                                                 | 1,034.8                             | 5,160.2    | 5,216.0    | 5,288.6                                    | 4,228.2    |
| Net income .....                                                                                         | 3,133.6                             | 9,903.0    | 12,383.6   | 13,465.0                                   | 42,398.9   |
| Attributable to:                                                                                         |                                     |            |            |                                            |            |
| Equity holders of the Parent Company .....                                                               | 3,162.5                             | 9,905.4    | 12,345.3   | 13,430.4                                   | 42,336.7   |
| Non-controlling interest.....                                                                            | (28.9)                              | (2.4)      | 38.3       | 34.6                                       | 62.2       |
|                                                                                                          | 3,133.6                             | 9,903.0    | 12,383.6   | 13,465.0                                   | 42,398.9   |
| Earnings (Losses) per common share attributable to equity holders of the Parent Company (Basic/Diluted). | (11.73)                             | (7.06)     | (4.76)     | (1.80)                                     | 5.60       |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA

|                                                                       | As of December 31, |                  |                  | As of September 30, |
|-----------------------------------------------------------------------|--------------------|------------------|------------------|---------------------|
|                                                                       | 2022               | 2023             | 2024             | 2025                |
|                                                                       |                    | (Audited)        |                  | (Unaudited)         |
|                                                                       | (in millions)      |                  |                  |                     |
|                                                                       | P                  | P                | P                | P                   |
| <b>ASSETS</b>                                                         |                    |                  |                  |                     |
| <b>Current Assets</b>                                                 |                    |                  |                  |                     |
| Cash and cash equivalents.....                                        | 22,726.2           | 31,659.4         | 67,867.4         | 104,016.7           |
| Trade and other receivables — net .....                               | 105,939.3          | 116,976.0        | 115,884.0        | 108,905.7           |
| Inventories .....                                                     | 16,822.2           | 16,841.4         | 14,326.4         | 11,728.6            |
| Prepaid expenses and other current assets ...                         | 43,292.9           | 48,521.6         | 51,561.3         | 37,670.0            |
| <b>Total Current Assets .....</b>                                     | <b>188,780.6</b>   | <b>213,998.4</b> | <b>249,639.1</b> | <b>262,320.4</b>    |
| <b>Noncurrent Assets</b>                                              |                    |                  |                  |                     |
| Investments and advances — net.....                                   | 7,854.6            | 10,953.0         | 19,895.6         | 107,451.9           |
| Property, plant and equipment — net .....                             | 304,412.5          | 339,225.0        | 459,505.8        | 371,385.6           |
| Right-of-use assets — net .....                                       | 106,609.8          | 104,975.3        | 42,123.3         | 38,520.8            |
| Goodwill and other intangible assets — net .....                      | 71,764.6           | 71,712.1         | 71,736.1         | 70,218.8            |
| Deferred tax assets .....                                             | 2,280.3            | 973.5            | 1,353.8          | 1,385.0             |
| Other noncurrent assets .....                                         | 35,812.3           | 43,098.0         | 37,618.8         | 35,932.2            |
| <b>Total Noncurrent Assets .....</b>                                  | <b>528,734.1</b>   | <b>570,936.9</b> | <b>632,233.4</b> | <b>624,894.3</b>    |
| <b>Total Assets .....</b>                                             | <b>717,514.7</b>   | <b>784,935.3</b> | <b>881,872.5</b> | <b>887,214.7</b>    |
| <b>LIABILITIES AND EQUITY</b>                                         |                    |                  |                  |                     |
| <b>Current Liabilities</b>                                            |                    |                  |                  |                     |
| Loans payable .....                                                   | 21,000.0           | 13,736.0         | 41,350.4         | 29,000.0            |
| Accounts payable and accrued expenses.....                            | 84,447.2           | 97,632.9         | 144,101.7        | 100,279.2           |
| Lease liabilities — current portion .....                             | 19,185.4           | 17,645.6         | 10,048.6         | 5,359.1             |
| Income tax payable .....                                              | 326.1              | 222.2            | 79.6             | 140.9               |
| Current maturities of long-term debt — net of debt issue costs .....  | 63,721.7           | 54,124.6         | 28,477.3         | 41,138.2            |
| <b>Total Current Liabilities .....</b>                                | <b>188,680.4</b>   | <b>183,361.3</b> | <b>224,057.7</b> | <b>175,917.4</b>    |
| <b>Noncurrent Liabilities</b>                                         |                    |                  |                  |                     |
| Long-term debt — net of current maturities and debt issue costs ..... | 208,430.9          | 204,644.8        | 249,460.6        | 245,978.9           |
| Deferred tax liabilities .....                                        | 19,364.3           | 21,284.7         | 23,978.4         | 17,353.7            |
| Lease liabilities — net of current portion.....                       | 40,772.7           | 25,141.7         | 21,356.6         | 17,110.1            |
|                                                                       | 7,949.8            | 7,029.5          | 3,994.1          |                     |

|                                                                       | As of December 31, |                  |                  | As of September 30, |
|-----------------------------------------------------------------------|--------------------|------------------|------------------|---------------------|
|                                                                       | 2022               | 2023             | 2024             | 2025                |
|                                                                       |                    | (Audited)        |                  | (Unaudited)         |
|                                                                       | (in millions)      |                  |                  |                     |
|                                                                       | P                  | P                | P                | P                   |
| Other noncurrent liabilities .....                                    |                    |                  |                  | 4,207.9             |
| <b>Total Noncurrent Liabilities .....</b>                             | <b>276,517.7</b>   | <b>258,100.8</b> | <b>298,789.7</b> | <b>284,650.5</b>    |
| <b>Total Liabilities .....</b>                                        | <b>465,198.1</b>   | <b>441,462.1</b> | <b>522,847.3</b> | <b>460,567.9</b>    |
| <b>Equity</b>                                                         |                    |                  |                  |                     |
| Capital stock .....                                                   | 1,250.0            | 2,823.6          | 2,823.6          | 4,785.5             |
| Additional paid-in capital. Senior Perpetual Capital Securities ..... | 2,490.0            | 48,081.8         | 48,081.8         | 104,895.5           |
| Redeemable perpetual securities .....                                 | 161,767.7          | 161,767.7        | 151,194.9        | 168,965.5           |
| Equity reserves .....                                                 | 51,934.1           | 102,546.8        | 145,979.1        | 88,679.8            |
| Retained earnings .....                                               | (1,559.0)          | (3,019.2)        | (16,384.9)       | (557.3)             |
| <b>Equity attributable to equity holders of the Company .....</b>     | <b>35,526.2</b>    | <b>30,367.3</b>  | <b>26,387.3</b>  | <b>58,872.6</b>     |
| <b>Non-controlling interests .....</b>                                | <b>907.5</b>       | <b>905.1</b>     | <b>943.4</b>     | <b>1,005.2</b>      |
| <b>Total Equity .....</b>                                             | <b>252,316.6</b>   | <b>343,473.2</b> | <b>359,025.2</b> | <b>426,646.8</b>    |
| <b>Total Liabilities and Equity .....</b>                             | <b>717,514.7</b>   | <b>784,935.3</b> | <b>881,872.5</b> | <b>887,214.7</b>    |

## CONSOLIDATED STATEMENT OF CASH FLOWS DATA

|                                                                    | For the years ended December 31, |            |            | For the nine months ended September 30, |            |
|--------------------------------------------------------------------|----------------------------------|------------|------------|-----------------------------------------|------------|
|                                                                    | 2022                             | 2023       | 2024       | 2024                                    | 2025       |
|                                                                    |                                  | (Audited)  |            | (Unaudited)                             |            |
|                                                                    | (in millions)                    |            |            |                                         |            |
|                                                                    | P                                | P          | P          | P                                       | P          |
| Net cash flows provided by (used in) operating activities .....    | (22,858.1)                       | 16,252.2   | 54,332.5   | 43,181.5                                | 26,572.8   |
| Net cash flows provided by (used in) investing activities .....    | (56,658.0)                       | (49,955.4) | (46,252.5) | (26,940.9)                              | 33,462.2   |
| Net cash flows provided by (used in) financing activities .....    | 33,796.8                         | 42,301.7   | 28,335.5   | (14,492.6)                              | (24,735.5) |
| Effect of exchange rate changes on cash and cash equivalents ..... | 755.4                            | 334.7      | (207.5)    | (59.9)                                  | 849.8      |
| Net increase (decrease) in cash and cash equivalents .....         | (44,964.0)                       | 8,933.2    | 36,208.0   | 1,688.1                                 | 36,149.3   |



|                                                       | For the years ended<br>December 31, |          |          | For the nine months ended<br>September 30, |           |
|-------------------------------------------------------|-------------------------------------|----------|----------|--------------------------------------------|-----------|
|                                                       | 2022                                | 2023     | 2024     | 2024                                       | 2025      |
|                                                       | (Audited)                           |          |          | (Unaudited)                                |           |
|                                                       | (in millions)                       |          |          |                                            |           |
|                                                       | P                                   | P        | P        | P                                          | P         |
| Cash and cash equivalents at beginning of period .... | 67,690.2                            | 22,726.2 | 31,659.4 | 31,659.4                                   | 67,867.4  |
| Cash and cash equivalents at end of period .....      | 22,726.2                            | 31,659.4 | 67,867.4 | 33,347.5                                   | 104,016.7 |

## ADDITIONAL FINANCIAL AND OPERATING DATA

The tables below provide summary additional financial and operating data for the periods indicated:

|                                                            | For the years ended<br>December 31,       |           |           | For the nine months ended<br>September 30, |           |
|------------------------------------------------------------|-------------------------------------------|-----------|-----------|--------------------------------------------|-----------|
|                                                            | 2022                                      | 2023      | 2024      | 2024                                       | 2025      |
|                                                            | (in millions, unless indicated otherwise) |           |           |                                            |           |
|                                                            | P                                         | P         | P         | P                                          | P         |
| Net income.....                                            | 3,133.6                                   | 9,903.0   | 12,383.6  | 13,465.0                                   | 42,398.9  |
| EBITDA <sup>(1)</sup> .....                                | 34,494.3                                  | 34,510.6  | 37,897.2  | 32,982.0                                   | 32,637.6  |
| Net debt <sup>(2)</sup> .....                              | 293,872.2                                 | 225,585.3 | 219,595.7 | 201,510.0                                  | 136,445.4 |
| Net debt to Consolidated total equity <sup>(3)</sup> ..... | 1.16                                      | 0.66      | 0.62      | 0.58                                       | 0.33      |
| Interest coverage ratio <sup>(4)</sup> .....               | 2.62                                      | 2.54      | 2.57      | 2.84                                       | 2.50      |

### Notes:

- (1) Calculated as (a) net income (excluding items between any or all of the Company and its subsidiaries) plus (b) income tax expense (benefit), finance cost (less interest income) and depreciation less (c) foreign exchange gain (loss), in each case excluding amounts attributable to ring-fenced subsidiaries. EBITDA should not be viewed in isolation or as an alternative to financial measures calculated in accordance with PFRS. See "Presentation of Financial Information" and "Non-PFRS Financial Measures."
- (2) Net debt represents the consolidated debt of the Company and its subsidiaries — net of debt issue costs less cash and cash equivalents and including PSALM finance lease liabilities, in each case, excluding amounts attributable to ring-fenced subsidiaries' project finance debt. The ring-fenced subsidiaries are LPI, PVEI and SMGP BESS.
- (3) The Company maintains a Net debt to Consolidated total equity ratio of not more than 3.25x. The Net debt to Consolidated total equity ratio is computed by dividing Net debt over Consolidated total equity. Consolidated total equity is Equity as adjusted to exclude Retained earnings (deficit) of ring-fenced subsidiaries.
- (4) The Company maintains an Interest coverage ratio of not less than 2.25x. The Interest coverage ratio is computed by dividing the most recent four quarterly period consolidated EBITDA (excluding ring-fenced subsidiaries) over the most recent four quarterly period consolidated interest expense (excluding ring-fenced subsidiaries).

|                                        | For the years ended<br>December 31, |          |          | For the nine months ended<br>September 30, |          |
|----------------------------------------|-------------------------------------|----------|----------|--------------------------------------------|----------|
|                                        | 2022                                | 2023     | 2024     | 2024                                       | 2025     |
|                                        | (in millions)                       |          |          |                                            |          |
| Electricity sold (GWh) .....           | 27,402.3                            | 25,205.4 | 36,564.5 | 27,043.5                                   | 22,090.3 |
| of which: bilateral                    |                                     |          |          |                                            |          |
| offtake agreements .....               | 25,057.3                            | 21,565.1 | 29,636.8 | 22,085.3                                   | 16,911.8 |
| of which: WESM sales ..                | 2,345.0                             | 3,640.3  | 6,927.7  | 4,958.2                                    | 5,178.5  |
| Electricity bought on WESM (GWh) ..... | 5,158.0                             | 2,519.2  | 3,083.9  | 2,162.8                                    | 1,974.7  |

|                                                               | For the years ended<br>December 31, |         |         | For the nine months ended<br>September 30, |         |
|---------------------------------------------------------------|-------------------------------------|---------|---------|--------------------------------------------|---------|
|                                                               | 2022                                | 2023    | 2024    | 2024                                       | 2025    |
|                                                               | (in millions)                       |         |         |                                            |         |
|                                                               | P                                   | P       | P       | P                                          | P       |
| Average realized/paid<br>electricity prices<br>(P/MWh)        |                                     |         |         |                                            |         |
| For electricity sold<br>under bilateral<br>offtake agreements | 7,957.9                             | 6,727.7 | 5,696.9 | 5,670.8                                    | 5,439.4 |
| For electricity sold on<br>WESM.....                          | 8,081.2                             | 6,599.8 | 5,241.9 | 5,717.9                                    | 5,176.3 |
| For electricity<br>purchased from<br>WESM.....                | 8,879.1                             | 6,273.3 | 5,468.6 | 6,201.1                                    | 3,991.7 |

## CALCULATION OF EBITDA

The following table presents a reconciliation of EBITDA<sup>(1)</sup> to net income for each of the periods indicated:

|                                                   | For the years ended<br>December 31, |          |           | For the nine months ended<br>September 30, |           |
|---------------------------------------------------|-------------------------------------|----------|-----------|--------------------------------------------|-----------|
|                                                   | 2022                                | 2023     | 2024      | 2024                                       | 2025      |
|                                                   | (in millions)                       |          |           |                                            |           |
|                                                   | P                                   | P        | P         | P                                          | P         |
| Net income <sup>(1)</sup> .....                   | 573.6                               | 6,804.7  | 5,389.2   | 9,029.1                                    | 32,443.4  |
| Add:                                              |                                     |          |           |                                            |           |
| Income tax<br>expense .....                       | 772.3                               | 4,507.8  | 4,476.1   | 4,647.9                                    | 3,900.0   |
| Finance cost .....                                | 15,769.1                            | 15,513.6 | 15,239.3  | 11,191.9                                   | 12,621.6  |
| Interest income .....                             | (1,173.8)                           | (631.7)  | (583.8)   | (486.4)                                    | (2,266.4) |
| Depreciation .....                                | 9,516.0                             | 9,592.5  | 9,638.3   | 7,660.3                                    | 6,850.0   |
| Less:                                             |                                     |          |           |                                            |           |
| Foreign exchange<br>gains (loss) .....            | (9,037.2)                           | 1,276.3  | (3,738.1) | (939.2)                                    | (1,022.0) |
| Gain on fair<br>valuation of<br>investments ..... | —                                   | —        | —         | —                                          | 21,933.0  |
| EBITDA .....                                      | 34,494.4                            | 34,510.6 | 37,897.2  | 32,982.0                                   | 32,637.6  |

Note:

(1) Amounts exclude items attributable to ring-fenced subsidiaries as of the relevant date. Subsidiaries with project debts were nominated as ring-fenced subsidiaries. If the amounts from the ring-fenced subsidiaries were to be included, the EBITDA would amount to ₱42,315.7 million, ₱43,768.6 million and ₱55,532.8 million (U.S.\$954.2 million) for the years ended December 31, 2022, December 31, 2023 and December 31, 2024, ₱44,505.3 million, and ₱54,111.5 million (U.S.\$929.8 million) for the nine months ended September 30, 2024 and September 30, 2025, and respectively.

## Summary of the Offering

The following is a brief summary of the Offer. This is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Prospectus.

|                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issuer                             | San Miguel Global Power Holdings Corp.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Instrument                         | Philippine Peso-denominated fixed rate bonds constituting the direct, unconditional, unsubordinated, and unsecured obligations of the Issuer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Offer Size                         | Aggregate issue size of up to ₱30,000,000,000 comprised of:<br><br>Base Offer: ₱20,000,000,000<br>Oversubscription Option: up to ₱10,000,000,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| The Offer                          | The Bonds will be issued in three (3) series, namely, <ul style="list-style-type: none"> <li>the 5.25-year Series N Bonds due 2031,</li> <li>the 7-year Series O Bonds due 2033, and</li> <li>the 10-year Series P Bonds due 2036.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                   |
| Manner of Distribution             | SEC-registered public offering in the Philippines to eligible investors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Use of Proceeds                    | <p>The proceeds of this Offer will be used for: (i) refinancing of debt obligations; (ii) partial funding of the Issuer's pipeline of renewable energy projects; and (iii) payment of transaction-related fees, costs and expenses.</p> <p><i>For the avoidance of doubt, the net proceeds will not be applied in connection with any of the Company's existing and planned coal-fired power assets (including, but not limited to, their construction and working capital requirements).</i></p> <p>For a detailed discussion on the Use of Proceeds, please refer to the section on "Use of Proceeds" in this Prospectus.</p> |
| Form and Denomination of the Bonds | The Bonds shall be issued in scripless form in minimum denominations of ₱50,000 each, and in integral multiples of ₱10,000 thereafter.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Offer Price                        | The Bonds shall be issued at 100% of face value.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Offer Period                       | The Offer shall commence at 9:00 a.m., Manila time, on [March 30, 2026] and end at 5:00 p.m. on [April 10, 2026], or on such other date and/or times as may be agreed in writing among the Issuer, the Joint Lead Underwriters and Joint Bookrunners at their sole discretion and without prior notice, but subject to applicable rules and regulations.                                                                                                                                                                                                                                                                        |

|                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                  |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| Issue Date of the Bonds                                 | Means [April 17, 2026] or such other date as the Issuer and the Joint Lead Underwriters and Joint Bookrunners may agree in writing (and with an advice to PDTC in writing); provided, that such date shall be a date, which is within the validity of the SEC Permit to Sell Securities.                                                                                                                                                                                                                                                          |                                  |
| Maturity Date                                           | <p>Series N Bonds: [July 17, 2031] or the third (3rd) month following the fifth (5th) anniversary of the Issue Date</p> <p>Series O Bonds: [April 17, 2033] or the seventh (7th) anniversary of the Issue Date</p> <p>Series P Bonds: [April 17, 2036] or the tenth (10th) anniversary of the Issue Date</p>                                                                                                                                                                                                                                      |                                  |
| Interest Rate                                           | <p>Series N Bonds: [•]% per annum</p> <p>Series O Bonds: [•]% per annum</p> <p>Series P Bonds: [•]% per annum</p>                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                  |
| Interest Payment Dates and Interest Payment Computation | <p>Interest payment on the Bonds shall be payable every [January], [April], [July], and [October] of each year, or the next Business Day if such date falls on a non-Business Day, (without adjustment to the amount of Interest to be paid), during which the relevant series of the Bonds are outstanding (each, an “<b>Interest Payment Date</b>”).</p> <p>Interest on the Bonds shall be calculated on a European 30/360-day count basis regardless of the actual number of days in a month. Interest shall be paid quarterly in arrears.</p> |                                  |
| Optional Redemption                                     | The Issuer shall have the right, but not the obligation, to redeem in whole (but not in part), any outstanding Series N Bonds, Series O Bonds, and Series P Bonds on the relevant dates as set forth below (each an “ <b>Optional Redemption Date</b> ”).                                                                                                                                                                                                                                                                                         |                                  |
|                                                         | <b>Optional Redemption Date of Series N Bonds</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Optional Redemption Price</b> |
|                                                         | On the 3rd anniversary of the Issue Date and every Interest Payment Date thereafter until the Interest Payment Date prior to the 5 <sup>th</sup> anniversary of the Issue Date                                                                                                                                                                                                                                                                                                                                                                    | [100.5%]                         |
|                                                         | [Fifth (5 <sup>th</sup> ) anniversary of the Issue Date]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | [100.0%]                         |
|                                                         | <b>Optional Redemption Date of Series O Bonds</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Optional Redemption Price</b> |

|                                                                                                                                                                                                |                                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| On the 3rd anniversary of the Issue Date and every Interest Payment Date thereafter until the Interest Payment Date prior to the 5 <sup>th</sup> anniversary of the Issue Date                 | [101.5%]                         |
| On the 5 <sup>th</sup> anniversary of the Issue Date and every Interest Payment Date thereafter until the Interest Payment Date prior to the 6 <sup>th</sup> anniversary of the Issue Date     | [101.0%]                         |
| On the 6 <sup>th</sup> anniversary of the Issue Date and every Interest Payment Date thereafter until the second Interest Payment Date after the 6 <sup>th</sup> anniversary of the Issue Date | [100.5%]                         |
| Interest Payment Date immediately preceding the 7 <sup>th</sup> anniversary of the Issue Date                                                                                                  | [100. 0%]                        |
| <b>Optional Redemption Date of Series P Bonds</b>                                                                                                                                              | <b>Optional Redemption Price</b> |
| On the 7th anniversary of the Issue Date and every Interest Payment Date thereafter until the Interest Payment Date prior to the 8 <sup>th</sup> anniversary of the Issue Date                 | [101.5%]                         |
| On the 8 <sup>th</sup> anniversary of the Issue Date and every Interest Payment Date thereafter until the Interest Payment Date prior to the 9 <sup>th</sup> anniversary of the Issue Date     | [101.0%]                         |
| On the 9 <sup>th</sup> anniversary of the Issue Date and every Interest Payment Date thereafter until the second Interest Payment Date after the 9th anniversary of the Issue Date             | [100.5%]                         |
| Interest Payment Date immediately preceding the 10 <sup>th</sup> anniversary of the Issue Date                                                                                                 | [100. 0%]                        |

|                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                 | <p>Provided, that if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of the Optional Redemption Price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and Optional Redemption Price to be paid.</p> <p>Bondholders shall not have any right to cause the Issuer to redeem the Bonds pursuant to this Optional Redemption.</p> <p>The amount payable to the Bondholders upon the exercise of the Optional Redemption by the Issuer shall be calculated, based on the principal amount of the Bonds being redeemed, as the sum of: (i) accrued interest computed from the last Interest Payment Date up to and including the relevant Optional Redemption Date; and (ii) the product of the principal amount of the Bonds being redeemed and the Optional Redemption Price in accordance with the above table.</p> <p>The Issuer shall give not more than sixty (60) days nor less than thirty (30) days prior written notice of its intention to redeem the Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such optional redemption of the Bonds on the Optional Redemption Date stated in such notice.</p> <p>For a detailed discussion on Optional Redemption please refer to the section on “<i>Description of the Bonds – Optional Redemption</i>” in this Prospectus.</p> |
| Final Redemption                | <p>The Bonds shall be redeemed at par or 100% of face value on their respective Maturity Dates, unless earlier redeemed by the Issuer.</p> <p>In the event the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment for accrued interest, on the succeeding Business Day.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Redemption for Taxation Reasons | <p>If payments under the Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, then the Issuer may redeem the Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) days nor less than thirty (30) days’ prior written notice to the Trustee, the Registrar and the Paying Agent) at par (or 100% of face value) and paid together with the accrued interest thereon, subject to the requirements of Applicable Law.</p> <p>The Bondholders shall not have any right to cause the Issuer</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

|                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                       | <p>to redeem the Bonds due to taxation reasons.</p> <p>For a detailed discussion on Redemption for Taxation Reasons please refer to the section on “<i>Description of the Bonds – Redemption for Taxation Reasons</i>” in this Prospectus.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Redemption by Reason of Change in Law or Circumstance | <p>Upon the occurrence of a Change in Law or Circumstance, the Issuer may redeem the Bonds in whole, but not in part, having given not more than sixty (60) days’ nor less than thirty (30) days’ written notice to the Trustee, the Registrar and the Paying Agent, at par (or 100% of face value) and paid together with accrued interest thereon.</p> <p>The Bondholders shall not have any right to cause the Issuer to redeem the Bonds pursuant to a Change in Law or Circumstance. The foregoing, however, is without prejudice to a declaration of an Event of Default, as applicable.</p> <p>For a detailed discussion on Redemption by Reason of Change in law or Circumstance please refer to the section on “<i>Description of the Bonds – Redemption by Reason of Change in Law or Circumstance</i>” in this Prospectus.</p>                                                                                                                        |
| Redemption by Reason of Change of Control             | <p>Upon the occurrence of a Change of Control, Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Bonds may require the Issuer to redeem all (but not some) of the Bonds, at par (or 100% of face value) which shall be paid together with the accrued interest thereon. The decision of the Bondholders holding at least two-thirds (2/3) of the outstanding principal amount of the Bonds shall be conclusive and binding upon all the Bondholders.</p> <p>For a detailed discussion on Redemption by Reason of Change of Control, please refer to the section on “<i>Description of the Bonds – Redemption by Reason of Change of Control</i>” in this Prospectus.</p>                                                                                                                                                                                                                                                  |
| Status of the Bonds                                   | <p>The financial obligations of the Issuer under Bonds constitute the direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and ratably without any preference or priority amongst themselves and at least <i>pari passu</i> with all of the other unsubordinated and unsecured Indebtedness of the Issuer, whether now existing or hereafter outstanding, contingent or otherwise, (except for Indebtedness mandatorily preferred by law, and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of rights of creditors generally and by general principles of equity but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines), but in the event of insolvency, such financial obligations shall be absolute and unconditional only to the</p> |

|                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                           | <p>extent permitted by Applicable Law relating to creditors' rights generally.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Negative Pledge           | <p>The Bonds will have the benefit of a negative pledge on all properties and assets of the Issuer and its Material Subsidiaries, subject to the exceptions as described in this Prospectus.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Financial Covenant        | <p>The Issuer may incur Debt if on the Transaction Date, after giving effect to the incurrence of such Debt, but not giving any effect to the receipt or application of proceeds therefrom, provided its Net Debt to Equity Ratio does not exceed 3.25x and its Interest Coverage Ratio does not fall below 2.25x in respect of any incurrence of any Indebtedness.</p> <p>For avoidance of doubt, any debt to be incurred to refinance, in the same currency or its equivalent amount, an existing debt outstanding on the date of the Trust Agreement, shall not be construed as an incurrence of additional debt for purposes of computing Net Debt to Equity Ratio.</p> |
| Listing                   | <p>The Issuer intends to list the Bonds in the PDEX on Issue Date.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Purchase and Cancellation | <p>The Issuer may purchase the Bonds at any time at the open market or by tender or by contract, in accordance with PDEX rules, without any obligation to make pro rata purchase from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be reissued. Upon listing of the Bonds in the PDEX, the Issuer shall disclose any such transaction in accordance with the applicable PDEX disclosure rules.</p>                                                                                                                                                                                                                                       |
| Bond Rating               | <p>The Bonds have been rated PRS Aaa by Philippine Rating Services Corporation ("<b>PhilRatings</b>") on February 6, 2026.</p> <p>The rating is subject to regular annual reviews, or more frequently as market developments may dictate, while the Bonds are outstanding.</p>                                                                                                                                                                                                                                                                                                                                                                                              |



|                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transfer of the Offer Bonds                                  | <p>Trading of the Bonds shall be coursed through a PDEX participant subject to the applicable PDEX rules and conventions. Transfer, and/or settlement of the Bonds shall be performed in accordance with the PDTC Rules and procedures to be set by the Issuer and the Registrar. Upon any assignment of the Bonds, title thereto will pass by recording of the transfer from the transferor to the transferee in the electronic register of Bondholders to be maintained by the Registrar.</p> <p>Please see the section on “<i>Description of the Bonds – Transfer; Tax Status</i>” in this Prospectus for a more detailed discussion on the transfer of the Bonds.</p>                                                                                           |
| Joint Issue Managers                                         | <p>Bank of Commerce<br/>BDO Capital &amp; Investment Corporation<br/>China Bank Capital Corporation</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Joint Lead Underwriters and Joint Bookrunners                | <p>Bank of Commerce<br/>BDO Capital &amp; Investment Corporation<br/>China Bank Capital Corporation<br/>Land Bank of the Philippines<br/>Philippine Commercial Capital, Inc.<br/>PNB Capital and Investment Corporation<br/>Security Bank Capital Investment Corporation</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Registry and Paying Agent                                    | <p>Philippine Depository &amp; Trust Corp.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Selling Agents                                               | <p>[•] and such other selling agents as may be advised by the Issuer to the Registrar in writing on or before the last day of the Offer Period.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Trustee                                                      | <p>RCBC Trust Corporation</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Counsel to Issuer                                            | <p>Picazo Buyco Tan Fider Santos &amp; Dee</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Counsel to the Joint Lead Underwriters and Joint Bookrunners | <p>SyCip Salazar Hernandez &amp; Gatmaitan</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Incorporation by way of Reference                            | <p>All disclosures, reports, and filings of the Company made after the date of this Prospectus (the “<b>Company Disclosures</b>”) and submitted to the SEC and/or PDEX pursuant to the Revised Corporation Code, the SRC, and the disclosure rules of PDEX are incorporated or deemed incorporated by reference in this Prospectus. Copies of the Company Disclosures may be viewed at the website of the Company at <a href="http://www.smcglobalpower.com.ph">http://www.smcglobalpower.com.ph</a>. The Company Disclosures contain material and meaningful information relating to the Company and investors should review all information contained in this Prospectus and the Company Disclosures incorporated or deemed incorporated herein by reference.</p> |

# **Risk Factors and Other Considerations**

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## **General Risk Warning**

*An investment in the Bonds involves a number of risks. The price of securities can and does fluctuate, and any individual security may experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance. There may be a large difference between the buying price and the selling price of these securities. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on the business, financial condition, and results of operations and cause the market price of the Bonds to decline. All or part of an investment in the Bonds could be lost. Investors deal with a range of investments, each of which may carry a different level of risk.*

*The means by which the Company plans to address the risks discussed herein are principally presented in the sections of this Prospectus entitled “Description of the Business – Strengths of the Company,” “Description of the Business – Business Strategies” and “Management’s Discussion and Analysis of Results of Operations and Financial Condition.”*

## **Prudence Required**

*This section entitled “Risk Factors and Other Considerations” does not purport to disclose all of the risks and other significant aspects of investing in these securities.*

*Investors should undertake independent research and study the trading of securities before commencing any trading activity. Investors may, at their own cost, request publicly available information on the Bonds and the Company from the SEC and PDEX.*

## **Professional Advice**

*Each Investor should seek professional advice if he or she is uncertain of, or has not understood any aspect of, the securities to be invested in or the nature of risks involved in the trading of securities.*

## **Risk Factors**

*This Prospectus contains forward-looking statements that involve risks and uncertainties. SMGP adopts what it considers conservative financial and operational controls and policies to manage its business risks. The actual results may differ significantly from the results discussed in the forward-looking statements. See section “Forward-Looking Statements” of this Prospectus. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of SMGP, in particular, and those that pertain to the overall political, economic, and business environment, in general. These risk factors and the manner by which these risks shall be managed are presented below. The risk factors discussed in this section are of equal importance and are only separated into categories for easy reference.*

*Prospective investors should carefully consider the risks described below, in addition to the other information contained in this Prospectus, including the consolidated financial statements of SMGP and notes relating thereto included in this Prospectus, before making any investment decision relating to the Bonds. The occurrence of any of the events discussed below and any additional risks and uncertainties not currently known to SMGP or that are currently considered immaterial could have a material adverse effect on the business, results of operations, financial condition and prospects of SMGP and prospective investors may lose all or part of their investment.*

## **RISKS RELATING TO SMGP**

### **Increased competition in the Philippine power industry.**

The Government has sought to implement measures designed to enhance the competitive landscape of the power market, particularly for the unregulated sectors of the industry. These measures include the privatization of NPC-owned and -controlled power generation assets, the establishment of the Wholesale Electricity Spot Market (“WESM”), the start of the Retail Competition and Open Access (“RCOA”), the implementation of mandatory competitive selection process (“CSP”) for distribution utilities, the implementation of the green energy option, which allows eligible end-users to directly contract with a renewable energy supplier, the implementation of the Renewable Portfolio Standards (“RPS”), which mandates electricity suppliers to source an agreed portion of their energy supply from eligible renewable energy (“RE”) resources, and the establishment of the Renewable Energy Market (“REM”), a venue for the trading of Renewable Energy Certificates (“RECs”) and for the compliance of electricity suppliers with their RPS obligations. Further, Republic Act No. 10667 or the Philippine Competition Act was enacted to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities, prevent economic concentration which will manipulate or constrict the discipline of free markets, and penalize all forms of anti-competitive agreements, abuse of dominant position and anti-competitive mergers and acquisitions, with the objective of protecting consumer welfare and advancing domestic and international trade and economic development.

The move towards a more competitive environment could result in the emergence of new and numerous competitors. These competitors may have greater financial resources, and may have more extensive experience than SMGP, giving them the ability to respond to operational, technological, financial and other challenges more quickly than SMGP. These competitors may therefore be more successful than SMGP in acquiring existing power generation facilities or in obtaining financing for, and the construction of, new power generation facilities, or in successfully bidding at CSPs conducted by NGCP and distribution utilities. The type of fuel that competitors use for their generation facilities may also allow them to produce electricity at a lower cost and to sell electricity at a lower price. In addition, other sources for the provision of ancillary services may arise, including technological developments or establishment of new market regimes, which may increase competition and reduce prevailing prices for these services. Moreover, a decline in oil and gas prices, which reduces the cost of producing electricity from fossil fuels, could make energy storage solutions integrated with renewable energy sources less competitive against other solutions including conventional generation. SMGP may therefore be unable to meet the competitive challenges it will face.

As a result of increased competition, SMGP could also come under pressure to review or renegotiate the terms of existing offtake agreements with customers, which may lead to a downward adjustment of tariffs, and could adversely affect the business, financial performance and results of operations of SMGP. To the extent that distribution utilities or industrial offtakers agree to purchase from other generation companies instead of purchasing from SMGP, or the Company is unable to participate or otherwise successfully compete in bids for supply contracts, the ability of SMGP to increase its sales and sell additional electricity to distribution utilities or industrial offtakers through its generation facilities would be adversely affected.

### **Availability of financing and significant long-term debt as well as perpetual capital securities.**

SMGP expects to fund its expansion and growth plans through a combination of internally generated funds and external financing. The continued access to debt and equity financing of the Company is subject to factors, many of which are outside of the control of SMGP. Political instability, economic downturn, social unrest, or changes in the Philippine regulatory environment could increase the cost of borrowing, decrease the price of its securities, or restrict the ability of SMGP to obtain debt or equity financing. In addition, recent disruptions in global capital and credit markets may continue indefinitely or intensify. Disruptions in the global capital and credit markets, including as a result of geopolitical tensions and uncertainties caused by events such as the United

States strikes in Venezuela, the Israeli–Palestinian conflict, the Russian invasion of Ukraine, rising tensions between Russia and the European Union and the U.S., as well as between the U.S. and China, and the potential for the continuation of global trade wars between key economic powers, such as the imposition by the U.S. of a 19% reciprocal tariff on Philippine exports to the United States, as well as tariffs at different rates on exports from over 180 other countries aimed at addressing trade imbalances between the U.S. and several other countries, could adversely affect the Company’s ability to access the liquidity needed to maintain its business and pursue its growth plans.

Other factors affecting the ability of SMGP to borrow include (i) Philippine regulations limiting bank exposure (including single borrower limits) to a single borrower or related group of borrowers; (ii) compliance by the Company with existing debt covenants, which include debt to equity ratio and debt service coverage ratio covenants; and (iii) the ability of SMGP to service new debt. The inability of SMGP to obtain financing from banks and other financial institutions or from capital markets would adversely affect its ability to execute its expansion and growth strategies and have a material adverse effect on the business, financial condition, and results of operations of SMGP.

In addition, SMGP has significant long-term debt and perpetual capital securities.

As of September 30, 2025, the long-term debt of SMGP consists of the following: ₱50.3 billion fixed rate bonds listed on the Philippine Dealing & Exchange Corp., ₱7.5 billion five-year corporate notes, ₱9.4 billion fixed rate 5-year term loan facility, ₱1.6 billion three-year fixed rate notes, ₱3.4 billion five-year fixed rate notes, ₱0.4 billion seven-year fixed rate notes, ₱4.7 billion ten-year fixed rate notes, U.S.\$300 million term loan, U.S.\$300 million term loan, U.S.\$300 million term loan, U.S.\$100 million term loan, U.S.\$150 million term loan, ₱27.2 billion term loan of LPI, ₱12.6 billion term loan of MPI, ₱37.5 billion term loan of SMGP BESS under a 12-year Omnibus Loan and Security Agreement, ₱5.2 billion loan of MPCL under an Omnibus Refinancing Agreement, U.S.\$366 million loan of MPCL under an Omnibus Expansion Financing Agreement, and ₱41.9 billion term loan of MPGC under a 10-year Omnibus Loan and Security Agreement. As of September 30, 2025, the current liabilities of SMGP included accounts payable and accrued expenses of ₱100,279.2 million and finance lease liabilities (current portion) of ₱5,359.1 million.

On November 5, 2019, the Company issued U.S.\$500 million senior perpetual capital securities and on January 21, 2020, the Company issued U.S.\$600 million senior perpetual capital securities (the “**5.70% Securities**”). On October 21, 2020, the Company issued U.S.\$400 million senior perpetual capital securities, followed by an issuance of U.S.\$350 million senior perpetual capital securities on December 15, 2020, which were consolidated into and form a single series with the U.S.\$400 million senior perpetual capital securities issued on October 21, 2020. The outstanding amounts comprising the U.S.\$500 million senior perpetual capital securities issued on November 5, 2019, the U.S.\$600 million senior perpetual capital securities issued on January 21, 2020 and the aggregate U.S.\$750 million senior perpetual capital securities issued on October 21, 2020 and December 15, 2020 were redeemed by the Company in full on May 12, 2025, January 21, 2026 and October 21, 2025, respectively. On May 21, 2021, the Company executed a U.S.\$100 million syndication agreement relating to the U.S.\$200 million facility agreement dated March 9, 2021. On June 9, 2021, the Company issued U.S.\$600 million senior perpetual capital securities followed by an issuance of U.S.\$150 million senior perpetual capital securities, which were consolidated into and form a single series with the U.S.\$600 million senior perpetual capital securities issued on June 9, 2021. On May 24, 2022 and August 26, 2022, the Company drew U.S.\$100 million and U.S.\$300 million, respectively, on its facility agreements with foreign banks executed on May 18, 2022 and August 18, 2022, respectively. On March 16, 2023 and October 31, 2023, the Company drew U.S.\$100 million and U.S.\$50 million, respectively, on its facility agreements with a foreign bank executed on March 10, 2023 and October 24, 2023, respectively. On April 19, 2024, SMGP issued U.S.\$800 million redeemable perpetual securities at an issue price of 100% in favor of a foreign financial institution. On September 6, 2024, the Company drew U.S.\$200 million on its facility agreement with foreign banks executed on August 30, 2024. On September 12, 2024, the Company issued U.S.\$800 million senior perpetual capital securities, followed by an issuance of U.S.\$100 million senior perpetual capital securities on September 30, 2024, which were consolidated into and form a single series with the U.S.\$800 million senior

perpetual capital securities issued on September 12, 2024. On October 9, 2024, the Company drew an additional U.S.\$100.0 million from the facility agreement with foreign banks executed on August 30, 2024. On December 2, 2024, the Company issued U.S.\$500 million senior perpetual capital securities, followed by an issuance of U.S.\$100 million senior perpetual capital securities on February 19, 2025, which were consolidated into and form a single series with the U.S.\$500 million senior perpetual capital securities issued on December 2, 2024. On May 19, 2025, the Company drew U.S.\$100 million from a facility agreement with a foreign bank executed on May 9, 2025. Similarly, on May 19, 2025, the Company drew U.S.\$100 million from a facility agreement with another foreign bank executed on May 13, 2025, for refinancing purposes, and on July 3, 2025, the Company drew an additional U.S.\$50 million from the facility agreement executed on May 13, 2025. On July 24, 2025, the Company issued U.S.\$400 million senior perpetual capital securities, followed by the issuance of U.S.\$115 million senior perpetual capital securities on August 11, 2025, which were consolidated into and form a single series with the U.S.\$400 million issued on July 24, 2025 and on January 20, 2026, the Company issued U.S.\$300 million senior perpetual securities.

On January 17, 2023, MPCL agreed with local bank lenders to amend its omnibus refinancing agreement (“**ORA**”) amounting to U.S.\$145.8 million into a Philippine Peso-denominated loan amounting to ₱8.2 billion, subject to a 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. On June 15 and August 8, 2023, the Company drew ₱5.0 billion and ₱2.5 billion, respectively, from a ₱10.0 billion corporate notes facility agreement executed on June 9, 2023. On October 27, 2023 and March 25, 2024, SMGP BESS drew the first tranche and second tranche, respectively, amounting to ₱28.0 billion and ₱12.0 billion, respectively, from the ₱40.0 billion Omnibus Loan and Security Agreement executed on October 23, 2023 with various local banks. On July 19, 2024, the Company availed of a ₱10.0 billion term loan from a facility agreement executed on July 17, 2024, with a local bank. On December 27, 2024 and March 27, 2025, MPGC drew the first tranche and second tranche, respectively, amounting to ₱32.5 billion and ₱9.4 billion, respectively, from the Omnibus Loan and Security Agreement executed on December 17, 2024 with various local banks. On August 11, 2025, the Company completed the issuance of fixed rate notes with an aggregate principal amount of ₱10.2 billion at the issue price of 100% of face value. The notes were enrolled with the Philippine Dealing & Exchange Corp. on the same day for trading.

There is no assurance that the Company will be able to refinance or obtain additional financing when needed on commercially acceptable terms or at all. Any additional debt financing may place restrictions on the Company, which may, among others:

- increase vulnerability to general adverse economic and industry conditions;
- limit ability to pursue growth plans;
- limit ability to raise additional financing and access credit or equity markets to satisfy its repayment obligations as they become due on favorable terms, or at all;
- require the Company to dedicate a substantial portion of cash flow from operations to payments on debt and capital securities, thereby reducing the availability of its cash flow to fund capital expenditure, working capital requirements and other general corporate purposes; and/or
- limit its flexibility in planning for, or reacting to, changes in its business and its industry, either through the imposition of restrictive financial or operational covenants or otherwise.

#### **Suspension of issuance and renewal of RES licenses.**

SMGP requires retail electricity supplier (“**RES**”) licenses to conduct its retail supply business. RES licenses are issued by the ERC and there is no assurance that the ERC will not suspend the issuance or renewal of RES licenses. For example, in June 2015, the DOE through Department Circular (“**DC**”) 2015-06-0010 enjoined the ERC to immediately issue the supporting guidelines including the revised rules for issuance of RES licenses. In compliance with the department

circular, the ERC issued the following resolutions to govern the issuance of new RES licenses and renewal of existing RES licenses and the registration of retail customers (collectively, the “**2016 ERC RES Issuances**”):

- Resolution No. 5, Series of 2016, entitled “A Resolution Adopting the 2016 Rules Governing the Issuances of the Licenses to Retail Electricity Suppliers (RES) and Prescribing the Requirements and Conditions Therefor” (the “**RES License Guidelines**”)
- Resolution No. 10, Series of 2016, entitled “A Resolution Adopting the Revised Rules for Contestability”
- Resolution No. 11, Series of 2016, entitled “A Resolution Imposing Restrictions on the Operations of Distribution Utilities and Retail Electricity Suppliers in the Competitive Retail Electricity Market”
- Resolution No. 28, Series of 2016, entitled “Revised Timeframe for Mandatory Contestability, Amending Resolution No. 10, Series of 2016 Entitled Revised Rules for Contestability”

However, in February 2017, the Philippine Supreme Court, acting on a petition filed by certain entities, issued a temporary restraining order on the implementation of DC 2015-06-0010 and the 2016 ERC RES Issuances. In response to the temporary restraining order, and to provide guidance to relevant power industry players, the DOE issued DC 2017-12-0013 and DC 2017-12-0014 encouraging eligible contestable customers to voluntarily participate in the RCOA. In 2019, the DOE issued DC 2019-07-0011, amending various issuances on the implementation of the RCOA. DC 2019-07-0011 provides that the registration of contestable customers as trading participants in the WESM shall be on a voluntary basis and that contestable customers shall source their electricity supply requirements from ERC-licensed/authorized suppliers. In light of the temporary restraining order issued by the Philippine Supreme Court, the ERC, in its meeting held on October 3, 2019, approved the resumption of the issuance of RES licenses using ERC Resolution No. 1, Series of 2011.

On March 2, 2021, the Philippine Supreme Court promulgated its decision, a copy of which was made publicly available on September 24, 2021, finally declaring DC 2015-06-0010 and the 2016 ERC RES Issuances, void for being bereft of legal basis. As a result, the temporary restraining order issued by the Philippine Supreme Court in February 2017, which enjoined the DOE and ERC from implementing DC 2015-06-0010 and the 2016 ERC RES Issuances, was made final. In the same decision, the Philippine Supreme Court also directed the ERC to promulgate the supporting guidelines to DC 2017-12-0013 and DC 2017-12-0014.

In order to address gaps, ensure adherence to policy objectives and strengthen competition, on August 24, 2024, the ERC issued ERC Resolution No. 13, Series of 2024, entitled “A Resolution Adopting the Omnibus Rules for Customer Choice Programs in the Retail Market” (“**2024 Omnibus Rules for Customer Choice Programs**”), which provides, among others, the procedures for obtaining a RES license. On November 20, 2025, the ERC issued ERC Resolution No. 22, Series of 2025, entitled “A Resolution Lowering the Eligibility Threshold for Retail Competition and Open Access (RCOA) and Retail Aggregation Program (RAP)” which provided that the demand threshold for eligibility to the CREM/RCOA and RAP shall be the average monthly peak demand of at least 100kW. The same resolution provided timelines to comply for all stakeholders including holders of RES licenses.

As of the date of this Prospectus, SMGP has three RES licenses issued to its subsidiaries LPI and MPCL each has a license with a term of five years and both valid until September 29, 2028, and MPI, also with a five-year license and is valid until August 12, 2030. The ability of SMGP to directly contract with contestable customers may be limited if (a) the existing RES licenses are not timely renewed, or (b) the authority of the ERC to issue ERC licenses on the basis of the 2024 Omnibus Rules for Customer Choice Programs, and the RES licenses issued and renewed by the ERC on such basis, are questioned.

Such limitations on the ability of SMGP to directly contract with contestable customers could have a material adverse effect on the business, financial condition and results of operations of SMGP.

### **Disruptions and fluctuations in availability and cost of fuel supply.**

The operations of the Sual Power Plant, Ilijan Power Plant, Masinloc Power Plant, Limay Greenfield Power Plant, Davao Greenfield Power Plant and Mariveles Greenfield Power Plant depend on the availability of fuel, in particular, coal and natural gas. SMGP, through its subsidiaries, is responsible, at the cost of the latter, for supplying the fuel requirement of the Sual Power Plant, Masinloc Power Plant, Limay Greenfield Power Plant, Davao Greenfield Power Plant and Mariveles Greenfield Power Plant. SMGP, through its subsidiaries, has entered into fuel supply agreements for its power plants and, subject to regulatory approval, is able to pass on the fuel cost to its customers (particularly for distribution utilities and electric cooperatives).

There is no assurance that there will not be any interruption or disruption in, or change in terms of, the fuel supplies to these power plants, or that future power supply agreements will allow the impact of fuel price fluctuations to be passed through to the customer (which could result in positive or negative exposure), or that there will be sufficient fuel in the open market at competitive prices or sufficient transportation capacity available to ensure that these power plants receive sufficient fuel supplies required for their operations on a timely basis or at all. Moreover, geopolitical tensions and uncertainties caused by events such as the Russian invasion of Ukraine, the Israeli–Palestinian conflict, escalation in the longstanding conflict between Israel and Iran, changes in foreign policy or regulatory requirements, trade restrictions, higher tariffs and changes to existing tariffs, or the imposition of additional regulations relating to the import or export of products such as fuel supplies have impacted global trade and supply chains and adversely affected the Company’s ability to access fuel supplies at competitive prices or in sufficient amounts for the operations of its power plants.

There is also no assurance that the Company, through its subsidiaries, will be able to purchase all of its required fuel supplies from its regular suppliers that produce fuel of known acceptable quality. Consequently, SMGP could experience difficulties ensuring a consistent quality of fuel, which could negatively affect the stability and performance of these power plants. For example, the Ilijan Power Plant sourced natural gas for its operations from the Malampaya gas facility in Palawan (“**Malampaya**”) during the term of the Ilijan IPPA Agreement. In 2022, prior to the turnover of the Ilijan Power Plant to SPPC, frequent and extended gas supply restrictions on the Malampaya gas fields were experienced.

In January 2022, the Indonesian government imposed a coal export ban in January 2022, which was gradually lifted as its domestic power plants stockpiled their coal inventories. While coal sourced from Indonesia accounts for approximately 80% to 90% of the Company’s coal supply, the ban did not adversely impact plant operations. SMGP has invested in circulating fluidized bed (“**CFB**”) or supercritical power plants (for the Limay Greenfield Power Plant, Davao Greenfield Power Plant, Units 3, 4 and 5 of the Masinloc Power Plant and Mariveles Greenfield Power Plant) that can use low-grade coal and has retrofitted its existing pulverized coal (“**PC**”) power plants (Masinloc Units 1 and 2) to use low-grade coal, which is also less expensive and relatively more abundant compared to high-grade coal (i.e., coal of 6,000 kcal upwards). There can be no assurance that the Company will be able to obtain the quality of coal in such quantities that it requires for its operations. The Company has a contract with an international trader-supplier that can source coal supply from other countries such as Australia, if needed, and has fuel supply agreements with international coal suppliers such as Vitol Asia Pte. Ltd. (“**Vitol**”) and PT Bayan Resources Pte. Ltd. (“**Bayan**”). Coal inventory levels during the period run at about one to one and a half months. If necessary, inventory from the portfolio of its power plants can be allocated to those plants urgently needing replenishment. The Company also sourced domestic suppliers to potentially cover its coal requirements to mitigate the impact of the restriction. Reduced supply of high-grade coal may also cause disruptions in the Company’s fuel supply. Effective March 2025, Indonesia introduced a benchmark price (“**HBA**”) which serves as a floor price for domestic and export sales of Indonesian coal. The introduction of HBA may impact existing and future coal contracts of the Company in view of the set floor price (which may be higher than prevailing market

prices). The Company has been able to pass-through the increase in coal prices in the majority of its contracted capacity.

Such factors, which may include events which are beyond the control of SMGP, could affect the normal operation of these power plants or incur significant costs to source replacement power or to reconfigure its plants, which could have a material adverse effect on the business, financial condition and results of operations of SMGP.

#### **Reliance on Independent Power Producer for the operation and maintenance of the San Roque Power Plant.**

Power generation involves the use of highly complex machinery and processes, and the success of SMGP depends on the effective maintenance of equipment for its power generation assets. The IPP of the San Roque Power Plant is responsible for its operation and maintenance.

Although the energy conversion agreement (“**ECA**”) for the San Roque Power Plant contains bonus and penalty provisions, and the Company monitors the IPP’s adherence to the minimum operating protocols specified in the IPPA and ECA, there is still a risk that the IPP will fail to satisfactorily perform its operations and maintenance obligations. Any failure on the part of the IPP to properly operate and/or adequately maintain the San Roque Power Plant will result in the failure of SRHI to deliver electricity, and the counterparty of SRHI in its power supply contract (“**PSC**”) may have a right to terminate the contract for outages beyond applicable outage allowance in the PSC, and replacement contracts may not be entered into on comparable terms or at all. Any of the foregoing could have a material adverse effect on the financial and operating performance of SMGP.

#### **Market limitations under the Electric Power Industry Reform Act of 2001 (“EPIRA”).**

The EPIRA limits the market share of a participant to 30% per grid and 25% of the National Grid by installed capacity. Based on the total installed generating capacities reported in the ERC Resolution Adjusting Grid Market Share Limitation for 2025, SMC’s market share was approximately 20% of the National Grid, 25% of the Luzon Grid, 5% of the Visayas Grid and 9% of the Mindanao Grid.<sup>1</sup> Market share is computed by dividing the relevant installed generating capacity for the period by the total installed generating capacity of Luzon Grid, Visayas Grid, Mindanao Grid or National Grid (20,659,316 kW, 3,443,158 kW, 4,287,600 kW and 28,390,074 kW, respectively, based on data provided under the ERC Resolution Adjusting Grid Market Share Limitation for 2025). While SMGP is currently within its market share cap (taking into account the greenfield power plants and expansion projects under construction and adjusting for the Chromite Transactions completed in January 2025), it may not receive permission to increase its capacity and market share further if this would result in exceeding the permitted capacity or market share prescribed by the EPIRA. Such inability to expand and grow the power business could materially and adversely affect the business prospects of SMGP.

#### **Development of greenfield power projects and expansion projects of existing plants involves substantial project risks.**

The development of greenfield power projects and expansion projects of existing power plants involves substantial project risks. Project risks could emanate from various sources such as poor project planning, execution and contractor/subcontractor issues and unforeseen engineering and environmental considerations, among others. If not addressed in a timely manner, these issues may negatively impact the project, including delays in obtaining the relevant permits, which would ultimately affect SMGP’s financial condition and results of operations, such as revenue loss resulting from delay in commercial operations.

In addition, the inability to secure adequate financing and negotiate acceptable offtake agreements could have a material adverse effect on the business, financial condition, results of operations, and future growth prospects of SMGP.

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<sup>1</sup> The installed generation capacity attributable to SMC comprises the installed generation capacity attributable to SMGP and 183 MW attributable to Petron Corporation, an affiliate of SMGP through SMC.



### Adverse effect of WESM price fluctuations.

From the time the WESM for Luzon began operating in June 2006, market prices for electric power have fluctuated substantially. Unlike many other commodities, electric power can only be stored on a very limited basis and generally must be produced concurrently with its use. As a result, power prices are subject to significant volatility from supply and demand imbalances. Long-term and short-term power prices may also fluctuate substantially due to other factors outside of the control of SMGP, including:

- increases and decreases in generation capacity in the markets, including the addition of new supplies of power from existing competitors or new market entrants as a result of the development of new generation power plants or expansion of existing power plants or additional transmission capacity;
- changes in power transmission or fuel transportation capacity constraints or inefficiencies;
- electric supply disruptions, including power plant outages and transmission disruptions;
- changes in the demand for power or in patterns of power usage, including the potential development of demand-side management tools and practices;
- the authority of the ERC to review and, if warranted under applicable circumstances, adjust the prices on the WESM;
- the authority of the ERC to temporarily suspend WESM operations in cases of national and international security emergencies or natural calamities;
- climate, weather conditions, natural disasters, wars, embargoes, terrorist attacks and other catastrophic events;
- availability of competitively priced alternative power sources;
- development of new fuels and new technologies for the production of power; and
- changes in the power market and environmental regulations and legislation.

These factors could have a material adverse effect on the business, financial condition and results of operations of SMGP.

On March 3, 2014, the ERC issued an *Order* (the “**March 3, 2014 ERC Order**”) declaring the prices in the WESM for the November and December 2013 billing months, as null and void, and ordered the PEMC, the operator of the WESM, to calculate and issue adjustment bills using recalculated prices. Subsequent orders were issued by the ERC setting the period for compliance of the March 3, 2014 ERC Order (collectively, the “**2014 ERC Orders**”). Certain parties including SPI, SPPC, SRHI and MPCL filed a request with the ERC for the reconsideration of the 2014 ERC Orders. Other generators also requested the Supreme Court to stop the implementation of the 2014 ERC Orders. On June 26, 2014, certain parties including SPI, SPPC and SRHI filed with the Court of Appeals a *Petition for Review* of these orders. On the other hand, MPCL filed its *Petition for Review* with the Court of Appeals on December 12, 2014. After consolidating the cases, the Court of Appeals, in its *Decision* dated November 7, 2017, granted the *Petition for Review* filed by SPI, SPPC, SRHI and MPCL declaring the 2014 ERC Orders null and void and accordingly reinstated and declared as valid the WESM prices for Luzon for the supply months November to December 2013. The Court of Appeals affirmed this *Decision* in its March 29, 2019 *Omnibus Resolution*. The ERC appealed the *Decision* and *Resolution* of the Court of Appeals, which nullified and set aside the 2014 ERC Orders declaring the WESM prices for November and December 2013 void. On August 3, 2021, a *Decision* was rendered by the Supreme Court En Banc in a separate case declaring the March 3, 2014 ERC Order as null and void, which attained finality on October 11, 2022. Considering that this *Decision* of the Supreme Court 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 ₱2,321.8 million will have to be settled with the Independent Electricity Market Operator of the Philippines (“**IEMOP**”), the current operator of the WESM, in favor of the relevant SMGP subsidiaries. See “*Business—Legal Proceedings—ERC Order voiding WESM prices.*”

**Expiration, termination, renewal and entry into offtake agreements and regulatory approvals of offtake agreements.**

SMGP, through its subsidiaries, has offtake agreements with various distribution utilities, electric cooperatives and large industrial and commercial users. While SMGP intends to renew or enter into new offtake agreements upon expiration to provide stable and predictable revenue streams, there is no assurance that SMGP will be able to renew or enter into new offtake agreements for similar volumes or at similar prices. If SMGP is unable to enter into new offtake agreements, SMGP will be further exposed to fluctuations in electricity prices in the WESM, which could materially and adversely affect the profitability of SMGP. Further, SMGP will not be able to enter into new offtake agreements with distribution utilities and electric cooperatives in the absence of a CSP.

SMGP regularly participates in CSPs to contract its capacity. In a CSP conducted by Meralco on January 5 and January 23, 2024, EERI, MPGC and SPPC emerged as the lowest bidders for the supply of 2,700 MW out of the 3,000 MW power requirement of Meralco with 1,200 MW, 300 MW and 1,200 MW in offered capacities, respectively. The contracts are for a term of 15 years and have a full fuel pass-through scheme. As of the date of this Prospectus, all PSAs have already commenced supply.

In the CSP conducted by Meralco on February 27, 2024, LPI emerged as the winning bidder for the latter’s 400 MW power requirement. The contract commenced in August 2024 and ended on February 25, 2025 and had a full fuel pass-through scheme.

In the CSP conducted by Meralco on August 28, 2024, MPCL emerged among the lowest bidders and is therefore set to supply 500 MW out of the 600 MW power requirement of Meralco. On September 2, 2024, a PSA was entered into by MPCL and Meralco with a term of 15 years to commence in 2025 and has a full fuel pass-through scheme. As of the date of this Prospectus, the PSA has already commenced supply.

In a CSP conducted by Meralco for renewable energy contract capacity on July 17, 2024, SRHI emerged as the winning bidder for a 340 MW power supply contract for a period of 10 years. SRHI commenced supply under the PSA on September 17, 2025.

When the current offtake agreements with Meralco expire and as the Company’s greenfield power plants come online, there is no assurance that the Company, through its subsidiaries, will be awarded contracts pursuant to any CSP conducted by Meralco or other distribution utilities or electric cooperatives, or will successfully negotiate with various contestable customers or RES, or that any new offtake agreements entered into will be on the same terms (including with respect to electricity volumes and pricing terms, including with respect to any fuel pass-through scheme). In addition, there can be no assurance that Meralco and other offtakers will be able to meet future payment obligations under their respective agreements with SMGP.

For example, in a CSP conducted by Meralco in January 2021 for its 1,800 MW (net) power requirements, EERI and MPCL were awarded the following 20-year power supply agreements after emerging as the winning bidders: (i) PSA with EERI for the supply and delivery of 1,200 MW contract capacity with commercial operations date on November 26, 2024 expiring on November 25, 2044; and (ii) PSA with MPCL for the supply and delivery of 600 MW contract capacity with commercial operations date on April 26, 2025 and expiring on April 25, 2045. These PSAs were executed by the relevant parties and filed with the ERC on March 23, 2021 for approval. However, these PSAs were terminated by SMGP effective April 1, 2023 due to the non-occurrence of the acceptance date of ERC’s final approvals after the lapse of the longstop date prescribed in the respective agreements.

In another CSP conducted by Meralco in September 2019 in accordance with the requirements under DOE Circular No. DC2018-02-0003 (the “**DOE CSP Policy**”), SPPC was awarded two

offtake contracts to supply an aggregate of 960 MW from the Ilijan Power Plant. The first contract was for the supply of 670 MW for baseload power requirements for a period of ten years from December 26, 2019 and the second contract was for the supply of 290 MW mid-merit power requirements for a period of five years from December 26, 2019. In addition, SPI was also awarded a contract to supply 330 MW for baseload power requirements from the Sual Power Plant for a period of ten years from December 26, 2019. The three contracts were executed between Meralco and the relevant IPPAs and were implemented under provisional authority and were pending final approval from the ERC. However, on May 11, 2022, SPI and SPPC filed separate Joint Motions for Price Adjustment with Meralco for the 670 MW and 330 MW PSAs to allow SPI and SPPC to temporarily increase the contract price under their respective Meralco PSCs for the January to May 2022 billing periods in view of the unprecedented global increase in fuel and gas prices brought about by the Russia-Ukraine war. SPI and SPPC terminated their respective PSAs with Meralco while the 290 MW PSA was subsequently assigned by SPPC to SPI in January 2024 and the term of this PSA expired on December 25, 2024. See “Business—Legal Proceedings— Claim for Price Adjustment on the Meralco PSAs” for further details on legal proceedings.

The business, cash flows, earnings, results of operations and financial condition of SMGP could be materially and adversely affected if SMGP is unable to successfully participate and bid for supply contracts with Meralco and other offtakers under favorable terms or at all, or if Meralco and other offtakers are unable to meet their payment obligations under existing agreements, and SMGP is unable to find new customers to replace Meralco and other offtakers, or if the relevant regulatory approvals are not released on time.

**Administration of the output of the Company’s power portfolio necessarily involves significant risks.**

The administration of the output of power generation facilities necessarily involves significant risks, including:

- breakdown or failure of power generation equipment, transmission lines, pipelines or other equipment or processes, leading to unplanned outages and operational issues;
- flaws in the equipment design or in power plant construction;
- issues with the quality or interruptions to the supply of key inputs, including fuel or water;
- material changes in legal, regulatory or licensing requirements;
- operator error;
- performance below expected levels of output or efficiency;
- industrial actions affecting power generation assets owned or managed by the subsidiaries of SMGP or its contractual counterparties;
- pollution or environmental contamination affecting the operation of power generation assets;
- planned and unplanned power outages due to maintenance, expansion and refurbishment;
- inability to obtain or cancellation of required regulatory permits and approvals;
- opposition from local communities and special interest groups; and
- force majeure and catastrophic events including fires, explosions, earthquakes, volcanic eruptions, floods and terrorist acts that could cause forced outages, suspension of operations, loss of life, severe damage and plant destruction.

There is no assurance that any event similar or dissimilar to those listed above will not occur or will not significantly increase costs or decrease or eliminate sales derived by SMGP from its power

generation assets. While the IPPA Agreement of SRHI provide certain reliefs in the event the San Roque Power Plant cannot produce or dispatch electricity, if any of the power generation assets of the San Roque Power Plant is unable to generate or deliver electricity to customers for an extended period of time which may be due to the aforementioned risks, its customers may be exempt from making certain payments so long as any such events continue. In addition, if SRHI fails to deliver electricity beyond the contractually agreed outage periods, its counterparts in its PSCs may have a right to terminate those contracts, and replacement contracts may not be entered into on comparable terms. Any of the foregoing could have a material adverse effect on the financial and operating performance of SMGP.

**Operating and other risks leading to network failures, equipment breakdowns, planned or unplanned outages.**

Power generation is vulnerable to human error in operation, equipment failure, catastrophic events, natural disasters, sabotage, terrorist attacks or other events which can cause service interruptions, network failures, breakdowns or unplanned outages. There is no assurance that accidents will not occur with the Company's power plants or that the preventive measures taken by the Company will be fully effective in all cases, particularly in relation to external events that are not within its control. Moreover, any loss from such events may not be recoverable under the Company's insurance policies. The Company's income and cash flow will be adversely affected by any disruption of operations of its plants due to any of the foregoing risks. Any unplanned plant shutdowns for an extended period of time will have a material adverse effect on the Company's ability to sell power and the Company's results of operations could suffer. In the event of a service disruption, the Company would typically seek to purchase replacement power, which may be at a significantly greater cost than the power generated by it, and that it is able to recover. SRHI is also entitled to reduction in the IPPA payments to PSALM for fixed and generation fees of the San Roque Power Plant that will compensate it for any loss in margins from prolonged outages. Nevertheless, any of these factors may be beyond the Company's control, and their occurrences could have a material adverse effect on the Company's business, financial condition or results of operations.

**Insufficient insurance coverage for generation plants.**

SRPC, the IPP of the San Roque Power Plant, is responsible for maintaining insurance for all of the facilities, equipment and infrastructure for the power plant, with the exception of the dam and spillway of the San Roque Power Plant, for which NPC is obligated to maintain insurance coverage. SRHI, however, is not a beneficiary of any of these insurance policies. SRHI also does not have any business interruption insurance coverage and is therefore uninsured for liabilities or any direct or indirect costs and losses which may be incurred, as a result of any business interruption that the San Roque Power Plant may experience. SMGP believes that there is no business interruption insurance available for the IPPA business model under which SRHI is currently operating. Accordingly, any uninsured liabilities or direct or indirect losses, including any third-party claims that result from an interruption to the business of SRHI, could have a material adverse effect on its financial condition and results of operations.

For the power plants of SPI, MPGC, LPI, MPI, MPCL, Kabankalan BESS and BESS facilities of SMGP BESS, these entities secure the necessary insurance for their respective power plants, the terms of which are reviewed regularly. Depending on the requirements of the relevant plant, the insurance policies may cover industrial all risks, erection all risks, business interruption, marine cargo insurance, sabotage and terrorism, physical material loss or damage caused by natural disasters, breakdowns or other events that could affect the facilities and processes used by its businesses. However, the business interruption insurance policies of LPI, MPGC, MPI, or MPCL do not cover any declines in production or adverse publicity that these entities may suffer as well as any significant resource that LPI, MPGC, MPI, or MPCL may invest to address such losses.

In addition, there is no assurance that the Company will be able to renew these policies on similar or otherwise acceptable terms, or at all, or that the Company will not experience a material increase in the premiums payable under its insurance policies. If one or more of the Company's power projects were to incur a serious uninsured loss, a loss that significantly exceeds the limits

of its insurance policies or any unexpected losses against which these subsidiaries are not fully insured, this could have a material adverse effect on their businesses, financial condition and results of operations.

#### **No direct contractual and operational relationship.**

SRHI is dependent on the operator of the San Roque Power Plant to generate power from the same, and for SRPC to comply with their contractual obligations to NPC under its IPP Agreement. SRHI does not have a direct contractual relationship with the IPP and cannot directly enforce the IPP Agreement against the IPP. Failure by an IPP to comply with its obligations under its IPP Agreement may significantly reduce or eliminate power generation volumes or increase costs, thereby decreasing or eliminating revenues that SRHI can derive from selling the power generated by the San Roque Power Plant. Any claims for damages for breach, or other entitlement, benefit or relief under the IPPA Agreement arising from the breach, by the IPP, of its IPP Agreement obligations must be claimed by SRHI against PSALM through specified claim mechanisms. The IPPA Agreement does not permit set-off of claims, and SRHI is only entitled to payment of their claim after PSALM has received payment from the IPP of its corresponding claim. Accordingly, SRHI bears the risks associated with the lack of direct recourse against the IPP, delays in the enforcement of its claims and other risks related to pursuing claims or legal proceedings against a state-owned entity such as PSALM. Any of these factors could have a material adverse effect on the business, financial condition and results of operations of SMGP.

#### **Foreign exchange risk.**

While most of the offtake agreements of the Company allow adjustments for foreign exchange rate fluctuations, SMGP is subject to foreign exchange risk. A substantial amount of revenue from sales of power by SMGP is denominated in Philippine Pesos, while a portion of its expenses and obligations are denominated in U.S. dollars and SMGP regularly obtains financings from various foreign financial institutions and issues securities denominated in U.S. dollars. The scheduled payment obligations to PSALM pursuant to the San Roque IPPA Agreement of SRHI with PSALM is denominated in both U.S. dollars and Philippine Pesos. The proportion of U.S. dollars to Philippine Pesos payable under the San Roque IPPA Agreement is approximately 50% at the exchange rates prevailing as of the dates of the said agreement. SMGP, through its subsidiaries, also purchases coal as fuel for the Sual Power Plant and its greenfield power projects using U.S. dollars and a significant portion of the capital expenditures required for its greenfield power projects are denominated in U.S. dollars. In addition, certain PSAs entered into in the past by the Company's subsidiaries had fixed price escalation mechanisms rather than tariff adjustment based on current foreign exchange rates, resulting in the inability to pass-through the impact of foreign exchange fluctuations. See "—Availability of financing and significant long-term debt as well as perpetual capital securities" for more information on U.S. dollar denominated capital expenditures.

A depreciation of the Philippine Peso, particularly with respect to the U.S. dollar, increases the Philippine Peso equivalent value of the foreign currency-denominated costs and obligations of SMGP. This could adversely affect the results of operations of SMGP and its ability to service its foreign currency-denominated liabilities.

SMGP actively evaluates combinations of natural hedges, such as holding U.S. dollar-denominated assets and liabilities and foreign exchange adjustments in the pricing for certain offtake contracts and derivative instruments to manage its exchange rate risk exposure. The Company has entered into derivative contracts covering its net foreign currency denominated monetary liabilities. As a general policy, the Company may hedge up to 50% of its exposure and subject to management approval, for more than 50% of its exposure if necessary. Less than 5% of the consolidated net foreign currency-denominated monetary liabilities of the Company has been hedged as of September 30, 2025 through financial hedging arrangements with counterparty institutions. The Company also considers redenomination of U.S. dollar-denominated obligations to Philippine Peso to minimize exposure to foreign exchange fluctuations. Nonetheless, there can be no assurance that the Philippine Peso will not depreciate significantly against the U.S. dollar or

other currencies in the future or that such depreciation will not have an adverse effect on the growth of the Philippine economy or the financial condition of SMGP.

### **Variations in hydrological conditions and irrigation requirements.**

Hydroelectric generation is dependent on the amount and location of rainfall and river flows, which vary widely from quarter to quarter and from year to year. NPC owns and operates the dam and the dam-related facilities of the San Roque Power Plant and has obtained a water permit allowing it to use the water flow from the Agno River to generate power from the San Roque Power Plant with an allowable volume dictated by downstream irrigation requirements set by the National Irrigation Administration (“**NIA**”).

The facilities of AHP are located within the Angat Watershed Reservation, which is managed by and is under the jurisdiction of NPC. NPC was issued a water permit dated November 28, 1979 by the National Water Resources Council pursuant to which NPC has authority to extract water from the Angat River for power generation purposes. In a resolution dated April 4, 2016, the National Water Resources Board (“**NWRB**”) granted KWPP Holdings Corporation’s petition for the transfer of the said water permit to itself and authorized its lease to AHC. The water discharged by the AHP is used for the following purposes: (i) the water outflow of the three Auxiliary Units of 6 MW capacity each (each, an “**Auxiliary Unit**” or collectively, “**Auxiliary Units**”) flows to the Ipo Dam and is conveyed by Metropolitan Waterworks and Sewerage System (“**MWSS**”) to Metro Manila for domestic use; and (ii) the water outflow of the four Main Units of 50 MW capacity each (each a “**Main Unit**” or collectively, “**Main Units**”) flows to the Bustos Dam and is conveyed by NIA to the province of Bulacan for irrigation purposes.

The levels of hydroelectric production can therefore vary from period to period depending on the water levels in the reservoir and downstream irrigation and water supply requirements. In years of less favorable hydrological conditions, such as periods of drought or when the El Niño weather phenomenon occurs, the reservoir has low water levels, which reduces the amount of power that the San Roque Power Plant and the AHP are able to generate. This could reduce the revenues from the sale of power from the San Roque Power Plant and the AHP, which could have a material adverse effect on SMGP’s business, financial condition and results of operations. Conversely, if too much rainfall occurs at any one time, such as during a typhoon, water may flow too quickly and at volumes in excess of the water intake capacity of the San Roque Power Plant and AHP, which may cause release of water using the spillway.

### **Challenges in successfully implementing its growth strategy.**

Implementing the growth strategy of SMGP involves: (i) substantial investments in new power generation facilities such as LNG power plants and expansion of existing power generation facilities; (ii) acquisitions of existing power generation capacity; (iii) entering into alliances with strategic partners; (iv) dispositions or divestment of portions of its interests in power generation facilities and other assets; (v) entering into new and developing technologies and services, such as energy storage solutions, particularly BESS and ancillary services, such as frequency regulating reserves; and (vi) targeting new markets, such as the renewable energy market.

For example, on March 1, 2024, Meralco PowerGen Corporation (“**MGen**”) and Therma NatGas Power, Inc. (“**TNGP**”, a subsidiary of Aboitiz Power Corporation), through their joint venture entity (MGen and TNGP shareholdings at 60% and 40% each, respectively), Chromite Gas Holdings, Inc. (“**Chromite Gas Holdings**”), entered into binding agreements with SMGP and its relevant subsidiaries to jointly invest for a 67% equity interest in each of the following SMGP gas-fired power plants and assets: (i) the Ilijan Power Plant owned by SPPC, (ii) BCC Power Plant owned by EERI, and (iii) land owned by Ilijan Primeline Industrial Estate Corp. (“**IPIEC**”) where the BCC Power Plant, the Batangas LNG Terminal and their respective related facilities are located (the “**Chromite Transactions**”). On December 23, 2024, the Philippine Competition Commission announced its decision to approve the transactions, and the parties completed the Chromite Transactions on January 27, 2025. Following the completion of the Chromite Transactions, SMGP’s direct interest and corresponding cash flows associated with the Ilijan Power Plant, BCC Power Plant and related facilities and assets decreased. See “Management’s Discussion and

Analysis of Results of Operations.” The impact on the Company of this transaction, any future acquisitions or investments and dispositions cannot be fully predicted and any of the risks outlined herein, should they materialize, could have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.

The success in implementing the strategy of the Company will depend on, among other things, its ability to identify and assess investment and acquisition opportunities as well as potential partners, its ability to successfully finance, close and integrate investments, acquisitions and relevant technologies for the production of power, its ability to manage construction of planned greenfield and expansion power projects within technical, cost and timing specifications, its ability to establish BESS projects and integrate these with the grid and support renewable energy sources, its ability to secure offtake agreements through CSP, its ability to control costs and maintain sufficient operational, financial and internal controls, the strength of the Philippine economy (including overall growth and income levels), the growth of the relevant target markets, and the overall levels of business activity in the Philippines.

In the regular course of business, SMGP enters into agreements for potential investments and acquisitions. For example, on June 28, 2024, SGLPC signed an investment and shareholders agreement with Citicore Renewable Energy Corporation for the 130.005 MWdc solar power plant to be constructed in Barangay Lucanin, Mariveles, Province of Bataan, that is to be owned by LSI and expected to be completed in 2026. If general economic and regulatory conditions or market and competitive conditions change, or if operations do not generate sufficient funds or other unexpected events occur, SMGP may decide to delay, modify or forego some of its planned or contemplated projects or alter aspects of its growth strategy, and its future growth prospects could be materially and adversely affected. For example, the Company may consider alternative technologies for planned power projects that will improve efficiencies and lower emissions.

The growth strategy of SMGP will also place significant demands on its management, financial and other resources. In particular, continued expansion will increase the challenges for financial and technical management, recruitment, training and retention of sufficient skilled technical and management personnel and developing and improving its internal administrative infrastructure. In addition, expansion into new markets will necessitate recruitment and development of expertise in new technologies, including natural gas and BESS technologies. Any inability to meet these challenges could disrupt the business of SMGP, reduce its profitability and adversely affect its results of operations and financial condition.

#### **Dependence on the existence of transmission infrastructure.**

The transmission infrastructure in the Philippines continues to experience constraints on the amount of electricity that can be delivered from power plants to customers, as well as limited interconnectivity between the Luzon, Visayas and Mindanao grids.

The Company and its subsidiaries are in constant consultation and communication with NGCP and other relevant Government institutions to address the transmission infrastructure requirements of the Company and its subsidiaries. The DOE is mandated by law to prepare a Transmission Development Plan to be implemented by NGCP, which aims to address projected infrastructure limitations and interconnectivity of sub-grids.

If these transmission constraints continue, the ability of SMGP to supply electricity from the San Roque Power Plant of SRHI and its operating and planned power projects, as well as the ability of SMGP to increase its geographical reach, will be adversely affected. This could have a material adverse effect on the business and revenue growth of the Company from the sale of power.

#### **Changes in taxation and certain tax exemptions and tax incentives.**

On March 26, 2021, President Rodrigo Duterte signed into law Republic Act No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises Act” (“**CREATE Law**”) which introduced reforms to the corporate income tax and incentives systems. Effective retroactively from July 1, 2020, the corporate income tax rate on domestic corporations was reduced from 30% to 25%, while domestic corporations with net taxable income not exceeding ₱5.0 million and total

assets (excluding land on which the corporation's office, plant, and equipment are situated) not exceeding ₱100.0 million are subject to 20% corporate income tax. The CREATE Law further enhanced certain incentives that investment promotion agencies may grant to business enterprises, such as additional deductions, increased net-operating loss carry-over, VAT exemption on importation and VAT zero-rating of local purchases of goods and services directly and exclusively used in the registered project or activity, among others. In view of the effectivity of the CREATE Law, registered business enterprises with incentives granted prior to the effectivity of the CREATE Law are subject to the following rules:

- (i) Registered business enterprises whose projects or activities were granted only an income tax holiday ("ITH") prior to the effectivity of the law shall be allowed to continue to avail of the ITH for the remaining period specified in the terms and conditions of their registration, provided that enterprises that have been granted the ITH but have not yet availed of such incentive upon the effectivity of the CREATE Law may use the ITH for the period specified in the terms and conditions of their registration;
- (ii) Registered business enterprises whose projects or activities were granted an ITH prior to the effectivity of the law and that are entitled to the 5% tax on gross income earned incentive after the ITH shall be allowed to avail of the 5% tax on gross income incentive subject to the 10-year limit provided under the CREATE Law; and
- (iii) Registered business enterprises currently availing of the 5% gross income earned incentive granted prior to the effectivity of the CREATE Law shall be allowed to continue to avail of such tax incentive for 10 years.

Registered subsidiaries of SMGP with incentives granted prior to the effectivity of the CREATE Law may continue to avail of the same, subject to the rules prescribed under the said law. One of the incentives retained is the continued use of ITH for the original periods specified in the terms and conditions of their respective registrations. However, the entitlement to 5% gross income tax after the ITH (granted to MPGC by the Authority of the Freeport Area of Bataan or "**AFAB**") is subject to the 10-year limit for both incentives reckoned from the effectivity of the CREATE Law, instead of the original period of 21 years.

On November 8, 2024, President Ferdinand R. Marcos, Jr. signed the CREATE MORE Bill into law, officially making it Republic Act No. 12066 or also known as "CREATE MORE" (the "**CREATE MORE Act**"). The CREATE MORE Act took effect 15 days after its publication. The CREATE MORE Act, among others, introduced amendments to the National Internal Revenue Code of 1997, as amended (the "**Tax Code**") to enhance the tax incentive regime that registered business enterprises (e.g., Board of Investments ("**BOI**")-registered entities) may receive, including: (i) VAT zero-rating on local purchases (which shall now include goods and services related to a registered project or activity such as janitorial, security, financial, consultancy, marketing, and administrative functions such as human resources, legal, and accounting services); (ii) VAT exemption on importation of goods and services; (iii) duty exemption on importation shall now include goods used for administrative purposes; (iv) an enhanced deductions regime; (v) income tax holiday; (vi) a registered business enterprise local tax that shall be assessed in lieu of all local taxes and local fees and charges imposed by a local government, during the period when the registered business enterprise enjoys income tax holiday or avails of the enhanced deductions regime; and (vii) a special corporate income tax of 5% in lieu of all national and local taxes as well as local fees and charges.

Under the CREATE MORE Act, registered business enterprises with incentives granted prior to the effectivity of the CREATE Law shall be subject to incentives in their certificate of registration or certificate of registration and tax exemption, and allowed to avail, or continue availing, of certain incentives until December 31, 2034.

On May 29, 2025, President Ferdinand R. Marcos, Jr. signed Republic Act No. 12214 or the Capital Markets Efficiency Promotion Act ("**CMEPA**"), which took effect on July 1, 2025. CMEPA was legislated to allow capital markets to develop efficiently with least intervention from the Government. Among other amendments, CMEPA rationalized the tax rates across financial



instruments through (i) the reduction of the stock transaction tax on the sale of shares listed with the PSE, (ii) the alignment of the tax treatment of gains from the sale of unlisted foreign shares with the sale of unlisted shares in the Philippines, (iii) the application of a uniform final withholding tax of 20% on interest income, regardless of the instrument's nature or tenor, except in the case of non-resident aliens not engaged in trade or business and non-resident foreign corporations whose interest income will still be subject to a final withholding tax of 25%, and (iv) the reduction of documentary stamp tax on the original issuance of shares to align with the tax rates of debt instruments and secondary transfers of shares outside the stock exchange.

As of December 31, 2025, certain subsidiaries of SMGP, namely, MPCL for the Masinloc Power Plant and Masinloc BESS, SMGP Kabankalan for the Kabankalan BESS, SMGP BESS for the various BESS projects, Mariveles Power Generation Corp. for the Mariveles Greenfield Power Plant and LSI for the Bataan Solar Project were registered with investments promotion agencies such as the BOI and the AFAB and were granted certain tax exemptions and tax incentives, deductions from taxable income subject to certain capital requirements and duty-free importation of capital equipment, spare parts and accessories.

For the plants currently availing of these incentives, if these tax exemptions or tax incentives expire, are revoked, or are repealed, the income from these sources will be subject to the 25% regular corporate income tax of net taxable income or 2% minimum corporate income tax of the gross income, whichever is higher. As a result of a loss in any tax exemptions or tax incentives, the tax expense of SMGP would increase and its profitability would decrease. The expiration, non-renewal, revocation or repeal of these tax exemptions and tax incentives, and any associated impact on SMGP, could have a material adverse effect on the business, financial condition and results of operations of SMGP. Furthermore, there can be no assurance that any pending tax legislation or future changes in the tax regime, including changes in fiscal incentives, in the Philippines would not have a material and adverse effect on the Company's business, financial condition and results of operations.

#### **Interest rate risk.**

While SMGP intends, whenever appropriate, to enter into hedging transactions which may mitigate its interest rate exposure, any such hedging policy may not adequately cover its exposure to interest rate fluctuations and such fluctuations may result in a high interest expense and have an adverse effect on its business, financial condition and results of operations.

#### **Regulatory Risks.**

The business of SMGP is subject to extensive government regulation, particularly for its greenfield power plants and retail supply business. Moreover, as the Company expands its BESS capabilities and projects, it will be subject to applicable regulations under ancillary services and energy storage systems. See "Regulation and Environmental Matters." To conduct its businesses, SMGP and its subsidiaries must obtain various licenses, permits and approvals. Even when SMGP and its subsidiaries obtain the required licenses, permits and approvals, their operations are subject to continued review under the applicable regulations, and the interpretation or implementation of such regulations is subject to change. For example, in October 2020, the DOE Secretary announced that the periodic assessment of the country's energy requirements has led the DOE to declare a moratorium on endorsements for greenfield coal power plants and subsequently clarified that the moratorium would not apply to those greenfield power plants in the pipeline for which endorsements had already been previously issued (at that time, the Company's planned Masinloc Power Plant Units 4 and 5 Expansion Project and the Mariveles Greenfield Power Plant had already obtained the relevant DOE endorsement). The DOE subsequently issued "Advisory on the Moratorium of Endorsements for Greenfield Coal-Fired Power Projects in Line with Improving the Sustainability of the Philippines' Electric Power Industry" on January 11, 2021, which was dated as of December 22, 2020, to implement the moratorium. Under this advisory, effective October 27, 2020, the DOE would no longer process applications for greenfield coal-fired power generation facility projects requesting for endorsements. However, existing and operational coal-fired power generation facilities as well as any coal-fired power project which comply with the following parameters would not be affected by the moratorium: (i) committed power projects; (ii) existing

power plant complexes which already have firm expansion plans and existing land site provision; and (iii) indicative power project with substantial accomplishments, specifically those with signed and notarized acquisition of land or lease agreement for the project, and with approved permits or resolutions from the relevant local government units and the relevant regional development council where the power plant will be located.

The operations of the Company's greenfield power plants are subject to a number of national and local laws and regulations, including safety, health and environmental laws and regulations. These laws and regulations impose controls on air and water discharges, on the storage, handling, discharge and disposal of waste, location of facilities, employee exposure to hazardous substances, site clean-up, groundwater quality and availability, plant and wildlife protection, and other aspects of the operations of the business of SMGP and its subsidiaries. Failure to comply with relevant laws and regulations may result in monetary penalties or administrative or legal proceedings against SMGP or its subsidiaries, which may cause or result in the termination or suspension of the licenses or operation of their facilities.

SMGP and its subsidiaries have incurred, and expect to continue to incur, operating costs to comply with such laws and regulations. In addition, SMGP and its subsidiaries have made, and expect to continue to make, capital expenditures on an ongoing basis to comply with safety, health, and environmental laws and regulations.

While the Company believes that it has, at all relevant times, materially complied with all applicable laws, rules and regulations, there can be no assurance that SMGP and its subsidiaries will be able to remain in compliance with applicable laws and regulations or will not become involved in future litigation or other proceedings or be held liable in any future litigation or proceedings relating to safety, health, and environmental matters, the costs of which could be material. In addition, safety, health and environmental laws and regulations in the Philippines have become increasingly stringent. There can be no assurance that the adoption of new safety, health and environmental laws and regulations, new interpretations of existing laws, increased governmental scrutiny of safety, health and environmental laws or other developments in the future will not result in SMGP and its subsidiaries from being subject to fines and penalties or having to incur additional capital expenditures or operating expenses to upgrade, supplement or relocate its facilities. Moreover, in the event that future laws are enacted imposing restrictions on operations and refinancing, particularly in relation to power plants utilizing fossil fuels, then certain capital expenditures or expenses may not be recovered.

For example, the implementing rules and regulations issued by the DOE on "Renewable Portfolio Standards" mandates electric power industry participants (such as generation companies, distribution utilities and electric cooperatives) to source or produce a fraction of their electricity requirements from eligible renewable energy resources and undertake CSP in sourcing renewable energy. While activities related to sourcing renewable energy are presently favored by certain public policies, these policies can be altered or reversed, which could reduce or slow demand for renewable energy sources and energy storage technologies, including BESS.

The Philippines is also a party to the 2015 Paris Agreement, which aims to keep the increase in global average of temperature to well below 2°C above pre-industrial levels and to limit the increase to 1.5°C, since this would substantially reduce the risks and effects of climate change. As a party to the Paris Agreement, the Philippines may impose more stringent regulations, particularly on coal-fired power plant emissions, requiring expensive pollution controls on coal-fired power plants, among other measures. These measures may significantly increase costs of coal-fired power plants and, at the same time, increase the cost competitiveness of renewable energy. A significant portion of the captive market may shift away from coal and other hydrocarbon fuels, which may expose the coal-fired power plants of the Company to stranded-asset risk (i.e.,

hazard of an asset suffering from an unanticipated write-down, devaluation, or conversion to liability).

The Company has been compliant with and continues to perform its obligations under applicable laws and regulations relevant to its businesses.

If SMGP and its subsidiaries fail to materially comply with all applicable regulations or if the regulations governing its business or their implementation change, SMGP or its subsidiaries may incur increased costs or be subject to penalties, which could disrupt its operations and have a material adverse effect on its business and results of operations.

#### **Climate change policies.**

SMGP is currently invested in certain coal-fired power plants in the Philippines. Policy and regulatory changes, technological developments and market and economic responses relating to climate change may affect the Company's business and the markets in which it operates. The enactment of an international agreement on climate change or other comprehensive legislation focusing on greenhouse gas emissions could have the effect of restricting the use of coal and available financing arrangements for coal-related projects. Other efforts to reduce greenhouse gas emissions and initiatives in various countries to use cleaner alternatives to coal such as natural gas may also affect the use of coal as an energy source. See "—Regulatory risks."

In addition, technological developments may increase the competitiveness of alternative energy sources, such as renewable energy, which may decrease demand for coal-generated power. Other efforts to reduce emissions of greenhouse gases and initiatives in various countries to encourage the use of natural gas or renewable energy may also discourage the use of coal as an energy source. The physical effects of climate change, such as changes in rainfall, water shortages, rising sea levels, increased storm intensities and higher temperatures, may also disrupt the Company's operations. As a result of the above, the Company's business, financial condition, results of operations and prospects may be materially and adversely affected.

#### **ERC regulation of electricity rates of distribution utilities could have a material adverse effect on the Company.**

The imposition of more stringent regulations and similar measures by the ERC could have a material adverse effect on the business, financial conditions and results of operations of SMGP.

Sales to distribution utilities account for the majority of the consolidated sales volume of SMGP for the year ended 2024 and the nine months ended September 30, 2025. While rates charged by SMGP through its subsidiaries under their offtake agreements, including those with distribution utilities, are not regulated by the ERC, the rates that distribution utility customers charge to their customers are subject to review and approval by the ERC. Accordingly, the ability of distribution utility customers to pay the subsidiaries of SMGP largely depends on their ability to pass on their power costs to their customers. There is also no assurance that the current laws, regulations, and issuances affecting the industry, particularly the EPIRA and the issuances of the ERC, will not change or be amended in the future.

There is no assurance that the ERC will permit the distribution utility customers of the subsidiaries of SMGP to pass on or increase their rates or that subsequent reviews by the ERC will not result in the cancellation of any such increases or require such distribution utility customers to refund payments previously received from their customers. In addition, there is no assurance that any rate increases approved by the ERC will not be overturned by Philippine courts on appeal. For example, SMGP and other generation companies are parties to a petition filed in the Supreme Court by special interest groups against Meralco in relation to the increase in generation rates for the billing months of November and December 2013. In particular, the ERC issued an order dated March 3, 2014, which voided the WESM prices for the November and December 2013 billing months, and imposed prices to be recalculated by the PEMC. However, the Court of Appeals, in its decision dated November 7, 2017, declared the ERC order dated March 3, 2014 null and void and accordingly reinstated and declared as valid the WESM prices for Luzon for the supply months

of November to December 2013. Upon finality, a claim for refund may be made with the PEMC. See “Business—Legal Proceedings—ERC Order voiding WESM prices.”

In May 2019, the Supreme Court issued a ruling in respect of the following ERC resolutions:

- Resolution No. 13, Series of 2015, entitled “A Resolution Directing All Distribution Utilities to Conduct a Competitive Selection Process in the Procurement of their Supply to the Captive Market” (“**CSP Guidelines**”); and
- Resolution No. 1, Series of 2016, entitled “A Resolution Clarifying the Effectivity of ERC Resolution No. 13, Series of 2015” (“**ERC Clarificatory Resolution**”).

The CSP Guidelines and the ERC Clarificatory Resolution were issued by the ERC to implement the CSP, pursuant to the DOE’s Department Circular No. DC 2015-06-0008 mandating all distribution utilities to undergo CSP in securing power supply agreements.

In its decision, the Supreme Court, acting on a petition filed by certain entities, declared as void the first paragraph of Section 4 of the CSP Guidelines and the ERC Clarificatory Resolution. Consequently, all PSAs filed with the ERC on or after June 30, 2015 were directed to comply with the CSP in accordance with prevailing rules and regulations. The power purchase cost resulting from the CSP (the “**CSP Power Purchase Cost**”) would be the generation cost which the relevant distribution utility may pass on to its customers commencing on June 30, 2015. In a resolution dated July 23, 2019, the Supreme Court denied with finality all motions for reconsideration filed by various parties. In consideration of the foregoing, the PSA between Meralco and MPGC, and the PSA between Meralco and Central Luzon Premiere Power Corp. (“**CLPPC**”), were voluntarily terminated by mutual agreement of the relevant parties. SMGP regularly participates in CSPs to contract out its capacity. In a CSP conducted by Meralco on January 5 and January 23, 2024, EERI, MPGC and SPPC emerged as the lowest bidders and for the supply of 2,700 MW out of the 3,000 MW power requirement of Meralco with 1,200 MW, 300 MW and 1,200 MW in offered capacities, respectively. The contracts are for a term of 15 years and have a full fuel pass-through scheme. As of the date of this Prospectus, these PSAs have already commenced supply.

Further, as a result of the decision, the ERC released orders to the joint applicants of various PSA applications (the “**Joint PSA Applications**”) filed during the affected period requiring them to comply with the CSP requirements under the DOE CSP Policy and to submit the necessary DOE certifications attesting their compliance to the said circular (the “**2019 ERC Orders**”). The lack of the necessary DOE certifications could result in the dismissal of the relevant Joint PSA Applications.

In October 2019, the Company, together with certain distribution utilities and electric cooperatives, filed motions for reconsideration of the 2019 ERC Orders claiming that the DOE CSP Policy should not apply to such Joint PSA Applications primarily on the ground that these were entered into before the implementation of the DOE CSP Policy in 2018. As of the date of this Prospectus, some of the motions for reconsideration filed by the subsidiaries of SMGP and its respective counterparty distribution utilities were decided against the Company. As such, the relevant distribution utilities and/or the relevant generation companies of the Joint PSA Applications may be required to refund the difference between the generation cost actually passed on to customers and the applicable CSP Power Purchase Cost that could be passed on to customers, accruing from June 30, 2015 until the effectivity of the relevant CSP Power Purchase Cost under applicable regulations. The relevant subsidiaries of SMGP have filed their respective Petitions for Review with Prayer for the Urgent Issuance of a Temporary Restraining Order in response to the decisions not in favor of the Company. These cases remain pending as of the date of this Prospectus.

The ERC in the exercise of its regulatory powers may also impose fines, penalties, or sanctions on SMGP in appropriate cases. Any such fines, penalties, sanctions or restriction on the ability of distribution utilities and/or generation companies to pass on such costs or any intervention in such rates could have a material adverse effect on the business, financial conditions and results of operations of SMGP.

**Trading on the WESM is affected by market volatility.**

While the subsidiaries of SMGP do not sell a significant amount of power through the WESM, volatile market conditions on the WESM, including temporary suspension of operations by the ERC under certain circumstances, may nevertheless pose risks to SMGP regardless of whether there is a shortage or a surplus of energy available. When the WESM experiences a shortage, there is little risk to suppliers in terms of their value-position being destroyed. However, such a suppliers' market exposes these suppliers to the risk that regulatory agencies may intervene (directly or indirectly) to dictate prices and dispatch of power plants. Consumer outrage, triggered by high prices, could precipitate attempts to suspend the WESM and return to subsidized rates regimes. Regardless of whether such a suspension ultimately comes to pass, market anticipation of such an occurrence could lead to value-destructive market distortions. On the other hand, a surplus market tends to cause spot market prices to reflect the marginal cost of producing power. One of the main features of the WESM is a merit-order dispatch scheme wherein the cheapest sources of power, such as power produced from geothermal and hydroelectric energy, are dispatched first, before the more expensive power providers. While a supplier can mitigate its exposure to surplus risks by contracting the bulk of its capacity to offtakers to protect against low spot prices, as the subsidiaries of SMGP have done, this also caps a supplier's ability to take advantage of price spikes caused by temporary market shortages.

As of December 31, 2025, the ERC has maintained a reduced primary bid cap of ₱32,000 per MWh. In addition, a permanent secondary price cap limits spot prices to ₱7,423 per MWh for as long as cumulative spot prices breach a certain threshold. Prices are automatically capped at ₱7,423 per MWh for hours where the average price for the last 72-hours exceeds ₱12,413 per MWh.

The occurrence of such events could have a material adverse effect on the business, financial condition and results of operations of SMGP.

**Possible conflicts of interest.**

San Miguel Corporation, the sole shareholder of SMGP, controls the board of directors of the Company and exerts significant influence over its policies, management and affairs. As a result, San Miguel Corporation is able to exercise significant control and influence over many of the Company's corporate actions. The interests of San Miguel Corporation may differ from those of SMGP, which may adversely affect the interests of the Securityholders. There can be no assurance that conflicts of interest between the Company and San Miguel Corporation will be resolved in favor of the Company or the Securityholders.

**Dependence on the support of San Miguel Corporation.**

SMGP relies upon San Miguel Corporation for certain shared services such as, but not limited to, human resources, corporate affairs, legal, finance and treasury functions. There is no guarantee that San Miguel Corporation will continue to provide these services or obtain its power requirements from SMGP in the future. Should San Miguel Corporation cease to provide these services, and if SMGP is unable to secure alternative sources of such services or enter into other power supply agreements, the Company's business, financial condition and results of operations could be adversely affected.

**Compliance with and renewal of licenses, permits and other authorizations.**

SMGP and its subsidiaries are required to maintain licenses, permits, and other authorizations for the operations of their respective businesses, including business permits and permits concerning, for example, health and safety, and environmental standards. These licenses, permits, and other authorizations contain various requirements that must be complied with to keep the same valid. If SMGP and its subsidiaries fail to meet the terms and conditions of any of their respective licenses,

permits or other authorizations necessary for operations, their respective operations may be suspended or terminated.

While the Company believes, to the best of its knowledge, that it has, at all relevant times, materially complied with all applicable laws, rules and regulations and has established a strong compliance culture to ensure that all requirements, permits, and approvals are obtained in a timely manner, there is no assurance that changes in laws, rules or regulations or the interpretation thereof by relevant government agencies, will not result in the Company having to incur substantial additional costs or capital expenditures to upgrade or supplement its existing facilities, or being subject to fines and penalties. The measures implemented by SMGP and its subsidiaries to comply with laws and regulations may also be deemed insufficient by governmental authorities. If SMGP and/or its subsidiaries fail to comply, or are deemed to be non-compliant with any applicable laws or regulations, SMGP and/or its subsidiaries, as the case may be, may be subject to penalties, which could disrupt their operations and have a material adverse effect on their businesses and results of operations. Potential liabilities for such non-compliance with the legal requirements or violations of prescribed standards and limits under these laws include administrative, civil, and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, that could limit or affect its operations such as orders for the suspension and/or revocation of permits or licenses or suspension and/or closure of operations. There can be no assurance that SMGP and its subsidiaries will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings, the costs of which could be material. In the event that SMGP and its subsidiaries become involved in any future litigation or other proceedings or is subject to any adverse rulings or decisions, such events may materially and adversely affect the business, financial condition, and results of operations of SMGP and its subsidiaries.

There can be no assurance that SMGP and its subsidiaries will continue to be able to renew the necessary licenses, permits, and other authorizations as necessary or that such licenses, permits, and other authorizations will not be revoked. If SMGP and its subsidiaries are unable to obtain or renew them or are only able to do so on unfavorable terms, this could have an adverse effect on the business, financial condition, and results of operations of SMGP and its subsidiaries.

#### **Legal and other proceedings arising out of its operations.**

The Company and its subsidiaries, from time to time, may be involved in disputes with various parties involved in the generation, supply and sale of electric power, including contractual disputes with contractors, suppliers and government agencies, including those matters discussed in “Business—Legal Proceedings.” For example, 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, the parties have arrived at different computations regarding the subject payments. See “Business—Legal Proceedings—Ilijan IPPA Agreement Dispute.” Nevertheless, and in accordance with the Ilijan IPPA Agreement, PSALM’s turnover of the Ilijan Power Plant to SPPC was completed on June 4, 2022. As of the date of this Prospectus, the Regional Trial Court issued a decision upholding most of the interpretation of the Company, and a motion for reconsideration of said decision has been filed by PSALM, which remains pending resolution. Regardless of the outcome, these disputes may lead to legal or other proceedings and may result in substantial costs and delays in the operations of SMGP. The Company may also have disagreements with regulatory bodies in the ordinary course of its business, which may subject it to administrative proceedings and unfavorable decisions that will result in penalties and/or delay the development of its greenfield projects and its current operations. For example, in May 2022, SPI and SPPC filed separate Joint Motions for Price Adjustment with Meralco seeking approval from the ERC to temporarily increase the contract price under their respective PSAs with Meralco for a period of six months covering the January to May 2022 billing periods and amounting to ₱5.14 billion in aggregate. After this request was denied by the ERC, SPI and SPPC filed separate petitions with the Court of Appeals which annulled and set aside the ERC Orders denying their request. The decision of the Court of Appeals was upheld by the Supreme Court in its Resolution dated April 3, 2024 and an entry of judgement has already been issued for this case. After the decision of the Supreme Court attained finality, another claim covering the remaining term of the PSAs effective June 2022 billing period has been filed before the ERC amounting to

₱29.21 billion in aggregate, which was recently granted by the ERC. See “Business—Legal Proceedings—Claim for Price Adjustment on the Meralco PSAs.” In such cases, the business, financial condition, results of operations and cash flows of SMGP could be materially and adversely affected.

## **RISKS RELATING TO THE PHILIPPINES**

**Volatility in the value of the Philippine Peso against the U.S. dollar and other currencies as well as in the global financial and capital markets could adversely affect the Company’s businesses.**

The Philippine economy has experienced volatility in the value of the Philippine Peso and limitations to the availability of foreign exchange. In July 1997, the Bangko Sentral ng Pilipinas (“BSP”) announced that the Philippine Peso could be traded and valued freely on the market. As a result, the value of the Philippine Peso underwent significant fluctuations between July 1997 and December 2004 and declined from approximately ₱29.00 to U.S.\$1.00 in July 1997 to ₱56.18 to U.S.\$1.00 by December 2004.

The value of the Philippine Peso may be adversely affected by certain events and circumstances such as the strengthening of the U.S. economy, the rise of the interest rates in the U.S. and other events affecting the global markets or the Philippines, causing investors to move their investment portfolios from the riskier emerging markets such as the Philippines. Consequently, an outflow of funds and capital from the Philippines may occur and may result in increasing volatility in the value of the Philippine Peso against the U.S. dollar and other currencies. According to BSP data, the Philippine Peso averaged at ₱49.6241 per U.S.\$1.00 in 2020, ₱49.2546 per U.S.\$1.00 in 2021, ₱54.4778 per U.S.\$1.00 in 2022, ₱55.6304 per U.S.\$1.00 in 2023 and ₱57.2907 per U.S.\$1.00 in 2024. As of February 5, 2026, the exchange rate quoted on the BSP Reference Exchange Rate Bulletin was ₱58.9680 per U.S.\$1.00.

**Substantially all of SMGP’s operations and assets are based in the Philippines and, therefore, a slowdown in economic growth in the Philippines could materially and adversely affect the Company’s business, financial position and results of operations.**

Substantially all of the Company’s business operations and assets are based in the Philippines. As a result, the Company’s income, results of operations and the quality and growth of its assets depend, to a large extent, on the performance of the Philippine economy. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine currency and the imposition of exchange controls. The Philippine Statistics Authority reported annual average inflation rates of 6.0%, 3.2%, and 1.7% for the years 2023, 2024, and 2025, respectively. The BSP forecasted that the inflation rate for 2026 and 2027 would be 3.2% and 3.0%, respectively.

Following the 25-basis-point cut in August 2024, resulting in a target reverse repurchase (“RRP”) rate of 6.25%, which was the first reduction in nearly four years, the Monetary Board decided to further reduce the BSP’s target RRP rates by 25 basis points on each of the following dates: October 16, 2024, December 19, 2024, April 10, 2025, June 19, 2025, and October 9, 2025. On December 11, 2025, the BSP further reduced its target RRP rate by 25 basis points to 4.50%. As a result, the interest rates on the overnight deposit and lending facilities were adjusted to 4.00% and 5.00%, respectively.

Factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activities in the Philippines, the Southeast Asian region or globally;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines, the Southeast Asian region or globally;

- exchange rate fluctuations and foreign exchange controls;
- prolonged periods of inflation or deflation, or increases in interest rates;
- levels of employment, consumer confidence and income;
- changes in the Government's fiscal and regulatory policies;
- Government budget deficits;
- adverse trends in the current accounts and balance of payments of the Philippine economy;
- public health epidemics or outbreaks of diseases, such as COVID-19, monkeypox, the re-emergence of Middle East Respiratory Syndrome-Corona virus (MERS-CoV), SARS, avian influenza (commonly known as bird flu), or H1N1, or the emergence of similar diseases in the Philippines or in other countries in Southeast Asia;
- natural disasters, including but not limited to tsunamis, typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally;
- geopolitical tensions between the Philippines and other claimant countries concerning disputed territories in the West Philippine Sea; and
- a downgrade in the long-term foreign and local currency sovereign credit ratings of the Philippines or the related outlook for such ratings; and other regulatory, social, political or economic developments in or affecting the Philippines.



The Philippines' gross domestic product ("GDP") rate contracted by 9.5% in 2020, a reversal of the 6.0% GDP full-year growth posted in 2019. The decline was driven primarily by the spread of COVID-19, and the implementation of COVID-19-related restrictions. In 2021, the GDP significantly recovered, resulting in 5.6% full-year growth followed by 7.6% full-year growth in 2022 and 5.6% full-year growth recorded for each of the years 2023 and 2024. The Philippine Statistics Authority reported that the Philippine economy posted a revised year-on-year GDP growth of 3.9% in the third quarter of 2025. However, GDP growth slowed to 3.0% in the fourth quarter of 2025 – the lowest quarterly growth since the pandemic. Uncertainty surrounding the global economic outlook could cause economic conditions in the Philippines to deteriorate and there can be no assurance that current or future Philippine governmental policies will continue to be conducive to sustaining economic growth. There can be no assurance that the Philippines will maintain strong economic fundamentals in the future. Any future deterioration in economic conditions in the Philippines could materially and adversely affect the Company's financial position and results of operations, including the Company's ability to grow its energy portfolio, and its ability to implement the Company's business strategy. Changes in the conditions of the Philippine economy could materially and adversely affect the Company's business, financial condition or results of operations.

**Political instability may have a negative effect on the business, financial position or results of operations of SMGP.**

The Philippines has from time to time experienced political and military instability, including acts of political violence. The Philippine Constitution provides that, in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately-owned public utility or business. In the last 10 years, there have been instances of political instability, including alleged extra-judicial killings, alleged electoral fraud, impeachment complaints and proceedings against key governments officials including a former president, a former chief justice of the Supreme Court of the Philippines, the current vice-president of the Philippines, and public and military protests arising from alleged misconduct by the previous administration. On February 5, 2025, the House of Representatives of the Philippines approved the articles of impeachment of the vice-president of the Philippines and forwarded the same to the Senate. Following the transmittal of the articles of impeachment to the Senate of the Philippines, the impeachment trial for the vice-president of the Philippines is expected to commence in accordance with applicable laws and regulations. On June 10, 2025, the Senate of the Philippines moved to remand the articles of impeachment to the House of Representatives of the Philippines. On June 11, 2025, the House of Representatives of the Philippines adopted House Resolution No. 2346 to certify that the impeachment proceedings initiated by it adhered to the Philippine Constitution. Additionally, the House of Representatives of the Philippines deferred accepting the articles of impeachment pending further clarification from the Senate of the Philippines about its decision to remand the same.

On June 25, 2025, the Philippine Senate Impeachment Court announced its decision to further delay the start of impeachment trial until the House of Representatives of the Philippines prosecution panel has a new composition mandated by the 20th Congress.

On July 25, 2025, the Supreme Court of the Philippines, acting on petitions challenging the impeachment of the vice-president, declared the articles of impeachment against the vice-president unconstitutional as the impeachment is barred by the one-year rule under the Philippine Constitution and for being in violation of the right to due process of the vice-president under the Bill of Rights. On January 29, 2026, the Supreme Court unanimously denied the motions for reconsideration seeking to overturn its decision voiding the impeachment complaints filed against the vice-president.

In addition, a number of current and past officials of the Philippine government are currently under investigation or have been indicted for graft, corruption, plunder, extortion, bribery, or usurpation of authority. On March 12, 2025, former President Rodrigo Duterte was surrendered to the custody of the International Criminal Court (“**ICC**”) for charges of murder as a crime against humanity. On July 4, 2025, charges against former President Duterte were formally filed/submitted by the prosecution to the ICC. Further, a movement to amend the Philippine Constitution has been gaining traction and should this measure be successful, certain significant changes in the political climate can be expected. As of the date of this Prospectus, the former President Duterte awaits trial in the Hague.

In August 2025, due to public backlash, the Philippine government began investigative efforts on ghost flood control projects allegedly pointing to widespread corruption and misuse of public funds by the Philippine Department of Public Works and Highways and several local government units. In September 2025, President Ferdinand R. Marcos, Jr. signed Executive Order No. 94 creating the Independent Commission for Infrastructure (“**ICI**”). The ICI was created to investigate, receive evidence, and evaluate reports against all individuals involved in substandard and ghost flood control, and other infrastructure projects, prioritizing projects within the last 10 years.

In January 2026, two impeachment complaints were filed against President Ferdinand R. Marcos, Jr., accusing him of culpable violation of the Constitution, treason, bribery, betrayal of public trust, and other high crimes, for his alleged involvement in budget insertions and kickback schemes.

There can be no assurance that there will not be any future political events, as well as acts of election-related or other political violence, that could destabilize the Philippines resulting in a negative effect on the general economic conditions of the country. There can also be no guarantee that the current or any future government will adopt economic policies that are conducive to sustained economic growth or which do not materially and adversely impact the current regulatory environment. A major deviation from the policies of the immediate past administration or fundamental change of direction, including with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and instability. Any such event could have a material impact on the Company’s business, financial position, and results of operations.

**Acts of terrorism and violent crimes could destabilize the country and could have a material adverse effect on SMGP’s business, financial position and results of operations.**

Historically, the Philippines has been subject to a number of terrorist attacks and localized armed conflict.

For example, on May 23, 2017, a clash erupted in Marawi, Lanao del Sur between government security forces and the ISIS affiliated-Maute group, following the government’s offensive to capture alleged ISIS leader in Southeast Asia, Isnilon Hapilon, who was believed to be in the city. President Duterte immediately declared martial law in Mindanao amid protests from the opposition and sectors of civil society. Martial law in Mindanao was extended three times until it expired on December 31, 2019 after two and a half years. On August 24, 2020, twin explosions in Jolo, Sulu Province in Mindanao were carried out by suicide bombers linked to the Abu Sayyaf group, killing 14 people and wounding 75 others. On May 8, 2021, over a hundred members of the ISIS-linked Bangsamoro Islamic Freedom Fighters (“**BIFF**”) occupied a town market in Maguindanao for several hours and forced families to flee their homes. A clash between the Philippine military and the BIFF members ensued on May 11, 2021, where five BIFF members were killed. On December 3, 2023, a bombing occurred in the middle of a Catholic mass service at the Mindanao State University in Marawi City, which killed four individuals and injured dozens more.

An increase in the frequency, severity or geographic reach of these terrorist acts, violent crimes, bombings and similar events could have a material adverse effect on investment and confidence in, and the performance of, the Philippine economy. Any such destabilization could cause interruption to parts of the Company’s businesses and materially and adversely affect its financial conditions, results of operations and prospects.

**Natural or other catastrophes, including severe weather conditions, may adversely affect the Company's business, materially disrupt SMGP's operations and result in losses not covered by its insurance.**

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. In July 2025, the Philippines was struck by tropical cyclones Crising, Dante, and Emong, causing an estimated ₱5.0 billion in infrastructure damage, according to the National Disaster Risk Reduction and Management Council of the Philippines.

The Philippines has been struck by multiple environmental calamities such as the Super Typhoon Ragasa and Typhoon Bualoi and a 6.9 magnitude earthquake in the province of Cebu in late September 2025, a 7.4 magnitude earthquake in Davao Oriental in early October 2025, and most recently, Typhoon Kalmaegi and Super Typhoon Fung-Wong all of which caused widespread damage and losses.

There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt SMGP's operations or cause temporary disruptions in the ability of SMGP to generate electricity and meet its obligations. These factors, which are not within SMGP's control, could potentially have significant effects on SMGP's power plants, assets and operations. While SMGP carries insurance for certain catastrophic events, of types, in amounts and with deductibles that SMGP believes are in line with general industry practices in the Philippines, there are losses for which SMGP cannot obtain insurance at a reasonable cost or at all. SMGP also does not carry any business interruption insurance. Should an uninsured loss or a loss in excess of insured limits occur, SMGP could lose all or a portion of the capital invested in such business, as well as the anticipated future turnover, while remaining liable for any costs or other financial obligations related to the business. Any material uninsured loss could materially and adversely affect SMGP's business, financial condition and results of operations.

#### **Foreign exchange control.**

If foreign exchange controls were to be imposed, SMGP's ability to access foreign currency to purchase raw materials and equipment and to service foreign currency denominated debt obligations could be adversely affected.

Generally, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. However, the Monetary Board of the BSP, with the approval of the President of the Philippines, has statutory authority, in the imminence of or during a foreign exchange crisis or in times of national emergency, to: (i) suspend temporarily or restrict sales of foreign exchange; (ii) require licensing of foreign exchange transactions; or (iii) require delivery of foreign exchange to the BSP or its designee banks. The Government has, in the past, instituted restrictions on the conversion of Philippine Pesos into foreign currency and the use of foreign exchange received by Philippine residents to pay foreign currency obligations.

There can be no assurance that the Government will not impose economic or regulatory controls that may restrict fee access to foreign currency in the future. Any such restrictions imposed in the future could severely curtail SMGP's ability to purchase raw materials, machinery and equipment from outside the Philippines in U.S. dollars and its ability to make principal and interest payments in U.S. dollars on its foreign currency-denominated obligations or Philippine Peso-denominated debt obligations that are payable in foreign currency, which could materially and adversely affect its financial condition and results of operations.

**Corporate governance and disclosure standards in the Philippines may differ from those in more developed countries.**

Although a principal objective of Philippine securities laws is to promote full and fair disclosure of material corporate information, there may be less publicly available information about Philippine public companies, such as SMGP, than is regularly made available by public companies in the U.S. and other countries. As a result, public shareholders of SMGP may not have access to the same amount of information or have access to information in as timely of a manner as may be the case for companies listed in the U.S. and many other jurisdictions. Furthermore, although SMGP complies with the requirements of the SEC with respect to corporate governance standards, these standards may differ from those applicable in other jurisdictions.

**Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.**

Competing and overlapping territorial claims by the Philippines, China and several Southeast Asian nations (such as Vietnam, Brunei and Malaysia) over certain islands and features in the West Philippine Sea (South China Sea) have for decades been a source of tension and conflicts.

China claims historic rights to nearly all of the West Philippine Sea based on its so-called “nine-dash line” and in recent years dramatically expanded its military presence in the sea which has raised tensions in the region among the claimant countries. In 2013, the Philippines became the first claimant country to file a case before the Permanent Court of Arbitration, the international arbitration tribunal based at the Hague, Netherlands to legally challenge claims of China in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea (“**UNCLOS**”). In July 2016, the tribunal rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea (in the South China Sea) and that the “nine-dash line” claim of China is invalid.

Tension in the West Philippine Sea has been triggered by the continued presence of Chinese vessels in the Philippines’ exclusive economic zone. The Philippines has filed and continues to file diplomatic protests against China and has called on China to recall its ships in Philippine waters. The Armed Forces of the Philippines has also deployed additional naval vessels to protect the territories of the Philippines. In the first half of 2024, tensions in the West Philippine Sea further escalated as several violent incidents transpired. On March 23, 2024, two Chinese Coast Guard ships assaulted a Philippine Navy supply vessel with water cannons. The incident resulted in the injuries of the Filipino crew members aboard the supply boat. On June 17, 2024, an encounter between the China Coast Guard and the Philippine Navy once again occurred on a resupply mission for the BRP Sierra Madre, which is grounded in Ayungin Shoal. Personnel of the China Coast Guard rammed and boarded vessels of the Philippine Navy, which resulted in massive damage to the navy boats and injuries to Philippine Navy personnel. Beginning April 2024, there has been a standoff between the Philippines and China over the Escoda Shoal (also known as Sabina Shoal). Escoda Shoal serves as the rendezvous point for Filipino vessels carrying out resupply missions to the naval outpost in Ayungin Shoal, where the naval outpost BRP Sierra Madre, which is a main flashpoint of tensions between the Philippines and China, has been around since 1999.

On January 28, 2026, Senate Resolution No. 267 was signed by fifteen senators, condemning public statements made by the Chinese Embassy in Manila, which criticized Philippine officials and institutions for taking positions in defense of Philippine sovereignty and maritime rights.

There is no guarantee that the territorial dispute between the Philippines and other countries, including China, would end or that any existing tension will not escalate further, as China has taken steps to exercise control over the disputed territory. In such event, the Philippine economy may be disrupted and its business and financial standing may be adversely affected.

Any deterioration in the Philippine economy as a result of these or other factors, including a significant depreciation of the Philippine Peso or increase in interest rate, may adversely affect the Company's operations. In particular, further disputes between the Philippines and other countries may lead to reciprocal trade restrictions on the other's imports or suspension of visa-free access and/or overseas Filipinos permits. Any impact from these disputes in countries in which the Company has operations could materially and adversely affect the Company's business, financial condition and results of operations.

#### **Investors may face difficulties enforcing judgments against SMGP.**

Considering that the Company is organized under the laws of the Republic of the Philippines and substantial portion of its operating assets are located in the Philippines, it may be difficult for investors to enforce judgments against SMGP obtained outside of the Philippines. In addition, all of the directors and officers of SMGP are residents of the Philippines, and all or a substantial portion of the assets of such persons are located in the Philippines. As a result, it may be difficult for investors to effect service of process upon such persons, or to enforce against them judgments obtained in courts or arbitral tribunals outside the Philippines predicated upon the laws of jurisdictions other than the Philippines.

The Philippines is party to the United Nations Convention on the Enforcement and Recognition of Arbitral Awards, though it is not party to any international treaty relating to the recognition or enforcement of foreign judgments. Nevertheless, a judgment or final order of a foreign court is, through the institution of an independent action, enforceable in the Philippines as a general matter, unless there is evidence that: (i) the foreign court rendering judgment did not have jurisdiction in accordance with its jurisdictional rules; (ii) the party against whom enforcement is sought did not receive notice of the proceedings; (iii) judgment was obtained by collusion, fraud, or on the basis of a clear mistake of law or fact; or (iv) the judgment is contrary to the laws, morals, public policy, good customs or public order of the Philippines.

#### **The credit ratings of the Philippines may restrict the access to capital of Philippine companies, including the SMGP.**

Historically, the Philippines' sovereign debt has been rated relatively low by international credit rating agencies. International credit rating agencies issue credit ratings for companies with reference to the country in which they are resident. As a result, the sovereign credit ratings of the Philippines directly affect companies that are residents in the Philippines, including SMGP. In 2019, S&P Global Ratings gave a rating of "BBB+", which was an upgrade from the Philippines' former rating of "BBB". In July 2020, Moody's affirmed its "Baa2" with a stable outlook for the Philippines, while on May 27, 2021, S&P Global Ratings kept its "BBB+" rating on the Philippines and assigned a "stable" outlook on expectations of a "healthy" economic recovery. On August 14, 2024, Rating and Investment Information, Inc. ("**R&I**") upgraded its rating on the Philippines from the "BBB+" with positive outlook last year, to "A-" with stable outlook. On November 28, 2023, S&P Global Ratings affirmed the rating of "BBB+" with a positive outlook on the Philippine economy. Likewise, the Japan Credit Rating Agency's ("**JCRA**") affirmed the Philippines' stable outlook with an investment-grade credit rating at "A-" based on their report dated June 5, 2025. On April 29, 2025, Fitch re-affirmed the Philippines' "BBB" rating with a stable outlook, while on November 27, 2025, S&P Global Ratings affirmed its "BBB+" long term and "A-2" short term sovereign ratings on the Philippines, with a positive outlook on the long-term rating.

In respect of U.S. dollar-denominated global dual-tranche bonds issued by the Philippines, on June 2021, Moody's, S&P Global Ratings and Fitch assigned issuance ratings of "Baa2", "BBB+" and "BBB", respectively, all in line with Philippines' issuer rating. With regard to the Philippines' dual-tranche U.S. dollar-denominated bond offering in May 2024, Moody's, S&P Global Ratings, and Fitch assigned issuance ratings of "Baa2", "BBB+", and "BBB", respectively, all in line with the Philippines' issuer rating. On April 29, 2025, Fitch affirmed the Philippines' long-term foreign currency issuer default rating at "BBB" with a stable outlook.

No assurance can be given that Fitch, Moody's, S&P Global Ratings, JCRA, R&I or any other international credit rating agency, will not downgrade the credit ratings of the Government in the future and, therefore, of Philippine companies, including the Company. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including SMGP, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

**Public health crises or outbreaks of diseases may have a material and adverse impact on the economic activities and business operations in the Philippines.**

In late 2019, COVID-19, an infectious disease that was first reported to have been transmitted to humans in 2019, spread globally during 2020, and was declared as a pandemic by the World Health Organization (“WHO”) in March 2020. While the WHO has declared the COVID-19 pandemic to be over in May 2023, there are still active and recurring cases globally, including in the Philippines. In July 2023, the President of the Philippines issued Presidential Proclamation No. 297, effectively lifting the state of public health emergency caused by the COVID-19 pandemic throughout the Philippines.

On August 14, 2024, the WHO declared the mpox (formerly known as monkeypox) outbreak as a public health emergency of international concern. A few days after the WHO declaration or on August 19, 2024, the Philippine government announced that it detected the first case of mpox virus in the country in 2024. In response, the Philippine government ordered the close contacts of the patient to undergo mandatory quarantine. In addition, the Philippine government continues to undertake close surveillance of any potential spread of mpox. Since 2024, the Philippines has recorded a total number of 911 cases of mpox.

Any government restrictions and regulations to curb any public health crises or outbreak or resurgence of infectious diseases, including the imposition of community quarantine, may adversely affect business operations and lead to further contraction of the Philippine economy, inevitable closure of business operations, and exponential rise in unemployment rates. SMGP's operational and financial performance will depend on future developments relating to any public health crisis or outbreak or resurgence of infectious diseases, including the ability to contain the outbreak and ease related restrictions, and the overall impact on the Philippine economy and demand for SMGP's products and services.

## **RISKS RELATING TO THE BONDS**

### **Suitability of Investment**

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behavior of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, foreign exchange rate and other factors that may affect its investment and its ability to bear the applicable risks.

## **Liquidity**

The Company plans to list the Bonds in the PDEX to provide price transparency and liquidity to the Bondholders. As with other fixed income securities, the Bonds could trade at prices higher or lower than the initial offering price due to prevailing interest rates, the operations of the Company, the overall market for debt securities, political and economic developments in the Philippines and other regions, among others. It is possible that a selling Bondholder would receive sales proceeds lower than his initial investment should a Bondholder decide to sell his Bonds prior to maturity.

In addition, there can be no assurance that an active secondary market for the Bonds will develop or how the Bonds will perform. The liquidity and the market prices for the Bonds can be expected to vary with changes in market and economic conditions, the financial position and prospects of the Company and other factors that generally influence the market prices of securities. There is no assurance that the Bonds may be disposed at prices, volumes or at times deemed appropriate by the Bondholders.

## **The Bonds entail credit risk from Issuer**

The ability of the Issuer to make scheduled principal or interest payment on the Bonds will depend on the Issuer's future performance and the Issuer's ability to generate cash, which to a certain extent is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in this "*Risk Factors and Other Considerations*" section, many of which are beyond the Issuer's control.

To mitigate this risk, the Issuer ensures it has a sufficient amount of cash to allow it to timely service the principal and interest payments of the Bonds. In addition, the Issuer together with its subsidiaries, associates and joint ventures is one of the largest power companies in the Philippines. The Issuer believes it will adequately meet its principal and interest payments under the Bonds due to its strong market position and stable and predictable operating cash flows, and high liquidity.

## **The Bondholder may face possible gain or loss if the Bonds are sold at the secondary market**

As with all fixed income securities, the Bonds' market values move (either up or down) depending on the change in interest rates. The Bonds when sold in the secondary market are worth more if interest rates decrease since the Bonds have a higher interest rate relative to the market. Likewise, if the prevailing interest rate increases, the Bonds are worth less when sold in the secondary market. Therefore, holders may either make a gain or incur a loss when they decide to sell the Bonds.

## **Reinvestment**

Prior to the relevant maturity dates of the Bonds, the Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), any series of the outstanding Bonds on the relevant Optional Redemption Dates (see "*Description of the Bonds*" in the relevant Prospectus). In the event that the Company exercises this early redemption option, all Bonds will be redeemed and the Company would pay the amounts to which Bondholders would be entitled. Following such redemption and payment, there can be no assurance that investors in the redeemed Bonds will be able to re-invest such amounts in securities that would offer a comparative or better yield or terms, at such time.

## **Pricing**

The market value of the Bonds moves (either up or down) depending on the change in interest rates prevailing in the market. The Bonds when sold in the secondary market may be worth more if such interest rates decrease if the Bonds have a higher interest rate relative to the market. Likewise, if the prevailing interest rates increase, the Bonds may be worth less when sold in the

secondary market. Therefore, an investor may sustain losses if he decides to sell.

### **Retention of Ratings**

There is no assurance that the rating of the bonds will be retained throughout the life of the bonds. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

### **Bonds have no Preference under Article 2244(14) of the Civil Code**

No other loan or other debt facility currently or to be entered into by the Issuer is notarized, such that no other loan or debt facility to which the Issuer is a party shall have preference of priority over the Bonds as accorded to public instruments under Article 2244(14) of the Civil Code of the Philippines, and all banks and lenders under any such loans or facilities have waived the right to the benefit of any such preference or priority. However, should any bank or Bondholder hereinafter have a preference or priority over the Bonds as a result of notarization, then at the option of the Issuer, either procure a waiver of the preference created by such notarization or equally and ratably extend such preference to the Bonds.

### **Risk of pre-payment and cancellation of certain loan obligations**

The ability to make scheduled payments or interest payments on the Bonds may be affected by the Company's future performance and ability to generate cash, which to a certain extent is subject to general economic, financial, competitive, legislative, legal, regulatory, and other factors such as the terms and conditions of certain loan obligations of SMGP. The terms and conditions of some of these loans may allow the lenders to require certain mandatory pre-payments from the Issuer under circumstances as such lenders and the Company agreed upon. As of September 30, 2025, approximately ₱127.2 billion of the Company outstanding loans amounting are covered by some form of pre-payment stipulation.

The Company employs a system of financial prudence and good corporate governance to manage the risks relating to its debt and equity financing and continuously monitors its compliance with the terms and conditions of the Company's loan obligations.

## **RISKS RELATING TO STATEMENTS MADE IN THIS PROSPECTUS**

### **Certain information contained herein is derived from unofficial publications.**

Certain information in this Prospectus relating to the Philippines, the industries and markets in which the businesses of SMGP compete and other data used in this Prospectus was obtained or derived from internal surveys, market research, governmental data, publicly available information and/or industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable. However, there is no assurance that such information is accurate or complete. Similarly, internal surveys, industry forecasts and market research have not been independently verified by SMGP and may not be accurate, complete, up-to-date, balanced or consistent with other information compiled within or outside the Philippines.



## Use of Proceeds

SMGP expects to raise ₱20,000,000,000.00 as gross proceeds from the Base Offer. The Company estimates that the net proceeds from the Base Offer after deducting expenses payable by the Company, will be approximately ₱19,751,283,000, estimated as follows:

| Particulars                                                | Total (₱)                |
|------------------------------------------------------------|--------------------------|
| <b>Estimated proceeds from the Base Offer .....</b>        | <b>20,000,000,000.00</b> |
| <b>Less: Estimated fees, commissions and expenses</b>      |                          |
| Gross Underwriting and Selling Fees.....                   | 80,000,000.00            |
| Documentary Stamp Taxes to be paid by the Company.....     | 150,000,000.00           |
| SEC Registration fee .....                                 | 5,000,000.00             |
| SEC legal research fee .....                               | 50,000.00                |
| PDEX Listing Application Fee .....                         | 300,000.00               |
| Listing and Maintenance Fee .....                          | 450,000.00               |
| Legal Fees.....                                            | 3,300,000.00             |
| Audit Fee.....                                             | 3,000,000.00             |
| Rating Fee.....                                            | 5,292,000.00             |
| Printing Cost.....                                         | 250,000.00               |
| Trustee Fees.....                                          | 200,000.00               |
| Paying Agency and Registry Fees.....                       | 375,000.00               |
| Other expenses*.....                                       | 500,000.00               |
| <b>Total estimated fees, commissions and expenses ....</b> | <b>248,717,000.00</b>    |
| <b>Estimated net proceeds.....</b>                         | <b>19,751,283,000.00</b> |

\*Other expenses are for small and modest expenses like office and admin supplies, publication, marketing and out of pocket expenses of the underwriters and professional advisers, excluding the legal fees of the underwriter's counsel, as well as for contingency and unforeseen expenses.

Assuming full exercise of the Oversubscription Option, the Company estimates that the net proceeds from the Bonds shall amount to approximately ₱29,635,753,800, after deducting the following fees, commissions and expenses:

| Particulars                                                                                            | Total (₱)                |
|--------------------------------------------------------------------------------------------------------|--------------------------|
| <b>Estimated proceeds from the Offer (Assuming full exercise of the Oversubscription Option) .....</b> | <b>30,000,000,000.00</b> |
| <b>Less: Estimated fees, commissions and expenses</b>                                                  |                          |
| Gross Underwriting and Selling Fees .....                                                              | 120,000,000.00           |
| Documentary Stamp Taxes to be paid by the Company.....                                                 | 225,000,000.00           |
| SEC Registration fee .....                                                                             | 5,000,000.00             |
| SEC legal research fee .....                                                                           | 50,000.00                |
| PDEX Listing Application Fee .....                                                                     | 300,000.00               |
| Listing and Maintenance Fee .....                                                                      | 450,000.00               |
| Legal Fees.....                                                                                        | 3,300,000.00             |
| Audit Fee.....                                                                                         | 3,000,000.00             |
| Rating Fee.....                                                                                        | 5,821,200.00             |
| Printing Cost.....                                                                                     | 250,000.00               |

|                                                            |                          |
|------------------------------------------------------------|--------------------------|
| Trustee Fees.....                                          | 200,000.00               |
| Paying Agency and Registry Fees.....                       | 375,000.00               |
| Other expenses*.....                                       | 500,000.00               |
| <b>Total estimated fees, commissions and expenses ....</b> | <b>364,246,200.00</b>    |
| <b>Estimated net proceeds.....</b>                         | <b>29,635,753,800.00</b> |

*\*Other expenses are for small and modest expenses like office and admin supplies, publication, marketing and out of pocket expenses of the underwriters and professional advisers, excluding the legal fees of the underwriter's counsel, as well as for contingency and unforeseen expenses.*

Aside from the foregoing one-time costs, SMGP expects the following annual expenses related to the Bonds:

1. The Issuer will be charged by the PDEx for the first annual maintenance fee in advance upon approval of the listing and thereafter, the Issuer will pay PDEx an annual maintenance listing fee amounting to ₱150,000 per annum;
2. The Issuer will pay an annual retainer fee to the Trustee amounting to ₱360,000 per annum;
3. After the Issue Date, a Paying Agency fee amounting to approximately ₱100,000 is payable every Interest Payment Date. The Registrar will charge a monthly maintenance fee based on the face value of the Bonds and number of Bondholders; and
4. The Issuer will pay an annual monitoring fee of ₱500,000 to PhilRatings.

## USE OF PROCEEDS

The entire proceeds of this Offer will be used for: (i) refinancing of debt obligations; (ii) partial funding of the Issuer's pipeline of renewable energy projects; and (iii) payment of transaction-related fees, costs and expenses.

For the avoidance of doubt, the net proceeds will not be applied in connection with any of the Company's existing and planned coal-fired power assets (including, but not limited to, their construction and working capital requirements).

### Refinancing of debt obligations

Up to ₱11.68 billion from the net proceeds of the Offer will be used for the refinancing of the Company's Series C Bonds issued on July 11, 2016 with a total outstanding amount of ₱4,756,310,000, annual interest rate of 5.1792% and maturing on July 11, 2026, and Series J Bonds issued on April 24, 2019 with a total outstanding amount of ₱6,923,100,000, annual interest of 7.6000% and maturing on April 24, 2026. The repayment of Series C and Series J Bonds will be made on July 11, 2026 and April 24, 2026, respectively.

### Partial funding of Issuer's pipeline of renewable energy projects

The Company also intends to use up to ₱[8,066.87] million from the net proceeds of the Offer and an additional ₱[9,881.97] million in the event of a full exercise of the Oversubscription Option to partially fund its pipeline of renewable energy projects awarded to the Company under the Green Energy Auction Program ("GEAP") of the Department of Energy. Specifically, the net proceeds will be applied towards funding the design, development, construction, installation and operation of renewable energy projects, including hydro and solar power plants.

The proceeds from the Offer will be utilized by the Company through direct or indirect investments in the subsidiaries or affiliate entities of the Company as it may deem appropriate in furtherance

of the completion of such projects subject to and in compliance with existing laws, rules and regulations.

The Board of Directors of the Company authorized its management to make additional investments in any of the renewable energy projects under the GEAP awarded to the Company, at such time and in such amount as management may deem appropriate taking into consideration the capital requirements of the relevant infrastructure business, including funding requirements of its projects, opportunities and developments in the relevant industries of the businesses, and requirements of relevant regulatory agencies, among others.

In summary, the proceeds of the Offer shall be used upon determination of the Company, in the order of priority, as follows:

| <b>Purpose</b>                                                            | <b>Allocation out of the proceeds of the Base Offer<sup>1</sup></b> | <b>Allocation out of the proceeds of the Offer (Assuming Full Exercise of Oversubscription Option)<sup>1</sup></b> | <b>Estimated Timing of Disbursement</b> |
|---------------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| (1) Refinancing of debt obligations                                       | Up to ₱[11,679.41] million                                          | Up to ₱[11,679.41] million                                                                                         | Within 6 months from Issue Date         |
| (2) Partial funding of the Issuer's pipeline of renewable energy projects | Up to ₱[8,066.87] million                                           | Up to ₱[17,948.84] million                                                                                         | Within 24 months from Issue Date        |
| (3) Payment of transaction-related fees, costs and expenses               | Up to ₱[248.72] million                                             | Up to ₱[364.25] million                                                                                            | Within 3 months from Issue Date         |

The Company shall file the appropriate SEC Form 17-C with the SEC and the PDEX upon making any disbursement of the proceeds of the Offer.

## **UNDERTAKING ON THE USE OF PROCEEDS**

Pending the above use of proceeds, the Company intends to invest the net proceeds from the Bonds in short-term liquid investments including but not limited to short-term government securities, bank deposits and money market placements which are expected to earn prevailing market rates. In the event such investments should incur losses, any shortfall will be financed from the Company's internally generated funds.

No amount of proceeds shall be used to reimburse any officer, director, employee, or shareholder for services rendered, assets previously transferred, money loaned or advanced, or otherwise.

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Company's current plans and anticipated expenditures. In the event there is any change in the Company's development plan, including force majeure, market conditions and other circumstances, the Company will carefully evaluate the situation and may reallocate the proceeds for future investments or other uses, and/or hold such funds in investments, whichever is better for the Company's and its shareholders' interest taken as a whole. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to alter its plans. In the event of any substantial deviation/adjustment in the planned use of proceeds, the Company shall inform the SEC, PDEX and the Bondholders in writing at least thirty (30) days before such deviation, adjustment or reallocation is implemented.

## **Determination of Offer Price**

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The Bonds shall be issued at 100% of principal amount or face value.

## Plan of Distribution

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The Company shall issue the Bonds to institutional and retail investors in the Philippines through a public offering to be conducted through the Joint Lead Underwriters and Joint Bookrunners. The Offer does not include an international offering.

### Joint Lead Underwriters and Joint Bookrunners

Pursuant to an Issue Management and Underwriting Agreement with SMGP dated [•], Bank of Commerce, BDO Capital & Investment Corporation and China Bank Capital Corporation (collectively, the “**Joint Issue Managers**”), and together with Land Bank of the Philippines, Philippine Commercial Capital, Inc., PNB Capital and Investment Corporation, and Security Bank Capital Investment Corporation (collectively with the Joint Issue Managers, referred to as the “**Joint Lead Underwriters and Joint Bookrunners**”) have agreed to distribute and sell the Bonds at the Offer Price; and as the Joint Lead Underwriters and Joint Bookrunners, subject to the fulfillment of the conditions provided in the Issue Management and Underwriting Agreement, have committed to underwrite the following amounts on a firm basis:

| <b>Joint Lead Underwriters and Joint Bookrunners</b> | <b>Underwriting Commitment</b> |
|------------------------------------------------------|--------------------------------|
| Bank of Commerce                                     | [P3,600,000,000.00]            |
| BDO Capital & Investment Corporation                 | [P3,600,000,000.00]            |
| China Bank Capital Corporation                       | [P4,000,000,000.00]            |
| Land Bank of the Philippines                         | [P3,000,000,000.00]            |
| Philippine Commercial Capital, Inc.                  | [P1,000,000,000.00]            |
| PNB Capital and Investment Corporation               | [P2,000,000,000.00]            |
| Security Bank Capital Investment Corporation         | [P2,800,000,000.00]            |
| <b>Total</b>                                         | <b>P20,000,000,000.00</b>      |

As Joint Issue Managers, subject to the terms and conditions of the Issue Management and Underwriting Agreement, the Joint Issue Managers agreed to arrange the issuance, placement, distribution and sale of the Bonds within the Philippines during the Offer Period.

The Issue Management and Underwriting Agreement may be terminated in certain circumstances prior to payment being made to SMGP of the net proceeds of the Bonds.

The underwriting fees and any selling fees to be paid by the Issuer in relation to the Offer shall be equivalent to 0.40% of the gross proceeds of the Offer. This shall be inclusive of fees to be paid to the Joint Lead Underwriters and Joint Bookrunners and any commissions to be paid to the Selling Agents, if any.

The Joint Lead Underwriters and Joint Bookrunners have no direct relations with SMGP in terms of ownership by either of their respective major stockholder/s and have no right to designate or nominate any member of the Board of Directors of SMGP.

The Joint Lead Underwriters and Joint Bookrunners have no contract or other arrangement with SMGP by which it may return to SMGP any unsold Bonds.

For the purpose of complying with their respective commitments under the Issue Management and Underwriting Agreement, each Joint Lead Underwriter and Joint Bookrunner may, under such terms and conditions not inconsistent with the provisions of the Issue Management and Underwriting Agreement, particularly the underwriting commitment of the Joint Lead Underwriters and Joint Bookrunners, enter into agreements with co-lead managers and co-managers, and appoint Selling Agents for the sale and distribution to the public of the Bonds; provided, that the Joint Lead Underwriters and Joint Bookrunners shall remain solely responsible to the Issuer in respect of their obligations under the Issue Management and Underwriting Agreement entered into by them with the Issuer, and except as otherwise provided in the Issue Management and Underwriting Agreement, the Issuer shall not be bound by any of the terms and conditions of any agreements entered into by the Joint Lead Underwriters and Joint Bookrunners with the co-lead managers, co-managers, and Selling Agents.

The Joint Lead Underwriters and Joint Bookrunners are duly-licensed by the SEC to engage in the underwriting or distribution of the Bonds. The Joint Lead Underwriters and Joint Bookrunners may, from time to time, engage in transactions with and perform services in the ordinary course of its business, for SMGP or any of its subsidiaries.

### **Overview of the Joint Lead Underwriters and Joint Bookrunners**

BankCom, one of the Joint Lead Underwriters and Joint Bookrunners, is an affiliate of SMC. SMGP is a wholly owned subsidiary of SMC. Other than the foregoing, the Joint Lead Underwriters and Joint Bookrunners have no direct relations with SMGP in terms of material ownership by either of their respective major stockholder/s, and have no right to designate or nominate any member of the Board of Directors of SMGP.

Bank of Commerce, an affiliate of San Miguel Corporation (SMC) since 2008, is a publicly listed universal bank licensed and regulated by the Bangko Sentral ng Pilipinas (BSP). In October 2022, the Monetary Board of the BSP conferred on the Bank the authority to operate as a universal bank, allowing BankCom to engage in investment banking activities. Subsequently, BankCom established its Investment Banking Group (IBG) in March 2022. On August 11, 2022, BankCom received its secondary license from the Securities and Exchange Commission (SEC) to act as an Underwriter of Securities (Certificate of Registration No. 01-2008-00179). This license from the SEC enables BankCom's IBG to undertake end-to-end publicly listed capital markets transactions, including the arrangement, issue management, and underwriting of debt and equity securities. IBG is likewise responsible for the arrangement, syndication, and placement of privately issued securities, such as syndicated loans and project finance facilities. IBG also engages in financial advisory activities, including restructuring, mergers, and acquisitions.

BDO Capital was incorporated in the Philippines in December 1998. BDO Capital is a full-service investment house primarily involved in securities underwriting and trading, loan syndication, financial advisory, private placement of debt and equity, project finance, and direct equity investment. It is duly licensed by the SEC to operate as an investment house and was licensed by the SEC to engage in underwriting or distribution of securities to the public. As of December 31, 2024, it had ₱5.44 billion and ₱5.08 billion in assets and equity, respectively. It has an authorized capital stock of ₱1.10 billion, of which approximately ₱1.00 billion represents its paid-up capital.

China Bank Capital Corporation ("**Chinabank Capital**") is the wholly owned investment banking subsidiary of China Banking Corporation. It was registered and licensed as an investment house in 2015 as a result of the spin-off of China Banking Corporation's Investment Banking Group. The firm offers a full suite of investment banking solutions that enable clients to achieve their fundraising objectives and strategic goals. Chinabank Capital's services include arranging, managing, and underwriting debt and equity transactions such as bond offerings, corporate notes issuances, initial public offerings and follow-on offerings of common and preferred shares, private placement of securities, structured loans, project finance, real estate investment trusts, and asset securitizations. Chinabank Capital also provides financial advisory services, such as structuring, valuation, and execution of mergers, acquisitions, divestitures, joint ventures, and other corporate transactions. As of December 31, 2025, it has total assets of ₱2.46 billion and a capital base of

₱2.37 billion.

Land Bank of the Philippines (“**LANDBANK**”) is a government financial institution organized and existing pursuant to Republic Act No. 3844, otherwise known as the Agricultural Land Reform Code, as amended. Established in 1963, LANDBANK operates as a universal bank, providing a wide range of financial services to support the growth of the agriculture sector, rural communities, and other priority sectors of the economy, such as infrastructure and utilities; power; micro, small and medium enterprises; healthcare and education; and environment and natural resources management, among others. Present in all 82 provinces in the country, LANDBANK is the largest development financial institution in the Philippines that promotes financial inclusion, digital transformation, and sustainable national development. LANDBANK is licensed by the SEC as an Investment House Engaged in Dealing Government Securities under Certificate of Registration (C.R.) No.: 01-2008-00243. As of December 31, 2024, LANDBANK’s total assets amounted to ₱3.44 trillion, with a capital of ₱293.13 billion.

Philippine Commercial Capital, Inc. (“**PCCI Capital**”) was incorporated on September 23, 1975 and is among the pioneering investment banks in the country. Over the years, PCCI Capital has built a solid track record and expertise in the Philippine capital markets, obtaining a license to operate as a trust entity, investment house, and securities dealer on May 22, 1992. PCCI Capital obtained its investment house license on July 31, 1986, and has since cultivated a diversified and distinguished portfolio-demonstrating expertise in the trading of government securities and corporate issuances, active participation in syndicate undertakings, and operations under CR No. 01-2008-00232. Its enduring prominence in the financial industry is further reinforced by the renewal of its Investment House–Government Securities Eligible Dealer (“**IH-GSED**”) license on 28 November 2024, a testament to its stature as a seasoned and trusted authority in the public bond and preferred shares markets.

PNB Capital, a wholly owned subsidiary of the Philippine National Bank, offers a spectrum of investment banking services including loan syndications and project finance, bond offerings, private placements, public offering of shares, securitization, financial advisory and mergers and acquisitions. PNB Capital obtained its license from the Philippine SEC to operate as an investment house with a non-quasi-banking license. It was incorporated on July 30, 1997 and commenced operations on October 8, 1997. As of December 31, 2021, it had an authorized capital of ₱2.0 billion and paid-up capital of ₱1.5 billion. PNB Capital is authorized to buy and sell, for its own account, securities issued by private corporations and the Philippine Government. As of December 31, 2021, total assets of PNB Capital were at ₱2.7 billion while total capital was at ₱2.4 billion.

Security Bank Capital is a Philippine corporation organized in October 1995 as a wholly-owned subsidiary of Security Bank Corporation. It obtained its license to operate as an investment house in 1996 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. Security Bank Capital provides a wide range of investment banking services including underwriting of debt and equity securities, project finance, loan syndications, mergers and acquisitions, and other corporate/financial advisory services. Security Bank Capital is also involved in equity trading through its wholly-owned stock brokerage subsidiary, SB Equities, Inc. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major debt and equity issues, both locally and internationally. As of December 31, 2024, its total assets amounted to ₱2.19 billion and its capital base amounted to ₱2.13 billion.

## **SALE AND DISTRIBUTION**

The distribution and sale of the Bonds shall be undertaken by the Joint Lead Underwriters and Joint Bookrunners who shall sell and distribute the Bonds to third party buyers/investors. Nothing herein shall limit the rights of the Joint Lead Underwriters and Joint Bookrunners from purchasing the Bonds for their own respective accounts.

There are no Persons to whom the Bonds are allocated or designated. The Bonds shall be offered to the public at large and without preference.

The obligations of each of the Joint Lead Underwriters and Joint Bookrunners will be several, and not solidary, and nothing in the Issue Management and Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Joint Lead Underwriters and Joint Bookrunners. Unless otherwise expressly provided in the Issue Management and Underwriting Agreement, the failure by a Joint Issue Manager or a Joint Lead Underwriter and Bookrunner to carry out its obligations thereunder shall neither relieve the other Joint Lead Underwriters and Joint Bookrunners of their obligations under the same Issue Management and Underwriting Agreement, nor shall a Joint Issue Manager or Joint Lead Underwriter and Bookrunner be responsible for the obligation of another Joint Issue Manager or Joint Lead Underwriter and Bookrunner.

## **OFFER PERIOD**

The Offer Period shall commence at 9:00 a.m., Manila time, on [March 30, 2026] and end at 5:00 p.m., Manila time, on [April 10, 2026] or such other date as may be mutually agreed in writing by the Company, the Joint Issue Managers and the Joint Lead Underwriters and Joint Bookrunners.

## **APPLICATION TO PURCHASE**

The procedure set out in this section and the succeeding sections should be read together with the more detailed procedure and other conditions set out in the Application to Purchase.

Applicants may purchase the Bonds during the relevant Offer Period by submitting to the Joint Lead Underwriters and Joint Bookrunners or Selling Agents properly completed Applications to Purchase, together with all applicable supporting documentation in the prescribed form and submitted in the prescribed manner, with full payment of the Offer Price of the Bonds in the manner provided in the said Application to Purchase.

Corporate and institutional applicants must also submit, in addition to the foregoing:

- (a) an original notarized certificate of the corporate secretary or an equivalent officer of the Applicant setting forth resolutions of the board of directors, partners or equivalent body (i) authorizing the purchase of the Bonds indicated in the Application to Purchase; and (ii) designating the signatories, with their specimen signatures, for the said purposes;
- (b) copies of its Articles of Incorporation and By-Laws and latest amendments thereof, together with the Certificate of Incorporation issued by the SEC or other organizational documents issued by an equivalent government institution, stamped and signed as certified true copies by the SEC or the equivalent government institution, or by the corporate secretary, or by an equivalent officer(s) of the Applicant who is/are authorized signatory(ies);
- (c) two (2) duly accomplished signature cards containing the specimen signatures of the authorized signatories of the Applicant, validated by its corporate secretary or by an equivalent officer(s) who is/are authorized signatory(ies);
- (d) validly issued tax identification number issued by the BIR;
- (e) identification document(s) of the authorized signatories of the Applicant, as specified in item (a) of the immediately succeeding paragraph below; and
- (f) such other documents as may be reasonably required by any of the Joint Lead Underwriters and Joint Bookrunners, Selling Agents or the Registrar in the implementation of its internal policies regarding “know your customer”, anti-money laundering and combating the financing of terrorism.



Individual applicants must also submit, in addition to accomplished Applications to Purchase and its required attachments:

- (a) identification document (“ID”) of the Applicant which shall consist of any one (1) of the following valid identification documents bearing a recent photo, and which is not expired: Philippine Identification Card (PhilID), Tax Identification Number (TIN) ID, Passport, Driver’s License, Professional Regulation Commission ID, National Bureau of Investigation Clearance, Police Clearance, Postal ID, Voter’s ID, Barangay Certification, Government Service Insurance System e-Card, Social Security System Card, Senior Citizen Card, Overseas Workers Welfare Administration ID, OFW ID, Seaman’s Book, Alien Certification of Registration/Immigrant Certificate of Registration, Government Office and government-owned and controlled corporation ID, (e.g., Armed Forces of the Philippines, Home Development Mutual Fund, Philippine Health Insurance Corporation, Certification from the National Council for the Welfare of Disabled Persons, Department of Social Welfare and Development Certification, Maritime Industry Authority), Integrated Bar of the Philippines ID, company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC or the Insurance Commission, or school ID duly signed by the principal or head of the school (for students who are beneficiaries of remittances/fund transfers who are not yet of voting age);
- (b) two (2) duly accomplished signature cards containing the specimen signature of the Applicant;
- (c) validly issued tax identification number issued by the BIR; and
- (d) such other documents as may be reasonably required by any of the Joint Lead Underwriters and Joint Bookrunners, Selling Agents or the Registrar in implementation of its internal policies regarding “know your customer”, anti-money laundering and combating the financing of terrorism.

An Applicant who is claiming exemption from any applicable tax, or entitlement to preferential tax rates shall, in addition to the requirements set forth above, be required to submit the following requirements to the relevant Joint Lead Underwriter and Bookrunner or Selling Agent (together with the Application to Purchase), subject to acceptance by the Issuer as being sufficient in form and substance:

- (a) BIR-certified true copy of a valid, current and subsisting rate of tax qualification for tax exemption (e.g., Tax Qualified Plan), Certificate of Entitlement [with updated Tax Residency Certificate], Certificate of Tax Exemption), ruling or opinion issued by the BIR and addressed to the relevant applicant or Bondholder, confirming its exemption or its entitlement to the preferential rate, as required under BIR Revenue Regulation No. 15-2025, Revenue Memorandum Order (“RMO”) No. 38-2019 as clarified by BIR Revenue Memorandum Circular (“RMC”) No. 123-2024 and RMC No. 8-2014 including any clarification, supplement or amendment thereto;
- (b) with respect to tax treaty relief:
  - (i) a non-resident Bondholder may signify its intention to claim preferential tax rate under the relevant tax treaty by submitting to the Issuer the Application Form for Treaty Purposes (BIR Form 0901) and Tax Residency Certificate duly issued by the foreign tax authority, and the relevant provision of the applicable tax treaty, and such other documentary requirements enumerated in BIR RMO No. 14-2021 in relation to BIR RMC No. 77-2021. For the avoidance of doubt, the Issuer shall retain sole discretion in determining whether the non-resident Bondholder is entitled to the preferential tax treaty rate based on the documents submitted by the non-resident Bondholder, provided that all the conditions for the availment thereof, other than residency, have been satisfied;

- (ii) in the event that the Issuer determines that the non-resident Bondholder is not entitled to the preferential tax treaty rate based on the documents submitted in item (i) above and determines that all conditions for the availment have not been satisfied, the Issuer shall apply the regular tax rates;
  - (iii) the non-resident Bondholder may apply for preferential tax treaty rate with the BIR in accordance with BIR Revenue Memorandum Order No. 14-2021;
  - (iv) the Issuer shall not apply for any confirmatory application of preferential tax rates with the BIR;
  - (v) should the BIR grant the application for tax treaty relief, it is the obligation of the non-resident Bondholder to apply for refund with the BIR. The Issuer shall not refund the non-resident Bondholder any amount as a result of the application of the higher tax rate;
  - (vi) the non-resident Bondholder must update its BIR Certificate annually, if applicable, as described in BIR Revenue Memorandum Order No. 14-2021. Expired BIR Certificates will not be accepted by the Issuer; and
  - (vii) the non-resident Bondholder shall submit its Tax Residency Certificate annually to the Issuer as continuing proof of its entitlement to the preferential tax treaty rate. Absent such updated Tax Residency Certificate, the Issuer shall apply the regular tax rate.
- (c) a duly notarized undertaking executed by (i) the corporate secretary or any authorized representative of such Applicant or Bondholder, who has personal knowledge of the exemption or preferential rate treatment based on his official functions, if the Applicant purchases, or the Bondholder holds, the Bonds for its account, or (ii) the trust officer, if the Applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchases the Bonds pursuant to its management of tax-exempt entities (e.g., Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent (1) of any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement; (2) if there are any material changes in the factual circumstances of the Bondholder including but not limited to its character, nature, and method of operation, which are inconsistent with the basis for its income tax exemption; or (3) if there are any change of circumstance, relevant treaty, law or regulation or any supervening event that may or would result in the interest income of the Bonds being ineligible for exemption or preferential rate, with a declaration and warranty of its tax-exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax, provided, that in case of corporate, partnership or trust account investors, such Bondholder shall also submit an original certification from the corporate secretary or an equivalent officer of the investor, setting forth the resolutions of its board of directors or equivalent body authorizing the execution of the undertaking and designating the signatories, with their specimen signatures, for the said purpose; and
- (d) such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under the applicable regulations of the relevant taxing or other authorities; provided, that, the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholders on the Interest payments to such Bondholders.

Unless otherwise indicated above, the foregoing requirements shall be submitted, (i) in respect of an initial issuance of the Bonds, upon submission of the Application to Purchase to the Joint Lead Underwriters and Joint Bookrunners or Selling Agents who shall then forward the same to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, through the intermediary to the Registrar upon submission of the investor registration form (in the form prescribed by PDTC), in accordance with the procedures of the Registrar.

Failure on the part of the Bondholder, Joint Lead Underwriters and Joint Bookrunners, Selling Agent or PDEX Trading Participant to submit the aforementioned document/s within the time prescribed shall result in the application of the regular tax rates.

The Offer Price for each Offer Bond is payable in full upon submission of the duly executed Application to Purchase. Payments of the Offer Price shall be made either in checks or appropriate debit instructions or payment instructions made out to the order of the relevant Joint Lead Underwriter and Bookrunner or Selling Agent. All payments must be made or delivered to the Joint Lead Underwriter and Bookrunner or the Selling Agent to whom the Application to Purchase is submitted.

Completed Applications to Purchase and corresponding payments must reach the Joint Lead Underwriter and Bookrunner or the Selling Agent prior to the end of the Offer Period, or such other date and time as may be agreed in writing by the Issuer, and the Joint Lead Underwriters and Joint Bookrunners at their sole and absolute discretion and without prior notice, but subject to applicable rules and regulations. Acceptance by the Joint Lead Underwriter and Bookrunner and the Selling Agents of the completed Application to Purchase shall be subject to the availability of the Bonds and the acceptance by SMGP. In the event that any check payment is returned by the drawee bank for any reason whatsoever or the nominated bank account to be debited is invalid, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase shall be deemed revoked.

## **MINIMUM PURCHASE**

A minimum purchase of ₱50,000 shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of ₱10,000.

## **ALLOTMENT OF THE BONDS**

If the Bonds are insufficient to satisfy all Applications to Purchase, the available Bonds shall be allotted in accordance with the chronological order of submission of properly completed and appropriately accomplished Applications to Purchase on a first-come, first-served basis, without prejudice and subject to the Joint Lead Underwriters and Joint Bookrunners' exercise of the right of reduction or rejection on behalf of the Issuer.

## **ACCEPTANCE OF APPLICATIONS**

The Issuer and the Joint Lead Underwriters and Joint Bookrunners reserve the right to accept, reduce or reject applications to purchase the Bonds, and in case of oversubscription, allocate the Bonds available to the applicants in a manner they deem appropriate.

## **REDUCTION OR REJECTION OF APPLICATIONS**

The Joint Lead Underwriters and Joint Bookrunners shall accept, reduce or reject Applications to Purchase on behalf of the Issuer in accordance with the following provisions and the Allocation Plan. Reasons for reduction or rejection, as the case may be, may include the following:

- (a) Applications may be rejected if: (i) the Offer Price is unpaid; (ii) payments are insufficient or where checks, as applicable, are dishonored upon first presentation; (iii) the Application to Purchase is not received by the Joint Lead Underwriters and Joint Bookrunners or the

Selling Agent on or before the end of the Offer Period; (iv) the number of Bonds subscribed is less than the minimum amount of subscription; (v) the applications do not comply with the terms of the Offer; or (vi) the applications do not have sufficient information or are not supported by the required documents.

- (b) Applications may be reduced if the Offer is oversubscribed, in which case the number of Bonds covered by the applications shall be reduced pro rata.

In the event an Application to Purchase is rejected or the amount of Bonds applied for is scaled down in accordance for a particular Applicant in accordance with the Allocation Plan, the relevant Joint Lead Underwriters and Joint Bookrunners or Selling Agent shall (i) in the event of a rejection, notify the Applicant concerned that his/her application has been rejected or (ii) in the event of a scale down, upon receipt of the Allocation Report from the Joint Issue Managers, notify the Applicant concerned that the amount of Bonds applied for has been scaled down.

## **REFUNDS**

If any application is rejected or accepted in part only, payments made by the Applicant or the appropriate portion thereof shall be returned without interest to such Applicant by the relevant Joint Lead Underwriter and Bookrunner or the Selling Agent with whom such Application to Purchase was made.

Refunds shall be made, at the option of each Joint Lead Underwriter and Bookrunner or the Selling Agent, either (i) through the issuance of check(s) payable to the order of the relevant Applicant and crossed "Payees' Account Only" which shall be made available for pick up by the Applicant at the office of the Joint Lead Underwriter and Bookrunner or Selling Agent to whom the rejected or scaled down Application to Purchase was submitted no later than three (3) Business Days after the Issue Date, and where any checks that remain unclaimed after the three (3) Business Day period shall be mailed or delivered, at the risk of the Applicant, to the address specified in the Application to Purchase, or (ii) through the issuance of instructions for credit payments to the accounts of the relevant Applicants, as indicated in their respective Applications to Purchase..

## **PAYMENTS**

The Paying Agent shall open and maintain a payment account for each series of the Bonds, which shall be operated solely and exclusively by the said Paying Agent in accordance with the RPAA, provided that beneficial ownership of the payment accounts shall always remain with the Bondholders. The payment account shall be used exclusively for the payment of the principal, interest and other payments due on the Bonds on the relevant Payment Date. The Issuer and the Paying Agent shall maintain the relevant payment account while the relevant series of the Bonds are outstanding, and until six (6) months past the relevant Maturity Date or Redemption Date, as applicable. Upon closure of the payment accounts, any balance remaining in such payment account shall be turned over to the Issuer and shall be held by the Issuer in trust and for the irrevocable benefit of the Bondholders with unclaimed interest and principal payments and such other payments that are due on the relevant series of the Bonds.

## **UNCLAIMED PAYMENTS**

Any payment of interest on, or the principal of the Bonds which remain unclaimed after the same shall have become due and payable, shall be held in trust by the Paying Agent for the Bondholders at the latter's risk and shall be dealt with in accordance with the relevant provisions of the RPAA.

## **PURCHASE AND CANCELLATION**

The Issuer may purchase the Bonds at any time in the open market or by tender or by contract, in accordance with PDEX rules, as may be amended from time to time, without any obligation to make pro rata purchases from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Bonds on PDEX, the Issuer shall disclose any such transactions in accordance with the applicable PDEX disclosure rules.

## **SECONDARY MARKET**

SMGP intends to list the Bonds in the PDEX.

For a more detailed discussion, please refer to the section *“Description of the Bonds – Secondary Trading of the Bonds”*.

## **REGISTRY OF BONDHOLDERS**

The Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing the Series N Bonds, Series O Bonds, and Series P Bonds sold in the Offer shall be issued in the name of the Trustee for the benefit of the Bondholders.

Legal title to the Bonds shall be shown in the Registry to be maintained by the Registrar. The names and addresses of the Bondholders and the particulars of the Bonds held by them and all transfers of the Bonds shall be entered into the Registry. Transfers of ownership shall be effected through book-entry transfers in the scripless Registry.

For a more detailed discussion, please refer to the section *“Description of the Bonds – Transfer of the Bonds”*.

## Description of the Bonds

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*The following does not purport to be a complete listing of all the rights, obligations, or privileges of the Bonds. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective investors are enjoined to carefully review the articles of incorporation, by-laws and resolutions of the Board of Directors of SMGP submitted to the SEC, the information contained in this Offer Supplement, the Trust Agreement, Registry and Paying Agency Agreement (“RPAA”), Issue Management and Underwriting Agreement (the “**Issue Management and Underwriting Agreement**”), and other documents relevant to the Offer, Applicable Law, rules and regulations of PDTC and PDEX relevant to the Offer, and to perform their own independent investigation and analysis of the Issuer and the Bonds. Prospective Bondholders must make their own appraisal of the Issuer and the Offer, and must make their own independent verification of the information contained herein and the other aforementioned documents and any other investigation they may deem appropriate for the purpose of determining whether to participate in the Offer. They must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective investor’s independent evaluation and analysis. Prospective Bondholders are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the Bonds.*

The offer and issuance of the Bonds was authorized by a resolution of the Board of Directors of the Company on [February 6, 2026]. The Bonds, with an aggregate principal amount of up to ₱30,000,000,000, comprised of a Base Offer of ₱20,000,000,000 and an oversubscription option of up to ₱10,000,000,000, shall be issued on the Issue Date, that is April 17, 2026, and will comprise of 5.25-year Series N Bonds due 2031, 7-year Series O Bonds due 2033, and 10-year Series P Bonds due 2036.

The Bonds shall be governed by a Trust Agreement dated [•] between the Issuer and RCBC Trust Corporation as Trustee. The Trustee has no interest in or relation to the Issuer which may conflict with the performance of its functions. The description of the terms and conditions of the Bonds set out below includes summaries of, and is subject to, the detailed provisions of the Trust Agreement.

An RPAA in relation to the Bonds was executed on [•] between the Issuer and PDTC as Registrar and Paying Agent. PDTC has no interest in or relation to the Issuer which may conflict with the performance of its functions.

Copies of the Trust Agreement and the RPAA are available for inspection during normal business hours at the specified offices of the Trustee. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Trust Agreement and all the provisions of the RPAA applicable to them.

### Form and Denomination

The Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing the Series N Bonds, Series O Bonds, and Series P Bonds sold in the Offer shall be issued in the name of the Trustee for the benefit of the Bondholders.

The Bonds shall be issued in minimum denominations of ₱50,000 each, and in integral multiples of ₱10,000 thereafter, and traded in denominations of ₱10,000 in the secondary market.

### Title

Legal title to the Bonds will be shown in the Registry maintained by the Registrar. A notice confirming the principal amount of the Bonds purchased by each applicant in the Offer shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the Bonds shall pass by recording of the transfer from the transferor to the transferee in the Registry maintained by the Registrar.

## **BOND RATING**

The Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings. PRS Aaa is the highest rating assigned by PhilRatings. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

The rating is subject to regular annual review, or more frequently as market developments may dictate, for as long as the Bonds are outstanding. After Issue Date, the Trustee shall monitor the compliance of the Bonds with the regular annual reviews.

## **TRANSFER OF BONDS**

### **Registry of Bondholders**

The Issuer will cause the Registry to be kept by the Registrar in electronic form. The names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers and assignments of the Bonds, including any liens and encumbrances thereon, shall be entered into the Registry. Transfers of ownership shall be effected through book-entry transfers in the scripless Registry.

As required by Circular No. 428-04 issued by the BSP, as amended, the Registrar shall send each Bondholder a written statement of registry holdings at least every quarter (at the cost of the Issuer), and a written advice confirming every receipt or transfer of the Bonds that is effected in the Registrar's system. Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Any requests of Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfer of the Bonds may be made during the Closed Period (as defined below).

### **Transfers; Tax Status**

Settlement in respect of such transfers or change of title to the Bonds, including the settlement of any documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder or the transferee, as applicable.

Subject to the provisions of the RPAA, the relevant rules, conventions and guidelines of PDEX and PDTC, the Bondholders may not transfer their Bonds as follows:

- (a) transfers across Tax Categories shall not be allowed except on Interest Payment Dates that fall on a Business Day; provided, however, that transfers from a tax-exempt Tax Category to a taxable Tax Category on a date other than an Interest Payment Date shall be allowed using the applicable tax withheld series name of PDEX, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade. Should this transaction occur, the tax-exempt person shall be treated as being of the same Tax Category as its taxable counterparty for the Interest Period within which such transfer occurred; provided, finally, that this restriction shall be in force until a Non-Restricted Trading & Settlement Environment for Corporate Securities is implemented. For purposes hereof, "**Tax Categories**" shall refer to the four (4) final withholding tax categories in the PDEX system covering, particularly, tax-exempt persons, 20% tax-withheld persons, 25% tax-withheld persons, and 30% tax-withheld persons, as such categories may be revised, amended or supplemented by PDEX in accordance with its rules and applicable law. This restriction shall be in force until a Non-Restricted Trading & Settlement Environment for Corporate Securities is implemented;

- (b) transfers by Bondholders with deficient documents; and
- (c) transfers during a Closed Period. For purposes hereof, “**Closed Period**” means, with respect to each series of the Bonds, the period during which the Registrar shall not register any transfer or assignment of the relevant series of the Bonds, specifically: (i) the period of two (2) Business Days preceding any Interest Payment Date or the Maturity Date the relevant series of the Bonds; or (ii) with respect to the Optional Redemption or an early redemption, the period commencing on the Record Date indicated in the relevant notice delivered in respect of the Optional Redemption or an early redemption, as the case may be, until the relevant Redemption Date.

Transfers taking place in the Registry after the Bonds are listed on PDEX may be allowed between taxable and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if/and or when so allowed under and in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC.

A Bondholder claiming tax-exempt status is required to submit to the Registry the required tax-exempt documents as detailed in the RPAA upon submission of the account opening documents to the Registrar. Please see the section on “*Description of the Bonds –Tax-Exempt Status or Entitlement to Preferential Tax Rate*” for a detailed discussion on the requirements for claiming a preferential tax status.

Notwithstanding the submission by the Bondholder, or the receipt by the Issuer, the Registrar, a Joint Lead Underwriter and Bookrunner or a Selling Agent of documentary proof of the tax-exempt status or entitlement to a preferential tax rate of a Bondholder, the Issuer may, in its sole and reasonable discretion, determine that such Bondholder is taxable and require the Registrar and Paying Agent to proceed to apply the tax due on the Bonds. Any question on such determination shall be referred to the Issuer.

The Bondholders shall be responsible for monitoring and accurately reflecting their tax status in the Registry. The payment report to be prepared by the Registrar and submitted to the Issuer in accordance with the RPAA, which shall be the basis of payments on the Bonds on any Interest Payment Date, shall reflect the tax status of the Bondholders as indicated in their accounts as of the Record Date.

## **Secondary Trading of the Bonds**

The Issuer intends to list the Bonds on PDEX for secondary market trading and, for that purpose, the Issuer intends to file an application for such listing. However, there can be no assurance that such a listing will actually be achieved or whether such a listing will materially affect the liquidity of the Bonds on the secondary market. Such listing would be subject to the Issuer’s execution of a listing agreement with PDEX that may require the Issuer to make certain disclosures, undertakings and payments on an ongoing basis.

For so long as any of the Bonds are listed on PDEX, the Bonds will be traded in the secondary market in a minimum board lot size of ₱10,000, and in multiples of ₱10,000 in excess thereof. Secondary market trading in PDEX shall follow the applicable PDEX rules, including rules, conventions and guidelines governing trading and settlement between Bondholders of different tax status, and shall be subject to the relevant fees of PDEX and PDTC, all of which shall be for the account of the Bondholders.

## **RANKING**

The financial obligations of the Issuer under Bonds constitute the direct, unconditional, unsubordinated and unsecured obligations of the Issuer ranking at least *pari passu* and ratably without any preference or priority among themselves and at least *pari passu* with all of the other unsubordinated and unsecured Indebtedness of the Issuer, whether now existing or hereafter outstanding, contingent or otherwise (except for Indebtedness mandatorily preferred by law, and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or



other similar laws affecting the enforcement of rights of the creditors generally and by general principles of equity but not the preference or priority established by Article 2244, paragraph 14(a) of the Civil Code of the Philippines), but in the event of insolvency, such financial obligations shall be absolute and unconditional only to the extent permitted by Applicable Law relating to creditors' rights generally.

## **INTEREST AND INTEREST PAYMENT DATES**

### **Interest**

The Series N Bonds shall have a term of five (5) years and three (3) months from Issue Date with a fixed interest rate equivalent to [•]% per annum.

The Series O Bonds shall have a term of seven (7) years from Issue Date with a fixed interest rate equivalent to [•]% per annum.

The Series P Bonds shall have a term of ten (10) years from Issue Date with a fixed interest rate equivalent to [•]% per annum.

### **Interest Payment Dates**

The Bonds shall bear interest on its principal amount from and including Issue Date, payable quarterly in arrears on [January], [April], [July], and [October] of each year, commencing on [July], or the subsequent Business Day without adjustment for accrued interest, if such Interest Payment Date falls on a non-Business Day (each of which, for purposes of this clause is an “**Interest Payment Date**”).

The cut-off date in determining the existing Bondholders entitled to receive Interest, principal and/or such other payments that may be due on the Bonds shall be two (2) Business Days immediately preceding the relevant Payment Date or such other date as the Issuer may duly notify PDTC (the “**Record Date**”). The Record Date shall be the reckoning date in determining the Bondholders entitled to receive interest, principal or any other amount due under the Bonds. No transfers of the Bonds may be made during the Closed Period.

### **Interest Accrual**

The Bonds shall cease to bear interest from and including the relevant Maturity Date or the relevant Redemption Date, as discussed under “*Description of the Bonds - Redemption and Purchase*” below, unless, upon due presentation, payment of the principal in respect of the Bonds then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see “*Description of the Bonds - Penalty Interest*” below) shall apply.

### **Calculation of Interest**

The interest shall be calculated on a European 30/360-day count basis, regardless of the actual number of days in a month.

## **REDEMPTION AND PURCHASE**

### **Final Redemption**

Unless otherwise earlier redeemed or purchased and cancelled, each of the Bonds will be redeemed at par or 100% of their face value on their respective Maturity Dates. However, if the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment for accrued interest and the Final Redemption Amount, on the succeeding Business Day.

Each Bondholder in whose name the Bonds are registered in the Registry at the close of business on the Record Date preceding the relevant Maturity Date shall be entitled to receive the principal amount of the relevant Bonds. In all cases, repayment of principal shall be remitted to the Bondholders in accordance with the terms of the RPAA.

### Optional Redemption

The Issuer shall have the right, but not the obligation, to redeem in whole (but not in part), the outstanding Series N Bonds, Series O Bonds, and Series P Bonds on the dates set out below (each an “**Optional Redemption Date**”):

| <b>Optional Redemption Date of Series N Bonds</b>                                                                                                                  | <b>Optional Redemption Price</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| On the 3rd anniversary of the Issue Date and every Interest Payment Date thereafter until the Interest Payment Date prior to the 5th anniversary of the Issue Date | [100.5%]                         |
| [Fifth (5th) anniversary of the Issue Date]                                                                                                                        | [100.0%]                         |

| <b>Optional Redemption Date of Series O Bonds</b>                                                                                                                      | <b>Optional Redemption Price</b> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| On the 3rd anniversary of the Issue Date and every Interest Payment Date thereafter until the Interest Payment Date prior to the 5th anniversary of the Issue Date     | [101.5%]                         |
| On the 5th anniversary of the Issue Date and every Interest Payment Date thereafter until the Interest Payment Date prior to the 6th anniversary of the Issue Date     | [101.0%]                         |
| On the 6th anniversary of the Issue Date and every Interest Payment Date thereafter until the second Interest Payment Date after the 6th anniversary of the Issue Date | [100.5%]                         |
| Interest Payment Date immediately preceding the 7th anniversary of the Issue Date                                                                                      | [100. 0%]                        |

| <b>Optional Redemption Date of Series P Bonds</b>                                                                                                                  | <b>Optional Redemption Price</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| On the 7th anniversary of the Issue Date and every Interest Payment Date thereafter until the Interest Payment Date prior to the 8th anniversary of the Issue Date | [101.5%]                         |
| On the 8th anniversary of the Issue Date and every Interest Payment Date thereafter until the Interest Payment Date prior to the 9th anniversary of the Issue Date | [101.0%]                         |

|                                                                                                                                                                        |           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| On the 9th anniversary of the Issue Date and every Interest Payment Date thereafter until the second Interest Payment Date after the 9th anniversary of the Issue Date | [100.5%]  |
| Interest Payment Date immediately preceding the 10th anniversary of the Issue Date                                                                                     | [100. 0%] |

provided, that if the relevant Optional Redemption Date falls on a day that is not a Business Day, then the payment of the accrued interest and the applicable Optional Redemption Price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and Optional Redemption Price to be paid. For the avoidance of doubt, the Bondholders shall not have any right to cause the Issuer to redeem the relevant Bonds pursuant to this Optional Redemption.

The amount payable to the Bondholders upon exercise by the Issuer of this Optional Redemption shall be calculated based on the principal amount of the Bonds being redeemed, as the sum of (i) the accrued interest computed from the last Interest Payment Date up to the relevant Optional Redemption Date; and (ii) the product of the principal amount of the Bonds being redeemed at the optional redemption price in accordance with the table above (the “**Optional Redemption Price**”).

The Issuer shall give no less than thirty (30) nor more than sixty (60) days’ prior written notice to the Trustee, the Registrar and Paying Agent of its intention to redeem the Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such optional redemption of the Bonds on the Optional Redemption Date stated in such notice. Upon receipt by the Trustee of such notice, the Trustee shall, through the Issuer secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended optional redemption. Each Bondholder in whose name the Bonds subject of the Optional Redemption are registered in the Registry at the close of business on the relevant Record Date shall be entitled to receive the interest and Optional Redemption Price. The Issuer shall pay the Bondholders in accordance with the terms of the RPAA.

### **Redemption for Taxation Reasons**

If payments under the Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the relevant Offer Bond series in whole, and not in part only, on any Interest Payment Date (having given not more than sixty (60) nor less than thirty (30) days’ prior written notice to the Trustee, the Registrar and Paying Agent) at par (or 100% of face value) and paid together with the accrued interest thereon, subject to the requirements of Applicable Law; provided that if the Issuer does not redeem the Bonds then all payments of principal and interest in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any such new or additional taxes, duties, assessments or governmental charges, unless such withholding or deduction is required by Applicable Law. In that event, the Issuer shall pay to the Bondholders concerned, such additional amount as will result in the receipt by such Bondholders of such amounts as would have been received by them had no such withholding or deduction for new or additional taxes been required.

Upon receipt by the Trustee of a written notice from the Issuer hereunder, the Trustee through the Issuer shall secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Bonds subject of the early redemption are registered in the Registry at the close of business on the relevant Record Date shall be entitled to receive the principal of the Bonds subject of the early redemption and the

interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the RPAA.

Accrued interest on the Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on a European 30/360-day count basis, regardless of the actual number of days in a month.

The Bondholders shall not have any right to cause the Issuer to redeem the Bonds under this section.

### **Redemption by Reason of Change in Law or Circumstance**

Upon the occurrence of a Change in Law or Circumstance (as enumerated below), the Issuer may redeem the Bonds in whole, but not in part (having given not more than sixty (60) days' nor less than thirty (30) days' written notice to the Trustee, the Registrar and the Paying Agent, at par (or 100% of face value) and paid together with the accrued interest thereon.

The following events shall be considered as changes in law or circumstance (each a "**Change in Law or Circumstance**") as it refers to the obligations of the Issuer and to the rights and interests of the Bondholders under the Trust Agreement:

- (i) Any government and/or non-government consent, license, authorization, registration or approval now or hereafter necessary to enable the Issuer to comply with its obligations under the Trust Agreement or the Bonds shall be modified, withdrawn or withheld in a manner which shall materially and adversely affect the ability of the Issuer to comply with such obligations, or
- (ii) Any provision of the Transaction Documents (in whole or in part) is or becomes, for any reason, invalid, illegal or unenforceable to the extent that it becomes for any reason unlawful for the Issuer to give effect to its rights or obligations thereunder, or to enforce any provision thereunder; or any law is introduced or any existing Applicable Law is modified or rendered ineffective or inapplicable to prevent or restrain the performance by the Issuer of its obligations under the Transaction Documents; or
- (iii) Any concession, permit, right, franchise or privilege required for the conduct of the business and operations of the Issuer shall be revoked, cancelled or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as to materially and adversely affect the financial condition or operations of the Issuer; or
- (iv) The Philippines or any competent authority thereof takes any action to suspend the whole or a substantial portion of the operations of the Issuer and to condemn, seize, nationalize or appropriate (either with or without compensation) the Issuer or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by the Issuer or the same does not materially and adversely affect the financial condition or operations of the Issuer.

Upon receipt by the Trustee of a written notice from the Issuer on the occurrence of any Change in Law or Circumstance, the Trustee through the Issuer shall secure from the Registrar an updated list of Bondholders as of the Record Date indicated in the notice from the Issuer and provide written notices to all registered Bondholders of the intended early redemption. Each Bondholder in whose name the Bonds subject of the early redemption are registered in the Registry at the close of business on the relevant Record Date shall be entitled to receive the principal of the Bonds subject of the early redemption and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the RPAA.

Accrued interest on the Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on a European 30/360-day count basis, regardless of the actual number of days in a month.

The Bondholders shall not have any right to cause the Issuer to redeem the Bonds pursuant to a Change in Law or Circumstance under this section. The foregoing, however, is without prejudice to a declaration on an Event of Default, as applicable.

### **Redemption by Reason of Change of Control**

Upon the occurrence of a Change of Control, Bondholders holding at least 2/3 of the outstanding principal amount of the Bonds may require the Issuer to redeem all (but not some) of the Bonds, at par (or 100% of face value), which shall be paid together with the accrued interest thereon. Within fifteen (15) days following a Change of Control, the Issuer shall notify the Trustee, which shall, in turn, notify the Bondholders (i) that a Change of Control has occurred and that the Bondholders holding at least 2/3 of the outstanding principal amount of the Bonds may require the Issuer to redeem all (but not some) of the Bonds, and (ii) the date set by the Issuer for such redemption (which shall not be earlier than forty-five (45) days and no later than sixty (60) days from the date written notice is received by the Trustee). The decision of the Bondholders holding at least 2/3 of the outstanding principal amount of the Bonds under this section shall be conclusive and binding upon all the Bondholders.

Each Bondholder in whose name the Bonds are registered in the Registry at the close of business on the Record Date indicated in the notice to the Bondholders shall be entitled to receive the principal of the Bonds and the interest accrued thereon. The Issuer shall pay the Bondholders in accordance with the terms of the RPAA.

Accrued interest on the Bonds to be redeemed under this section for the last Interest Payment Date up to the relevant redemption date shall be calculated on a European 30/360-day count basis, regardless of the actual number of days in a month.

### **Purchase and Cancellation**

Notwithstanding the provisions on Final Redemption, Optional Redemption, Redemption for Taxation Reasons, Redemption by Reason of Change in Law or Circumstance, and Redemption by Reason of Change of Control above, the Issuer may purchase the Bonds at any time in the open market or by tender or by contract, in accordance with PDEX rules, without any obligation to make pro rata purchases from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Bonds in the PDEX, the Issuer shall disclose any such transaction in accordance with the applicable PDEX disclosure rules.

### **Payments**

The principal of, interests on, and all other amounts payable on the Bonds shall be paid to the Bondholders through the Paying Agent. The Paying Agent shall credit the proper amounts received from the Issuer via RTGS, net of final taxes and fees (if any), to the cash settlement banks of the Bondholders (nominated by the Bondholders in the Application to Purchase or as the Bondholder may notify the Paying Agent in writing), for onward remittance to the relevant cash settlement account of the Bondholder with the cash settlement bank. The principal of, and interest on, the Bonds shall be payable in Philippine Pesos.

In the event that the details of the cash settlement account indicated by the relevant Bondholder in the Application to Purchase are incomplete or erroneous, or the cash settlement account of the relevant Bondholders has been closed, is dormant, or is inexistent, due to which payments to the Bondholders cannot be effected in a timely manner, and the Paying Agent does not receive any notice from the Bondholder as described in the Application to Purchase, the relevant cash settlement bank shall handle such funds in accordance with its own internal procedures until the correction of the cash settlement account is effected and until credit of the relevant cash entitlement is completed. In these cases, the Issuer and the Registrar and Paying Agent shall not be liable to the relevant Bondholder for any failure or delay in the Bondholder's receipt of such payments.

The Issuer shall ensure that so long as any of the Bonds remain outstanding, there shall at all times be a Paying Agent for purposes of the Bonds and the Issuer or the Paying Agent may only terminate the appointment of the Paying Agent as provided in the RPAA. In the event the appointed office of any institution shall be unable or unwilling to continue to act as the Paying Agent, the Issuer shall appoint such other leading institution in the Philippines authorized to act in its place.

### **Payment of Additional Amounts – Taxation**

Interest income on the Bonds is subject to a final withholding tax at rates between 10% and 25%, depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such final withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Philippines, including but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided however that, the Issuer shall not be liable for the following:

- (a) The withholding tax applicable on interest earned on the Bonds prescribed under the Tax Code, as amended, and its implementing rules and regulations as may be in effect from time to time; provided, further, that all Bondholders are required to provide the Issuer through the Bondholders' Selling Agent or PDEX Trading Participant and endorsed to the Registrar and Paying Agent their validly issued tax identification numbers issued by the BIR;
- (b) Gross Receipts Tax under Section 121 of the Tax Code;
- (c) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding;
- (d) Value Added Tax under Sections 106 to 108 of the Tax Code, as amended by Republic Act No. 9337; and
- (e) Any applicable taxes on any subsequent sale or transfer of the Bonds by any holder which shall be for the account of such holder (or its buyer, as the holder and the buyer may have agreed upon).

Documentary stamp tax for the primary issue of the Bonds and the execution of the Transaction Documents, if any, shall be for the Issuer's account.

Please see the section on "*Taxation*" on page [•] of the Prospectus for a more detailed discussion on the tax consequences of the acquisition, ownership and disposition of the Bonds.

### **Tax-Exempt Status or Entitlement to Preferential Tax Rate**

An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer, as being sufficient in form and substance:

- (a) BIR-certified true copy of a valid, current and subsisting rate of tax qualification for tax exemption (e.g., Tax Qualified Plan), Certificate of Entitlement [with updated Tax Residency Certificate], Certificate of Tax Exemption), ruling or opinion issued by the BIR and addressed to the relevant applicant or Bondholder, confirming its exemption or its entitlement to the preferential tax rate, as required under BIR Revenue Regulation No. 15-2025, Revenue Memorandum Order ("**RMO**") No. 38-2019 as clarified by BIR Revenue Memorandum Circular ("**RMC**") No. 123-2024 and RMC No. 8-2014 including any clarification, supplement or amendment thereto;
- (b) with respect to tax treaty relief,

- (i) a non-resident Bondholder may signify its intention to claim preferential tax rate under the relevant tax treaty by submitting to the Issuer the Application Form for Treaty Purposes (BIR Form 0901) and Tax Residency Certificate duly issued by the foreign tax authority, and the relevant provision of the applicable tax treaty, and such other documentary requirements enumerated in BIR RMO No. 14-2021 in relation to BIR RMC No. 77-2021. For the avoidance of doubt, the Issuer shall retain sole discretion in determining whether the non-resident Bondholder is entitled to the preferential tax treaty rate based on the documents submitted by the non-resident Bondholder, provided that all the conditions for the availment thereof, other than residency, have been satisfied;
  - (ii) in the event that the Issuer determines that the non-resident Bondholder is not entitled to the preferential tax treaty rate based on the documents submitted in item (i) above and determines that all conditions for the availment have not been satisfied, the Issuer shall apply the regular tax rates;
  - (iii) the non-resident Bondholder may apply for preferential tax treaty rate with the BIR in accordance with BIR Revenue Memorandum Order No. 14-2021;
  - (iv) the Issuer shall not apply for any confirmatory application of preferential tax rates with the BIR;
  - (v) should the BIR grant the application for tax treaty relief, it is the obligation of the non-resident Bondholder to apply for refund with the BIR. The Issuer shall not refund the non-resident Bondholder any amount as a result of the application of the higher tax rate;
  - (vi) the non-resident Bondholder must update its BIR Certificate annually, if applicable, as described in BIR Revenue Memorandum Order No. 14-2021. Expired BIR Certificates will not be accepted by the Issuer; and
  - (vii) the non-resident Bondholder shall submit its Tax Residency Certificate annually to the Issuer as continuing proof of its entitlement to the preferential tax treaty rate. Absent such updated Tax Residency Certificate, the Issuer shall apply the regular tax rate.
- (c) a duly notarized undertaking executed by (i) the corporate secretary or any authorized representative of such Applicant or Bondholder, who has personal knowledge of the exemption or preferential rate treatment based on his official functions, if the Applicant purchases, or the Bondholder holds, the Bonds for its account, or (ii) the trust officer, if the Applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchases the Bonds pursuant to its management of tax-exempt entities (e.g., Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent (1) of any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement; (2) if there are any material changes in the factual circumstances of the Bondholder including but not limited to its character, nature, and method of operation, which are inconsistent with the basis for its income tax exemption; or (3) if there are any change of circumstance, relevant treaty, law or regulation or any supervening event that may or would result in the interest income of the Bonds being ineligible for exemption or preferential rate, with a declaration and warranty of its tax-exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax, provided, that in case of corporate, partnership or trust account investors, such Bondholder shall also submit an original certification from the corporate secretary or an equivalent officer of the investor,

setting forth the resolutions of its board of directors or equivalent body authorizing the execution of the undertaking and designating the signatories, with their specimen signatures, for the said purpose; and

- (d) such other documentary requirements as may be reasonably required by the Issuer or the Registrar or Paying Agent, or as may be required under the applicable regulations of the relevant taxing or other authorities; provided, that, the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholders on the Interest payments to such Bondholders.

Unless otherwise indicated above, the foregoing requirements shall be submitted, (i) in respect of an initial issuance of the Bonds, upon submission of the Application to Purchase to the Joint Lead Underwriters and Joint Bookrunners or Selling Agents who shall then forward the same to the Registrar; or (ii) in respect of a transfer from a Bondholder to a purchaser, through the intermediary to the Registrar upon submission of the investor registration form (in the form prescribed by PDTC), in accordance with the procedures of the Registrar.

Failure on the part of the Bondholder, Joint Lead Underwriter and Bookrunner, Selling Agent or PDEX Trading Participant to submit the aforementioned document/s within the time prescribed shall result in the application of the regular tax rates.

## **FINANCIAL RATIO**

The Issuer may incur Debt if, on the Transaction Date, after giving effect to the incurrence of such Debt, but not giving any effect to the receipt or application of proceeds therefrom, provided its Net Debt to Equity Ratio does not exceed 3.25x and its Interest Coverage Ratio does not fall below 2.25x.

For avoidance of doubt, any Debt to be incurred to refinance, in the same currency or its equivalent amount, an existing Debt outstanding on the date of the Trust Agreement, shall not be construed as an incurrence of additional Debt for purposes of computing the Net Debt to Equity Ratio.

The ratios shall be computed using the following formula:

Net Debt to Equity (all items being net of amounts attributable to Ring-Fenced Subsidiaries):

*Consolidated Net Total Debt + total PSALM lease liabilities*

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*Consolidated Total Equity*

Interest Coverage Ratio (all items being the amounts for the most recent Four Quarterly Period and excluding Ring-Fenced Subsidiaries):

*Consolidated EBITDA*

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*Consolidated Interest Expense*

In the determination of any particular amount of Indebtedness in connection with Financial Covenants: Guarantees, Security Interests or obligations with respect to letters of credit supporting Indebtedness otherwise included in the determination of such particular amount shall not be included.

## **NEGATIVE PLEDGE**

Until redemption or payment in full of the aggregate outstanding principal amount of the Bonds,



the Company will not and will ensure that none of its Material Subsidiaries will, without the prior written consent of the Majority Bondholders, create or have any outstanding, Security Interest upon or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Company or any of the Material Subsidiaries to secure any Indebtedness unless the Company, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (a) all amounts payable by it under the Bonds are secured by the Security Interest equally and ratably with the relevant Indebtedness to the satisfaction of the Majority Bondholders; or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided to the satisfaction of the Majority Bondholders,

provided, that the foregoing restriction shall not apply to any Permitted Security Interest.

## EVENTS OF DEFAULT

Each of the following events shall constitute an “**Event of Default**” under the Bonds and the Trust Agreement:

- (a) the Issuer defaults in the payment when due of any amount payable under the Trust Agreement, unless such failure arises solely as a result of an administrative or technical error or a Disruption Event and payment is made within three (3) Business Days after the date such payment is due (a “**Payment Default**”);
- (b) the Issuer fails to perform, comply with, or violates any material provision, term, condition, covenant or obligation contained in the Trust Agreement (other than by reason of paragraph (a) above), and any such failure, non-compliance or violation is not remediable or, if remediable, continues unremedied for a period of thirty (30) days (or such longer curing period granted to the Issuer by the Majority Bondholders) from the date after written notice thereof shall have been given to the Issuer by the Trustee;
- (c) any representation or warranty which is made by the Issuer or any of the directors or officers of the Issuer in the Trust Agreement or otherwise in connection with the Trust Agreement, or in any certificate delivered by the Issuer under or in connection with the Trust Agreement, shall prove to have been untrue or incorrect in any material respect as of the time it was made;
- (d) the Company or any of its Subsidiaries defaults in the performance or observance of, or compliance with, any one or more of its obligations under a Material Agreement and such default shall not have been remedied as provided therein and such event might reasonably be expected to have a Material Adverse Effect;
- (e) a Material Agreement is terminated, repudiated, cancelled or revoked and such event might reasonably result to a Material Adverse Effect;
- (f) a Material Agreement or any provision thereof is or becomes invalid, illegal or unenforceable and there is a Material Adverse Effect as a result thereof which has not been remedied within thirty (30) days of the occurrence thereof;
- (g) any Indebtedness of the Issuer, whether singly or in the aggregate, in excess of U.S.\$35,000,000 or its equivalent in Pesos or other currencies, using the Philippine Dealing System (PDS) closing rate of the immediately preceding Business Day, is not paid on its due date or within any applicable grace period or is declared to be due and payable prior to its stated date of payment (except where liability for payment of that Indebtedness is being contested in good faith by appropriate means);

- (h) a decree or order by a court or other Governmental Authority having jurisdiction over the premises is entered without the consent or application of the Issuer:
  - (i) adjudging the Issuer bankrupt or insolvent;
  - (ii) approving a petition seeking a suspension of payments by or a reorganization of the Issuer under any applicable bankruptcy, insolvency or reorganization law;
  - (iii) appointing a receiver, liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer or of all or substantially all of the business or assets of the Issuer;
  - (iv) providing for the winding up or liquidation of the affairs of the Issuer;
  - (v) with a view to the rehabilitation, administration, liquidation, winding-up or dissolution of the Issuer; or
  - (vi) taking other action under Applicable Law which is similar to any of the events mentioned in paragraphs (i) to (v) above (inclusive);

*Provided*, that the issuance of any such decree or order shall not be an Event of Default if the same shall have been dismissed or stayed by injunction or otherwise within ninety (90) days from issuance thereof;

- (i) the Issuer:
  - (i) institutes voluntary proceedings to be adjudicated bankrupt or insolvent or consents to the filing of a bankruptcy or insolvency proceeding against it;
  - (ii) files a petition seeking a suspension of payments by it or its reorganization under any applicable bankruptcy, insolvency or reorganization law or consents to the filing of any such petition;
  - (iii) seeks or consents to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of all or substantially all of its business or assets;
  - (iv) makes an assignment for the benefit of its creditors or admits in writing its inability to pay its debts generally as they become due;
  - (v) files a petition seeking the winding up or liquidation of its affairs or consents to the filing of any such petition;
  - (vi) takes any other step with a view to its rehabilitation, administration, liquidation, winding-up or dissolution or a suspension of payments by it; or
  - (vii) takes other action under Applicable Law which is similar to any of the events mentioned in paragraphs (i) to (vi) above (inclusive);
- (j) final and executory judgment(s) or order(s) are rendered by a court of competent jurisdiction against the Issuer or its properties or assets from which no appeal may be made for the payment of money which will have a Material Adverse Effect and such judgment or order shall continue unsatisfied or undischarged after ninety (90) days;
- (k) the Issuer shall suspend or discontinue all or a substantial portion of its business operations, whether voluntarily or involuntarily for a period of thirty (30) consecutive days except in cases of strike or lockout or closure when necessary to prevent business losses, or when due to fortuitous events or *force majeure*, *provided* that in any such event of strikes, lockouts or closure due to force majeure events, there is no Material Adverse Effect;

- (l) any event or circumstance that will have a Material Adverse Effect has occurred and is continuing; and
- (m) any Governmental Approval now or hereafter necessary to enable the Issuer to comply with its obligations under any Material Agreement to which it is party is not issued when required or is revoked, cancelled, withdrawn or withheld, not renewed, modified or amended or otherwise ceases to remain in full force and effect and such cancellation, withdrawal withholding, non-renewal, modification or amendment has a Material Adverse Effect; provided, that if the same is capable of being remedied, it shall not be an Event of Default if remedied within ninety (90) days from occurrence thereof.

### **Notice of Default**

The Trustee shall, within five (5) Business Days after receipt of written notice from the Issuer or the Majority Bondholders of the occurrence of an Event of Default, give to all the Bondholders written notice of any such Event of Default unless the same shall have been cured before the giving of such notice; provided, that in the case of a Payment Default (as described in paragraph (a) of the *"Description of the Bonds – Events of Default"*) the Trustee shall immediately notify the Bondholders upon the occurrence of such Payment Default.

### **Consequences of Default**

- (a) If any one or more of the Events of Default shall have occurred and be continuing after the lapse of the period given to the Issuer within which to cure such Event of Default, if any, or upon the occurrence of such Event of Default for which no cure period is provided, (i) the Trustee upon the written direction of the Majority Bondholders, by notice in writing delivered to the Issuer, or (ii) the Majority Bondholders, by notice in writing delivered to the Issuer and the Trustee, may declare the Issuer in default ("**Declaration of Default**") and declare the principal of the Bonds then outstanding, together with all accrued and unpaid interest thereon and all amounts due thereunder, to be due and payable not later than five (5) Business Days from the receipt of the Declaration of Default ("**Default Payment Date**") with a copy to the Registrar and Paying Agent who shall then prepare a payment report in accordance with the RPAA. Thereupon, the Issuer shall make all payments due on the Bonds in accordance with the RPAA.
- (b) All the unpaid obligations under the Bonds, including accrued interest, and all other amounts payable thereunder, shall be declared to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Issuer.

### **Penalty Interest**

In case any amount payable by the Issuer under the Bonds, whether for principal, interest, or otherwise, is not paid on the relevant due date, the Issuer shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay a penalty fee on the defaulted amount(s) at the rate of 12% per annum (the "**Penalty Interest**") from the time the amount fell due until it is fully paid in accordance with the terms and conditions of the Bonds and the Trust Agreement.

### **Payments in the Event of Default**

Upon the occurrence of any Event of Default, and provided that there has been a Declaration of Default and acceleration of payment of the Bonds by the Majority Bondholders, then in any such case, the Issuer will pay the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on such outstanding Bonds with interest at the rate borne by the Bonds on the overdue principal and with Penalty Interest, where applicable, based on the payment report no later than the Default Payment Date. The Issuer also undertakes that it shall give the Trustee written notice of its intention to make any payments under this paragraph.

## **Application of Payments**

Any money collected by the Trustee as a consequence of a Declaration of Default and any other funds held by it, subject to any other provision of the Trust Agreement relating to the disposition of such money and funds or to the RPAA, shall be applied by the Trustee in the order of preference as follows:

- (a) *First:* To the pro-rata payment to the Trustee, the Registrar, the Paying Agent and PDEx of the reasonable, actual and documented costs, expenses, fees, and other charges of collection, including reasonable compensation to them, their agents, attorneys, and all reasonable, actual and documented expenses and liabilities incurred or disbursements made by them, without gross negligence or bad faith in carrying out their respective obligations under their respective agreements with the Issuer in connection with the Bonds.
- (b) *Second:* To the payment of all outstanding interest, including any Penalty Interest, in the order of maturity of such interest, based on the information on Bondholders reflected in the relevant register account to be provided by the Registrar and Paying Agent in accordance with the Registry and Paying Agency Agreement.
- (c) *Third:* To the payment of the principal amount of the Bonds then due and payable based on the information on Bondholders reflected in the relevant register account to be provided by the Registrar and Paying Agent in accordance with the Registry and Paying Agency Agreement.
- (d) *Fourth:* The remainder, if any, shall be paid to the Issuer, its successors, or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

## **Prescription**

Claims in respect of principal and interest or other sums payable under the Bonds shall prescribe unless the claim is made within 10 years (in the case of principal or other sums) or five (5) years (in the case of interest) from the date on which payment becomes due.

## **Remedies**

All remedies conferred by the Trust Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extra judicial proceedings appropriate to enforce the conditions and covenants of the Trust Agreement, subject to the discussion under “*Description of the Bonds – Ability to File Suit.*”

No delay or omission by the Trustee or the Bondholders, to exercise any right or power arising from or on account of any default thereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Agreement to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient, subject to the discussion under “*Description of the Bonds – Ability to File Suit.*”

## **Ability to File Suit**

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Agreement to institute any suit, action or proceeding for the collection of any sum due from the Issuer under the Trust Agreement on account of principal, interest, and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder unless:

- (a) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene

a meeting of the Bondholders to take up matters related to their rights and interests under the Bonds in accordance with the provisions of the Notice of Default (see “*Description of the Bonds – Notice of Default*”);

- (b) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in its own name;
- (c) the Trustee, for sixty (60) days after the receipt of such notice and request, shall have neglected or refused to institute any such action, suit or proceeding; and
- (d) no directions inconsistent with such written request or rescission and annulment of a Declaration of Default shall have been given by the Majority Bondholders.

It being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no Bondholder shall have any right in any manner whatsoever by virtue of or by availing of any provision of the Trust Agreement to affect, disturb or prejudice the rights of the holders of any other such Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all the Bondholders.

### **Waiver of Default by the Bondholders**

The Majority Bondholders may (a) direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or (b) on behalf of the Bondholder, waive any past default except the Events of Default defined as a Payment Default, insolvency default (paragraph (i)) or closure default (paragraph (k)), and its consequences. In case of any such waiver, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights under the Trust Agreement; provided, that, no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Bonds.

### **SUBSTITUTION**

Substitution of the Bonds is not contemplated.

### **TRUSTEE; NOTICES**

The following discussion is qualified by the more detailed information as contained in the Trust Agreement.

#### **TRUSTEE**

##### **Notice to the Trustee**

All documents required to be submitted to the Trustee pursuant to the Trust Agreement and the terms and conditions of the Bonds and all other notices, requests and other communications thereunder must be in writing and will be deemed to have been duly given only if delivered personally, or mailed (first class postage prepaid) or emailed to the Trustee at the following address and email addresses; and addressed to the individuals named below:

To the Trustee:

##### **RCBC Trust Corporation**

Address: 9F Yuchengco Tower 1, RCBC Plaza, 6819 Ayala Avenue, Makati City 0727

Attention: Ryan Roy W. Sinaon  
Telephone: 8894-9000 local 1278  
Email: rwsinaon@rcbc.com

All such notices, requests and other communications will: (i) if delivered personally to the address as provided above, be deemed given upon delivery and (ii) if delivered by mail or email in the manner described above to the address or email addresses as provided above, be deemed given upon receipt and in case of email if received in readable form (in each case regardless of whether such notice, request or other communication is received by any other Person on behalf of such individual to whom a copy of such notice, request or other communication is to be delivered). The Trustee may from time to time change its address, email address or other information for the purpose of notices hereunder by giving notice specifying such change.

Any notice, report or communication received on a non-Business Day or after business hours in the place of receipt will only be deemed given on the next Business Day in that place.

### **Notice to the Bondholders**

The Trustee shall send all notices to Bondholders to their mailing address as set forth in the Registry. Except where a specific mode of notification is provided for in the Transaction Documents, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) ordinary mail; (iii) by publication for at least once a week for two (2) consecutive weeks in at least two (2) newspapers of general circulation in the Philippines; (iv) personal delivery to the address of record in the Registry; or (v) disclosure through the Online Disclosure System of the PDEX. The Trustee shall rely on the Registry in determining the Bondholders entitled to notice. If notices to Bondholders shall be sent by mail or personal delivery, such notices shall be sent to the mailing address of the Bondholders as set forth in the Registry. All notices shall be deemed to have been received (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing, if transmitted by ordinary mail; (iii) on the date of last publication, if notice is made by publication; or (iv) on the date of delivery, for personal delivery; or (v) on the date of disclosure, if notice is made by disclosure through the Online Disclosure System of the PDEX.

A notice made by the Issuer to the Trustee is notice to the Bondholders. The publication in a newspaper of general circulation in the Philippines of a press release or news item about a communication or disclosure made by the Issuer to the PDEX on a matter relating to the Bonds shall be deemed a notice to the Bondholders of said matter on the date of the first publication or the date of the disclosure, as the case may be.

### **Duties and Responsibilities of the Trustee**

The Trustee shall be responsible for performing, among others, the following duties for the benefit of the Bondholders, including but not limited to:

- (a) The Trustee is appointed as trustee for and on behalf of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Agreement. The Trustee shall, in accordance with the terms and conditions of the Trust Agreement, monitor the compliance or non-compliance by the Issuer with all its representations and warranties, and the observance by the Issuer of all its covenants and performance of all its obligations, under and pursuant to the Trust Agreement. The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Agreement.

For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with in respect to any matters that must be taken up with the Issuer.

- (b) The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Agreement. The Trustee, in the performance of its duties, shall exercise such rights and powers vested in it by the Trust Agreement, and use such diligence, judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters will exercise in the management of their own affairs, *provided*, that the Trustee shall have no duty or liability beyond its duty to perform the obligations under this Agreement.
- (c) Except as may be otherwise provided in the Trust Agreement, the Trustee is not required or obligated to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights and powers under the Trust Agreement if there is reasonable ground to believe that the repayment of such funds or liability is not reasonably assured to them under the terms of the Trust Agreement.

### **Resignation and Change of Trustee**

The Trustee may resign at any time by giving ninety (90) days' prior written notice to the Issuer and the Bondholders of such resignation.

Upon receipt of such notice of resignation of the Trustee, the Issuer shall immediately appoint a replacement trustee (the "**Replacement Trustee**") who shall be acceptable to the Issuer, by written instrument in duplicate, executed by its authorized officers, one (1) copy of which instrument shall be delivered to the resigning Trustee and one (1) copy to the Replacement Trustee. If no Replacement Trustee shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor, or any Bondholder who has been a bona fide holder for at least the immediately preceding six (6) months may, for and in behalf of the Bondholders, petition any court of competent jurisdiction for the appointment of a Replacement Trustee. Such court may thereupon after notice, if any, as it may deem proper, appoint a Replacement Trustee.

The Issuer may, subject to the occurrence of any of the events specified in the Trust Agreement, within thirty (30) days from the occurrence of such event, remove the Trustee and appoint a Replacement Trustee, by written instrument in duplicate, executed by its authorized officers, one (1) copy of which instrument shall be delivered to the Trustee so removed and one (1) copy to the Replacement Trustee. If the Issuer fails to remove the Trustee and appoint a Replacement Trustee, any Bondholder may, on behalf of himself and all other Bondholders, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a Replacement Trustee. Such court may thereupon after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a Replacement Trustee.

The Majority Bondholders may at any time remove the Trustee for cause and, with consent of the Issuer, appoint a Replacement Trustee, in accordance with the terms of the Trust Agreement, without prejudice to whatever remedies may be available to the Majority Bondholders under the law or in equity.

The Replacement Trustee must possess all the qualifications required under pertinent laws and the Trust Agreement.

Any resignation or removal of the Trustee and the appointment of a Replacement Trustee pursuant to any of the provisions in the Trust Agreement shall become effective upon the earlier of: (i) the effectivity of the resignation notice sent by the Trustee under the Trust Agreement; or (ii) the acceptance of appointment by the Replacement Trustee as provided in the Trust Agreement; provided, however, that until such Replacement Trustee is qualified and appointed, the outgoing Trustee shall continue to discharge its duties and responsibilities solely as a custodian of records for turnover to the Replacement Trustee promptly upon the appointment thereof by the Issuer.

Within ten (10) days from the effectiveness of the resignation or removal of the outgoing trustee and the appointment of the Replacement Trustee, the outgoing trustee shall transfer and turn over to the Replacement Trustee, and shall make an accounting of, all the assets, documents or instruments which are in the custody of the outgoing trustee pursuant to the Trust Agreement, if any.

### **Replacement Trustee**

The appointed Replacement Trustee shall execute, acknowledge and deliver to the Issuer and to its outgoing trustee an instrument accepting his/her appointment, and thereupon the resignation or removal of the outgoing trustee shall become effective and the Replacement Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusteeship with like effect as if originally named as Trustee under the Trust Agreement. The foregoing notwithstanding, on the written request of the Issuer or of the Replacement Trustee, the outgoing trustee shall execute and deliver an instrument transferring to the Replacement Trustee, all the rights, powers and duties of the outgoing trustee. Upon request of any such Replacement Trustee, the Issuer shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such Replacement Trustee all such rights, powers and duties.

Upon acceptance of the appointment by the Replacement Trustee, the Issuer shall notify the Bondholders in writing and/or by publication once in a newspaper of general circulation in Metro Manila, Philippines of the appointment of such Replacement Trustee to the trust constituted under the Trust Agreement. If the Issuer fails to notify the Bondholders within ten (10) days after the acceptance of appointment by the Replacement Trustee, the latter shall cause the Bondholders to be notified at the expense of the Issuer.

### **Reports to the Bondholders**

Only upon the existence of (a) or (b) below, the Trustee shall submit to the Bondholders on or before March 1 of each year from the Issue Date until full payment of the respective Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:

- (a) the property and funds, if any, physically in the possession of the Paying Agent held in trust for the Bondholders on the date of such report which shall be based on the report to be given by the Paying Agent to the Trustee upon request by the Trustee through the Issuer; or
- (b) any action taken by the Trustee in the performance of its duties under the Trust Agreement which it has not previously reported and which in its opinion materially affects the Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.

The Trustee shall submit to the Bondholders a brief report within ninety (90) days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Bondholders on the property or funds held or collected by the Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, the remaining unpaid amounts of such advance is at least 10% of the aggregate outstanding principal amount of the Bonds at such time.

### **Inspection of Documents**

Upon due notice to the Trustee, the following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:

- (a) the Trust Agreement;
- (b) the RPAA;
- (c) the Articles of Incorporation and By-laws of the Company; and
- (d) the Registration Statement of the Company with respect to the bonds (including the Bonds) with the Prospectus.



## **MEETINGS OF THE BONDHOLDERS**

A meeting of the Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or in behalf of the Bondholders of any specified aggregate principal amount of Bonds under any other provisions of the Trust Agreement or under the law and such other matters related to the rights and interests of the Bondholders under the Bonds.

The following discussion is qualified by the more detailed information as contained in the Trust Agreement.

### **Notice of Meetings**

The Trustee may at any time call a meeting of the Bondholders, on its own accord or upon the written request by the Issuer or the Majority Bondholders, for purposes of taking any actions authorized under the Trust Agreement. The meeting may be held at such time and at such place within Metro Manila as the party requesting such meeting may determine.

Unless otherwise provided in the Trust Agreement, the Trustee shall give notice of every meeting of the Bondholders (which notice must set forth the time, place (or if the meeting shall be held through remote communication, the method or platform) and purpose of such meeting in reasonable detail) to the Issuer and each of the registered Bondholders not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting and shall publish such notice once in a newspaper of general circulation; provided, that the Trustee shall fix the record date for determining the Bondholders entitled to notice and vote during the meeting, which record date shall not be earlier than forty-five (45) days before the date of the meeting; provided, further, that all reasonable, actual and documented costs and expenses incurred by the Trustee for the proper announcement of the requested meeting shall be reimbursed by the Issuer within ten (10) days from receipt of the duly supported billing statement, subject to obtaining prior written consent of the Issuer for reasonable, actual and documented costs and expenses in excess of Fifty Thousand Pesos (₱50,000) per occurrence.

### **Failure of the Trustee to Call a Meeting**

Failure of the Trustee to call a meeting upon the written request of either the Issuer or the Majority Bondholders within three (3) days from receipt of such request shall entitle the requesting party to send and publish the appropriate notice of the Bondholders' meeting and fix the record date for determining the Bondholders entitled to attend and vote in accordance with the procedure set forth under "*Description of the Bonds – Notice of Meetings*". The costs for calling such a meeting shall be for the Trustee's account.

### **Quorum**

The presence of Majority Bondholders, personally or by proxy, shall be necessary to constitute a quorum to do business at any meeting of the Bondholders. The Trustee shall determine and record the presence of the Majority Bondholders based on the list of Bondholders prepared by the Registrar in accordance with the RPAA (which list shall include all information necessary to the performance of the duties and powers of the Trustee under the Trust Agreement, such as, but not limited to, specimen signatures of the Bondholders' authorized signatories). The Registrar shall provide the Trustee through the Issuer with the foregoing list and information upon receipt of a written request from the Issuer.

### **Procedure for Meetings**

The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Issuer or by the Majority Bondholders as provided under "*Description of the Bonds – Failure of the Trustee to Call a Meeting*" in which case the Issuer or the Majority Bondholders calling the meeting, as the case may be, shall move for the election of the chairman and secretary of the meeting. The elected secretary shall take down the minutes of the meeting,

covering all matters presented for resolutions by and the results of the votes cast by the Bondholders entitled to vote at the meeting and/or the Person appointed in writing by a public instrument as proxy or agent by any such Bondholder in accordance with the procedure set forth in “*Description of the Bonds – Voting Rights*”. The elected secretary shall immediately provide the Trustee with a copy of the minutes of the meeting which copy shall be made available at any time to the Issuer and all Bondholders upon receipt of written request.

Any meeting of the Bondholders may be adjourned from time to time for a period or periods not to exceed in the aggregate one (1) year from the date for which the meeting shall originally have been called, and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by Persons representing a majority of the aggregate principal amount of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

### **Voting Rights**

To be entitled to vote at any meeting of the Bondholders, a Person should be a registered holder of the Bonds as reflected in the Registry on the relevant record date fixed by the Trustee, the Issuer, or the Majority Bondholders, as the case may be, or a Person appointed in writing by a public instrument as proxy or agent by any such Bondholder (and, in case of corporate or institutional Bondholders, duly supported by the resolutions of its board of directors or equivalent body authorizing the appointment of the proxy or agent duly certified by its corporate secretary or an authorized officer) for the meeting. Bondholders shall be entitled to one vote for every Ten Thousand Pesos (₱10,000). The only Persons who shall be entitled to be present or to participate at any meeting of the Bondholders shall be the Persons entitled to vote at such meeting, the Trustee, and any representative of the Issuer and its legal counsel.

### **Voting Requirement**

Except as provided in the Trust Agreement, all matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders present or represented in a meeting at which there is a quorum. Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided shall be binding upon all the Bondholders and the Trustee as if the votes were unanimous.

### **Role of the Trustee in Meetings of the Bondholders**

Notwithstanding any other provisions of the Trust Agreement, the Trustee may make such reasonable regulations (not inconsistent with the Trust Agreement) as it may deem advisable for any meeting of the Bondholders, with regard to proof of ownership of the Bonds, the appointment of proxies by the Bondholders, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit.

### **Evidence Supporting the Action of the Bondholders**

Wherever in the Trust Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of the Bonds may take any action (including the making of any demand or request and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the Bondholders of such specified percentage have joined such action may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing in accordance with the Trust Agreement, or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance with the Trust Agreement; or (iii) a combination of such instrument and any such record of meeting of the Bondholders.

### **Non-Reliance**

Each Bondholder represents and warrants to the Trustee and to the Issuer that it has independently and, without reliance on the Trustee or the Issuer, made its own credit investigation and appraisal of the financial position and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that it has subscribed to the Bonds and on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee or the Issuer.

In the absence of willful misconduct, fraud, evident bad faith, gross negligence or breach of Applicable Law on the part of the Trustee, the Issuer agrees, and the Bondholders are deemed to have agreed, to indemnify and hold the Trustee free and harmless from and against any and all claims, liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature including attorney's fees in case of litigation which may be suffered or incurred by the Trustee in performing its functions and obligations under the Trust Agreement.

## **Amendments**

The Issuer and the Trustee may, without prior notice to or the consent of the Bondholders or other parties, amend or waive any provisions of the Trust Agreement if such amendment or waiver is of a formal, minor, or technical nature or to correct a manifest error or inconsistency; provided, in all cases, that such amendment or waiver does not adversely affect the interests of the Bondholders; provided, further, that all Bondholders are notified of such amendment or waiver.

With the consent of the Majority Bondholders, the Issuer, when authorized by a resolution of its board of directors or the executive committee of its board of directors, and the Trustee may, from time to time and at any time, enter into an agreement or agreements supplemental to the Trust Agreement for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions of the Trust Agreement; provided, that no such supplemental agreement shall:

- (a) without the consent of all Bondholders affected thereby: (i) extend the maturity date of the Bonds; or (ii) reduce the principal amount of the Bonds; or (iii) reduce the rate or extend the time of payment of interest and principal thereon;
- (b) impair the right of any Bondholder to (i) receive payment of principal of, and interest on, the Offer Bonds on or after the due dates therefor or (ii) to institute suit for the enforcement of any payment on or with respect to such Bondholder;
- (c) affect the rights of some of the Bondholders without similarly affecting the rights of all the Bondholders;
- (d) make any Offer Bond payable in money other than that stated in the Offer Bond;
- (e) subordinate the Bonds to any other obligation of the Issuer;
- (f) amend or modify the provisions under "*Description of the Bonds – Payment of Additional Amounts - Taxation*", "*Description of the Bonds – Events of Default*" or "*Description of the Bonds – Waiver of Default by the Bondholders*";
- (g) reduce the percentage of the Bondholders required to be obtained under the Trust Agreement for their consent to or approval of any supplemental agreement or any waiver provided for in the Trust Agreement, without the consent of all the Bondholders; or
- (h) make any change or waiver of the conditions under paragraphs (a) to (g) inclusive.

It shall not be necessary to obtain the consent of the Bondholders under the foregoing paragraphs for the purpose of approving the particular form of any proposed supplemental agreement but such consent shall be necessary for the purpose of approving the substance thereof.

Any consent given pursuant to this section shall be conclusive and binding upon all Bondholders and upon all future holders and owners of the Bonds or of any Bonds issued in lieu thereof or in exchange therefor, irrespective of whether or not any notation of such consent is made upon the Bonds.

## **GOVERNING LAW**

The Transaction Documents are governed by and are construed in accordance with Philippine law.

## **VENUE**

Any suit, action, or proceeding arising out of, or relating to, the Bonds or the Trust Agreement shall be brought before the proper courts in the Cities of Makati, Pasig, Pasay or Mandaluyong, to the exclusion of all other courts at the option of the plaintiff, and the parties submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment, the Issuer, Trustee and Bondholders expressly waiving other venue.

## **WAIVER OF PREFERENCE**

The obligations created under the Bonds, the Trust Agreement and the Issue Management and Underwriting Agreement shall not enjoy any priority of preference or special privileges whatsoever over any indebtedness of the Issuer. Accordingly, whatever priorities or preferences that the Trust Agreement and the Issue Management and Underwriting Agreement may have or any Person deriving a right thereunder may have under Article 2244, paragraph 14(a) of the Civil Code of the Philippines are hereby absolutely and unconditionally waived and renounced. This waiver and renunciation of the priority or preference under Article 2244, paragraph 14(a) of the Civil Code of the Philippines shall be revoked if it be shown that any indebtedness of the Issuer has a priority or preference under the said provision.

# Description of the Business

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## COMPANY OVERVIEW

SMGP, together with its affiliates, subsidiaries, associates and joint ventures, is one of the largest power companies in the Philippines controlling an aggregate of 5,710 MW of combined capacity as of July 30, 2025 based on the ERC Resolution Adjusting Grid Market Share Limitation for 2025. The Company benefits from a diversified power portfolio, including natural gas, coal, renewable energy such as hydroelectric power and BESS. In addition, the Company is engaged in retail electricity services, invested in distribution services and has various power projects in the pipeline.

SMGP is a wholly-owned subsidiary of San Miguel Corporation (or SMC), one of the largest and most diversified conglomerates in the Philippines, founded in 1890, that is listed on the PSE. 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. The Company believes that its relationship with SMC allows it to draw on the extensive business networks, local business knowledge, relationships and expertise of SMC and its key executive officers.

Based on the total installed generating capacities reported in the ERC Resolution Adjusting Grid Market Share Limitation for 2025, SMC's market share was approximately 20% of the National Grid, 25% of the Luzon Grid, 5% of the Visayas Grid and 9% of the Mindanao Grid.<sup>4</sup> Market share is computed by dividing the relevant installed generating capacity for the period by the total installed generating capacity of Luzon Grid, Visayas Grid, Mindanao Grid or National Grid (20,659,316 kW, 3,443,158 kW, 4,287,600 kW and 28,390,074 kW, respectively, based on data provided under the ERC Resolution Adjusting Grid Market Share Limitation for 2025).

The following table sets forth selected data in respect of the Company's primary operating power generation assets and interests as of September 30, 2025.

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<sup>4</sup> The installed generation capacity attributable to SMC comprises the installed generation capacity attributable to SMGP and 183 MW attributable to Petron Corporation, an affiliate of SMGP through SMC.

|                                                                              | IPPA Plant                                           | Greenfield Plants                          |                                                                                       |                                                                     | JV Plant                                                 | IPP Plants                                  |                                                                                                                                                        |
|------------------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                              | San Roque                                            | Davao                                      | Limay                                                                                 | Mariveles                                                           | Angat                                                    | Sual                                        | Masinloc and Masinloc BESS                                                                                                                             |
| Type .....                                                                   | Hydro                                                | Coal                                       | Coal                                                                                  | Coal                                                                | Hydro                                                    | Coal                                        | Coal and Battery                                                                                                                                       |
| Commercial Operations Date .....                                             | 2003                                                 | 2017<br>(150 MW);<br>2018<br>(150 MW)      | 2017<br>(300 MW);<br>2018<br>(150 MW);<br>2019<br>(150 MW)                            | 2024<br>(450 MW); <sup>(5)</sup><br>2025<br>(150 MW) <sup>(6)</sup> | 1967<br>(112 MW);<br>1968<br>(100 MW);<br>1978<br>(6 MW) | 1999                                        | 1998<br>(660 MW);<br>2018<br>(additional 28 MW) <sup>(7)</sup> ;<br>2018, 2023<br>and 2025<br>(35.258 MWh);<br>2020<br>(335 MW) <sup>(8)</sup><br>2018 |
| Year of Acquisition / IPPA Expiry / Asset Transfer Date <sup>(1)</sup> ..... | 2010<br>IPPA Expiry: 2028                            | —                                          | —                                                                                     | —                                                                   | 2014                                                     | 2009                                        | Asset Transfer Date: 2024                                                                                                                              |
| Capacity (MW)                                                                | 345                                                  | 300                                        | 600                                                                                   | 600                                                                 | 218                                                      | 1,294                                       | 1,058.258 <sup>(9)</sup>                                                                                                                               |
| Technology ...                                                               | Storage Hydropower                                   | Circulating Fluidized Bed                  | Circulating Fluidized Bed                                                             | Circulating Fluidized Bed                                           | Storage Hydropower                                       | Pulverized Coal                             | Pulverized Coal <sup>(10)</sup> and BESS                                                                                                               |
| Emission Levels <sup>(2)</sup>                                               |                                                      |                                            |                                                                                       |                                                                     |                                                          |                                             |                                                                                                                                                        |
| NOx(ppm)                                                                     | —                                                    | 61.7                                       | 55.8                                                                                  | 73.4                                                                | —                                                        | 158.2                                       | 180.7                                                                                                                                                  |
| SOx (ppm)                                                                    | —                                                    | 66.4                                       | 34.6                                                                                  | 57.7                                                                | —                                                        | 244.5                                       | 433.3                                                                                                                                                  |
| PM (mg/Nm <sup>3</sup> ) ..                                                  | —                                                    | 9.2                                        | 9.8                                                                                   | 23.3                                                                | —                                                        | 16.6                                        | 61.5                                                                                                                                                   |
| Operator <sup>(3)</sup> .....                                                | SRPC                                                 | VPDSI                                      | LPDSI                                                                                 | LPDSI                                                               | AHC                                                      | LPDSI                                       | LPDSI                                                                                                                                                  |
| Offtakers <sup>(4)</sup> .....                                               | Inter-company <sup>(4)</sup><br>Meralco,<br>DU, WESM | DUs, ECs,<br>RES,<br>WESM,<br>DCCs,<br>CCs | Meralco,<br>DUs, ECs,<br>DCCs,<br>CCs, Inter-company <sup>(4)</sup> ,<br>RES,<br>WESM | Meralco,<br>Inter-company <sup>(4)</sup> ,<br>WESM                  | Inter-company <sup>(4)</sup><br>WESM                     | Meralco,<br>RES, DUs,<br>ECs, DCCs,<br>WESM | Meralco,<br>RES, CCs,<br>RES, Inter-company <sup>(4)</sup> ,<br>NGCP,<br>WESM                                                                          |

Notes:

- (1) Under the IPPA Agreement of SRHI, SMGP has the right to acquire the San Roque Power Plant in May 2028. See "Business—IPPA Power Plant." The Sual IPPA Agreement and the Sual ECA expired on October 25, 2024, after which ownership and operations of the Sual Power Plant was transferred by PSALM to SPI on the same date, pursuant to the Deed of Sale dated October 24, 2024, executed by the parties.
- (2) Emissions as of September 30, 2025. See "Business—Safety, Health and Environmental Regulation" for information on DENR emission standards. Emission levels for the Masinloc Power Plant pertain to Masinloc Power Plant Units 1 and 2 and exclude the Masinloc BESS.
- (3) VPDSI: VisMin Power Dynamics Services Inc. (formerly, Safetech Power Services Corp.); LPDSI: Luzon Power Dynamics Services Inc. (formerly, Mantech Power Dynamics Services Corp.).
- (4) DUs: Distribution Utilities; ECs: Electric Cooperatives; CCs: Contestable Customers; DCCs: Directly Connected Customers; RES: Retail Electricity Supplier.
- (4) Within the SMGP group.
- (5) Mariveles Greenfield Power Plant Units 1, 2 and 3.
- (6) Mariveles Greenfield Power Plant Unit 4.
- (7) The retrofit of Masinloc Power Plant Unit 2 completed in 2018 and the retrofit of Masinloc Power Plant Unit 3 completed in 2023 resulted in an increase in capacities for each of the Units.
- (8) Masinloc Power Plant Unit 3.
- (9) Includes the capacity of Units 1, 2 and 3 of Masinloc Power Plant and Masinloc BESS.

(10) Masinloc Power Plant Unit 3 utilizes supercritical boiler technology. Units 1 and 2 of the Masinloc Power Plant utilize pulverized technology.

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, SMGP sold 25,057 GWh, 21,565 GWh, 29,637 GWh, 22,085 GWh and 16,912 GWh of power pursuant to bilateral offtake agreements and 2,345 GWh, 3,640 GWh, 6,928 GWh, 4,958 GWh and 5,179 GWh of power through the WESM, respectively. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, SMGP purchased 5,158 GWh, 2,519 GWh, 3,084 GWh, 2,163 GWh and 1,975 GWh of power from the WESM, respectively.

For the year ended December 31, 2024, the total consolidated revenues, net income and EBITDA of SMGP was ₱205,091.1 million (U.S.\$3,524.1 million), ₱12,383.6 million (U.S.\$212.8 million) and ₱37,897.2 million (U.S.\$651.2 million), respectively.

For the nine months ended September 30, 2025, the total consolidated revenue, net income and EBITDA of SMGP was ₱118,795.1 million (U.S.\$2,041.3 million), ₱42,398.9 million (U.S.\$728.6 million) and ₱54,112.5 million (U.S.\$929.8 million), respectively. As of September 30, 2025, SMGP had total consolidated assets of ₱887,214.7 million (U.S.\$15,245.3 million).

### **IPPA Projects**

San Miguel Corporation 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 San Miguel Corporation group became the IPP Administrator (“**IPPA**”) of the following plants: (1) Sual Power Inc. (“**SPI**”, formerly San Miguel Energy Corporation) 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**”, formerly Strategic Power Devt. Corp.) 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 by PSALM to SPPC 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 relevant power plants by PSALM to SMGP).

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 WESM.

In September 2010, San Miguel Corporation consolidated its power generation business through the transfer of its equity interests in SPI, SRHI and SPPC to SMGP. SMGP also became a wholly-owned subsidiary of San Miguel Corporation and had at that time 2,545 MW combined contracted capacity from the IPPA Power Plants.

### **Chromite Transactions**

On March 1, 2024, Meralco PowerGen Corporation (“**MGen**”) and Therma NatGas Power, Inc. (“**TNGP**”, a subsidiary of Aboitiz Power Corporation), through their joint venture entity (MGen and TNGP shareholdings at 60% and 40% each, respectively), Chromite Gas Holdings, Inc.

(“**Chromite Gas Holdings**”) entered into binding agreements with SMGP and its relevant subsidiaries for Chromite Gas Holdings to jointly invest for a 67% equity interest in each of the following SMGP gas-fired power plants and assets: (i) the operating Ilijan Power Plant owned by SPPC, (ii) the adjacent BCC Power Plant owned by Excellent Energy Resources, Inc. (“**EERI**”), and (iii) land owned by IPIEC where the BCC Power Plant, the Batangas LNG Terminal and their respective related facilities are located. SMGP and Chromite Gas Holdings also entered into a binding agreement to jointly acquire Linseed Field Corporation (“**LFC**”) the developer of the Batangas LNG Terminal. The Batangas LNG Terminal is an integrated LNG import terminal at Barangay Ilijan, Batangas City, adjacent to the Ilijan Power Plant and the BCC Power Plant, which is designed to utilize onshore regasification and storage facilities supplemented with a floating storage unit. The foregoing investments are collectively referred to as the “**Chromite Transactions**.”

On December 23, 2024, the Philippine Competition Commission announced its decision to approve the transactions and on January 27, 2025, SMGP announced the completion of the Chromite Transactions. Following such completion, SMGP retains a 33% interest in each of SPPC, EERI and IPIEC and approximately 33% of LFC.

### **Greenfield, IPP and JV Power Projects**

Building on its experience as an IPPA since San Miguel Corporation’s transfer of interests in SPI, SRHI and SPPC, SMGP embarked on the development of its own greenfield power projects. In 2013, SMGP 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**”, formerly San Miguel Consolidated Power Corporation), its wholly-owned subsidiary, and the 4 x 150 MW Limay Greenfield Power Plant which is owned by Limay Power Inc. (“**LPI**”, formerly SMC Consolidated Power Corporation), 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.

SMGP also pursued strategic acquisitions to increase its energy portfolio. In November 2014, SMGP, 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 (the “**AHP**”).

In March 2018, SMGP 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**”, formerly Masinloc Power Partners Co. Ltd) and SMGP Kabankalan Power Co. Ltd. (“**SMGP Kabankalan**”, formerly SMCGP Philippines Energy Storage Co. Ltd.) (SMCGP Masin and its subsidiaries are collectively referred to as the “**Masinloc Group**”). MPCL owns the 1 x 344 MW (Unit 1), 1 x 344 MW (Unit 2), 1 x 335 MW (Unit 3) coal-fired power plant (together, comprising the “**Masinloc Power Plant**”), and the 35.258 MWh BESS project (the “**Masinloc BESS**”), all located in Masinloc, Zambales while SMGP Kabankalan holds the 33.867 MWh BESS facility in Kabankalan, Negros Occidental (the “**Kabankalan BESS**”). The capacity of Phase 1 of Kabankalan BESS (20 MWh) is contracted under an ancillary service procurement agreement (“**ASPA**”) with the 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 SMGP, purchased the entire partnership interests in SMGP Kabankalan from subsidiaries of SMCGP Masin. SMGP 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, SMGP was also admitted as a partner of SMCGP Masinloc Power Co. Ltd. (“**MAPOCO**”, a limited partnership under the Masinloc Group) and now owns 99.96% partnership interest in MAPACO after SMCGP Masin’s 50.68% partnership interest in MAPACO and 60% partnership interest in MAPOCO were transferred to SMGP following the approval of SMCGP Masin’s petition for withdrawal of its license to operate by the Philippine 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, SMGP now effectively owns 100% of Alpha Water through its subsidiaries, PEGC and MPCL. Alpha Water is the owner of the land on which the Masinloc Power Plant and Masinloc BESS in Zambales Province are located.

On June 2, 2022, SMGP 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 70 MW Modular Diesel Engine Power Plant in Isabel, Leyte.

SMGP, through its subsidiary Mariveles Power Generation Corporation (“**MPGC**”), developed and constructed the Mariveles Greenfield Power Plant, a 4 x 150 MW circulating fluidized bed coal-fired power plant and associated facilities in Mariveles, Bataan, using high efficiency low emission technologies (“**HELE Technologies**”) with an installed capacity of 600 MW and net load of 528 MW and approximately 36% to 37% in thermal efficiency. Unit 1, Unit 2 and Unit 3 commenced commercial operations on March 28, 2024, September 26, 2024 and October 26, 2024, respectively, while Unit 4 achieved commercial operations on January 9, 2025.

The Company acquired a 40% equity interest in FPSP (Holdings) Corp. (“**FPSP Holdings**”) in December 2024. FPSP Holdings wholly owns Pan Pacific Renewable Power Phils. Corp. (“**Pan Pacific**”), a company primarily engaged in the 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.

SMGP, through its subsidiaries SPI, SRHI, AHC, LPI, MPI, MPCL and MPGC, sells power through offtake agreements directly to customers, including Meralco and other distribution utilities, electric cooperatives and industrial customers, or through the WESM. The majority of the consolidated sales of SMGP 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.

### **Retail and Distribution**

SMGP has also expanded its sale of power to a broader range of customers, including retail customers. In particular, certain subsidiaries of the Company were issued retail electricity supplier (“**RES**”) licenses, allowing it to enter into contracts with contestable customers and expand its customer base. See “*Business—Retail Services—Retail Electric Supply.*”

In addition, SMGP 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.

## Expansion Projects

### ***Power Plant Portfolio***

The Company, through MPCL, intends to further expand the Masinloc Power Plant by constructing additional units utilizing supercritical pulverized coal technology (Units 4 and 5) with a planned gross installed capacity of 350 MW each (with a Pmin of 2 x 87.5 MW), a net load of 630 MW and approximately 42% in thermal efficiency. The Company has signed the engineering, procurement and construction (“**EPC**”) contracts for the construction of Masinloc Power Plant Units 4 and 5, which are targeted for completion in 2026. As of the third quarter of 2025, overall project completion of Unit 4 and Unit 5 are 90% and 71%, respectively, with equity-backed capital expenditures of ₱53.4 billion.

In addition, and as part of the Company’s diversification of its power portfolio away from traditional coal technologies, the Company, through EERI, constructed the BCC Power Plant. The BCC Power Plant is a 1,320 MW (with a Pmin of 3 x 195 MW) combined cycle power plant located in Barangays Ilijan and Dela Paz Proper, Batangas, with a net load of 1,275 MW and approximately 60% in thermal efficiency. The BCC Power Plant utilizes regasified LNG. Unit 1 and Unit 2 of the BCC Power Plant commenced commercial operations in December 2024 and January 2025, respectively, while Unit 3 commenced commercial operations in April 2025. On February 5, 2024, EERI executed a power supply agreement (“**PSA**”) with Meralco for the supply of 1,200 MW capacity after it was declared as winning bidder in the competitive selection process (“**CSP**”) conducted by Meralco on January 5, 2024, for its 1,800 MW power requirements. As of the date of this Prospectus, the PSA has commenced supply. Following the completion of the Chromite Transactions, SMGP retains a 33% interest in EERI.

### ***Solar Power Project Portfolio***

In line with its decision to significantly reduce its carbon footprint and transition to cleaner sources of energy, SMGP, through its wholly-owned subsidiary, SMC Global Light and Power Corp. (“**SGLPC**”), is developing a portfolio of solar power projects together with potential partners. The first phase of the solar power projects has an aggregate initial capacity of approximately 2,450 MWp across various sites in Luzon and Mindanao, including in the provinces of Davao, Bulacan and Isabela, with target completion by 2029.

The proposed solar projects will be situated in areas with moderate to high photovoltaic potential using N-type solar panels to be supplied by reputable regional solar panel and inverter suppliers. In February 2022, SGLPC entered into Solar Energy Operating Contract (130.005 MWdc) with the DOE for a 110 MWac solar project to be located in Barangay Lucanin, Mariveles, Province of Bataan (the “**Bataan Solar Project**”) and thereafter, obtained a Certificate of Registration from the DOE as a renewable energy (“**RE**”) developer for the Bataan Solar Project.

On June 28, 2024, SGLPC signed an investment and shareholders agreement with Citicore Renewable Energy Corporation for the Bataan Solar Project, which is expected to be completed in 2026. LSI was incorporated, is now jointly owned by SGLPC and CREC and shall be the owner of the Bataan Solar Project. The Solar Energy Operating Contract has also been assigned in favor of LSI. The solar power plant is to be located in a property with an area of approximately 158 hectares owned by an affiliate of SMGP. The lease agreement for the site of the Bataan Solar Project has been executed and as of the date of this Prospectus, the Bataan Solar Project already secured its system impact studies and facilities studies approval from the NGCP. Upon commencement of operations, all capacity to be generated by this solar power plant shall be supplied to SMGP or any of its affiliates under long-term energy supply contracts. On June 10, 2025, the DOE issued a certificate considering the Bataan Solar Project as an Energy Project of National Significance.

On November 6, 2025, the DOE posted the list of winning bidders for the fourth auction round of the Green Energy Auction Program (“**GEA-4**”) launched on March 29, 2025. As a winning bidder, SGLP’s bids for an aggregate offered capacity of 2,225 MWac floating solar and ground-mounted solar projects in the provinces of Bulacan, Davao and Isabela were accepted with expected completion dates from 2026 to 2029. The Company received original copies of the Certificates of Award on January 12, 2026.

In line with SMGP’s commitment to the diversification of its power generation portfolio through the development of other solar power projects, SMGP intends to handle pre-development activities and land acquisition and will lease the sites to third-party owners of these plants. SMGP entities may also be the offtakers for a minimum fixed period of 20 years.

The Company continues to participate in the Government-mandated CSPs for PSAs with distribution utilities and negotiate for retail supply contracts (“**RSCs**”) with contestable customers for these expansion plans.

### ***BESS Portfolio***

The Company, through its subsidiaries SMGP BESS Power Inc. (“**SMGP BESS**,” formerly Universal Power Solutions Inc.), MPCL and SMGP Kabankalan, is completing the expansion of its ~1,000 MWh portfolio of BESS projects. Of these ~1,000 MWh BESS projects, 500 MWh across 17 sites attained commercial operations as of December 2025, including the 30 MWh Kabankalan (Phase 1 and 2) and 20 MWh Masinloc (Phase 2). BESS facilities with a total capacity of 140 MWh across four sites, located in Magapit, Tabango, Tagum, and Mexico are expected to be completed in 2026 and one site, located in Dingle, with a capacity of 40 MWh is expected to be completed in 2027.. The Company has also entered into EPC contracts with ATE Energy and targets to complete the 320 MWh BESS project in Mariveles in 2026. As of October 31, 2025, overall project completion for Unit 1 and Unit 2 of the Mariveles BESS are 33% and 68%, respectively.

### ***Hydro Project Portfolio***

On June 9, 2025, the DOE issued a Notice of Award to the potential winning bidders for the third auction round of the Green Energy Auction Program (“**GEA-3**”) conducted on February 11, 2025. The GEA-3 Notice of Award included the following as among the winning bidders: (i) SRHI for an aggregate offered capacity 1,850 MW pump storage hydropower across three facilities to be completed between 2031 and 2035, and (ii) Pan Pacific for an aggregate offered capacity of 2,300 MW pump storage hydropower and impounding hydropower across three facilities to be completed between 2028 and 2032. On June 19, 2025 and June 20, 2025, Pan Pacific and SRHI, respectively, accepted their respective awards as winning bidders, and certificates of awards were received from the Department of Energy in September 2025. The planned hydropower projects will be located in Aklan, Visayas and in Apayao and Pangasinan, Northern Luzon.

## **RECENT DEVELOPMENTS**

### **Redemption of Securities**

On October 21, 2025 and January 21, 2026, the applicable step-up dates, the Company redeemed the remaining U.S. dollar-denominated outstanding senior perpetual capital securities issued on October 21, 2020 and January 21, 2020.

### **Issuance of Securities**

On January 20, 2026, the Company issued U.S.\$300 million senior perpetual capital securities with an initial distribution rate of 8.375%. On January 21, 2026, the securities were listed on

the SGX. The net proceeds of the issuance were used to redeem all outstanding 5.70% Securities and to pay for the costs and expenses related to the securities.

### **Purchase of Meralco Common Shares**

On July 23, August 22, September 22, October 22 and November 10, 2025, the Company purchased a total of 46,596,596 common shares of Meralco held by Land Bank of the Philippines through special block sales crossed through the PSE. The transactions were undertaken pursuant to a deed of absolute sale executed by the parties and in conformity with the decision of the Court of Appeals (CA-G.R. No. 118341) promulgated on November 3, 2022, as disclosed by the Company on November 17, 2022.

### **Legal Proceedings**

In connection with the legal proceedings relating to claims for price adjustment on the Meralco PSAs (see “*Business—Legal Proceedings—Claim for Price Adjustment on the Meralco PSAs—SPPC Court of Appeals Petition and — SPI Court of Appeals Petition*” for background information), each of SPPC and SPI received on July 11, 2025 a copy of the *Resolution* of the Court of Appeals dated June 27, 2023 (the “**June 27, 2023 CA Decision**”), which among others, partially granted their respective motions for price adjustments under the respective PSAs and directed the ERC to act on their motions immediately and without further delay. Pursuant thereto, the ERC directed the parties to submit pertinent documents in support of the June 27, 2023 CA Decision. On September 2, 2025, SPPC and SPI received the *Compliance* filed by the ERC with the Court of Appeals detailing the ERC’s submission of its orders in ERC Cases Nos. 2019-081 RC and 2019-083 RC, both promulgated on August 22, 2025, granting SPPC’s and SPI’s respective *Motions for Issuance of Writ of Execution* (Re: Court of Appeals Joint Decision dated 27 June 2023). The orders allowed SPPC and SPI to recover from Meralco the requested price adjustments in their respective motions and authorized Meralco to collect the adjustments from its customers over a period of six months commencing from the September 2025 customer billing period. SPPC assigned to the Company all its rights and interests arising from this proceeding following the completion of the Chromite Transactions.

Further, on January 27, 2026, SPPC and SPI received a copy of the ERC’s Order dated January 26, 2026, which granted the 2<sup>nd</sup> SPI CIC Claim and the 2nd SPPC CIC Claim. SPPC and SPI are allowed to recover from Meralco the aggregate amounts of ₱15,850,120,000 and ₱13,362,490,000, respectively, over a recovery period of thirty-six (36) months commencing from the March 2026 billing period.

In connection with the legal proceedings relating to the dispute with PSALM on the Ilijan IPPA Agreement, the Regional Trial Court rendered a decision in favor of SPPC on June 13, 2025, which was received by SPPC on October 7, 2025 (the “**June 13, 2025 RTC Decision**”). See “*Business – Legal Proceedings – Ilijan IPPA Agreement Dispute*”. The June 13, 2025 RTC Decision stated that PSALM’s termination of the Ilijan IPPA Agreement between SPPC and PSALM, its drawing of the performance bond, and its issuance of the *Cessation Notice* were unauthorized and without factual and legal basis, ordered PSALM to among others return to SPPC the amount of the performance bond drawn by PSALM with interests, and dismissed PSALM’s counterclaim of alleged underpayment by SPPC of generation charges for lack of merit. On October 22, 2025, PSALM filed a Motion for Reconsideration of the June 13, 2025 RTC Decision. SPPC filed its Opposition to the Motion for Reconsideration on October 28, 2025.

## COMPETITIVE STRENGTHS AND BUSINESS STRATEGIES

### Competitive Strengths

#### ***Industry leader with a strong growth platform.***

SMGP, together with its affiliates, subsidiaries, associates and joint ventures, is one of the largest power companies in the Philippines, controlling 5,710 MW of combined capacity as of July 30, 2025. SMGP controls the capacities of among the largest baseload plants in the Philippines, including the Sual Power Plant and Masinloc Power Plant (among the largest coal-fired power plants in the Philippines in terms of installed capacity), and the Limay Greenfield Power Plant and Mariveles Greenfield Power Plant. SMGP wholly owns SPI, LPI, MPGC, MPI and MPCL, the owners of the Sual Power Plant, Limay Greenfield Power Plant, Mariveles Greenfield Power Plant, Davao Greenfield Power Plant, Masinloc Power Plant and Masinloc BESS, respectively. Moreover, the Company owns a 60% stake in AHC, the owner and operator of the 218 MW AHP and a 33% interest in SPPC, the owner and operator of the Ilijan Power Plant (the largest natural gas power plant in the Philippines in terms of installed capacity) and 33% interest in EERI, which operates the BCC Power Plant. In addition, SMGP's subsidiary, SRHI, is the IPPA for the San Roque Power Plant with a contracted capacity attributable to SMGP of 345 MW.

Based on the total installed generating capacities reported in the ERC Resolution Adjusting Grid Market Share Limitation for 2025, SMC's market share was approximately 20% of the National Grid, 25% of the Luzon Grid, 5% of the Visayas Grid and 9% of the Mindanao Grid.<sup>5</sup> Market share is computed by dividing the relevant installed generating capacity for the period by the total installed generating capacity of Luzon Grid, Visayas Grid, Mindanao Grid or National Grid (20,659,316 kW, 3,443,158 kW, 4,287,600 kW and 28,390,074 kW, respectively, based on data provided under the ERC Resolution Adjusting Grid Market Share Limitation for 2025).

To capitalize on changes in the Philippine regulatory structure, SMGP, through certain subsidiaries, holds RES licenses from the ERC, allowing the entry into offtake agreements with contestable customers.

SMGP is expected to expand its market leadership with its ongoing and future expansion that is anchored on cost competitive baseload plants and renewable energy projects. In addition, SMGP is actively pursuing battery energy storage technology investments and initiatives in the Philippines that will help regulate the transmission grid over the Philippine archipelago, which is inherently prone to voltage and frequency instability.

#### ***Well-positioned to capture future demand growth.***

Demand for electricity in the Philippines is expected to continue to grow. According to the Philippine Energy Plan 2023-2050 published by the DOE, to meet the projected electricity demand including reserve requirements by 2050, the power system capacity addition that the Philippines will need is 122,708 MW under the reference scenario and an additional 129,681 MW under the clean energy scenario with the expected entry of more renewable energy power projects, which is broken down as follows: 2,305 MW for coal, 21,881 MW for natural gas, 20 MW for oil-based and 98,503 MW for renewable technology under the reference scenario and 2,305 MW for coal, 15,989 MW for natural gas, 20 MW for oil-based and 106,569 MW for renewable technology, and 4,800 MW for nuclear and other technologies under the clean energy scenario. Moreover, based on the Company's estimates, despite the continuing build-up of installed capacity, net reliable capacity remains insufficient to meet peak demand. This

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<sup>5</sup> The installed generation capacity attributable to SMC comprises the installed generation capacity attributable to SMGP and 183 MW attributable to Petron Corporation, an affiliate of SMGP through SMC.

considers the entry of variable capacities, composed primarily of intermittent renewable energies such as solar and wind, as well as the introduction of flexible technologies, such as BESS, which compensate for the intermittency of the variable capacities.

Given the gap between projected electricity demand and committed power projects, SMGP expects that there will be a power supply shortage in the medium term until new capacity is built to meet the growing consumption.

SMGP believes it is well-positioned to take advantage of opportunities from continued growth in the Philippine electricity market, as well as from the expected power supply shortage. According to the DOE, as of April 2025, around 4,763 MW of dependable coal capacities are between 11 and 30 years old, while 420 MW are 36 years and older. As such, these coal generation capacities may be more prone to unscheduled shutdowns. To meet this need, SMGP has a defined roadmap to increase capacity by developing greenfield power plants and pursuing opportunities to invest in renewable energy projects, particularly in hydroelectric power and solar power projects and complementary technologies such as BESS.

In addition to completing the 600 MW Mariveles Greenfield Power Plant, SMGP's expansion projects include the construction and installation of the ~1,000 MWh BESS facilities with leading global battery EPC contractors, of which 500 MWh have commenced commercial operations as of December 2025. The Company plans to expand its power portfolio through further expansion of the Masinloc Power Plant (Units 4 and 5) by 700 MW. The Company also intends to construct and develop together with potential partners a portfolio of solar power projects to significantly reduce its carbon footprint. The first phase of the solar power projects has an aggregate initial capacity of approximately 2,450 MWp across various sites in Luzon and Mindanao, including in the provinces of Davao, Bulacan and Isabela, with target completion by 2029.

SMGP believes that the increase in demand for electricity will also lead to growth in the ancillary reserve requirements of the country, which is expected to create significant opportunities for BESS projects. SMGP believes that it is well-positioned to capture growth in the reserve market through the expertise it has gained from operating the Masinloc BESS, the first of its kind in the Philippines. The Masinloc BESS provides more efficient ancillary services compared to other technologies, particularly for frequency regulating reserves, because of its instantaneous response time and ability to charge and discharge power. SMGP utilizes advanced lithium-ion battery technologies, such as nickel-cobalt-manganese (NCM) based lithium-ion batteries, which generally have longer useful lives (estimated at 8,200 cycles), high voltage capabilities, large storage capacity and improved roundtrip efficiencies.

Finally, as a leading power company in the Philippines with a large customer base, SMGP believes that it is in a strong position to leverage its relationships with its existing customers to service their expected increase in electricity demand.

***Stable and predictable cash flows.***

SMGP, through its subsidiaries, sells power through offtake agreements directly to customers, including Meralco and other distribution utilities, electric cooperatives and industrial customers, or through the WESM. Revenue from bilateral contracts with offtakers contributed 90%, 86%, 82%, 82% and 77% of total revenue for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, respectively. For the nine months ended September 30, 2025, approximately 32% and 45% of the Company's consolidated sales volumes were to (i) Meralco and (ii) other distribution utilities, electric cooperatives, directly connected customers, contestable customers, and ancillary services, respectively. Based on the publicly available disclosures of Meralco, the largest distribution utility in the Philippines, SMGP is one of Meralco's largest power suppliers, supplying approximately 958 GWh or 31% of Meralco's power purchases for December 2025 billing

period. In addition and based on data obtained from the ERC, the Company believes that it is one of the major players in the RES markets where it operates, as of September 2025.

In a CSP conducted by Meralco on January 5, 2024 and January 23, 2024, EERI, MPGC and SPPC emerged as the lowest bidders for the supply of 2,700 MW out of the 3,000 MW power requirement of Meralco with 1,200 MW, 300 MW and 1,200 MW in offered capacity, respectively. The contracts are for a term of 15 years and have a full fuel pass-through scheme. As of the date of this Prospectus, all PSAs have already commenced supply.

In the CSP conducted by Meralco on August 28, 2024, MPCL emerged among the lowest bidders and is set to supply 500 MW out of the 600 MW power requirement of Meralco. On September 2, 2024, a PSA was entered into by MPCL and Meralco with a term of 15 years to commence in 2025 and has a full fuel pass-through scheme. As of the date of this Prospectus, the PSA has already commenced supply.

Meralco is expected to continue to bid out additional greenfield requirements in the next few years. The Company believes this is an opportunity for SMGP to contract its ongoing and planned expansion projects with Meralco and plans to participate in the future bidding of the greenfield requirements.

These offtake agreements provide SMGP, through its subsidiaries, with stable and predictable cash flow by enabling it to manage both market and price risks. Despite the general volatility in market prices for electric power due to supply and demand imbalances, SMGP has been able to manage such risks through the contracted sale prices with offtakers, which also provide a long-term stable source of demand. The majority of the tariffs under these agreements take into account adjustments for fuel, foreign exchange, and inflation, thereby allowing SMGP to pass through these costs to its offtakers. In addition, SMGP's diversified portfolio of baseload and peaking power plants helps mitigate market risks through long-term, intercompany, replacement power contracts.

#### ***Control over baseload and versatile capacities.***

SMGP has a portfolio that includes some of the newest and largest power plants in the Philippines. The baseload and peaking plants with diversified fuel sources of the Company allow it to manage costs and offer more competitive baseload power rates. In addition, the Company also has capacity from its BESS facilities, which can provide more efficient ancillary services, and has synergistic effects with renewable technologies, among other applications. In particular, BESS technologies can strengthen the stability of a grid, while improving power quality.

As of September 30, 2025, the major power assets of SMGP consisted of (i) the power plants owned by SMGP through its subsidiaries as follows: the Sual Power Plant, the Masinloc Power Plant (with the Masinloc BESS), the Limay Greenfield Power Plant, the Mariveles Greenfield Power Plant, the Davao Greenfield Power Plant and representing of approximately 21%, 19%, 9%, 10% and 5% of SMGP's capacity, respectively; (ii) the San Roque Power Plant with SRHI as IPPA representing 8% of SMGP's capacity, (iii) the AHP, through AHC, representing 3% of SMGP's capacity, (iv) the Ilijan Power Plant representing 7% of SMGP's capacity, (v) the Batangas Combined Cycle Power Plant representing 7% of SMGP's capacity and (vi) the operating BESS facilities located across the Philippines, representing 7% of SMGP's capacity. Following completion of the Chromite Transactions, SMGP retains a 33% interest in each of SPPC, EERI and IPIEC. See "*—Chromite Gas Holdings Power Plants.*"

Power generated by the Sual Power Plant, Masinloc Power Plant, Limay Greenfield Power Plant, Mariveles Greenfield Power Plant and Davao Greenfield Power Plant is primarily used as baseload supply and sold to customers pursuant to bilateral offtake agreements. Power generated by the San Roque Power Plant and the AHP is used as peaking supply, and mostly

sold through the WESM or as replacement power to affiliates. The BESS facilities provide regulating and contingency reserve to the NGCP — the 10 MWh Masinloc BESS of MPCL and several BESS sites of SMGP BESS in Luzon, Visayas and Mindanao with a total capacity of 330 MWh were contracted by NGCP after MPCL and SMGP BESS were declared as winning bidders in the CSPs conducted by NGCP in 2023 and 2024 for its ancillary services requirements. Out of the 330 MWh, 220 MWh commenced operations in 2023 and 110 MWh commenced operations in March 2024, following the provisional authority granted by the ERC on the relevant ASPA. The 20 MWh (Phase 1) of Kabankalan BESS in Negros Occidental also has an existing ASPA with NGCP. As of the date of this Prospectus, SMGP had a total of 500 MWh BESS capacities in commercial operations.

As of the date of this Prospectus, SMGP's coal-fired plants accounted for approximately 66% of its capacity. In addition to the baseload coal-fired plants, the Company increased its LNG capacities and continues to ramp up its BESS capacities, which together contribute to increasing the diversity of its generation portfolio. This is guided by the existing energy policy of the Government to provide relatively inexpensive and reliable power to residential and commercial customers without the need for subsidies or escalating tariffs. Feed-in-tariffs for renewable energy projects have been phased out by the Government, which makes it more challenging to embark on large-scale renewable energy projects. SMGP continues to closely monitor all relevant fuel options, including renewables. The planned expansion of its BESS portfolio, development of its solar power and hydro power project portfolios and decision not to pursue the previously planned coal-fired power plant to be located in Pagbilao, Quezon, with planned installed capacity of 600 MW, reflect the Company's objective to reduce its overall carbon emissions and support the Government's climate policies and objectives, including the Philippines' commitments under the Paris Agreement.

SMGP believes that the size and diversity of the fuel supply of its power portfolio reduces the exposure of the Company and its customers to fuel-type specific risks such as variations in fuel costs, and regulatory concerns that are linked to any one type of power plant or commodity price. SMGP believes that its management of the capacity of this diverse portfolio of power plants allows it to respond efficiently to market requirements at each point of the electricity demand cycle. This diversity helps it to improve the profitability of its portfolio by flexibly dispatching electricity in response to market demand and fuel cost competitiveness. SMGP and its subsidiaries can enter into bilateral contracts and trade in the WESM for the balance of its contracted capacities and energy.

***Established relationships with world class partners and major participants in the Philippine power industry.***

Since entering the power business, SMGP has established relationships with internationally recognized participants in the power industry, including fuel suppliers in Indonesia and Australia, customers such as Meralco (its largest customer) and partners such as Marubeni Corporation, which owns, operates and maintains the San Roque Power Plant, an IPPA Power Plant. The Company also has strong working relationships with world-class EPC providers, such as Formosa Heavy Industries for its greenfield power plants, and battery EPC providers such as Fluence Energy, Inc. ("**Fluence**," a joint venture between Siemens and AES) for the Masinloc BESS and Kabankalan BESS, and ABB, Inc. ("**ABB**"), Wartsila Finland Oy ("**Wartsila**") and ATE Energy International Co. Ltd. ("**ATE Energy**") for BESS projects in the pipeline. The Company has also entered into and is forging new and strategic relationships with MGEN and Aboitiz Power for the Ilijan Power Plant and the BCC Power Plant, LFC, for the Batangas LNG Terminal through the terminal user agreements, and other LNG players, particularly for LNG supply and for EPC of the BCC Power Plant.

SMGP believes that these well-established relationships provide a strong foundation for its existing business and a platform of potential partners for future expansion.



***A member of the San Miguel Corporation group of companies.***

The principal shareholder of SMGP, San Miguel Corporation, together with its subsidiaries, is one of the largest and most diversified conglomerates in the Philippines, by revenues and total assets, with sales equivalent to approximately 6.0% of Philippine GDP in 2024.<sup>6</sup> In addition to its power business, San Miguel Corporation has market-leading businesses in vital industries that support the economic development of the country, including food and beverages, packaging, fuel and oil, infrastructure, property development and leasing, cement, car distributorship and banking services.

Under the stewardship of San Miguel Corporation, SMGP has become one of the market leaders in the Philippine power industry in a relatively short period of time. San Miguel Corporation provides SMGP with key ancillary and support services in areas that promote operational efficiency, such as human resources, corporate affairs, legal, finance and treasury functions. SMGP believes it will continue to benefit from the extensive business networks of San Miguel Corporation, its in-depth understanding of the Philippine economy and expertise of its senior management to identify and capitalize on growth opportunities. Given the substantial electricity requirements of the other businesses of San Miguel Corporation, SMGP believes that it can benefit from potential revenue and operational synergies and potentially provide a large captive energy demand base for SMGP.

***Experienced and highly competent management team.***

The senior management of SMGP has extensive experience in the Philippine power industry and has a deep understanding of the Philippine electricity markets with respect to the operational, financial, regulatory, and business development aspects of the operation and management of power plants. The senior management team of SMGP has strong professional relationships with key industry participants, such as the DOE, PSALM, NPC, TransCo, NGCP, PEMC and ERC, as well as other government offices and agencies. The employees of SMGP include experienced energy traders, who pioneered WESM trading, and marketing executives, who have established strong relationships with the extensive customer base of NPC. The members of the Executive Committee of SMGP have an average of more than 25 years of experience in executive management and related government experience in the power industry, including strengths in key areas of engineering and finance. The executive and senior management have displayed a strong track record of growth and delivery since SMGP commenced operations in November 2009.

***Strong commitment to stringent environmental policies and pollution controls.***

SMGP closely supervises, controls and processes improvements in the power plants it owns and operates to ensure that regulated emissions are within and below applicable environmental compliance standards. For example, the Company uses CFB technology in its Mariveles Greenfield Power Plant, Limay Greenfield Power Plant and Davao Greenfield Power Plant. CFB technology is a technology employed to transform coal into a fuel source that is relatively low in pollutant emissions. These low emissions are made possible by processes that are not used in non-CFB coal-fired power plants, such as burning coal at low temperature and pressure, chemically washing minerals and impurities from the coal, gasification, treating the flue gases with steam to remove sulfur dioxide, carbon capture and storage technologies to capture the carbon dioxide from the flue gas and dewatering lower rank coals (brown coals) to improve the calorific value, thereby improving the efficiency of the conversion into electricity. In addition, CFB plants have other elements that reduce emissions, such as fine coal grinders, limestone injections, and electrostatic precipitators to capture dust particles that escape the boiler. See “—Safety, Health and Environmental Regulation.”

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<sup>6</sup>Based on data from the SMC consolidated revenues in 2024 divided by the Philippines’ total revenue sourced from the Philippine Statistics Authority.

The Company is committed to further reduce its emissions. Masinloc Power Plant Unit 3 uses supercritical boiler technology which, relative to an ordinary PC boiler (subcritical), has a significantly better combustion process resulting in improved heat rate of coal, which means less coal is required to produce a megawatt of electricity. The technology also allows the use of lower calorific value (“**CV**”) and lower sulfur coal, which is a key factor to lower sulfur oxide (“**SOx**”).

In 2023, the Limay Greenfield Power Plant won the Water Conservation Initiative of the Year for the Philippines during the Asian Water Awards. The Limay Greenfield Power Plant was recognized for its program that started in 2018 and has since allowed it to save 3.7 million cubic meters of water, translating to an accumulated savings of ₱122 million.

Moreover, SMGP has dedicated teams who monitor environmental compliance with international standards. See “—*Safety, Health and Environmental Regulation*” for further details and a list of SMGP’s active ISO certifications as of September 30, 2025.

## **Business Strategies**

### ***Optimize the installed capacity of its power portfolio and strategically contract capacity to enhance margins.***

SMGP (i) proactively manages its sales in order to achieve a balanced mix of power sales through (a) contractual arrangements with electricity customers including distribution utilities, industrial and commercial customers, and the contestable market and (b) engaging in power trading through the WESM, and (ii) optimizes the operations of its power plant portfolio through maximizing plant utilization, improving individual account and plant margins and minimizing the impact of supply interruptions. This approach provides SMGP with the certainty and predictability of sales from its contracted capacity while being able to realize trading opportunities from the WESM to enhance its margins. The objective of SMGP is to supply power based on the least cost, and to sell available excess power through the WESM at favorable prices.

Specifically, in case of high prices in the WESM, SMGP can optimize its portfolio and take advantage of such pricing and sell the excess output of its power plants to the WESM after delivering the contractual amounts required under its offtake agreements. Alternatively, in case of low prices in the WESM, SMGP can minimize the generation output of its power plants and deliver the contractual amounts required under its offtake agreements either with output from the San Roque Power Plant or with energy purchased from the WESM. In the event of tripping or shutdown of any of its power plants, SMGP can maximize the dispatch of its remaining units by lowering the bid prices so that the bilateral contract quantity requirements will be served without buying at high prices from the WESM.

The Company plans to utilize capacity from its BESS projects for ancillary services to the grid, particularly frequency regulating reserves, through long-term ASPAs, which have terms of up to 10 years. The Company may also contract, as applicable, for other applications such as renewables integration, power quality improvement and arbitrage.

SMGP also leverages on the diversity of its portfolio to create operational synergies and improve its supply offers to offtakers. Having a portfolio of baseload and peaking power plants utilizing different fuel sources allows SMGP to actively respond to the needs of its offtakers and the market, particularly with regard to replacement power and pricing competitiveness.

### ***Well-positioned as a leading baseload power generator utilizing clean power technologies.***

The Company’s greenfield projects include clean coal-fired plants utilizing CFB (e.g., Mariveles Greenfield Power Plant) and supercritical coal (e.g., Units 4 and 5 of Masinloc

Power Plant) technologies as well as LNG powered plants (e.g., BCC Power Plant). These technologies generally have lower emissions compared to the applicable benchmarks, as well as higher thermal efficiency levels, particularly for natural gas and supercritical coal plants. Capacities from these greenfield plants are well-suited to provide baseload generation to the Philippines, have high availability factors, and are generally strong contenders for securing downstream PSAs, which require HELE technologies.

The Company believes that the growth in natural gas power plant capacities serve as an anchor for further diversification into clean power technologies and provide a strong foothold for the growth of natural gas power in the Philippines. Following the commencement of commercial operations of the 1,320 MW BCC Power Plant, the Company, together with Chromite Gas Holdings, have in operation approximately 2,520 MW of natural gas power plants requiring the equivalent of about 2.2 million tons of LNG per annum or approximately three to four full load LNG carriers per month, which LNG can be sourced from the global market or available indigenous sources of gas.

***To be a leading player in the ancillary reserve market and renewable energy initiatives through strategic establishment of battery energy storage systems across the Philippines.***

SMGP believes that it has a strong competitive advantage on BESS as ancillary services provider and plans to leverage on its experience operating the Masinloc BESS, the first of its kind in the Philippines, and become a leading BESS player in the Philippines by expanding its portfolio of BESS projects to about ~1,000 MWh. Of these ~1,000 MWh BESS projects, 500 MWh across 17 sites attained commercial operations as of December 2025, including the 30 MWh Kabankalan (Phase 1 and 2) and 20 MWh Masinloc (Phase 2). BESS facilities with a total capacity of 140 MWh across four sites, located in Magapit, Tabango, Tagum, and Mexico are expected to be completed in 2026 and one site, located in Dingle, with a capacity of 40 MWh is expected to be completed in 2027. The Company has also entered into EPC contracts with ATE Energy and targets to complete a 320 MWh BESS project in Mariveles also in 2026. As of October 31, 2025, overall project completion for Unit 1 and Unit 2 of the Mariveles BESS are 33% and 68%, respectively.

Integral to this expansion plan is the strategic locations of BESS facilities across Luzon, Visayas and Mindanao. The Company has identified key locations where there are power quality problems or renewable energy projects and has installed facilities in close proximity to the substations of the grid. For example, the Kabankalan BESS is located in Negros Island in the Visayas region. Negros has a demand of 360 MW, but the majority of the capacity in the island comes from solar plants with a total capacity of 330 MW. As such, the Company identified the area next to Kabankalan substation as an ideal location for the Kabankalan BESS project.

The Company believes that given the increasing entry of renewable energy sources, which by their nature are susceptible to inconsistent and sometimes unreliable output, coupled with the sustained growth of electricity demand over the medium to long term, the market for reserve power and ancillary services will grow significantly. For example, the Masinloc BESS currently provides intra-hour instantaneous frequency regulating reserves to the grid, which help maintain the grid frequency, or the balance between supply and demand in the electricity networks. Compared to other technologies, BESS provide frequency regulation reserves by charging and discharging from and to the grid, effectively doubling its ability to regulate grid frequencies.

BESS can complement renewable technologies, such as solar and wind, by compensating for sudden drops in generation of these plants due to natural phenomena, or by storing energy from these renewable sources for use during those periods where energy demand from the

grid is highest. As such, BESS can support and complement the entry of renewable energy projects. SMGP also envisions maximizing the sites of future BESS projects by evaluating the possibility of establishing renewable technologies such as solar and wind (based on the availability of the resource for the area) alongside the planned BESS facilities. Such integrated renewable energy sources and BESS facilities are expected to provide clean, reliable, and resilient sources of energy and reserves to the grid.

***Continue to grow its power portfolio through the development of greenfield power projects, acquisition of power generation capacity in line with regulatory and infrastructure developments and development of renewable energy projects.***

SMGP intends to utilize its strong platform, extensive relationships and experienced management team to address the growing demand for power in the Philippines. The Company plans to continue its strategic development of greenfield power projects in parallel with its plan to acquire existing power generation capacity. The Company balances the need for reliable and cost-efficient operations with environmental performance, and views clean coal technologies and LNG power plants as viable and sustainable options for its greenfield power projects.

SMGP also actively seeks to identify and pursue renewable energy investments such as hydroelectric power and solar power projects, subject to the outcome of viability and feasibility analysis. The Company, through its subsidiary SGLPC, is developing a portfolio of solar power projects. The first phase of the solar power projects has an aggregate initial capacity of approximately 2,450 MWp across various sites in Luzon and Mindanao, including in the provinces of Davao, Bulacan and Isabela, with target completion by 2029. The proposed solar projects will be situated in areas with moderate to high photovoltaic potential. In February 2022, SGLPC entered into Solar Energy Operating Contract (130.005 MWdc) with the DOE, which was later assigned in favor of LSI, for the development and operation of the Bataan Solar Project, and thereafter, obtained a Certificate of Registration from the DOE as RE developer for the Bataan Solar Project. This is in line with the Company's objective to operate in an environmentally-responsible manner, while taking into consideration energy security and affordability to its consumers.

In February 2025, the Company, through SRHI and Pan Pacific, participated in the DOE's GEA-3 auction, and in a Notice of Award dated June 9, 2025, were awarded an aggregate of 4,150 MW for their respective hydropower bids. SMGP seeks to capitalize on regulatory and infrastructure developments by scheduling the construction of greenfield power projects to coincide with the planned improvements in the interconnectivity of the Luzon Grid and Visayas Grid, as well as the eventual interconnectivity of the Mindanao Grid. In addition, SMGP seeks to maintain the cost competitiveness of these new projects by strategically locating them in high-demand areas and in areas with the closest proximity to the grid. SMGP is considering the further expansion of its power portfolio of new capacity nationwide through greenfield power plants over the next few years, depending on market demand. See "*—Overview—Expansion Projects.*" SMGP plans to carry out the expansion of its power portfolio in phases across Luzon, Visayas and Mindanao. SMGP is confident from its experience in building the Limay and Davao Greenfield Power Plants that it will be able to build new cost competitive plants.

***Vertically integrate complementary businesses in order to diversify its energy portfolio.***

SMGP continues to expand into businesses along the power sector value chain that complement its current power generation business. The Company has obtained RES licenses, through certain subsidiaries, to expand its customer base and diversify its sales. With open access and retail competition being fully implemented, the RES licenses allow SMGP to enter

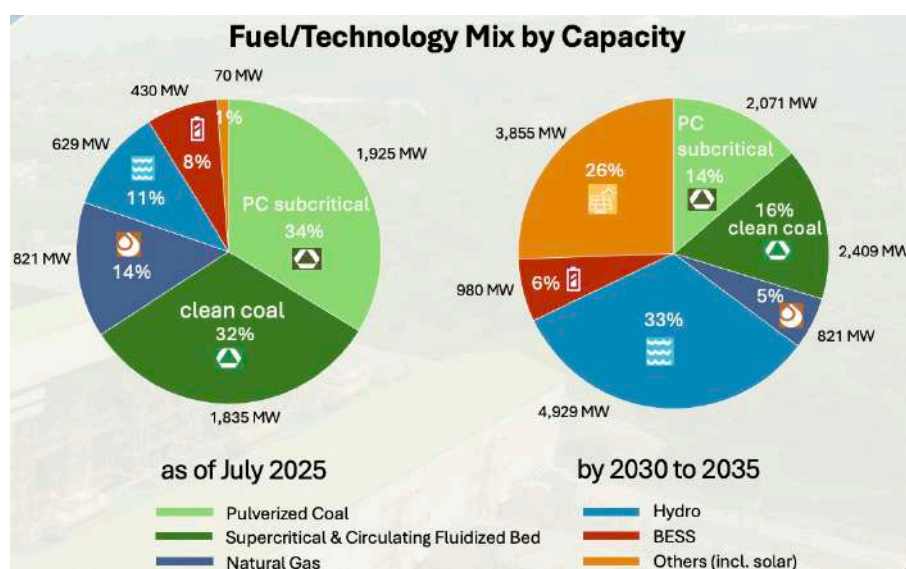
into retail electricity supply agreements with contestable customers. In addition, SMGP has invested in distribution services through OEDC, which creates a competitive advantage through integrated generation and distribution operations.

***Continue to pursue and develop measures to reduce emissions and operate power plants within and below applicable environmental compliance standards.***

SMGP continuously supervises, controls and improves processes in the power plants it owns and operates to ensure that regulated emissions from operations are within and below applicable environmental compliance standards. With the addition of its BESS capacities, development of renewable energy projects and planned LNG generation capacities, the Company anticipates improvements in its emissions performance, including carbon emissions intensity, on a portfolio basis. Moreover, SMGP has dedicated technical teams to monitor environmental compliance with international standards. See “—Safety, Health and Environmental Regulation.”

With its current mix of greenfield power projects, the Company anticipates to significantly reduce the proportion of power generated from traditional pulverized coal technologies in its portfolio by 2028 as it transitions towards high growth, low emission, viable frontier technologies, such as its ~1,000 MWh BESS projects, planned solar power and hydropower projects and LNG initiatives. The Company expects this to result in the proportion of power generated from pulverized coal technologies to decrease from 34% to 14% by 2030 to 2035.

The chart below presents the Company’s projected combined capacity from 2025 to 2035.



***Leverage operational synergies with San Miguel Corporation group of companies.***

SMGP creates operational synergies within and among its subsidiaries by performing key management functions at the holding company level under management agreements. Key management functions include sales and marketing, energy trading, finance, legal, human resources, and billing and settlement. This allows all the subsidiaries to benefit from the wealth of experience of the management team of SMGP while optimizing initiatives at a portfolio level. SMGP also intends to establish customer relationships with the other subsidiaries and affiliates of San Miguel Corporation for the sale and supply of power.



The chart below provides an overview of the ownership structure of SMGP and its major operating subsidiaries as of December 31, 2025.



## CORPORATE HISTORY AND MILESTONES

San Miguel Corporation entered the power business in 2009, when it successfully acquired, through privatization auctions by PSALM, the IPPA rights for the Sual Power Plant. In order to consolidate its power generation business, San Miguel Corporation eventually transferred these assets into SMGP. In September 2010, SMGP became a wholly-owned subsidiary of San Miguel Corporation.

The following timeline sets forth key events in the corporate history of SMGP:

|                      |                                                                                                                                                                                                                                                                                                                                         |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| January 2008 .....   | SMGP is incorporated under the name Global 5000 Investment Inc. (renamed SMC Global Power Holdings Corp. in October 2010).                                                                                                                                                                                                              |
| January 2009 .....   | SMGP acquires a 6.13% equity interest in Meralco, which was eventually sold in December 2013.                                                                                                                                                                                                                                           |
| November 2009 .....  | A San Miguel Corporation subsidiary, SPI, becomes the IPPA for the Sual Power Plant.<br><br>SMGP acquires a 60% equity interest in SPI.                                                                                                                                                                                                 |
| January 2010 .....   | A San Miguel Corporation subsidiary, SRHI, becomes the IPPA for the San Roque Power Plant.<br><br>SPI acquires a 100% equity interest in Bonanza Energy and Daguma Agro, the companies having coal mining rights over approximately 10,000 hectares in Lake Sebu, South Cotabato and Tuanadatu, Maitum, Sarangani Province in Mindanao. |
| March 2010 .....     | SMGP acquires from San Miguel Corporation a 60% equity interest in SRHI, the IPPA for the San Roque Power Plant.                                                                                                                                                                                                                        |
| May 2010 .....       | SPI acquires a 100% equity interest in Sultan Energy, with coal mining rights over approximately 7,000 hectares in Lake Sebu, South Cotabato and Bagumbayan, Sultan Kudarat in Mindanao.                                                                                                                                                |
| June 2010 .....      | A San Miguel Corporation subsidiary, SPPC becomes the IPPA for the Ilijan Power Plant.                                                                                                                                                                                                                                                  |
| September 2010 ..... | SMGP becomes a wholly-owned subsidiary of San Miguel Corporation, and acquired from San Miguel Corporation, among others: <ul style="list-style-type: none"><li>• a 100% equity interest in SPPC, the company that is the IPPA for the Ilijan Power Plant; and</li><li>• the remaining 40% equity interests in SPI and SRHI.</li></ul>  |
| January 2013 .....   | Execution of EPC Contract with Formosa Heavy Industries, for the construction of the Limay and Davao Greenfield Power Plants.                                                                                                                                                                                                           |
| August 2011 .....    | San Miguel Corporation transfers to SMGP its 100% equity interest in SMELC, which held a RES license from the ERC.                                                                                                                                                                                                                      |
| July 2013 .....      | Groundbreaking of the 2 x 150 MW Davao Greenfield Power Plant.                                                                                                                                                                                                                                                                          |
| September 2013 ..... | SMGP is awarded as the winning concessionaire for the rehabilitation, operations and maintenance of ALECO. Effective November 21, 2022, the concession agreement between APEC and ALECO was terminated.                                                                                                                                 |

SMGP, through SMC PowerGen, Inc. (a wholly-owned subsidiary), acquires the 140 MW Limay Cogeneration Plant from Petron Corporation.

SMGP agreed to sell its 6.13% interest in Meralco. The sale was completed in March 2014.

|                      |                                                                                                                                       |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| October 2013 .....   | Groundbreaking of the 4 x 150 MW Limay Greenfield Power Plant.                                                                        |
| February 2014 .....  | Start of APEC's concession of ALECO's distribution franchise.                                                                         |
| November 2014 .....  | SMGP acquired 60% of AHC, the owner and operator of the AHP.                                                                          |
| July 2015 .....      | Groundbreaking of the AHP rehabilitation.                                                                                             |
| August 2016 .....    | LPI was granted a RES license by the ERC.                                                                                             |
| December 2016 .....  | SMGP, through SMC PowerGen, Inc., sold the 140 MW Limay Cogeneration Plant back to Petron Corporation.                                |
| May 2017 .....       | Commercial Operations of Unit 1 of the Limay Greenfield Power Plant.                                                                  |
| July 2017 .....      | Commercial Operations of Unit 1 of the Davao Greenfield Power Plant.                                                                  |
| September 2017 ..... | Commercial Operations of Unit 2 of the Limay Greenfield Power Plant.                                                                  |
| February 2018 .....  | Commercial Operations of Unit 2 of the Davao Greenfield Power Plant.                                                                  |
| March 2018.....      | Commercial Operations of Unit 3 of the Limay Greenfield Power Plant.                                                                  |
|                      | Acquisition of the Masinloc Power Plant and Masinloc BESS from The AES Corporation and Electricity Generating Public Company Limited. |
| April 2018 .....     | Completed Masinloc Power Plant Unit 2 retrofit and performance tests.                                                                 |
| August 2018 .....    | Angat Dam & Dykes Strengthening Project completed.                                                                                    |
| July 2019 .....      | Commercial Operations of Unit 4 of the Limay Greenfield Power Plant.                                                                  |
| November 2019 .....  | Commenced construction and installation of key components of Kabankalan BESS.                                                         |
| March 2020.....      | Completed construction and installation of the Kabankalan BESS.                                                                       |
| October 2020 .....   | Commercial Operations of Unit 3 of the Masinloc Power Plant.                                                                          |
| December 2020 .....  | Attained substantial completion (including testing and commissioning with NGCP) of the Kabankalan BESS.                               |
| May 2021 .....       | Limited Notice to Proceed issued to Black & Veatch for the construction of the BCC Power Plant.                                       |
| August 2021 .....    | Notices of Award and Notices to Proceed issued to Formosa Heavy Industries for the construction of Masinloc Units 4 and 5.            |



|                      |                                                                                                                                                                             |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| December 2021 .....  | Executed the EPC contract for the BCC Power Plant with Black & Veatch and other local contractors.                                                                          |
| January 2022.....    | Commercial Operations of the Kabankalan BESS (Phase 1).                                                                                                                     |
| April 2022 .....     | Executed the Terminal Use Agreement for SPPC and EERI with the Batangas LNG Terminal.                                                                                       |
| June 2022.....       | Turnover of the Ilijan Power Plant to SPPC.                                                                                                                                 |
| December 2022 .....  | SMGP disposes its ownership interests in Bonanza Energy, Daguma Agro and Sultan Energy                                                                                      |
| August 2023 .....    | Commercial Operations of Lamao, Limay, San Manuel, Toledo and Maco BESS.                                                                                                    |
| November 2023 .....  | Commercial Operations of Malita BESS.                                                                                                                                       |
| December 2023 .....  | Commercial Operations of Ubay BESS.                                                                                                                                         |
| January 2024.....    | Awarded the 2,700 MW (out of 3,000 MW) Meralco CSP bid.                                                                                                                     |
| February 2024 .....  | Awarded the 400 MW Meralco CSP bid.                                                                                                                                         |
| March 2024.....      | Commercial Operations of Unit 1 of the Mariveles Greenfield Power Plant.<br>Commercial Operations of Concepcion, Ormoc and Jasaan BESS.                                     |
| July 2024 .....      | Awarded the 340 MW Meralco renewable energy CSP bid.                                                                                                                        |
| August 2024 .....    | Awarded the 500 MW Meralco CSP bid.                                                                                                                                         |
| September 2024 ..... | Commercial Operations of Unit 2 of the Mariveles Greenfield Power Plant.                                                                                                    |
| October 2024.....    | Commercial Operations of Unit 3 of the Mariveles Greenfield Power Plant.<br>Turnover of the Sual Power Plant to SPI.<br>Commercial Operations of Villanueva BESS.           |
| December 2024 .....  | Commercial Operations of Unit 1 of the BCC Power Plant.<br>SMGP acquired a 40% equity interest in FPSP Holdings, owner of Pan Pacific Renewable Power Phils. Corp.          |
| January 2025.....    | Completion of Chromite Transactions.<br>Commercial Operations of Unit 4 of the Mariveles Greenfield Power Plant.<br>Commercial Operations of Unit 2 of the BCC Power Plant. |
| March 2025.....      | Commercial Operations of Masinloc (Phase 2) and Kabankalan (Phase 2) BESS.                                                                                                  |
| April 2025 .....     | Commercial Operations of Unit 3 of the BCC Power Plant.                                                                                                                     |

|                     |                                                                                                                                                                     |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| May 2025.....       | Commercial Operations of Gamu BESS.                                                                                                                                 |
| June 2025.....      | Awarded the 4,150 MW (out of 4,650 MW installation target) GEA-3 bid.<br>Bataan Solar Project was granted as an Energy Project of National Significance by the DOE. |
| August 2025 .....   | MPI was granted a RES license by the ERC.                                                                                                                           |
| November 2025 ..... | The ERC, in a Notice of Award dated November 6, 2025, lists SGLPC as one of the winning bidders for GEA-4, winning a total of 2,225 MWac for its solar projects.    |

## GREENFIELD, IPP AND JOINT VENTURE PROJECTS

### Sual Power Plant

The Sual Power Plant is a 2 x 647 MW coal-fired thermal power plant located in Sual, Pangasinan, on the Lingayen Gulf that commenced commercial operations in October 1999. It is the largest coal-fired thermal power plant in the Philippines in terms of installed capacity. The Sual Power Plant was built by CEPA Pangasinan Electric Limited pursuant to an ECA with NPC under a 25-year Build-Operate-Transfer (“**BOT**”) scheme that expired on October 25, 2024.

On September 1, 2009, SPI, was declared the winning bidder and received the notice of award for the IPPA for the Sual Power Plant. On November 6, 2009, SPI assumed the administration of the capacity of the Sual Power Plant in accordance with the provisions of the Sual IPPA Agreement with PSALM.

### Turnover to SMGP

The Sual IPPA Agreement and the Sual ECA expired on October 25, 2024, after which ownership and operations of the Sual Power Plant was transferred by PSALM to SPI on the same date, pursuant to the Deed of Sale dated October 24, 2024, executed by the parties.

### Power Offtakers

The capacity of the Sual Power Plant was contracted to (i) Meralco (DU) under a 10-year 330 MW offtake agreement (“**330 MW Meralco PSC**”) expiring in December 2029 as a result of the CSP conducted by Meralco in 2019, (ii) Meralco (RES) covering 60 MW and 170 MW, or a total of 230 MW, (iii) various distribution utilities, electric cooperatives covering 376 MW, and (iv) directly connected customers and third-party RES under existing PSCs covering 125 MW. The 330 MW Meralco PSC ceased effective July 24, 2023. Effective January 19, 2024, SPPC’s PSA with Meralco for the supply of 290 MW was assigned by SPPC to SPI, which later expired on December 25, 2024. On January 27, 2025, SPI executed a PSA with Meralco for the supply of 200 MW capacity for one year, and for which supply has commenced. SPI also executed a power supply agreement with Clark Electric Distribution Corporation on May 22, 2025 for the supply of 15MW for a period of five years from December 26, 2025.

For energy-based contracts entered into by SPI directly with offtakers on a bilateral basis, pricing is based on a reasonable return over the cost structure of SPI.

For capacity-based contracts, pricing is based on a fixed and variable payment. The fixed payment represents the fixed operating and maintenance expenses while the variable payment represents the energy fee, fuel and variable operating and maintenance expense.

### Operations Review

The table below is a summary of operating statistics of the Sual Power Plant for the periods indicated.

|                                                               | For the year ended<br>December 31, |       |       | For the nine months<br>ended September 30, |       |
|---------------------------------------------------------------|------------------------------------|-------|-------|--------------------------------------------|-------|
|                                                               | 2022                               | 2023  | 2024  | 2024                                       | 2025  |
| Actual Energy Generated (GWh) .....                           | 6,374                              | 5,957 | 5,787 | 4,768                                      | 3,357 |
| Electricity sold (GWh): .....                                 | 8,532                              | 9,496 | 9,104 | 7,334                                      | 5,206 |
| of which: bilateral offtake agreements ....                   | 7,566                              | 8,228 | 6,413 | 5,122                                      | 4,068 |
| of which: WESM sales .....                                    | 967                                | 1,268 | 2,691 | 2,212                                      | 1,138 |
| Average realized electricity prices(₱/MWh):                   |                                    |       |       |                                            |       |
| for electricity sold under bilateral offtake agreements ..... | 8,699                              | 6,719 | 6,232 | 5,398                                      | 5,596 |
| for electricity sold on WESM .....                            | 8,835                              | 8,641 | 6,086 | 6,608                                      | 4,356 |
| Net Capacity Factor (%) .....                                 | 62                                 | 57    | 55    | 60                                         | 43    |
| Availability Factor (%) .....                                 | 85                                 | 89    | 93    | 98                                         | 92    |
| Reliability Factor (%) .....                                  | 97                                 | 99    | 99    | 99                                         | 79    |
| Average Net Dependable Capacity (MW) .....                    | 1,000                              | 1,000 | 1,195 | 1,000                                      | 1,013 |
| Average Net Heat Rate (Kcal/KWh) .....                        | 2,519                              | 2,542 | 2,557 | 2,554                                      | 2,685 |

### **Fuel Supply**

The table below sets forth certain information regarding the coal consumption of the Sual Power Plant as of the periods indicated.

|                                         | For the year ended<br>December 31, |        |        | For the nine months<br>ended September 30, |       |
|-----------------------------------------|------------------------------------|--------|--------|--------------------------------------------|-------|
|                                         | 2022                               | 2023   | 2024   | 2024                                       | 2025  |
| Metric tons (thousands) .....           | 2,609                              | 2,467  | 2,432  | 1,992                                      | 1,701 |
| Average calorific value (kcal/kg) ..... | 6,138                              | 6,069  | 6,032  | 6,240                                      | 5,264 |
| (in millions ₱) .....                   | 47,812                             | 28,441 | 19,443 | 15,884                                     | 9,528 |
| Average price per metric ton (₱) .....  | 18,325                             | 11,527 | 7,995  | 7,975                                      | 5,603 |

SPI has existing coal supply agreements with PT Bharinto Ekatama, RWood Resources DMCC and Aegis Energy Trading Pte. Ltd. until December 31, 2026, to ensure a steady supply of coal for SPI. Further, negotiations with the existing suppliers are regularly conducted for additional volume to cover balance-year quantities and contract base volume for forward years and SPI continues to accredit coal supply acceptable for plant operations for more optionality and supply security. Pricing under the coal supply agreements is linked to regional coal indices, subject to adjustment based on agreed standards applicable to the quality of the coal delivered.

### **Operations and Maintenance**

Upon turnover, Luzon Power Dynamics Services Inc. (formerly known as Mantech Power Dynamics Services Corp. and hereinafter referred to as “LPDSI”), another wholly-owned subsidiary of SMGP, became responsible for the operation and maintenance of the Sual Power Plant.

Each of the generating units of the Sual Power Plant historically has been, and is expected to continue to be, shut down for routine preventive maintenance for approximately 30 days per calendar year. SPI also expects to shut down these units for more significant preventive maintenance and repair work for a total of approximately 60 days in every fifth calendar year.

The table below sets forth unplanned outages of the Sual Power Plant for the periods indicated.

|              | For the year ended<br>December 31, |         |        | For the nine months<br>ended September 30, |         |
|--------------|------------------------------------|---------|--------|--------------------------------------------|---------|
|              | 2022                               | 2023    | 2024   | 2024                                       | 2025    |
| Unit 1 ..... | 3 days                             | —       | 5 days | 3 days                                     | 10 days |
| Unit 2 ..... | 14 days                            | 13 days | 8 days | 8 days                                     | 8 days  |

In 2022, Unit 2 was shut down for 14 days mainly due to high temperatures observed in generator.

In 2023 and 2024, Unit 2 was shut down for 13 days and 8 days, respectively, mainly due to boiler tube leaks.

In 2024, Unit 1 was shut down for 5 days mainly due to a turbine trip, cleaning of strainers, and replacement of cooler.

In the first three quarters of 2025, Unit 1 was shut down for a total of 10 days on various dates due to a boiler tube leak, turbine and compressor trips and protective relay activation.

### **Power Transmission**

Power from the Sual Power Plant is transmitted through a 25 km 230-kV transmission line from the Sual Power Plant switchyard to the Kadampat Substation located at Labrador, Pangasinan. The transmission line is owned by TransCo and operated and maintained by its concessionaire, NGCP.

### **Limay Greenfield Power Plant**

The Limay Greenfield Power Plant, owned by SMGP through its subsidiary, LPI, is a 4 x 150 MW CFB coal-fired power plant, using HELE technologies, located in Limay, Bataan, which commenced construction in October 2013. Units 1, 2, 3 and 4 of the Limay Greenfield Power Plant achieved commercial operations in May 2017, September 2017, March 2018 and July 2019, respectively. The EPC contractors of the Limay Greenfield Power Plant are Formosa Heavy Industries Corporation and True North Manufacturing Services Corporation. In June 2017, LPI acquired all the rights and obligations on the completion of Units 3 and 4 of the Limay Greenfield Power Plant from another wholly-owned subsidiary, Lumiere Energy Technologies Inc. LPDSI, a wholly-owned subsidiary of SMGP, is responsible for the operation and maintenance of the Limay Greenfield Power Plant.

### **Power Offtakers**

The Limay Greenfield Power Plant is substantially contracted to various distribution utilities, electric cooperatives, directly connected customers and contestable customers, including facilities of SMC subsidiaries, under long-term fuel pass-through offtake agreements mostly expiring in 10 years from its effective date. For the nine months ended September 30, 2025, 84% of revenues were from bilateral contracts while the remaining 16% was attributable to revenues from WESM.

LPI was granted a RES license which is valid until September 29, 2028. The RES license allows LPI to directly contract with contestable customers.

### **Operations Review**

The table below is a summary of operating statistics of the Limay Greenfield Power Plant for the periods indicated.

|                                                                           | For the year ended<br>December 31, |       |       | For the nine months<br>ended September<br>30, |       |
|---------------------------------------------------------------------------|------------------------------------|-------|-------|-----------------------------------------------|-------|
|                                                                           | 2022                               | 2023  | 2024  | 2024                                          | 2025  |
| Actual Energy Generated (GWh).....                                        | 4,144                              | 3,976 | 3,879 | 2,920                                         | 2,353 |
| Electricity sold (GWh): .....                                             | 4,356                              | 4,281 | 6,543 | 4,295                                         | 3,767 |
| of which: bilateral offtake agreements .....                              | 4,245                              | 3,924 | 5,740 | 3,884                                         | 2,953 |
| of which: WESM sales .....                                                | 111                                | 357   | 803   | 411                                           | 813   |
| Average realized electricity prices(₱/MWh):                               |                                    |       |       |                                               |       |
| for electricity sold under bilateral offtake<br>agreement.....            | 8,583                              | 6,564 | 5,723 | 5,830                                         | 6,170 |
| for electricity sold on WESM .....                                        | 7,631                              | 5,573 | 4,441 | 5,459                                         | 4,198 |
| Net Capacity Factor (%) .....                                             | 88                                 | 85    | 82    | 83                                            | 67    |
| Availability Factor (%).....                                              | 91                                 | 91    | 90    | 90                                            | 89    |
| Reliability Factor (%) .....                                              | 98                                 | 97    | 95    | 95                                            | 96    |
| Average Net Dependable Capacity (MW) .....                                | 528                                | 536   | 489   | 536                                           | 436   |
| Average Net Heat Rate (Kilo-Calorie/Kilowatt<br>hour or “Kcal/KWh”) ..... | 2,761                              | 2,726 | 2,747 | 2,768                                         | 2,864 |

The table below sets forth unplanned outages of the Limay Greenfield Power Plant for the periods

indicated.

|              | For the year ended<br>December 31, |         |         | For the nine months<br>ended September 30, |         |
|--------------|------------------------------------|---------|---------|--------------------------------------------|---------|
|              | 2022                               | 2023    | 2024    | 2024                                       | 2025    |
| Unit 1 ..... | 13 days                            | 11 days | 15 days | 7 days                                     | 1 day   |
| Unit 2 ..... | 3 days                             | 6 days  | 4 days  | 10 days                                    | 2 days  |
| Unit 3 ..... | 17 days                            | 10 days | 16 days | 18 days                                    | 11 days |
| Unit 4 ..... | 2 days                             | 4 days  | 13 days | 15 days                                    | —       |

In 2022, Unit 1 was shut down for 13 days due to power tripping caused by a loose fuse at the control wiring, and for soot blower lance repair. Unit 3 also experienced boiler tube leaks in the same year.

In 2023, Unit 1 was shut down for 11 days due to high furnace temperatures, while Unit 3 was shut down for 10 days due to sudden closing of control valve and thermowell leaks.

In 2024, Unit 1 was shut down for 15 days mainly due to clearance of bed material from the furnace. Unit 3 was shut down for 16 days mainly due to air heater overload, while Unit 4 was shut down for 13 days mainly due to boiler tube leak.

In the first three quarters of 2025, Unit 3 was shut down for a total of 11 days mainly due to a boiler tube leak.

### ***Fuel Supply***

The table below sets forth certain information regarding the coal consumption of the Limay Greenfield Power Plant for the periods indicated.

|                                        | For the year ended<br>December 31, |        |        | For the nine months<br>ended September 30, |       |
|----------------------------------------|------------------------------------|--------|--------|--------------------------------------------|-------|
|                                        | 2022                               | 2023   | 2024   | 2024                                       | 2025  |
| Metric tons (thousands).....           | 2,546                              | 2,532  | 2,549  | 1,904                                      | 1,606 |
| Average calorific value (kcal/kg)..... | 4,376                              | 4,298  | 4,232  | 4,242                                      | 4,179 |
| (in millions ₱).....                   | 19,614                             | 13,730 | 10,508 | 7,779                                      | 5,863 |
| Average price per metric ton (₱) ..... | 7,703                              | 5,423  | 4,122  | 4,086                                      | 3,651 |

LPI has executed long-term coal supply agreements with Bayan with terms expiring on January 31, 2029, and January 31, 2032. Pricing under the coal supply agreements is subject to adjustment based on certain standards applicable to the quality or grade of the coal delivered by the supplier. LPI also executed spot coal supply contracts with local and Indonesian suppliers.

### ***Power Transmission***

Power from the Limay Greenfield Power Plant is transmitted through a 230-kV transmission line that connects to the Luzon Grid through the Lamao, Limay Bataan Substation. The transmission line is owned by TransCo and operated and maintained by NGCP.

### **Davao Greenfield Power Plant**

The Davao Greenfield Power Plant owned by SMGP through its subsidiary, MPI, is a 2 x 150 MW CFB coal-fired power plant, using HELE technologies, located in Malita, Davao Occidental, which commenced construction in September 2013. Units 1 and 2 of the Davao Greenfield Power Plant achieved commercial operations in July 2017 and February 2018, respectively.

The EPC contractors of the Davao Greenfield Power Plant are Formosa Heavy Industries Corporation and True North Manufacturing Services Corporation. VisMin Power Dynamics Services Inc. (formerly, Safetech Power Services Corp., “VPDSI”), a wholly-owned subsidiary of SMGP, is responsible for the operation and maintenance of the Davao Greenfield Power Plant.

## Power Offtakers

The Davao Greenfield Power Plant is substantially contracted to various distribution utilities, electric cooperatives, directly connected customers, contestable customers and RES under short to long-term offtake agreements.

MPI was granted a RES license which is valid until August 12, 2030. The RES license allows MPI to directly contract with contestable customers.

## Operations Review

The table below is a summary of operating statistics of the Davao Greenfield Power Plant for the periods indicated.

|                                                                | For the year ended<br>December 31, |       |       | For the nine months<br>ended September 30, |       |
|----------------------------------------------------------------|------------------------------------|-------|-------|--------------------------------------------|-------|
|                                                                | 2022                               | 2023  | 2024  | 2024                                       | 2025  |
| Actual Energy Generated (GWh).....                             | 1,586                              | 1,557 | 1,561 | 1,260                                      | 1,180 |
| Electricity sold (GWh): .....                                  | 1,958                              | 1,581 | 1,583 | 1,272                                      | 1,210 |
| of which: bilateral offtake agreements .....                   | 1,958                              | 1,100 | 930   | 681                                        | 851   |
| of which: WESM sales .....                                     | —                                  | 481   | 653   | 591                                        | 358   |
| Average realized electricity prices(₱/MWh):                    |                                    |       |       |                                            |       |
| for electricity sold under bilateral offtake<br>agreement..... | 9,234                              | 8,492 | 7,262 | 7,263                                      | 6,527 |
| for electricity sold on WESM .....                             | —                                  | 5,188 | 4,555 | 4,547                                      | 4,246 |
| Net Capacity Factor (%) .....                                  | 69                                 | 67    | 67    | 73                                         | 68    |
| Availability Factor (%).....                                   | 93                                 | 97    | 78    | 85                                         | 86    |
| Reliability Factor (%) .....                                   | 99                                 | 100   | 87    | 96                                         | 86    |
| Average Net Dependable Capacity (MW) .....                     | 264                                | 264   | 227   | 254                                        | 207   |
| Average Net Heat Rate (Kcal/KWh) .....                         | 2,895                              | 2,916 | 2,846 | 2,820                                      | 2,987 |

The table below sets forth unplanned outages of the Davao Greenfield Power Plant for the periods indicated.

|              | For the year ended<br>December 31, |         |         | For the nine months<br>ended September 30, |         |
|--------------|------------------------------------|---------|---------|--------------------------------------------|---------|
|              | 2022                               | 2023    | 2024    | 2024                                       | 2025    |
| Unit 1 ..... | 1 day                              | 22 days | 3 days  | —                                          | —       |
| Unit 2 ..... | 10 days                            | —       | 58 days | —                                          | 40 days |

In 2022, Unit 2 was shut down for 10 days mainly due to extended preventive maintenance outage and boiler tube leaks.

In 2023, Unit 1 was shut down for 22 days to conduct repairs on its analog module and electrostatic precipitators.

In 2024, Unit 2 was shut down for 58 days mainly due to high vibration in the bearings of the induced draft fan.

In the first three quarters of 2025, Unit 2 was shut down for 40 days mainly due to the high temperature of the fan bearing, repair of the fan shaft and boiler tube leak.

## Fuel Supply

The table below sets forth certain information regarding the coal consumption of the Davao Greenfield Power Plant for the periods indicated.

|                                        | For the year ended<br>December 31, |       |       | For the nine months<br>ended September 30, |       |
|----------------------------------------|------------------------------------|-------|-------|--------------------------------------------|-------|
|                                        | 2022                               | 2023  | 2024  | 2024                                       | 2025  |
| Metric tons (thousands).....           | 1,061                              | 1,096 | 1,187 | 947                                        | 931   |
| Average calorific value (kcal/kg)..... | 4,332                              | 4,146 | 3,752 | 3,682                                      | 3,771 |

|                                        | For the year ended<br>December 31, |       |       | For the nine months<br>ended September 30, |       |
|----------------------------------------|------------------------------------|-------|-------|--------------------------------------------|-------|
|                                        | 2022                               | 2023  | 2024  | 2024                                       | 2025  |
| (in millions ₱).....                   | 7,215                              | 5,513 | 4,196 | 3,390                                      | 2,991 |
| Average price per metric ton (₱) ..... | 6,799                              | 5,030 | 3,535 | 3,581                                      | 3,211 |

MPI has existing long-term coal supply agreements with Bayan, effective until January 31, 2029 and January 31, 2032. Pricing under the coal supply agreements is subject to adjustment based on certain standards applicable to the quality or grade of the coal delivered by the supplier. MPI also executed spot coal supply contracts with local supplier.

### **Power Transmission**

Power from the Davao Greenfield Power Plant is transmitted through a 230-kV transmission line that connects to the Mindanao grid through the Culaman, Malita Substation. The transmission line is owned by TransCo and operated and maintained by NGCP.

### **Mariveles Greenfield Power Plant**

The Mariveles Greenfield Power Plant owned by SMGP through its subsidiary, MPGC, is a 4 x 150 MW CFB coal-fired power plant located in Mariveles, Bataan, using HELE technologies, which commenced construction in 2019. Unit 1, Unit 2 and Unit 3 commenced commercial operations on March 28, 2024, September 26, 2024 and October 26, 2024, respectively, while Unit 4 achieved commercial operations on January 9, 2025.

The EPC contractors of the Mariveles Greenfield Power Plant is Formosa Heavy Industries Corporation and True North Manufacturing Services Corporation. LPDSI, a wholly-owned subsidiary of SMGP, is responsible for the operation and maintenance of the Mariveles Greenfield Power Plant.

### **Power Offtakers**

The capacity of the Mariveles Greenfield Power Plant is contracted to Meralco for 300 MW for a period of 15 years, which commenced in June 2025, and MPGC participates in CSPs of Meralco and other DUs and ECs for the remaining uncontracted capacity.

### **Fuel Supply**

MPGC executed a long-term coal supply agreement with Bayan, effective until December 31, 2027. Pricing under the coal supply agreement is subject to adjustment based on certain standards applicable to the quality or grade of the coal delivered by the supplier. MPGC also executed spot coal supply contracts with local supplier.

|                                         | For the nine months<br>ended September 30,<br>2025 |
|-----------------------------------------|----------------------------------------------------|
| Metric tons (thousands).....            | 1,868                                              |
| Average calorific value (kcal/kg) ..... | 4,125                                              |
| (in millions ₱).....                    | 6,740                                              |
| Average price per metric ton (₱) .....  | 3,609                                              |

### **Operations Review**

The table below is a summary of operating statistics of the Mariveles Greenfield Power Plant for

the period indicated.

|                                                                 | <b>For the nine<br/>months ended<br/>September 30,<br/>2025</b> |
|-----------------------------------------------------------------|-----------------------------------------------------------------|
| Actual Energy Generated (GWh) .....                             | 2,777                                                           |
| Electricity sold (GWh):.....                                    | 2,798                                                           |
| of which: bilateral offtake agreements...                       | 1,865                                                           |
| of which: WESM sales.....                                       | 933                                                             |
| Average realized electricity prices(₱/MWh):                     |                                                                 |
| for electricity sold under bilateral offtake<br>agreement ..... | 5,085                                                           |
| for electricity sold on WESM .....                              | 5,556                                                           |
| Net Capacity Factor (%).....                                    | 79                                                              |
| Availability Factor (%) .....                                   | 93                                                              |
| Reliability Factor (%).....                                     | 96                                                              |
| Average Net Dependable Capacity (MW).....                       | 537                                                             |
| Average Net Heat Rate (Kcal/KWh).....                           | 2,737                                                           |

The table below sets forth unplanned outages of the Mariveles Greenfield Power Plant for the periods indicated.

|              | <b>For the nine<br/>months ended<br/>September 30,<br/>2025</b> |
|--------------|-----------------------------------------------------------------|
| Unit 1 ..... | —                                                               |
| Unit 2 ..... | —                                                               |
| Unit 3 ..... | 5 days                                                          |
| Unit 4 ..... | 6 days                                                          |

In the first three quarters of 2025, Unit 3 was shut down for 5 days for minor repairs, while Unit 4 was shut down for 6 days mainly due to boiler tube leak.

### ***Power Transmission***

Power from the Mariveles Greenfield Power Plant is transmitted through a 500-kV transmission line that connects to Mariveles Substation. The transmission line is owned by TransCo and operated and maintained by NGCP.

## **Masinloc Power Plant and Masinloc BESS**

### ***Background***

The Masinloc Power Plant, using HELE technologies, comprises 1 x 344 MW (Unit 1), 1 x 344 MW (Unit 2) and 1 x 335 MW (Unit 3) coal-fired power plant located in Masinloc, Zambales, and is owned and operated by MPCL. Units 1 and 2 of the Masinloc Power Plant commenced commercial operations in June 1998 and December 1998, respectively, and were originally developed and owned by NPC. Unit 3, which is a brownfield/expansion project within the Masinloc Power Plant, commenced commercial operations on September 26, 2020. MPCL also owns the Masinloc BESS.

The Masinloc BESS (Phase 1 for 10 MWh) is a pioneer grid-scale BESS in the Philippines and Southeast Asia which, the Company believes, is the first of its kind in the region. The EPC Contractor for the Masinloc BESS is Fluence, which has installed 1,125 MW in BESS capacity in 95 projects across 20 countries and is a leading vendor for utility-scale energy storage systems, according to Navigant Research. Together with Phase 2, Masinloc BESS has a combined capacity of 35.258MWh.

The Masinloc Power Plant and Masinloc BESS (Phase 1) were acquired by SMGP on March 20, 2018, pursuant to its acquisition of 51% and 49% equity interests in SMCGP Masin from AES Phil and Gen Plus B.V., respectively.



LPDSI is responsible for the operation and maintenance of the Masinloc Power Plant.

### Power Offtakers

Units 1, 2 and 3 of the Masinloc Power Plant are substantially contracted through medium to long-term bilateral contracts with Meralco and other distribution utilities, contestable customers, third-party RES, and affiliates. The RES license of MPCL was renewed and is valid until September 29, 2028. The Masinloc BESS provides regulating reserve ancillary services to the Luzon Grid under an ASPA with NGCP, under a take-or-pay scheme for capacity payments for both charging and discharging capacity, subject to dispatch protocols and guidelines. In the CSP conducted by Meralco on August 28, 2024, MPCL emerged among the lowest bidders and is therefore set to supply 500 MW out of the 600 MW power requirement of Meralco. The contract is for a term of 15 years, which commenced in August 2025, and has a full fuel pass-through scheme.

### Operations Review

The table below is a summary of operating statistics of the Masinloc Power Plant for the periods indicated.

|                                                              | For the year ended<br>December 31, |       |       | For the nine months ended<br>September 30, |       |
|--------------------------------------------------------------|------------------------------------|-------|-------|--------------------------------------------|-------|
|                                                              | 2022                               | 2023  | 2024  | 2024                                       | 2025  |
| Actual Energy Generated (GWh) .....                          | 6,086                              | 5,407 | 5,804 | 4,258                                      | 4,233 |
| Electricity sold (GWh):.....                                 | 7,949                              | 6,301 | 7,388 | 5,377                                      | 6,571 |
| of which: bilateral offtake agreements .....                 | 7,230                              | 5,805 | 6,432 | 4,725                                      | 6,274 |
| of which: WESM sales.....                                    | 719                                | 496   | 956   | 652                                        | 297   |
| Average realized electricity prices(₱/MWh):                  |                                    |       |       |                                            |       |
| for electricity sold under bilateral offtake agreements..... | 8,749                              | 6,502 | 5,379 | 5,394                                      | 5,493 |
| for electricity sold on WESM .....                           | 7,538                              | 5,929 | 4,264 | 4,758                                      | 2,530 |
| Net Capacity Factor (%).....                                 | 75                                 | 65    | 70    | 68                                         | 68    |
| Availability Factor (%).....                                 | 94                                 | 85    | 91    | 91                                         | 89    |
| Reliability Factor (%).....                                  | 87                                 | 82    | 89    | 89                                         | 89    |
| Average Net Dependable Capacity (MW).....                    | 924                                | 950   | 950   | 950                                        | 950   |
| Average Net Heat Rate (Kcal/KWh) .                           | 2,537                              | 2,454 | 2,458 | 2,447                                      | 2,487 |

The table below sets forth unplanned outages of the Masinloc Power Plant for the periods indicated.

|              | For the year ended<br>December 31, |         |         | For the nine months ended<br>September 30, |         |
|--------------|------------------------------------|---------|---------|--------------------------------------------|---------|
|              | 2022                               | 2023    | 2024    | 2024                                       | 2025    |
| Unit 1 ..... | 8 days                             | 17 days | 64 days | 63 days                                    | 20 days |
| Unit 2 ..... | 1 day                              | 17 days | 3 days  | 3 days                                     | 11 days |
| Unit 3 ..... | 26 days                            | 14 days | 3 days  | 3 days                                     | 24 days |

In the first three quarters of 2025, Unit 1 was shut down for 20 days mainly due to triggered saturated steam protection in turbine exhaust and low turbine bearing oil pressure. Unit 2 was shut down for 11 days mainly due to minor tube leak, while Unit 3 was shut down for 24 days mainly due to closed cooling water system repairs.

### Fuel Supply

The table below sets forth certain information regarding the coal consumption of the Masinloc Power Plant as of the periods indicated.

|                                           | For the year ended<br>December 31, |        |        | For the nine months ended<br>September 30, |        |
|-------------------------------------------|------------------------------------|--------|--------|--------------------------------------------|--------|
|                                           | 2022                               | 2023   | 2024   | 2024                                       | 2025   |
| Metric tons (thousands).....              | 2,919                              | 2,599  | 2,763  | 2,017                                      | 2,145  |
| Average calorific value<br>(kcal/kg)..... | 5,346                              | 5,123  | 5,176  | 5,078                                      | 5,160  |
| (in millions ₱).....                      | 39,524                             | 20,581 | 16,936 | 12,307                                     | 10,973 |
| Average price per metric ton (₱) ....     | 13,542                             | 7,920  | 6,130  | 6,101                                      | 5,116  |

MPCL continues to maintain multiple supply agreements, from short- to long-term, and with various reputable mining companies and traders that can deliver the different qualities required by the Masinloc Power Plant with different boiler designs and required coal specifications. MPCL has two units of sub-critical boiler technology and one unit of supercritical boiler technology that require different qualities of coal for optimal operations. MPCL has contracts with Bayan, RWOOD, AGNICO INC FZCO and a local supplier covering majority of the coal requirements of the Masinloc Power Plant. All contracts have standard adjustments based on a certain formula applicable to the quality or grade of the coal delivered.

### ***Power Transmission***

Power from the Masinloc Power Plant is transmitted through a 230-kV transmission line that connects to the Luzon Grid through the Bolo Substation. The transmission line is owned by TransCo and operated and maintained by NGCP.

### **Angat Hydroelectric Power Plant**

The AHP is an operating hydroelectric power plant located at the Angat reservoir in San Lorenzo, Norzagaray, Bulacan, approximately 58 km northeast of Metro Manila. The AHP was privatized through an asset purchase agreement between PSALM and Korea Water Resource Corporation (“K-water”). K-water assigned its rights in favor of AHC, a joint venture between K-water and PVEI.

The project has a total electricity generating capacity of 218 MW, comprised of four main units of 50 MW capacity each and three auxiliary units of 6 MW capacity each. The Main Units 1 and 2, together with the Auxiliary Units 1 and 2, were commissioned in 1967. The Main Units 3 and 4 were commissioned in 1968. The Auxiliary Unit 3 was commissioned in 1978. The Auxiliary Unit 3 was manufactured by Allis-Chalmers and Ebara and all the other units were manufactured by Toshiba Corporation of Japan. All units are run by the Francis-type turbines, which are the most commonly used model in hydroelectric power generation. In August 2018, AHC completed the rehabilitation and turnover of the Angat Dam and Dykes in accordance with the Operations and Maintenance Agreement with PSALM and NPC.

In September 2021, AHC entered into a Rehabilitate-Operate-Maintain Agreement for Auxiliary Units 4 and 5 with combined capacity of 28 MW, owned by the MWSS and located at the AHP. Under the agreement, AHC will rehabilitate Auxiliary Units 4 and 5 and thereafter operate and maintain the same for 23 years under a profit-sharing arrangement with MWSS. The rehabilitation of the units is currently ongoing and is targeted to be fully completed by the third quarter of 2026 after which the operation period will commence.

### ***Fuel Supply and Water Rights***

The AHP utilizes water resources of the Angat reservoir. The Angat reservoir is 35 km long and 3 km wide at its widest points, and has surface of 2,300 hectares and viable storage volume of 850 million cubic meters. The water discharged by the project is used for the following two purposes: (i) water discharged through Auxiliary Units and through the spillway that flows to the Ipo reservoir is used to supply 97% of the residential drinking water of Metro Manila; and (ii) water discharged through Main Units that flows downstream to the Bustos reservoir is utilized for irrigation purposes.

Water rights surrounding the AHP are co-owned and governed by the following entities, with its respective purposes, pursuant to the Water Code of the Philippines, Angat Reservoir Operation

Rules issued and regulated by NWRB as implemented by a Memorandum of Agreement on the Angat Water Protocol between MWSS, NIA, AHC, PSALM, NPC and NWRB: (i) MWSS, for domestic water supply to Metro Manila; (ii) provincial government of Bulacan, for water supply in the Bulacan Province; (iii) NIA, for irrigation diversion requirements; and (iv) AHC (through a lease contract with KWPP), for power generation.

### **Power Offtakers**

AHC sells the majority of its generated capacity to the WESM at the prevalent spot price. The Main Units are operated as peaking units. The strategy for the Main Units is to allocate daily water release during peak hours. Auxiliary Units are operated as baseload units, as the water requirement from MWSS is continuous throughout the day, thus eliminating any discrete optionality to choose the hour of allocation. AHC periodically enters into short-term power supply contracts for the capacity of its auxiliary units, including replacement contracts with the subsidiaries of SMGP, and continues to explore options to contract this capacity.

### **Operations Review**

The table below is a summary of operating statistics of the AHP for the periods indicated.

|                                            | For the year ended<br>December 31, |      |      | For the nine months<br>ended<br>September 30, |      |
|--------------------------------------------|------------------------------------|------|------|-----------------------------------------------|------|
|                                            | 2022                               | 2023 | 2024 | 2024                                          | 2025 |
| Net Capacity Factor (%).....               | 10                                 | 12   | 18   | 16                                            | 36   |
| Availability Factor (%).....               | 51                                 | 44   | 52   | 54                                            | 97   |
| Reliability Factor (%).....                | 98                                 | 100  | 99   | 99                                            | 98   |
| Average Net Dependable Capacity (MW) ..... | 95                                 | 91   | 107  | 101                                           | 177  |

### **Operations and Maintenance**

AHC undertakes the operation and maintenance of AHP. The operations and maintenance team consists of a local technical team, who have been operating the AHP supported by technical experts seconded from K-water.

AHC has entered into technical services agreements with each of K-water and PVEI to ensure that the appropriate level of technical and management support will be provided for the operation and maintenance requirements of AHC.

### **IPPA POWER PLANT**

The table below summarizes information regarding the San Roque Power Plant, the Company's remaining IPPA Power Plant, as of September 30, 2025. The generation capacity of the San Roque Power Plant is managed and sold by SMGP, through SRHI, under the San Roque IPPA Agreement (as defined below).

|                                                               | <b>San Roque</b>                                                           |
|---------------------------------------------------------------|----------------------------------------------------------------------------|
| <b>Subsidiary</b> .....                                       | SRHI                                                                       |
| <b>IPPA Acquisition Date</b> .....                            | 3/2010                                                                     |
| <b>Plant Commercial Operation Date</b> ...                    | 2003                                                                       |
| <b>Ownership</b> .....                                        | Marubeni<br>Corporation, Kansai<br>Electric Company<br>Ltd. <sup>(1)</sup> |
| <b>Capacity (MW)</b> .....                                    | 3 x 137                                                                    |
| <b>Net Contracted Capacity (MW)<sup>(2)</sup></b> .....       | 345 <sup>(3)</sup>                                                         |
| <b>Fuel</b> .....                                             | Hydroelectric                                                              |
| <b>Fuel Supply</b> .....                                      | N/A                                                                        |
| <b>Revenue Mix</b><br><b>(as of September 30, 2025)</b> ..... | 52% WESM;<br>48% bilateral<br>contract                                     |
| <b>Net Capacity Factor (%)</b>                                |                                                                            |
| <b>December 31, 2022</b> .....                                | 20%                                                                        |
| <b>December 31, 2023</b> .....                                | 29%                                                                        |
| <b>December 31, 2024</b> .....                                | 28%                                                                        |

|                                       |                            |
|---------------------------------------|----------------------------|
| September 30, 2025.....               | 41%                        |
| Availability Factor (%)               |                            |
| December 31, 2022.....                | 97%                        |
| December 31, 2023.....                | 95%                        |
| December 31, 2024.....                | 89%                        |
| September 30, 2025.....               | 86%                        |
| Offtakers <sup>(7)</sup> .....        | Intercompany,<br>DUs, WESM |
| IPPA Expiry / Asset Transfer Date ... | April 2028                 |

*Notes:*

(1) Through San Roque Power Corporation.

(2) Based on the IPPA capacity awarded to SRHI.

(3) SRHI expects the San Roque Power Plant to generate power at levels below its contracted capacity due to water levels in the reservoir and downstream irrigation requirements.

## San Roque Power Plant

The 345 MW San Roque Power Plant in San Manuel, Pangasinan, commenced operations on May 1, 2003, and is a peaking plant that was constructed by a consortium composed of Marubeni Corporation, Sithe Philippines Holdings, Ltd., and Italian-Thai Development Public Company Limited (the “**Consortium**”) pursuant to a PPA with NPC under a BOT scheme (the “**San Roque PPA**”).

The San Roque Power Plant utilizes the Agno River for peaking power, irrigation, flood control and water quality improvement for the surrounding region and comprises three power generation units of 115 MW each.

On December 15, 2009, SRHI, a wholly owned subsidiary of SMGP, successfully bid for the appointment to be the IPPA for the San Roque Power Plant and received a notice of award on December 28, 2009. SRHI assumed administration of the San Roque Power Plant on January 26, 2010, in accordance with the IPPA Agreement with PSALM (the “**San Roque IPPA Agreement**”). PSALM remains responsible under the San Roque PPA to remunerate the IPP of the San Roque Power Plant for the electricity it produces.

## San Roque IPPA Agreement

### Power Plant Capacity

Under the San Roque IPPA Agreement, SRHI has the right to manage, control, trade, sell or otherwise deal in the electrical generation capacity of the San Roque Power Plant, while NPC, which owns and operates the dam and related facilities thereof, obtained and maintains water rights necessary for the testing and operation of the power plant. SRHI is required to assist PSALM so that the San Roque Power Plant can draw water from the Agno River required by the power plant and necessary for it to generate the electricity required to be produced under the San Roque PPA of NPC with San Roque Power Corporation (“**SRPC**”).

The San Roque Power Plant is a peaking plant. Under the terms of the San Roque PPA, power and energy are delivered to NPC/PSALM (which are instantaneously delivered to SRHI under the San Roque IPPA Agreement) at the delivery point (the high voltage side of the step-up transformers) located at the perimeter fence of the San Roque Power Plant site. SRHI is responsible for contracting with NGCP to wheel power from the delivery point.

### Minimum Run Rate

The San Roque PPA requires NPC to take-or-pay for a minimum amount of power from the San Roque Power Plant. The minimum amount required increases from 85 MW through April 2007, 95 MW from May 2007 through April 2013, 110 MW from May 2013 through April 2017 and 115 MW from May 2017 through April 2028. Under the San Roque IPPA Agreement, SRHI is contractually obligated to purchase the minimum amount of power that NPC is obligated to take-or-pay for under the San Roque PPA.

### *IPPA Fees*

SRHI pays PSALM a monthly fee that consists of a fixed payment and a variable energy fee.

The fixed payment consists of agreed amounts (in U.S. dollars and Philippine Pesos) for the applicable month as set out in the San Roque IPPA Agreement. The specific amount of the fixed monthly payments under the San Roque IPPA Agreement increases over the life of the agreement, and the amounts and timing of such increases are specified in a schedule attached to the agreement. In any month that the San Roque Power Plant is unable to produce power for at least three non-delivering days, these fixed amounts are reduced in proportion to the number of non-delivering days in that month. A non-delivering day means a 24-hour period during which the San Roque Power Plant is unable to produce power for reasons specified in the San Roque IPPA Agreement, including unplanned outages arising from causes not attributable to SRHI. No reduction in the fixed payment is made if the San Roque Power Plant is unable to produce power due to planned outages. The actual energy delivered and dispatched by the San Roque Power Plant at any given time is dependent on the water levels in the reservoir and downstream irrigation requirements at that time.

### *Other Provisions*

The San Roque IPPA Agreement requires SRHI to maintain a performance bond in favor of PSALM equivalent to U.S.\$20 million. Under the San Roque IPPA Agreement, SRHI has the right to acquire the San Roque Power Plant in May 2028, which is the end of the cooperation period between NPC and SRPC under the San Roque PPA, or on some earlier date due to certain events such as changes in applicable law or non-performance by SRPC under the San Roque PPA.

While SRHI is granted the right to coordinate with SRPC, on behalf of NPC, on matters relating to management of the generation capacity of the San Roque Power Plant, SRHI cannot directly enforce the San Roque PPA against SRPC or NPC. Any claims for damages for breach, or other entitlement, benefit or relief under the San Roque IPPA Agreement arising from the breach of SRPC of its San Roque PPA obligations must be claimed by SRHI against PSALM through the ER Claim and the PSALM ER Claim mechanism. Under the San Roque IPPA Agreement, SRHI has the option to acquire the San Roque Power Plant in May 2028 without any additional payment by SRHI. SRHI may exercise the option to acquire the San Roque Power Plant prior to May 2028 under certain circumstances, such as changes in applicable law or non-performance by SRPC of its obligations under the San Roque PPA. In this case, the transfer price will be the net present value of the sum of the agreed monthly payments remaining unpaid at the date of termination of the San Roque IPPA Agreement.

The San Roque IPPA Agreement may be terminated by either SRHI or PSALM due to certain force majeure events. In case of such termination, SRHI is entitled to receive from PSALM a termination payment equal to the aggregate agreed monthly payments paid by SRHI up to the date of termination less the aggregate capital recovery, operating and watershed management fees paid or payable by NPC/PSALM to SRPC from the effective date of the San Roque IPPA Agreement up to the termination date of the San Roque IPPA Agreement.

### ***Power Offtakers***

SRHI primarily sells its generated capacity to the WESM at the prevalent spot price. SRHI also periodically supplies replacement power to the subsidiaries of SMGP. In a CSP conducted by Meralco for renewable energy contract capacity on July 17, 2024, SRHI emerged as the winning bidder for a 340 MW power supply contract for a period of 10 years. SRHI commenced supply under the PSA on September 17, 2025.

### ***Operations Review***

The table below is a summary of operating statistics of the San Roque Power Plant for the periods indicated.

|                                                                 | For the year ended<br>December 31, |       |       | For the nine months<br>ended September 30, |       |
|-----------------------------------------------------------------|------------------------------------|-------|-------|--------------------------------------------|-------|
|                                                                 | 2022                               | 2023  | 2024  | 2024                                       | 2025  |
| Actual Energy Generated (GWh).....                              | 619                                | 874   | 848   | 412                                        | 929   |
| Electricity sold (GWh): .....                                   | 918                                | 1,920 | 1,765 | 1,159                                      | 1,373 |
| of which: bilateral offtake<br>agreements .....                 | 654                                | 1,571 | 1,245 | 904                                        | 652   |
| of which: WESM sales .....                                      | 264                                | 349   | 520   | 255                                        | 721   |
| Average realized electricity<br>prices(₱/MWh):                  |                                    |       |       |                                            |       |
| for electricity sold under bilateral<br>offtake agreement ..... | 8,362                              | 7,453 | 3,737 | 3,996                                      | 4,880 |
| for electricity sold on WESM .....                              | 9,548                              | 6,217 | 5,304 | 6,022                                      | 4,691 |
| Net Capacity Factor (%) .....                                   | 20                                 | 29    | 28    | 18                                         | 41    |
| Availability Factor (%) .....                                   | 97                                 | 95    | 89    | 85                                         | 86    |
| Reliability Factor (%) .....                                    | 100                                | 100   | 97    | 97                                         | 99    |
| Average Net Dependable Capacity (MW) .                          | 318                                | 373   | 340   | 309                                        | 350   |

### **Water Rights**

The generated output energy of the San Roque Power Plant is limited by the “Irrigation Diversion Requirements” set by the NIA of the Philippines. Water allocation is usually dictated by a rule curve that is derived from historical data of river flows and water demands. A rule curve shows the minimum water level requirement in the reservoir at a specific time to meet the needs for which the reservoir is designed. The rule curve must generally be followed, except during periods of extreme drought and when public interest requires.

In general, the rule curve dictates the following:

- *Water Level Above the Upper Rule Curve* — All demands for water supply and irrigation are met and electricity can be generated at the full capacity of the turbine units. Excess inflow is discharged through the spillway. Water released through the spillway is controlled and regulated by the NPC Dam Office personnel.
- *Between the Upper and Lower Rule Curves* — All demands for water supply and irrigation are satisfied. Generation of electricity is limited to the released water for water supply and irrigation.
- *Water Level Below the Lower Rule Curve* — The remaining water in the reservoir is reserved for water supply and irrigation. Generation of electricity is limited to these water releases. If necessary, no further water release for power generation is allowed.

Generally, the output energy of San Roque Power Plant is high during planting seasons, which cover the months of December through April (dry planting season) and July through September (wet planting season). The water releases from the dam, and thus, energy generation during the dry planting season is much higher due to the absence of rain. The water rights of NPC are used by the San Roque Power Plant, and NPC, until the date of transfer of the San Roque Power Plant to NPC (or SRHI, as the case may be), must obtain such renewals or extensions as may be required to maintain the water rights in full force and effect at all times. NPC derives its water rights from a permit granted by the NWRB.

### **Operations and Maintenance**

SRPC, the successor-in-interest of the Consortium, is responsible for the operations and maintenance of the San Roque Power Plant for 25 years effective May 1, 2003. SRPC is owned by Marubeni Corporation and Kansai Electric Power Company Ltd. Under the San Roque PPA, SRPC is responsible for the management, operation, maintenance and repair of the San Roque Power Plant at its own cost until transfer to NPC or SRHI, as the case may be. As operator, SRPC is entitled to conduct the normal inspection, regular preventive maintenance, repair and overhaul for a period of 15 days for each unit comprising the San Roque Power Plant. In addition, SRPC has the right to enter into contracts for the supply of materials and services, including contracts with NPC; appoint and remove consultants and professional advisers; purchase replacement

equipment; appoint, organize and direct staff; manage and supervise the power plant; establish and maintain regular inspection, maintenance and overhaul procedures; and otherwise run the power plant within the operating parameters set out in the San Roque PPA.

The maintenance plan for the San Roque Power Plant is agreed upon annually between SRHI, NPC, PSALM, NGCP and SRPC. The maintenance plan includes scheduled inspections and overhauls, including scheduled periods of outage and details as to the personnel required to complete each inspection. Planned outages for preventive maintenance of the generating units are scheduled in such a way that only one unit is shut down at any given time. The power tunnel that delivers water from the reservoir to the generating units also undergoes routine annual preventive maintenance inspections, during which all units are shut down. The maintenance plan is established with consideration given to the dispatch requirements of SRHI and recommendations of the plant manufacturer. SRPC is required to execute the maintenance plan in accordance with the recommendations of the original equipment manufacturer and good utility practice. SRPC performs periodic preventive maintenance activities on the generating units of the San Roque Power Plant during the course of the operation of the plant. The San Roque PPA requires SRPC to conduct an annual test to check the capacity of the generating units of the San Roque Power Plant. As of the date of this Prospectus, the generating units of the San Roque Power Plant have attained and maintained the required contracted capacity specified in the San Roque PPA.

Each of the generating units of the San Roque Power Plant historically has been, and is expected to continue to be, shut down for routine preventive maintenance for approximately 15 days per calendar year sometime between April to June of each year, when water levels at the reservoir are low. Since 2010, during periods when a generating unit is shut down for routine preventive maintenance, the San Roque Power Plant has historically been, and is expected to continue to be, able to generate power at the applicable minimum run rate from the other generating units. The San Roque Power Plant does not have a regular schedule for significant preventive maintenance and repair work.

The power tunnel that delivers water from the reservoir to the generating units also undergoes routine preventive maintenance inspections for approximately 15 days per calendar year. Power tunnel inspections historically have been, and are expected to continue to be, conducted between April to June of each year, after the end of the irrigation period and when water levels at the reservoir are low.

The table below sets forth the actual planned outages of the power tunnel for the San Roque Power Plant for the periods indicated.

| For the year ended December 31, |         |       | For the nine months ended September 30, |         |
|---------------------------------|---------|-------|-----------------------------------------|---------|
| 2022                            | 2023    | 2024  | 2024                                    | 2025    |
| 10 days                         | 12 days | 1 day | 10 days                                 | 96 days |

In 2022, the San Roque Power Plant was shut down for 10 days for switch yard inspection.

In 2023, 2024, and the first three quarters of 2025, the San Roque Power Plant was shut down for 12 days, 1 day, and 96 days, respectively, for preventive maintenance.

**Power Transmission**

Power from the San Roque Power Plant is transmitted through a nine km 230-kV transmission line from the San Roque Power Plant switchyard to the San Manuel substation located in Pangasinan. The transmission line is owned by TransCo and operated and maintained by NGCP.

**CHROMITE GAS HOLDINGS POWER PLANTS**

**Chromite Transactions**

On March 1, 2024, MGen and TNGP, through their joint venture entity, Chromite Gas Holdings, entered into binding agreements with SMGP and its relevant subsidiaries for Chromite Gas

Holdings to jointly invest for a 67% equity interest in each of the following SMGP gas-fired power plants and assets: (i) the operating Ilijan Power Plant owned by SPPC, (ii) the adjacent BCC Power Plant owned by EERI, and (iii) land owned by IPIEC 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 Chromite Transactions on January 27, 2025. As of the date of this Prospectus, SMGP retains a 33% interest in each of SPPC, EERI and IPIEC and holds approximately 33% of LFC.

The Company retains joint control over the strategic, operational and commercial aspects of the Chromite Transactions assets and has preserved its pre-transaction historical and expected operating profits and cashflows from these assets (on a pro-rata basis based on its equity interest in such assets).

### **Ilijan Power Plant**

The Ilijan Power Plant commenced commercial operations on June 5, 2002, and is located on a 60-acre site at Arenas Point, Barangay Ilijan, Batangas City. The Ilijan Power Plant was constructed and owned by KEILCO pursuant to a 20-year ECA with NPC ("**Ilijan ECA**") under a BOT scheme that expired on June 4, 2022. The Ilijan Power Plant consists of two blocks with a rated capacity of 600 MW each, which uses HELE technologies.

On April 16, 2010, SMC successfully bid for the appointment to be the IPP Administrator for the Ilijan Power Plant and received a notice of award on May 5, 2010. On June 10, 2010, SMC and SPPC entered into an assignment agreement with assumption of obligations whereby SMC assigned all of its rights and obligations with respect to the Ilijan Power Plant to SPPC. SPPC assumed administration of the Ilijan Power Plant on June 26, 2010, in accordance with the Ilijan IPPA Agreement.

As an IPPA, SMGP, through its wholly-owned subsidiary, SPPC, had the contractual right to manage, control, trade, sell or otherwise deal in the generation capacity of the Ilijan Power Plant pursuant to the Ilijan IPPA Agreement. Although the installed capacity of the Ilijan Power Plant totals 1,277.9 MW, ERC attributes to SPPC a capacity of 1,200 MW for the Ilijan Power Plant. Accordingly, for purposes of this Prospectus, the contracted capacity of the Ilijan Power Plant is referred to as 1,200 MW.

### **Turnover to SMGP**

The Ilijan IPPA Agreement and the Ilijan ECA expired on June 4, 2022, after which ownership and operations of the Ilijan Power Plant was transferred by PSALM to SPPC pursuant to the Deed of Sale dated June 3, 2022, executed by the parties.

### **Power Offtakers**

The capacity of the Ilijan Power Plant is contracted to Meralco under a long-term PSA.

Meralco conducted CSP for its power supply in accordance with the DOE CSP Policy. The Ilijan Power Plant was awarded two offtake contracts to supply an aggregate of 960 MW, of which 670 MW is contracted for ten years ("**670 MW Meralco PSC**") while the remaining 290 MW (the "**290 MW Meralco PSC**") is contracted for five years. The supply pursuant to the 670 MW Meralco PSC ceased effective December 7, 2022, while the 290 MW Meralco PSC was assigned by SPPC to SPI effective January 19, 2024, and expired on December 25, 2024.

On February 5, 2024, SPPC executed a PSA with Meralco for the supply of 1,200 MW capacity for a term of 15 years (the "**1,200 MW PSC**") after it was declared as winning bidder in the competitive selection process held by Meralco on January 23, 2024, for its 1,200 MW capacity requirements. SPPC currently provides Meralco its power requirement through this 1,200 MW PSC.



## Operations Review

The table below is a summary of operating statistics of the Ilijan Power Plant for the periods indicated.

|                                              | For the year ended<br>December 31, |       |       | For the nine months<br>ended September 30, |        |
|----------------------------------------------|------------------------------------|-------|-------|--------------------------------------------|--------|
|                                              | 2022                               | 2023  | 2024  | 2024                                       | 2025   |
| Actual Energy Generated (GWh) .....          | 2,681                              | 2,512 | 6,765 | 5,339                                      | 4,171  |
| Electricity sold (GWh):.....                 | 6,128                              | 5,822 | 7,627 | 5,879                                      | 4,720  |
| of which: bilateral offtake agreements .     | 5,867                              | 5,402 | 7,398 | 5,657                                      | 4,497  |
| of which: WESM sales .....                   | 261                                | 420   | 229   | 222                                        | 223    |
| Average realized electricity prices(₱/MWh):  |                                    |       |       |                                            |        |
| for electricity sold under bilateral         |                                    |       |       |                                            |        |
| offtake agreements .....                     | 4,705                              | 7,227 | 7,676 | 7,519                                      | 10,538 |
| for electricity sold on WESM.....            | 5,538                              | 6,081 | 4,456 | 4,430                                      | 6,321  |
| Net Capacity Factor (%).....                 | 26                                 | 24    | 64    | 68                                         | 70     |
| Availability Factor (%).....                 | 98                                 | 82    | 96    | 89                                         | 91     |
| Reliability Factor (%) .....                 | 100                                | 99    | 99    | 99                                         | 100    |
| Average Net Dependable Capacity (MW) .....   | 1,168                              | 979   | 1,200 | 1,200                                      | 1,200  |
| Average Net Heat Rate (Kilo-Joule/KWh) ..... | 6,978                              | 7,600 | 8,088 | 8,015                                      | 8,228  |

## Fuel Supply

Prior to the expiration of the Ilijan IPPA Agreement, SPPC executed a fuel supply agreement for imported LNG from an international supplier and contracted LFC, the developer of the Batangas LNG Terminal, through a terminal use agreement for the receipt, regasification and storage of its imported LNG through the Batangas LNG Terminal.

With the Batangas LNG Terminal infrastructure, SPPC receives imported LNG from international suppliers Vitol, Trafigura Pte. Ltd and Shell Eastern Trading (Pte) Ltd.

The Batangas LNG Terminal started servicing the Ilijan Power Plant in May 2023.

## Operations and Maintenance

Upon turnover of the Ilijan Power Plant from PSALM, LPDSI, a wholly-owned subsidiary of SMGP, became responsible for the operation and maintenance of the Ilijan Power Plant. Following the completion of the Chromite Transactions, and effective July 1, 2025, all LPDSI personnel assigned in the operating companies (SPPC and EERI) were transferred to and absorbed by SPPC.

Each of the generating units of the Ilijan Power Plant historically has been, and is expected to be shut down for routine preventive maintenance for approximately 26 days every calendar year and it is also expected that SPPC will shut down these units for more significant preventive maintenance and repair work for a total of 35 to 43 days in every fifth calendar year.

The table below sets forth actual planned outages of the Ilijan Power Plant for the periods indicated.

|               | For the year ended<br>December 31, |      |         | For the nine months<br>ended September 30, |         |
|---------------|------------------------------------|------|---------|--------------------------------------------|---------|
|               | 2022                               | 2023 | 2024    | 2024                                       | 2025    |
| Block 1 ..... | 4 days                             | —    | 21 days | 21 days                                    | —       |
| Block 2.....  | 14 days                            | —    | 40 days | 40 days                                    | 20 days |

In 2022, Block 2 was shut down for 14 days mainly due to fuel oil system maintenance, transformer inspection, gas supply restriction and water line leak.

In 2024, Block 1 and Block 2 were shut down for 21 days and 40 days, respectively, for preventive maintenance.

In the first three quarters of 2025, Block 2 was shut down for 20 days for preventive maintenance.

The table below sets forth unplanned outages of the Ilijan Power Plant for the periods indicated.

|               | For the year ended<br>December 31, |         |         | For the nine months<br>ended September 30, |         |
|---------------|------------------------------------|---------|---------|--------------------------------------------|---------|
|               | 2022                               | 2023    | 2024    | 2024                                       | 2025    |
| Block 1 ..... | 1 day                              | 1 day   | 33 days | 13 days                                    | 27 days |
| Block 2 ..... | —                                  | 52 days | 22 days | 11 days                                    | 29 days |

In 2023, Block 2 was shut down for 52 days mainly due to hydraulic cylinder leaks and fuel gas restrictions.

In 2024, Blocks 1 and 2 were shut down for 33 days and 22 days, respectively, mainly due to limited gas supply for fuel.

In the first three quarters of 2025, Blocks 1 and 2 were shut down for 27 days and 29 days, respectively, mainly due to combustor inspection.

### **Power Transmission**

Power from the Ilijan Power Plant is transmitted through a 500-kV transmission line that connects to the Luzon Grid through the Ilijan-Dasmarinas line and Ilijan-Tayabas line. The transmission line is owned by TransCo, and operated and maintained by NGCP.

### **BCC Power Plant**

The BCC Power Plant, owned by EERI, is a 1,320 MW (with a Pmin of 3 x 195 MW) combined cycle power plant with a net load of 1,275 MW located in Barangays Ilijan and Dela Paz Proper, Batangas. The BCC Power Plant utilizes regasified LNG. The EPC contract with Black & Veatch and other local contractors for this project was signed in December 2021. Unit 1 and Unit 2 of the BCC Power Plant commenced commercial operations in December 2024 and January 2025, respectively, while Unit 3 commenced commercial operations in April 2025.

On February 5, 2024, EERI executed a PSA with Meralco for the supply of 1,200 MW capacity after it was declared as winning bidder in the CSP conducted by Meralco on January 5, 2024, for its 1,800 MW power requirements. As of the date of this Prospectus, the PSA has commenced supply. Following the completion of the Chromite Transactions, SMGP retains a 33% interest in EERI.

## **RETAIL SERVICES**

### **Retail Electric Supply**

SMGP is pursuing downstream vertical integration by capitalizing on changes in the Philippine regulatory structure to expand its sales of power to a broader range of customers, including retail customers. The two RES licenses issued to SMGP, through LPI and MPCL have a term of five years each and are valid until September 29, 2028. The RES license issued in favor of MPI is valid for five years from August 12, 2025.

The RES licenses allow the relevant subsidiaries of SMGP to enter into RSCs with contestable customers and expand its customer base. As of September 2025, LPI, MPI and MPCL supply an equivalent of 686 MW to contestable customers, including various facilities of San Miguel Corporation's subsidiaries. Based on data obtained from the ERC, the Company believes that it is a major player in the RES markets where it operates, supplying over 160 contestable customers as of September 2025. Based on the Competitive Retail Electricity Market Report from the ERC as of September 2025, the Company holds a direct market share of 14% of the contestable customer market, with Aboitiz, Meralco (RES), Ayala, and FGen group holding 27%, 27%, 8% and 7%, respectively. With SMGP's supply of electricity to contestable customers and to other RES, the Company believes that it is the largest supplier of retail electricity in the Philippines.

## SALES STRATEGY AND CUSTOMERS

SMGP seeks to sell substantially all the power generated by its portfolio of power plants to offtakers whether in the form of distribution utilities, electric cooperatives, RES, NGCP, directly connected customers or contestable customers. For the nine months ended September 30, 2025, approximately 32% and 45% of consolidated sales volumes were to (i) Meralco and (ii) other distribution utilities, electric cooperatives, directly connected customers, contestable customers and ancillary services, respectively. Based on publicly available disclosures of Meralco, SMGP believes that it is one of Meralco's largest power suppliers, supplying approximately 958 GWh or 31% of Meralco's power purchases for December 2025 billing period. Meralco is the largest distribution utility in the Philippines. On July 23, August 22, September 22, October 22 and November 10, 2025, the Company purchased a total of 46,596,596 common shares of Meralco held by Land Bank of the Philippines through special block sales crossed through the PSE. The transactions were undertaken pursuant to a deed of absolute sale executed by the parties and in conformity with the decision of the Court of Appeals (CA-G.R. No. 118341) promulgated on November 3, 2022, as disclosed by the Company on November 17, 2022. As a result, SMGP holds approximately 4% equity interest in Meralco as of September 30, 2025.

With regards to the national distribution market, the Company believes that it holds a significant share of the other distribution utilities and electric cooperatives published in the DOE website and contracts filed with the ERC. SMGP is cautious to over-contract its capacities and seeks to leave at least 10% of its available capacity for merchant risk and for replacement power. SMGP prioritizes baseload and off-peak contracts with full fuel pass-through schemes and long tenor. SMGP capitalizes on organic and captive demand from San Miguel Corporation affiliates and strategic partners and suppliers. SMGP also seeks to dispatch capacity and offtake volume on a portfolio basis to optimize cost of generation.

Currently, the capacities of the Sual Power Plant, Masinloc Power Plant, Limay Greenfield Power Plant, Mariveles Greenfield Power Plant, San Roque Power Plant, Davao Greenfield Power Plant, Ilijan Power Plant and BCC Power Plant are contracted under medium to long-term offtake agreements with Meralco and its affiliates, various distribution utilities, electric cooperatives, and industrial customers under existing offtake agreements. These agreements typically include take-or-pay provisions whereby a customer is required to pay for a minimum contracted amount of power, regardless of whether or not the customer takes delivery of the entire amount, with the result that revenue from these offtake agreements is relatively stable for the duration of the agreements.

If the generation output available to the subsidiaries of SMGP from these plants exceeds the amount deliverable under their offtake agreements, such subsidiaries of SMGP offer the excess power for sale through the WESM at the market clearing price. The Company believes that offtake agreements with distribution utilities and electric cooperatives, while subject to approval of the ERC, are relatively better in pricing compared to retail supply contracts with contestable customers.

The power generation capacity of the San Roque Power Plant and the AHP at any given time depends on the water levels in the reservoir and downstream irrigation requirements. The San Roque Power Plant and the Main Units of the AHP are operated as peaking units. Available water is used to generate power during peak hours when prices are higher.

The Auxiliary Units of AHP are operated as baseload units, as the water requirement from MWSS is continuous throughout the day, thus eliminating any discretion to choose the hour of allocation. AHC is exploring options to contract the capacity of its Auxiliary Units.

The Company plans to contract a substantial portion of the capacity of BESS projects to provide ancillary services to the grid. It can also take advantage of arbitrage opportunities in the WESM, particularly during peak hours when prices may be more than double. BESS projects may also be contracted with other entities such as electric cooperatives or power plants.

In the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, approximately 91%, 86%, 81%, 82% and 77% respectively, of consolidated

volume of power sold by the Company are to customers pursuant to bilateral offtake agreements. Sales to Meralco accounted for approximately 46%, 41%, 40%, 40% and 32% of the total consolidated sales volume of SMGP for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, respectively. Sales through the WESM accounted for approximately 9%, 14%, 19%, 18% and 23% of SMGP's total consolidated sales volume for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, respectively.

## COMPETITION

SMGP is one of the largest power companies in the Philippines. Based on the total installed generating capacities reported in the ERC Resolution Adjusting Grid Market Share Limitation for 2025, SMC's market share was approximately 20% of the National Grid, 25% of the Luzon Grid, 5% of the Visayas Grid and 9% of the Mindanao Grid.<sup>1</sup> Market share is computed by dividing the relevant installed generating capacity for the period by the total installed generating capacity of Luzon Grid, Visayas Grid, Mindanao Grid or National Grid (20,659,316 kW, 3,443,158 kW, 4,287,600 kW and 28,390,074 kW, respectively, based on data provided under the ERC Resolution Adjusting Grid Market Share Limitation for 2025).

Based on the ERC Resolution Adjusting Grid Market Share Limitation for 2025, the other large players in the generation sector are Aboitiz Equity Ventures, Inc., which holds interests in Aboitiz Power Corporation and Hedcor, Inc., among others, First Gen Corporation and Ayala Corporation, which holds interests in ACEN Corporation. Based on available data received from the IEMOP as of the first quarter of 2025, the Company believes that it is the second largest and largest private generation company in terms of market share for installed generating capacity and actual generation, respectively, in the Philippines.

With the Government committed to privatizing the majority of NPC-owned power generation facilities and the establishment of WESM, the generation facilities of SMGP will face competition from other power generation plants that supply the grid during the privatization phase. SMGP will face competition in both the development of new power generation facilities and the acquisition of existing power plants, as well as competition for financing for these activities. The performance of the Philippine economy and the potential for a shortfall in the Philippines' energy supply have attracted many potential competitors, including multinational development groups and equipment suppliers, to explore opportunities in the development of electric power generation projects within the Philippines. Accordingly, competition for and from new power projects may increase in line with the long-term economic growth in the Philippines.

## CUSTOMERS

SMGP, through its subsidiaries, sells power, through PSAs, either directly to customers (e.g., distribution utilities, electric cooperatives, industrial customers and retail electricity suppliers) or through the WESM.

|                                   | For the year ended December 31, |                         |                   |                         |                   |                         |
|-----------------------------------|---------------------------------|-------------------------|-------------------|-------------------------|-------------------|-------------------------|
|                                   | 2022                            |                         | 2023              |                         | 2024              |                         |
|                                   | Volume Sold (GWh)               | Revenue (in millions ₱) | Volume Sold (GWh) | Revenue (in millions ₱) | Volume Sold (GWh) | Revenue (in millions ₱) |
| <b>Customers</b>                  |                                 |                         |                   |                         |                   |                         |
| Meralco.....                      | 12,713                          | 82,050                  | 10,456            | 70,420                  | 14,787            | 91,444                  |
| WESM.....                         | 2,345                           | 21,656                  | 3,640             | 24,054                  | 6,928             | 36,254                  |
| <b>Total Major Customers.....</b> | <b>15,058</b>                   | <b>103,706</b>          | <b>14,096</b>     | <b>94,474</b>           | <b>21,715</b>     | <b>127,698</b>          |
| Others <sup>(1)</sup> .....       | 12,344                          | 117,683                 | 11,109            | 75,116                  | 14,849            | 77,393                  |
| <b>Total Sales.....</b>           | <b>27,402</b>                   | <b>221,389</b>          | <b>25,205</b>     | <b>169,590</b>          | <b>36,564</b>     | <b>205,091</b>          |

<sup>1</sup> The installed generation capacity attributable to SMC comprises the installed generation capacity attributable to SMGP and 183 MW attributable to Petron Corporation, an affiliate of SMGP through SMC.

| Customers                         | For the nine months ended September 30, |                         |                   |                         |
|-----------------------------------|-----------------------------------------|-------------------------|-------------------|-------------------------|
|                                   | 2024                                    |                         | 2025              |                         |
|                                   | Volume Sold (GWh)                       | Revenue (in millions ₱) | Volume Sold (GWh) | Revenue (in millions ₱) |
| Meralco .....                     | 10,692                                  | 65,404                  | 6,982             | 39,048                  |
| WESM.....                         | 4,958                                   | 28,189                  | 5,178             | 26,806                  |
| <b>Total Major Customers ....</b> | <b>15,650</b>                           | <b>93,594</b>           | <b>12,160</b>     | <b>65,854</b>           |
| Others <sup>(1)</sup> .....       | 11,394                                  | 59,998                  | 9,930             | 52,941                  |
| <b>Total Sales .....</b>          | <b>27,044</b>                           | <b>153,592</b>          | <b>22,090</b>     | <b>118,795</b>          |

Note:

(1) Includes Non-Meralco DUs, ECs, retail electricity suppliers, Directly Connected Customers, Contestable Customers, Sales to Distribution Customers, sales to related parties and sales to NGCP for ancillary services.

## SAFETY, HEALTH AND ENVIRONMENTAL REGULATION

Power operations are subject to extensive, evolving and increasingly stringent safety, health and environmental laws and regulations. These laws and regulations include the Philippine Clean Air Act of 1999 (“**Clean Air Act**”), the Philippine Clean Water Act of 2004 (“**Clean Water Act**”), Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990, the Department of Labor and Employment Occupational Safety and Health Standard of 1989, as amended, and Republic Act No. 11058 (otherwise known as “An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Therefor”). Such legislation addresses, among other things, air emissions, wastewater discharges as well as the generation, handling, storage, transportation, treatment and disposal of toxic or hazardous chemicals, materials and waste. It also regulates workplace conditions within power plants and employee exposure to hazardous substances. The Occupational Safety and Health Standard, meanwhile, was formulated to safeguard the workers’ social and economic well-being as well as their physical safety and health.

For its BESS sites, the Company is committed to ensuring the safety of its employees and the community and has designed measures such as a fire protection system, with a fire wall, automatic fire shutters, and sprinkler system, and a double wall system composed of the blast wall and fire wall, to add additional layers of safety. The fire wall (Boral) has a 60/60/60 fire resistance level meaning it is able to maintain structural adequacy, integrity, and insulation for at least 60 minutes during fire testing. Its thermal regulation features include louver-type windows and doors and dedicated high-voltage air conditioning units. The prismatic cell design of the BESS with can-type battery enclosures provides additional safety features such as its fuse countermeasure and overcharge safety device while also promoting stability, space-efficiency and flexibility. The BESS also has a disaster resilient design, and is able to withstand 7 to 9 magnitude earthquakes (Seismic Zone 4) and super typhoons (i.e., wind speeds up to 270 kph).

SMGP, through its relevant subsidiaries, complies for its company-owned generation plants, and it believes that SRPC, the IPP of the San Roque Power Plant whose capacity is managed by SRHI, comply, in all material respects with all applicable safety, health and environmental laws and regulations.

The following is a list of SMGP’s active certifications as of September 30, 2025:

| Standard       | Description                                    | Facility/ Location           | Validity |
|----------------|------------------------------------------------|------------------------------|----------|
| ISO 9001:2015  | Quality Management Systems                     | Limay Greenfield Power Plant | 2027     |
| ISO 45001:2018 | Occupational Health & Safety Management System | Limay Greenfield Power Plant | 2027     |
| ISO 14001:2015 | Environmental Management Systems               | Limay Greenfield Power Plant | 2027     |
| ISO 9001:2015  | Quality Management Systems                     | Davao Greenfield Power Plant | 2026     |
| ISO 45001:2018 | Occupational Health & Safety Management System | Davao Greenfield Power Plant | 2026     |

| Standard        | Description                                    | Facility/ Location               | Validity |
|-----------------|------------------------------------------------|----------------------------------|----------|
| ISO 14001:2015  | Environmental Management Systems               | Davao Greenfield Power Plant     | 2026     |
| ISO 22301: 2019 | Business Continuity Management Systems         | Davao Greenfield Power Plant     | 2027     |
| ISO 9001:2015   | Quality Management Systems                     | Mariveles Greenfield Power Plant | 2027     |
| ISO 45001:2018  | Occupational Health & Safety Management System | Mariveles Greenfield Power Plant | 2027     |
| ISO 14001:2015  | Environmental Management Systems               | Mariveles Greenfield Power Plant | 2027     |
| ISO 22301:2019  | Business Continuity Management Systems         | Mariveles Greenfield Power Plant | 2028     |
| ISO 45001:2018  | Occupational Health & Safety Management System | Masinloc Power Plant             | 2026     |
| ISO 14001:2015  | Environmental Management Systems               | Masinloc Power Plant             | 2026     |

For each of its greenfield power plants, SMGP will comply with all applicable safety, health and environmental laws and regulations, including securing the necessary environmental compliance certificate (“**ECC**”) in accordance with Philippine law.

SMGP applies the same focus and resources on operational excellence in its portfolio of coal-fired power plants as with its environmental compliance. Efficient emission mitigation begins with a dynamic fuel preparation process that ensures coal fineness through the use of reliable and versatile coal milling and grinding equipment. SMGP plans to use dynamic classifiers to further improve coal fineness in the future. This would allow more efficient burning of coal (reducing nitrogen oxide or “**NOx**”) and the use of lower CV coal with lower sulfur content (reducing sulfur oxide or “**SOx**”). High CV coal with high sulfur content inherently does not only have higher emissions but are also significantly more expensive.

In addition to standard environmental control facilities customarily found in modern coal fired power plants such as enclosed coal conveyor and storage systems, ash storage systems, waste water treatment systems and air pollution and smoke stack systems, SMGP’s power plants have the following environmental control equipment and features that ensure that its NOx, SOx and particulate matter (“**PM**”) emissions are within and below applicable local limits set by the DENR and emission limits set by the World Bank:

- Circulating fluidized bed technology (used in SMGP’s greenfield power plants, Limay, Davao and Mariveles) operate the boilers at relatively lower pressure and temperatures (below 800 degrees centigrade) compared to Pulverized Coal (“**PC**”) technology. This results in better combustion and lower NOx and material particulates.
- Limestone injection to the fuel as it goes to the boiler is used for SMGP’s plants to further reduce their SOx and particulate matter emissions.
- Unit 3 of the Masinloc Power Plant uses supercritical boiler technology, which, relative to an ordinary PC boiler (subcritical), has a significantly better combustion process resulting to a much improved heat rate of coal – meaning less coal is required to produce a megawatt of electricity. This also allows the use of lower CV and lower sulfur coal, which is a key factor to lower SOx emissions.
- For Sual Power Plant and Unit 3 of the Masinloc Power Plant (the “**Masinloc PC units**”), SMGP uses Flue Gas Desulfurization (“**FGD**”) equipment that can remove up to 90% of the SOx and particulate matter in the flue gas emissions of these plants. The Sual Power Plant uses limestone, while the Masinloc PC Units use seawater to scrub SOx and particulate matter from the flue gases.
- For the greenfield plants, SMGP uses Electrostatic Precipitators (“**ESP**”) to remove particulate matter such as dust and soot, through an electrostatic charge that captures these materials from the flowing gases on their way out the smokestack.

- SMGP conducts regular meetings with the IPP of the Sual Power Plant to ensure the plant's fuel efficiency and compliance to environmental standards.
- For the Masinloc PC units, SMGP has reduced the CV and sulfur content of coal used from 6,100 kcal and 0.5% to only 5,500 kcal and 0.25%, respectively. This is accomplished without derating the power output of the units as a result of the retrofit work done on Unit 2 and preventive maintenance of Unit 1 that have retained and even improved the heat rate of these units.

SMGP also plans to explore the use of catalytic reduction technology on its PC plants to further improve its NO<sub>x</sub> emissions. This is an advanced active emission control technology that injects a liquid reductant agent through a special catalyst which is predominantly ammonia, into the flue gases to capture and remove NO<sub>x</sub> emissions.

SMGP closely monitors and publishes on a weekly basis the emission data of the Limay and Davao Greenfield Power Plants, which are reviewed by both the DOE and the DENR. These power plants have emission levels that are less than 50% of the applicable local and World Bank emission limits.

The coal-fired power plants of the Company have maintained levels of emission lower than the standards set by the DENR. The following table sets forth the level of NO<sub>x</sub>, SO<sub>x</sub> and PM emissions of the power plants owned and operated by the Company, as well as the applicable emission control standards, for the nine months ended September 30, 2025:

| Power Plant                                     | NO <sub>x</sub> |               | SO <sub>x</sub> |               | PM                    |               |
|-------------------------------------------------|-----------------|---------------|-----------------|---------------|-----------------------|---------------|
|                                                 | Emission level  | DENR Standard | Emission level  | DENR Standard | Emission level        | DENR Standard |
|                                                 | (ppm)           |               | (ppm)           |               | (Mg/Nm <sup>3</sup> ) |               |
| Sual Power Plant <sup>(1)</sup> .....           | 158.2           | 732.0         | 244.5           | 524.0         | 16.6                  | 200.0         |
| Masinloc Power Plant <sup>(2)</sup> .....       | 180.7           | 732.0         | 433.3           | 524.0         | 61.5                  | 200.0         |
| Limay Greenfield Power Plant .....              | 55.8            | 487.0         | 34.6            | 245.0         | 9.8                   | 150.0         |
| Davao Greenfield Power Plant .....              | 61.7            | 487.0         | 66.4            | 245.0         | 9.2                   | 150.0         |
| Mariveles Greenfield Power Plant <sup>(3)</sup> | 73.4            | 487.0         | 57.7            | 245.0         | 23.3                  | 150.0         |

Notes:

(1) Operated under the Sual IPPA Agreement until its expiration on October 25, 2024

(2) Units 1 and 2

(3) Units 1 to 4

In addition, coal mining in the Philippines is subject to environmental, health and safety laws, forestry laws and other legal requirements. These laws govern the discharge of substances into the air and water, the management and disposal of hazardous substances and wastes, site clean-up, groundwater quality and availability, plant and wildlife protection, reclamation and rehabilitation of mining properties after mining is completed and the restriction of open-pit mining activities in conserved forest areas.

Notwithstanding the foregoing, the discharge of chemicals, other hazardous substances and pollutants into the air, soil or water by the power plants owned or managed by SMGP may give rise to liabilities to the Government and to local Government units where such facilities are located, or to third parties. In addition, SMGP may be required to incur costs to remedy the damage caused by such discharges or pay fines or other penalties for non-compliance.

Further, the adoption of new safety, health and environmental laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments in the future may require that SMGP make additional capital expenditures or incur additional operating expenses in order to maintain the operations of its generating facilities at their current level, curtail power generation or take other actions that could have a material adverse effect on the financial condition, results of operations and cash flow of the Company.

On an annual basis, operating expenses incurred by SMGP to comply with environmental laws are not significant or material relative to the Company's total cost and revenues.

## ENVIRONMENTAL, SOCIAL, GOVERNANCE AND SUSTAINABILITY INITIATIVES

### Roadmap to Net Zero

In line with the Company's decision to significantly reduce its carbon footprint and transition to cleaner sources of energy, SMGP has developed a roadmap to Net Zero by 2050 anchored on a decarbonization strategy that includes constructing and integrating greenfield projects that aim to increase its renewable energy portfolio to at least 35% by 2030 and at least 50% by 2040. This renewable power generation energy mix is aligned to DOE's commitment to cleaner energy transition. The renewable projects in the Company's roadmap include expansion of Angat and San Roque hydropower plants, construction of solar power plants in multiple locations, and construction of new hydropower plants in Aklan, Visayas (250 MW by 2035) and Apayao and Pangasinan, Northern Luzon (3,900 MW by 2030 and 2032). The Company also has plans to integrate BESS to its coal power plants (in Mariveles, Sual, Masinloc and Malita) for energy arbitrage application that will utilize the off-peak capacity of the coal plants to store energy to the BESS facilities and discharge during peak hours to augment the power generation of the coal units. The BESS integration will maintain the carbon footprint of the Company while increasing a valuable peak capacity.

SMGP is also pursuing decarbonization of its thermal plants anchored on desulphurization, denitrification and carbon extraction to sequester emissions and may also adopt ammonia co-firing depending on the technology development.

- *Desulphurization* is a simple, yet effective core technology. Seawater mist will be used as a washing medium to clean the exhaust flue gas of SOx. This simple process makes use of the natural alkalinity of the seawater in the chemical absorption of SOx. Discharge water from the power plant's sea water cooling will be used as a reagent input for the SOx absorption. The absorption process takes place by means of spray scrubbing. If the natural alkalinity is too low or discharging of effluent is not allowed, SOx scrubbing is performed in closed loop mode. In this mode, the washing medium is recycled, and a neutralizing agent (50% wt. NaOH, Na<sub>2</sub>CO<sub>3</sub>) is added in metered doses to obtain a certain absorption capacity.
- *Denitrification* uses ammonia as the key reducing agent. The technology that will be used for denitrification is a process called Selective Catalytic Reaction or SCR. This is a widely used technology in several industrial processes including power generation to scrub the NOx out of the gas emissions. NOx in exhaust flue gas is converted to Nitrogen (N<sub>2</sub>) and water (H<sub>2</sub>O) by using ammonia as a catalytic reagent. NOx emissions are, however, initially oxidized being mixed with ammonia. To effect the catalytic reaction using ammonia (NH<sub>3</sub>) as a reducing agent, the flue gas is maintained at a high temperature (~200 °C).
- *Carbon extraction* systems utilize selective membranes that allow certain gases to pass through while blocking others. The polymer-based membranes are designed to have high permeability for CO<sub>2</sub> only. The CO<sub>2</sub>-rich permeate stream is then compressed and collected for further utilization or storage. The facilitated transport membranes take advantage of the reversible chemical reaction which takes place between the CO<sub>2</sub> molecules and the reactive amine carrier (ammonia-based), significantly promoting the transport of CO<sub>2</sub> across the membrane. Non-reactive components will only transport through the membrane via the physical solution-diffusion mechanism. Also to achieve high CO<sub>2</sub> flux, the permeate gas is connected to a vacuum to obtain a high driving force.

SMGP's initiatives have included not pursuing some of its intended coal facilities, including the previously planned power plant to be located in Pagbilao, Quezon, with planned installed capacity of 600 MW and disposing of its ownership interests in Bonanza Energy, Daguma Agro and Sultan Energy, which have coal exploration, production and development rights over approximately 17,000 hectares of land in Mindanao in December 2022.

### Verde Island Passage Ecosystem Preservation

Verde Island is an island situated along the bodies of Verde Island Passage ("VIP") between the islands of Luzon and Mindoro. Previous independent dive expeditions both along the Ilijan



shoreline and the Verde Island shoreline show pristine and flourishing coral farms and diverse marine life.

In May 2024, a Memorandum of Understanding (“**MOU**”) was signed between DENR, DOE, Aboitiz Equity Ventures (“**AEV**”), Metro Pacific Investments Corporation (“**MPIC**”) and San Miguel Corporation to assume joint stewardship of the VIP. The MOU requires the three companies (shareholders of Ilijan power plants and LNG terminal) to collaborate with relevant local governments, NGO, international development agencies, coastal communities to protect and enhance the biodiversity and coastal marine resources of VIP. The MOU will be in effect for five years with possible extension and funding from the five stakeholders to ensure the protection of VIP. Part of the MOU requires the three companies to establish a marine science biological research station with facilities in VIP and at the five provinces nearby in partnership with higher educational institutions to work towards the improvement of the quality of life of people near VIP.

### **SMGP Foundation, Inc.**

The Company, through the SMGP Foundation, Inc. (the “**Foundation**”), has undertaken various projects and programs that are aligned with the United Nations Sustainable Development Goals. The Foundation focuses on four key thrusts: health, education, livelihood (economic empowerment), and environmental stewardship. One of its major initiatives is the “**Ridge to Reef Conservation Program: Project 747**,” which aims to plant seven million trees across four thousand hectares in at least seven provinces in the Philippines. This will be achieved through a combination of reforestation efforts, the establishment of protected forest reserves, biochar production, and mangrove rehabilitation. Recently, the Foundation launched its new initiative for the conservation and protection of marine biodiversity which is **Project BLUE (Balanced and Healthful Life Underwater Ecosystem)** which includes coral reef rehabilitation project and A Journey to One (1) Million Pawikan Hatchlings. Moreover, the Foundation places strong emphasis on education, with flagship initiatives that invest in human capital development such as scholarship programs that prioritize indigenous peoples (IP) and youth from local communities where the Company operates. The Foundation also implements a livelihood (economic empowerment) program called “**Masaganang Negosyo, Masaganang Buhay**,” which aims to establish community-led livelihood projects that foster social entrepreneurship, among other goals. Lastly, the Foundation supports several health programs that promote the well-being of local communities and vulnerable groups, while also building the capacity of frontliners (Barangay Health Workers) in host communities.

The list below outlines the Foundation’s key initiatives.

| <b>Foundation Thrusts</b> | <b>Sample Projects</b>                                                                                                                                                                                                                                                                                                                                                                      | <b>United Nations Sustainable Development Goals</b>                                                 |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Health                    | <ol style="list-style-type: none"> <li>1. Medical, Dental and Optical Missions</li> <li>2. Barangay Community Health Clinic Improvement</li> <li>3. Barangay Health Workers Capacity Building</li> <li>4. Maternal Health Program (Buntis Congress)</li> </ol>                                                                                                                              | UNSDG #3 — Good Health and Well Being                                                               |
| Education                 | <ol style="list-style-type: none"> <li>1. Scholarship Program (for IPs and non-IPs) <ol style="list-style-type: none"> <li>a. 4-Year Tertiary</li> <li>b. IP-Tulong Dunomg</li> <li>c. BESS Scholarship</li> <li>d. Green Educational Assistance</li> </ol> </li> <li>2. School Facilities Improvement (Brigada-Eskwela)</li> <li>3. Donation of School Supplies (Balik-Eskwela)</li> </ol> | UNSDG #4 — Quality Education                                                                        |
| Economic Empowerment      | <ol style="list-style-type: none"> <li>1. Local Job Creation</li> <li>2. Technical Vocational courses</li> <li>3. “Masaganang Negosyo, Masaganang Buhay” - Livelihood Program</li> </ol>                                                                                                                                                                                                    | UNSDG #1 — No Poverty<br>UNSDG #8 — Decent Work and Economic Growth                                 |
| Environmental Stewardship | <ol style="list-style-type: none"> <li>1. Ridge to Reef Conservation Program: Project 747 Program (seven million trees in 4,000 hectares in at least seven provinces) <ol style="list-style-type: none"> <li>a. Adopt a River Project</li> <li>b. Greening BESS Area</li> </ol> </li> </ol>                                                                                                 | UNSDG #6 — Clean Water and Sanitation<br>UNSDG #14 — Life Below Water<br>UNSDG #13 — Climate Action |

| Foundation Thrusts | Sample Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | United Nations Sustainable Development Goals |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
|                    | <ul style="list-style-type: none"> <li>c. Greening Port Area</li> <li>2. Project BLUE (Balanced and Healthful Life Underwater Ecology)               <ul style="list-style-type: none"> <li>a. Coral Rehabilitation Project</li> <li>b. A journey to 1 million Pawikan Hatchlings (Marine Turtle Preservation)</li> </ul> </li> <li>3. Carbon Stock Assessment (Carbon Sequestration)</li> <li>4. Watershed management (Protection and Maintenance)</li> <li>5. Biochar Program</li> </ul> | UNSDG #15 — Life on Land                     |

The Foundation collaborates with indigenous peoples (“IP”) in the communities where it operates, particularly around SMGP Power Plants located in the areas of Malita, Davao Occidental; Mariveles and Limay in Bataan; Masinloc, Zambales; and Angat, Bulacan. It has conducted and supported numerous culturally sensitive CSR activities, such as honey processing, bread making, basket weaving, scholarship programs, biochar initiatives, community partnerships for Project 747, school supply donations, and Christmas gift-giving. The Company has also implemented programs in support of IP groups that are not directly impacted by its operations.

## Sustainability Report

In addition, the Company completed its first sustainability report (“**2018 Sustainability Report**”) using the Global Reporting Initiative (“**GRI**”) as a framework, demonstrating the Company’s commitment and awareness of the importance of sustainability and social responsibility to its stakeholders. The 2018 Sustainability Report covers the five power plants which the Company owns and operates namely the Angat Hydroelectric Power Plant, Limay Greenfield Power Plant, Davao Greenfield Power Plant, and the Masinloc Power Plant, along with its corporate office. The 2018 Sustainability Report has been published with the GRI organizational mark after undergoing the GRI materiality disclosures service, which granted the GRI organization mark to this report in June 2020.

In the process of completing its 2018 Sustainability Report, the Company conducted engagement and materiality testing to identify the specific GRI topics that are material to both the internal and external stakeholders of the Company. This resulted in 25 out of 33 topics identified as material or critical to stakeholders, translating into 102 disclosures across the economic, environmental, and social categories of the GRI.

The Company commissioned the University of Asia and the Pacific (“**UA&P**”) to assist it in writing the 2018 Sustainability Report in accordance with the process and principles of the GRI.

The Company, through UA&P, tapped three experts in the fields of economic, environment, and social to comprise its External Review Committee (ERC-GRI) members. The ERC-GRI reviewed and provided external assurance and validation to the 2018 Sustainability Report. This included the review of the content and data quality of the 2018 Sustainability Report in relation to the GRI Standards. A collective statement was written by the ERC-GRI members to provide their findings and recommendations.

In line with the principles of the GRI, the report was a collaborative effort by the employees of the Company. A sustainability core team, a steering council, and technical working groups across each plant site were formed with the goal of embedding the sustainability process across the Company’s operations. The sustainability mission of the Company drives it to provide reliable, accessible, and affordable energy to the country through powering the economic progress of the country, constant support and partnership with the Company’s communities, protecting employee welfare, and the responsible stewardship of nature.

The Company released its Integrated Sustainability Report covering the years 2023 and 2024.

## EMPLOYEES

As of December 31, 2025, SMGP and its subsidiaries had 2,588 regular employees, of which 106 are executives and managers and 294 are supervisors. All employees are based in the Philippines.

Since 2008, employees of SMGP have not been members of any labor union. The Company has not experienced any work stoppages and considers its relationship with its employees to be good. Consistent with the goal of SMGP to be one of the Philippines' preferred employers, SMGP has adopted a rewards and recognition policy that is competitive with industry standards in the Philippines. In addition to the statutory benefits, SMGP initiates benefits to provide for the increased security of its employees in the following areas: healthcare, leaves, miscellaneous benefits, loans and financial assistance applicable to a variety of uses, retirement benefits and survivor security and death benefits. Salaries and benefits are reviewed periodically and adjusted to retain current employees and attract new talents. Tied to this is a performance management system that calls for the alignment of individual key results, competencies and development plans with the overall business targets and strategy of the Company. Performance is reviewed annually and employees are rewarded based on the attainment of pre-defined objectives. SMGP also has programs for its employees' professional and personal development.

In the ensuing 12 months, SMGP may require additional hiring of employees to support its business expansion, the number of which cannot be determined.

## **INSURANCE**

Pursuant to the IPPA arrangement of SMGP, SRPC is responsible for maintaining insurance for all the facilities, equipment and infrastructure of the San Roque Power Plant, with the exception of the dam and spillway of the San Roque Power Plant, for which NPC is obligated to maintain insurance. SMGP is not a beneficiary of any of these insurance agreements. SMGP employs risk management for purposes of analyzing the risks faced by its business in determining the appropriate insurance policies. SMGP does not have business interruption insurance for the San Roque Power Plant and believes that there is no business interruption insurance available for the IPPA business model under which SMGP is currently operating. SMGP maintains the necessary policies to cover such insurable risks for the ownership and operation of the Mariveles Greenfield Power Plant, Limay Greenfield Power Plant, Davao Greenfield Power Plant, Sual Power Plant, Masinloc Power Plant and the BESS projects as are customary in the power generation industry, which are reviewed regularly. See *"Risk Factors—Risks Relating to the Company—Insufficient insurance coverage for generation plants."*

## **INTELLECTUAL PROPERTY**

SMGP owns exclusive rights to its corporate name. Management believes that the business of SMGP as a whole is not materially dependent on any trademark or on any other intellectual property.

## **MATERIAL PERMITS AND LICENSES**

We believe that the Company has all the applicable and material permits and licenses necessary to operate its business as currently conducted and such permits and licenses are valid, subsisting, or pending renewal. Please refer to Appendix A for the list of material permits and licenses.

## **RECENT DEVELOPMENTS**

### **Redemption of Securities**

On October 21, 2025 and January 21, 2026, the applicable step-up dates, the Company redeemed the remaining U.S. dollar-denominated outstanding senior perpetual capital securities issued on October 21, 2020 and January 21, 2020, respectively.

### **Issuance of Securities**

On January 20, 2026, the Company issued U.S.\$300 million senior perpetual capital securities with an initial distribution rate of 8.375%. On January 21, 2026, the securities were listed on the SGX. The net proceeds of the issuance were used to redeem all outstanding 5.70% Securities and to pay for the costs and expenses related to the securities.

### **Purchase of Meralco Common Shares**

On July 23, August 22, September 22, October 22 and November 10, 2025, the Company purchased a total of 46,596,596 common shares of Meralco held by Land Bank of the Philippines through special block sales crossed through the PSE. The transactions were undertaken pursuant to a deed of absolute sale executed by the parties and in conformity with the decision of the Court of Appeals (CA-G.R. No. 118341) promulgated on November 3, 2022, as disclosed by the Company on November 17, 2022.

### **Legal Proceedings**

In connection with the legal proceedings relating to claims for price adjustment on the Meralco PSAs (see “*Business—Legal Proceedings—Claim for Price Adjustment on the Meralco PSAs—SPPC Court of Appeals Petition* and — *SPI Court of Appeals Petition*” for background information), each of SPPC and SPI received on July 11, 2025 a copy of the *Resolution* of the Court of Appeals dated June 27, 2023 (the “**June 27, 2023 CA Decision**”), which among others, partially granted their respective motions for price adjustments under the respective PSAs and directed the ERC to act on their motions immediately and without further delay. Pursuant thereto, the ERC directed the parties to submit pertinent documents in support of the June 27, 2023 CA Decision. On September 2, 2025, SPPC and SPI received the *Compliance* filed by the ERC with the Court of Appeals detailing the ERC’s submission of its orders in ERC Cases Nos. 2019-081 RC and 2019-083 RC, both promulgated on August 22, 2025, granting SPPC’s and SPI’s respective *Motions for Issuance of Writ of Execution* (Re: Court of Appeals Joint Decision dated 27 June 2023). The orders allowed SPPC and SPI to recover from Meralco the requested price adjustments in their respective motions and authorized Meralco to collect the adjustments from its customers over a period of six months commencing from the September 2025 customer billing period. SPPC assigned to the Company all its rights and interests arising from this proceeding following the completion of the Chromite Transactions.

Further, on January 27, 2026, SPPC and SPI received a copy of the ERC’s Order dated January 26, 2026, which granted the 2<sup>nd</sup> SPI CIC Claim and the 2<sup>nd</sup> SPPC CIC Claim. SPPC and SPI are allowed to recover from Meralco the aggregate amounts of ₱15,850,120,000 and ₱13,362,490,000, respectively, over a recovery period of thirty-six (36) months commencing from the March 2026 billing period.

In connection with the legal proceedings relating to the dispute with PSALM on the Ilijan IPPA Agreement, the Regional Trial Court rendered a decision in favor of SPPC on June 13, 2025, which was received by SPPC on October 7, 2025 (the “**June 13, 2025 RTC Decision**”). See “*Business – Legal Proceedings – Ilijan IPPA Agreement Dispute*”. The June 13, 2025 RTC Decision stated that PSALM’s termination of the Ilijan IPPA Agreement between SPPC and PSALM, its drawing of the performance bond, and its issuance of the *Cessation Notice* were unauthorized and without factual and legal basis, ordered PSALM to among others return to SPPC the amount of the performance bond drawn by PSALM with interests, and dismissed PSALM’s counterclaim of alleged underpayment by SPPC of generation charges for lack of merit. On October 22, 2025, PSALM filed a Motion for Reconsideration of the June 13, 2025 RTC Decision. SPPC filed its Opposition to the Motion for Reconsideration on October 28, 2025.

## Description of Properties

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Please refer to Annex C for a summary of the principal properties of SMGP and its subsidiaries and their respective conditions as of September 30, 2025. While the San Roque Power Plant is included in the list of properties, SMGP does not own the San Roque Power Plant until it elects a transfer of the ownership at the expiry of the IPPA Agreements. Other than the San Roque Power Plant that is scheduled for transfer at the expiration of its IPPA Agreement in June 2028, there are no other imminent acquisitions of any material property that cannot be funded by working capital of SMGP and its subsidiaries.

Most of the properties of SMGP and its subsidiaries are not mortgaged, except the properties owned by LPI, MPI, MPGC, SMGP BESS and MPCL.

The present and future assets/properties of LPI, MPI, SMGP BESS and MPGC are the subjects of real estate and chattel mortgages securing their outstanding loan obligations under their respective facility agreements that have outstanding amounts of ₱26.3 billion, ₱12.2 billion, ₱37.0 billion and ₱41.9 billion, respectively, as of December 31, 2025. The real assets of MPI, LPI, SMGP BESS and MPGC consist of, among others, (i) all the rights, title and interest in and to its respective sites where the Malita Power Plant, Limay Power Plant, BESS Projects and Mariveles Power Plant are located, including any easements or rights of way thereto, and (ii) all buildings, machinery, equipment, fixtures, structure, installations and other improvements and immovable properties owned, constructed or acquired by each of MPI, LPI, SMGP BESS and MPGC, to the extent located at or permanently attached to each of the Malita Power Plant, Limay Power Plant, BESS Projects, and Mariveles Power Plant. All other machinery, equipment and assets of MPI, LPI, SMGP BESS and MPGC, used or found at the power plant sites or otherwise used for the operation and maintenance of the assets, which for any reason are not covered or may not be covered under the real estate mortgage, together with all attachments, component parts, equipment and accessories installed thereon or affixed thereto, regardless of where the same are located, are subjected to a chattel mortgage.

All present assets/properties, all leasehold rights over the real properties on which the assets are located, and all future assets/properties of MPCL found at the power plant site are the subject of real estate and chattel mortgages securing its outstanding loan obligations under the Omnibus Refinancing Agreement and Omnibus Expansion Facility Agreement, that have outstanding amounts of ₱4.9 billion and U.S.\$348.8 million, respectively, as of December 31, 2025.

The principal office address of SMGP is 40 San Miguel Avenue, Wack-Wack Greenhills 1550, City of Mandaluyong, Second District, National Capital Region. This office is leased by SMGP from Mabini Properties, Inc., a subsidiary of San Miguel Corporation.

## Certain Legal Proceedings

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Except for the cases disclosed in this section, neither the Company nor any of its subsidiaries is a party to nor its properties subject of, any material pending legal proceeding that could be expected to have a material adverse effect on the issuance of the Bonds and on the results of the financial condition and the operations of the Company. The Company has not been the subject of any bankruptcy petition, insolvency, receivership, or similar proceedings.

### Petition to stop the imposition of the increase in generation charge

On December 5, 2013, Meralco wrote to the ERC requesting for clearance and authority: (i) to collect a generation charge of ₱7.90 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 ₱3,000 million, 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 docketed as G.R. No. 210245. 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 docketed as G.R. No. 210255. On December 23, 2013, the 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 ₱5.67 per kWh. The TRO originally had a period of 60 days.

On January 8, 2014, Meralco filed its *Consolidated Comment/Opposition with Counter-Petition* ("**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 Supreme Court 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 Supreme Court extended the TRO issued on December 23, 2013 for another sixty (60) days or until April 22, 2014 and granted additional TROs enjoining PEMC and the generators from demanding and collecting the deferred amounts. In a Resolution dated April 22, 2014, the Supreme Court 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 Supreme Court 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*" below), 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 Supreme Court 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 *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 Supreme Court 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 Supreme Court 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 of December 31, 2025. SPPC, MPCL and SPI have aggregate outstanding receivables from Meralco estimated at ₱1,276.0 million as of December 31, 2025.

### **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 ₱32/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 ERC Order, the “**2014 ERC Orders**”). Based on these orders, SPI and SRHI recognized a reduction in the sale of power while MPCL, 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 Supreme Court 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 through their respective *Petitions for Review*. After consolidating the cases, the Court of Appeals, in its *Decision* dated November 7, 2017 (the “**November 7, 2017 Decision**”), granted the *Petition for Review* filed by SPI, SPPC, SRHI and MPCL declaring the 2014 ERC Orders null and void and accordingly reinstated and declared as valid the WESM prices for Luzon for the supply months 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 Court of Appeals through its *Omnibus Resolution* dated March 29, 2019. The intervenors filed *Petitions for Review on Certiorari* before the Supreme Court, which were also denied by the Supreme Court through its resolutions dated September 11, 2019 and October 1, 2019. Entries of judgment have been issued by the Supreme Court 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 Court of Appeals, 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 Supreme Court 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 Supreme Court handling the petition by the ERC.

The ERC filed its Consolidated Reply to the comments on its petition dated November 18, 2020.

The Supreme Court has not yet promulgated a decision. However, on August 3, 2021, a *Decision* was rendered by the Supreme Court En Banc in a separate case (as discussed under “*Petition to stop the imposition of the increase in generation charge*” above) 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 Supreme Court 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 ₱2,321.8 million will have to be settled with the IEMOP, the current operator of the WESM, in favor of the relevant SMGP subsidiaries.

### **Ilijan IPPA Agreement Dispute**

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 (“**RTC**”) of Mandaluyong City. In its *Complaint*, SPPC requested the RTC that its interpretation of the relevant provisions of the Ilijan IPPA Agreement be upheld. The *Complaint* also 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 continued to file related petitions with the Court of Appeals and later with the Supreme Court assailing the RTC’s order of denial. The Supreme Court denied the *Petition* filed by PSALM in a *Resolution* dated August 5, 2019, which became final and executory on the same date.

Despite the pendency of the proceedings, the Ilijan Power Plant was turned over by PSALM to SPPC pursuant to the Ilijan IPPA Agreement and the Deed of Sale executed between PSALM and SPPC on June 3, 2022.



Trial on the merits proceeded until the RTC rendered a decision in favor of SPPC on June 13, 2025, which was received by SPPC on October 7, 2025 (the “**June 13, 2025 RTC Decision**”). The June 13, 2025 RTC Decision stated that PSALM’s termination of the Ilijan IPPA Agreement between SPPC and PSALM, drawing of the performance bond, and issuing the *Cessation Notice* were unauthorized and without factual and legal basis, ordered PSALM to among others return to SPPC the amount of the performance bond drawn by PSALM with interests, and dismissed PSALM’s counterclaim of alleged underpayment by SPPC of generation charges for lack of merit.

On October 22, 2025, PSALM filed a Motion for Reconsideration of the June 13, 2025 RTC Decision. SPPC filed its Opposition to the Motion for Reconsideration on October 28, 2025.

On November 6, 2025, the incumbent presiding judge of Branch 212 of the RTC, the Honorable Karla A. Funtilla-Abugan, referred the resolution of the Motion for Reconsideration to the Honorable Joeven D. Delloso, the former acting presiding judge, who rendered the June 13, 2025 RTC Decision.

### **Complaints for plunder and corruption against PSALM, TPEC, and TeaM Energy**

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 Team Philippines Energy Corp. (“**TPEC**”) and TeaM Energy, 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 R.A. 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 TeaM Energy officers have respectively appealed said July 29, 2016 DOJ Resolution, through the filing of a *Petition for Review*, with the Secretary of Justice, while 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 TeaM Energy officers by reversing the July 29, 2016 DOJ Resolution insofar as the conduct of the preliminary investigation is 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, TeaM Energy and the TPEC and Team Energy 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 TeaM Energy. 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.

### **SPI Consignation Case**

On June 17, 2016, SPI filed with the Regional Trial Court, 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. Subsequently, SPI continuously consigned additional proceeds of Sale of the Excess Capacity for succeeding billing periods with the RTC Pasig.

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* (the “**MR**”) to the May 22, 2018 Order which dismissed the consignation case.

After the case was re-raffled, the RTC Branch 268, in an Order dated September 30, 2021, (a) granted SPI’s *Motion for Reconsideration* and *Supplemental Motion for Reconsideration* of the Order dated 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 Team Energy 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 Team Energy 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 five days from receipt of such order. TPEC, TEAM and SPI filed with the ERC a *Compliance and Submission* attaching the settlement agreement on June 28, 2022. As of December 31, 2025, 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 ₱491.2 million was released to TPEC on December 20, 2022.

### **Refund of system loss charge**

In 2008, Meralco filed a petition for dispute resolution against PEMC, TransCo, NPC and PSALM seeking, among others, the refund of the transmission line loss components of the line rentals associated with PSALM/NPC bilateral transactions from the start of the WESM operations and Transition Supply Contract (“**TSC**”) implemented in 2006. In this case, the ERC concluded that Meralco was being charged twice considering that it already paid line rental to the WESM beginning June 2006. Hence, the ERC ordered PSALM/NPC to refund Meralco the 2.98% system loss charge embedded in the NPC Time-of-Use (“**NPC TOU**”) rate (*Meralco vs. PSALM, NPC, TransCo*).

On March 4, 2013, the ERC issued a subsequent order directing Meralco (i) to collect this system loss charge from the Successor Generating Companies (“**SGCs**”) including SPI and MPCL, which supplied the Meralco-NPC TSC and charged the NPC TOU rates, and (ii) to file a petition for

dispute resolution against the SGCs, to recover the line loss collected by them as these SGCs were not parties to the petition for dispute resolution filed by Meralco in 2008. On July 1, 2013, the ERC clarified its previous order stating that SPPC should be included as one of the SGCs against whom Meralco is directed to file a petition.

In compliance with the ERC's March 4, 2013 and July 1, 2013 Order, Meralco filed a petition for dispute resolution with the ERC against all SGCs which supplied portions of the TSC (the "**Meralco Petition**"). On September 20, 2013, SPI, SPPC and MPCL, with the other SGCs, jointly filed a Motion to Dismiss before the ERC, on the ground of the Meralco Petition's failure to state a cause of action and the ERC's lack of jurisdiction over the subject matter of the Petition. As of the date of this Prospectus, the joint Motion to Dismiss remains unresolved by the ERC.

### **Claim for Price Adjustment on the Meralco PSAs**

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. The SPPC PSA and SPI PSA 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 six months, to recover incremental fuel costs covering January to May 2022 billing periods arising from a "Change in Circumstances" (as defined in the PSAs, "**CIC**") to be collected over a period of six 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 Court of Appeals Petition**

On November 10, 2022, SPPC filed with the Court of Appeals 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 Court of Appeals granted SPPC's application for a 60-day TRO, conditioned upon the posting of a bond in the amount of ₱50 million (the "**TRO Bond**"). The Court of Appeals 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 Court of Appeals' *Joint Decision* dated June 27, 2023 which granted the consolidated petitions of SPPC and SPI (the "**June 27, 2023 CA Decision**"). The Court of Appeals: (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* in ERC Case Nos. 2019-081 and 2019-083, 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 June 27, 2023 CA 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 Court of Appeals 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 Supreme Court 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." The ERC's *Motion for Reconsideration* of the Supreme Court Resolution dated April 3, 2024 was also denied with finality in another Supreme Court 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.

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 Court of Appeals 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.

On July 11, 2025, SPPC received a copy of the *Resolution* of the Court of Appeals dated June 27, 2025, which among others things, partially granted its motions and directed the ERC to act on its motions immediately and without further delay. Pursuant thereto, the ERC directed the parties to submit pertinent documents in support of the June 27, 2023 CA Decision.

On September 2, 2025, SPPC received the *Compliance* filed by the ERC with the Court of Appeals. In said *Compliance*, the ERC submitted its Order in ERC Case No. 2019-081 RC, promulgated on August 22, 2025, which granted SPPC's *Motions for Issuance of Writ of Execution* (Re: Court of Appeals Joint Decision dated 27 June 2023). The order allowed SPPC to recover from Meralco the price adjustments prayed for in its motions and authorized Meralco to collect the adjustments from its customers over a period of six months from the September 2025 customer billing period.

Related thereto, pursuant to the June 27, 2023 CA Decision, SPPC issued a Notice of Change in Circumstances 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 (the "**2nd SPPC CIC Claim**"), with its claims anchored on essentially the same legal bases established or ruled on by the Court of Appeals in its June 27, 2023 CA Decision and confirmed by the Supreme Court with finality. The clarificatory hearing before the ERC for the 2nd SPPC CIC Claim was held on November 18, 2025.

On January 27, 2026, SPPC received a copy of the ERC's Order dated January 26, 2026, which granted the 2nd SPPC CIC Claim. SPPC is allowed to recover from Meralco the aggregate amount of ₱15,850,120,000 over a recovery period of thirty-six (36) months commencing from the March 2026 billing period.

In contemplation of the imminent dilution of the SMGP's equity interest in SPPC from 100% to 33%, SPPC assigned in favor of SMGP 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 SMGP 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.

### ***SPI Court of Appeals Petition***

On November 10, 2022, SPI also filed with the Court of Appeals a *Petition for Certiorari* under Rule 65 with *Application for the Issuance of a Temporary Restraining Order 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 Court of Appeals 17th Division which was subsequently transferred to the Court of Appeals 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 Court of Appeals.

On January 26, 2023, SPI received the *Resolution* dated January 13, 2023, of the Court of Appeals 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 13th Division.

On July 10, 2023, SPI received the June 27, 2023 CA Decision which granted the consolidated petitions of SPPC and SPI. The Court of Appeals: (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* in ERC Case Nos. 2019-081 and 2019-083, 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 June 27, 2023 CA Decision); and (iii) denied SPI’s *Motion for Partial Reconsideration* of the January 13, 2023 Court of Appeals *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 Supreme Court 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.” The ERC’s *Motion for Reconsideration* of the Supreme Court *Resolution* dated April 3, 2024 was denied with finality in a Supreme Court *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.

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 Court of Appeals 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.

On July 11, 2025, SPI received a copy of the *Resolution* of the Court of Appeals dated June 27, 2025, which among other things, partially granted its motions and directed the ERC to act on its motions immediately and without further delay. Pursuant thereto, the ERC directed the parties to submit pertinent documents in support of the June 27, 2023 CA Decision.

On September 2, 2025, SPI received the *Compliance* filed by the ERC with the Court of Appeals. In said *Compliance*, the ERC submitted its *Order* in ERC Case No. 2019-083 RC, promulgated on August 22, 2025, which granted SPI’s *Motions for Issuance of Writ of Execution* (Re: Court of Appeals Joint Decision dated 27 June 2023). The order allowed SPI to recover from Meralco the price adjustments prayed for in its motions and authorized Meralco to collect the adjustments from its customers over a period of six months from the September 2025 customer billing period.

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 SPI 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 (the "**2nd SPI CIC Claim**"), with its claims anchored on essentially the same legal bases established or ruled on by the Court of Appeals in its June 27, 2023 CA Decision and confirmed by the Supreme Court with finality. The clarificatory hearing before the ERC for the 2nd SPI CIC Claim was held on November 18, 2025.

On January 27, 2026, SPI received a copy of the ERC's Order dated January 26, 2026 which granted the 2nd SPI CIC Claim. SPI is allowed to recover from Meralco the aggregate amount of ₱13,362,490,000 over a recovery period of thirty-six (36) months commencing from the March 2026 billing period.

# Market Price, Dividends and Distributions, and Related Stockholder Matters

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## Market Information

The Company has an authorized capital stock of ₱7,800,000,000 divided into 7,800,000,000 common shares with par value of ₱1 per common share. As of the date of this Prospectus, the Company has issued and outstanding 4,785,493,800 common shares. The common shares of the Company are neither traded in any market, nor subject to outstanding warrants to purchase, or securities convertible into common shares of the Company.

## Stockholders

As of the date of this Prospectus, the Company has eight (8) stockholders, composed of one (1) corporation and seven (7) individuals with at least five hundred (500) shares each. The following sets out the shareholdings of the aforementioned eight stockholders and the approximate percentages of their respective shareholdings to the total outstanding common stocks of SMGP:

| Name of Stockholder         | Class of Securities | Number of Shares | % of O/S Shares |
|-----------------------------|---------------------|------------------|-----------------|
| San Miguel Corporation      | Common              | 4,785,490,300    | 100%            |
| Ramon S. Ang                | Common              | 500              | nil             |
| John Paul L. Ang            | Common              | 500              | nil             |
| Aurora T. Calderon          | Common              | 500              | nil             |
| Virgilio S. Jacinto         | Common              | 500              | nil             |
| Jack G. Arroyo, Jr.         | Common              | 500              | nil             |
| Consuelo M. Ynares-Santiago | Common              | 500              | nil             |
| Josefina Guevara-Salonga    | Common              | 500              | nil             |

## 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 shareholders. The declaration of stock dividends is subject to the approval of shareholders holding at least two-thirds (2/3) 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 its 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 years ended December 31, 2024, 2023 and 2022.

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

SMGP has not sold unregistered or exempt securities nor has it issued securities constituting an exempt transaction within the past three (3) years, except the Senior Perpetual Capital Securities (“SPCS”) issued and listed on the SGX-ST:

| <b>Name of Security Sold</b> | <b>Underwriter</b> | <b>Date of Sale</b> | <b>Amount of Securities</b> | <b>Basis for Exemption</b> |
|------------------------------|--------------------|---------------------|-----------------------------|----------------------------|
| SPCS                         | N/A                | September 12, 2024  | U.S.\$800,000,000           | Section 10.1(l) of the SRC |
| SPCS                         | N/A                | September 30, 2024  | U.S.\$100,000,000           | Section 10.1(l) of the SRC |
| SPCS                         | N/A                | December 2, 2024    | U.S.\$500,000,000           | Section 10.1(l) of the SRC |
| SPCS                         | N/A                | February 19, 2025   | U.S.\$100,000,000           | Section 10.1(l) of the SRC |
| SPCS                         | N/A                | July 24, 2025       | U.S.\$400,000,000           | Section 10.1(l) of the SRC |
| SPCS                         | N/A                | August 11, 2025     | U.S.\$115,000,000           | 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 U.S.\$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 U.S.\$123,934,000.

On April 23, 2024, San Miguel Global Power completed the redemption of its U.S.\$783,164,000 remaining securities, with a net carrying value of ₱40,186,954,000 out of the U.S.\$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 U.S.\$800,000,000 SPCS pursuant to a concurrent new issue, exchange and tender offers relative to the existing SPCS issued in November 2019 and October and December 2020. The new issuance of U.S.\$800,000,000 SPCS is consisted of: (i) U.S.\$268,062,000 additional new securities of which U.S.\$157,381,000 was used for the tendered for purchase pursuant to the tender offers, and (ii) U.S.\$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 U.S.\$500,000,000 SPCS pursuant to a concurrent new issue, exchange and tender offers relative to the existing SPCS issued in November 2019, January 2020, and October and December 2020. The new issuance of U.S.\$500,000,000 SPCS is consisted of: (i) U.S.\$226,075,000 additional new securities of which U.S.\$46,099,000 was used for the tendered for purchase pursuant to the tender offers, and (ii) U.S.\$273,925,000 resulting from the offered for exchange pursuant to the exchange offers.

On February 19, 2025, San Miguel Global Power completed the issuance of another U.S.\$100,000,000 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 U.S.\$100,000,000 SPCS is consolidated into and form a single series with the U.S.\$500,000



SPCS issued on December 2, 2024, bringing the total securities to U.S.\$600,000. The U.S.\$100,000,000 SPCS are identical in all respects with the U.S.\$500,000,000 SPCS, other than with respect to the date of issuance and issue price. The U.S.\$100,000,000 SPCS was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on February 20, 2025.

On July 24, 2025, San Miguel Global Power completed the issuance of U.S.\$400,000,000 SPCS at an issue price of 100%, with an initial rate of distribution of 8.95% per annum. The U.S.\$400,000,000 SPCS consists of the following: (i) U.S.\$223,191,000 in aggregate principal amount of SPCS issued in exchange for the 7.00% SPCS issued on October 21 and December 15, 2020, and 5.70% SPCS issued on January 21, 2020; and (ii) U.S.\$176,809,000 in aggregate principal amount of new. The U.S.\$400,000,000 SPCS was listed on the SGX-ST on July 25, 2025.

On August 11, 2025, San Miguel Global Power completed the issuance of U.S.\$115,000,000 SPCS at an issue price of 100% plus an amount corresponding to accrued distributions from (and including) July 24, 2025 to (but excluding) August 11, 2025. The U.S.\$115,000,000 SPCS is consolidated into and form a single series with the U.S.\$400,000,000 SPCS issued on July 24, 2025, bringing the total securities to U.S.\$515,000,000. The U.S.\$400,000,000 SPCS and U.S.\$115,000,000 SPCS are identical in all respects, other than with respect to the date of issuance. The U.S.\$115,000,000 SPCS was listed on the SGX-ST on August 12, 2025.

In addition, San Miguel Global Power has issued Redeemable Perpetual Capital Securities (“RPCS”), with the following details to various holders:

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

### **Redemption of SPCS**

On May 9, 2025, San Miguel Global Power completed the redemption of its U.S.\$113,282,000 remaining securities out of the U.S.\$500,000,000 SPCS issued in November 2019, pursuant to the terms and conditions of the securities. The redemption price is equal to the principal amount of the SPCS. Any accrued but unpaid distributions up to (but excluding) the redemption date was also settled.

### **Redemption of RPCS**

In April 2025, San Miguel Global Power redeemed the following RPCS issued to SMC:

| <b>Date of Issuance</b>     | <b>Initial Rate of Distribution</b> | <b>Amount of RPCS issued</b> | <b>Amount of RPCS Redeemed</b> |
|-----------------------------|-------------------------------------|------------------------------|--------------------------------|
| US Dollar-denominated       |                                     |                              |                                |
| March 10, 2023              | 8.00%                               | U.S.\$500,000,000            | U.S.\$500,000,000              |
| November 8, 2022            | 6.25%                               | U.S.\$85,000,000             | U.S.\$6,646,000                |
| Philippine Peso-denominated |                                     |                              |                                |
| July 10, 2023               | 7.50%                               | ₱5,000,000,000               | ₱5,000,000,000                 |
| June 13, 2023               | 7.50%                               | ₱6,760,000,000               | ₱6,760,000,000                 |
| June 5, 2023                | 7.50%                               | ₱5,000,000,000               | ₱5,000,000,000                 |
| June 1, 2023                | 7.50%                               | ₱7,000,000,000               | ₱7,000,000,000                 |
| May 30, 2023                | 7.50%                               | ₱6,000,000,000               | ₱6,000,000,000                 |

### **Distributions to SPCS Holders**

San Miguel Global Power paid ₱13,384 million, ₱15,035 million and ₱15,362 million to the SPCS holders for the years ended December 31, 2024, December 31, 2023 and December 31, 2022 and ₱12,097 million and ₱10,320 million for the nine months ended September 30, 2025 and September 30, 2024, respectively, as distributions in accordance with the terms and conditions of their respective subscription agreements.

### **Distributions to RPCS Holders**

San Miguel Global Power paid ₱2,552 million, nil and ₱1,617 million to the RPCS holders for the years ended December 31, 2024, December 31, 2023 and December 31, 2022 and ₱20,043 million and ₱1,250 million for the nine months ended September 30, 2025 and September 30, 2024, respectively, as distributions in accordance with the terms and conditions of the relevant subscription agreement.

# Management's Discussion and Analysis of Results of Operations and Financial Condition

The following discussion should be read in conjunction with the Company's audited consolidated financial statements as of and for the years ended December 31, 2022, 2023 and 2024 and its unaudited condensed consolidated financial statements as of, and for the nine months ended September 30, 2025 (with comparative figures for the nine months ended September 30, 2024), including the notes thereto, included elsewhere in this Prospectus. All necessary adjustments to present fairly the results of operations of the Company have been made. Certain information and footnote disclosure normally included in the audited consolidated financial statements prepared in accordance with the Philippine Financial Reporting Standards have been omitted.

## I. FINANCIAL PERFORMANCE

### 9M 2025 vs. 9M 2024

|                                                               | For the Periods Ended<br>September 30 |          | Horizontal Analysis<br>Increase (Decrease) |        | Vertical<br>Analysis |       |
|---------------------------------------------------------------|---------------------------------------|----------|--------------------------------------------|--------|----------------------|-------|
| <i>In Millions</i>                                            | 2025                                  | 2024     | Amount                                     | %      | 2025                 | 2024  |
| Revenues                                                      | <b>₱118,795</b>                       | ₱153,592 | (₱34,797)                                  | (23%)  | <b>100%</b>          | 100%  |
| Cost of power sold                                            | <b>77,977</b>                         | 114,154  | (36,177)                                   | (32%)  | <b>66%</b>           | 74%   |
| Gross profit                                                  | <b>40,818</b>                         | 39,438   | 1,380                                      | 3%     | <b>34%</b>           | 26%   |
| Selling and administrative expenses                           | <b>5,984</b>                          | 5,957    | 27                                         | 0%     | <b>5%</b>            | 4%    |
| Income from operations                                        | <b>34,834</b>                         | 33,481   | 1,353                                      | 4%     | <b>29%</b>           | 22%   |
| Interest expense and other financing charges                  | <b>(18,800)</b>                       | (15,084) | 3,716                                      | 25%    | <b>(16%)</b>         | (10%) |
| Interest income                                               | <b>2,737</b>                          | 653      | 2,084                                      | 319%   | <b>2%</b>            | 0%    |
| Equity in net earnings of associates and joint ventures - net | <b>6,677</b>                          | 236      | 6,441                                      | 2,729% | <b>6%</b>            | 0%    |
| Other income (charges) - net                                  | <b>21,179</b>                         | (532)    | 21,711                                     | 4,081% | <b>18%</b>           | 0%    |
| Income before income tax                                      | <b>46,627</b>                         | 18,754   | 27,873                                     | 149%   | <b>39%</b>           | 12%   |
| Income tax expense                                            | <b>4,228</b>                          | 5,289    | (1,061)                                    | (20%)  | <b>3%</b>            | 3%    |
| Net income                                                    | <b>₱42,399</b>                        | ₱13,465  | ₱28,934                                    | 215%   | <b>36%</b>           | 9%    |

### **Revenues**

The Group's consolidated revenues for the first three quarters of 2025 amounted to ₱118,795 million, lower by 23% from the ₱153,592 million recognized in the same period last year. The decline was due primarily to the aforementioned dilution of its equity interest in 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 bilateral customers as coal fuel prices went down by 22% with GC Newcastle prices declining from an average of U.S.\$134 per metric ton (MT) for the first nine months of 2024 to U.S.\$104/MT for the same period this year. These were compensated by the revenue contributions from the following: (a) the full nine-month operations of the 4 generation units of the 600 MW Mariveles Greenfield Power Plant and the 3 BESS facilities, with a combined capacity of 110 MWh, which started commercial operations in March 2024; (b) additional 5 BESS facilities, with a total capacity of 140 MWh, that began commercial operations in the first half of 2025; and (c) Units 1 and 2 of EERI's BCCPP (with a net capacity of 425 MW each), which is 33% owned by the Group following the aforesaid dilution, that were declared operational on December 26, 2024 and January 7, 2025, respectively.

### **Costs of Power Sold**

Costs of power sold decreased to ₱77,977 million for the first three quarters of 2025, which is

32% lower than the ₱114,154 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 ₱32,122 million; and (ii) lower generation costs, as global coal prices averaged at U.S.\$104/MT during the period – down from the U.S.\$134/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 nine-month operations of all units of the Mariveles Greenfield Power Plant, incremental depreciation expense from the additional 8 BESS facilities, and the one-month operation of EERI's BCCPP prior to its deconsolidation.

### ***Income from Operations***

Consolidated income from operations of ₱34,834 million for the first three quarters of 2025 increased by 4% from the same period last year. The increase was mainly driven by: (i) improved margins from contracted capacities with fuel passthrough arrangements for most of its bilateral customers, including PSAs with Meralco, (ii) additional contributions from BESS facilities - through sales in the reserves market and ancillary services rendered for NGCP, and partially offset by (iii) the deconsolidation of the Ilijan Power Plant.

Such consolidated income from operations does not include the share in the net earnings of SPPC and EERI amounting to ₱5,862 million to date, which the Group continue to recognize from its remaining 33% interests in these gas power generation assets as part of its portfolio even with the aforesaid deconsolidation.

### ***Interest Expense and Other Financing Charges***

Interest expense and other financing charges went up by 25% to ₱18,800 million for the first three quarters of 2025. This was mainly due to the ₱32,500 million and ₱9,400 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 the Power Sector Assets and Liabilities Management Corporation (PSALM), with only the Independent Power Producer Administrator (IPPA) Agreement of San Roque Hydropower Inc. (SRHI) outstanding, in view of the full settlement of the finance lease liabilities arising from the Sual IPPA Agreement in October 2024.

### ***Interest Income***

Interest income amounted to ₱2,737 million for the first three quarters 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 of Associates and Joint Ventures - net***

Equity in net earnings of associates and joint ventures reached ₱6,677 million in the first three quarters of 2025 from the ₱236 million 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 ₱21,179 million for the first three quarters of 2025, a significant turnaround from the ₱532 million other charges-net registered for the same period last year. This surge was primarily driven by the revaluation gain of ₱21,933 million recognized from the dilution of equity interests in SPPC, EERI and IPIEC following the completion of the Chromite Transaction, partly offset by the increase in foreign exchange losses recognized mainly on the revaluation of the Group's US Dollar-denominated net monetary liabilities due to the continued depreciation of the Philippine Peso against the US Dollar in 2025.

### ***Income Tax Expense***

Provision for income tax amounted to ₱4,228 million for the first three quarters of 2025, lower by 20% from the same period last years due to the recognition of higher deferred tax benefits on unrealized foreign exchange losses for the period.

### Net Income

Consequently, the consolidated net income of the Group for the first three quarters of 2025 increased to ₱42,399 million or by 215%, from ₱13,465 million reported for the same period last year. Excluding the aforesaid gain of ₱21,933 million, the net income still rose significantly by 52% to ₱20,466 million.

### 9M 2024 vs. 9M 2023

| In Millions                                                        | For the Periods Ended<br>September 30 |          | Horizontal<br>Analysis<br>Increase (Decrease) |       | Vertical<br>Analysis |       |
|--------------------------------------------------------------------|---------------------------------------|----------|-----------------------------------------------|-------|----------------------|-------|
|                                                                    | 2024                                  | 2023     | Amount                                        | %     | 2024                 | 2023  |
| Revenues                                                           | <b>₱153,592</b>                       | ₱125,213 | ₱28,379                                       | 23%   | <b>100%</b>          | 100%  |
| Cost of power sold                                                 | <b>114,154</b>                        | 97,464   | 16,690                                        | 17%   | <b>74%</b>           | 78%   |
| Gross profit                                                       | <b>39,438</b>                         | 27,749   | 11,689                                        | 42%   | <b>26%</b>           | 22%   |
| Selling and administrative expenses                                | <b>5,957</b>                          | 4,412    | 1,545                                         | 35%   | <b>4%</b>            | 3%    |
| Income from operations                                             | <b>33,481</b>                         | 23,337   | 10,144                                        | 43%   | <b>22%</b>           | 19%   |
| Interest expense and other financing charges                       | <b>(15,084)</b>                       | (12,354) | 2,730                                         | 22%   | <b>(10%)</b>         | (10%) |
| Interest income                                                    | <b>653</b>                            | 1,086    | (433)                                         | (40%) | <b>0%</b>            | 1%    |
| Equity in net earnings (losses) of an associate and joint ventures |                                       |          |                                               |       |                      |       |
| - net                                                              | <b>236</b>                            | (95)     | 331                                           | 348%  | <b>0%</b>            | 0%    |
| Other charges - net                                                | <b>(532)</b>                          | (709)    | 177                                           | 25%   | <b>0%</b>            | (1%)  |
| Income before income tax                                           | <b>18,754</b>                         | 11,265   | 7,489                                         | 66%   | <b>12%</b>           | 9%    |
| Income tax expense                                                 | <b>5,289</b>                          | 2,177    | 3,112                                         | 143%  | <b>3%</b>            | 2%    |
| Net income                                                         | <b>₱13,465</b>                        | ₱9,088   | ₱4,377                                        | 48%   | <b>9%</b>            | 7%    |

### Revenues

The Group's consolidated revenues for the first three quarters of 2024 reached ₱153,592 million, a 23% increase from ₱125,213 million recognized in the same period in 2023. This growth was mainly driven by higher offtake volume from the following sources: (i) several contracted capacities from PSAs with Meralco and other DUs secured by the Group, enabling the contracting of the Group's available capacities mainly from the Ilijan Power Plant and the incremental generation from the 600 MW Mariveles Greenfield Power Plant even while most of its units are undergoing testing and commissioning, and (ii) ancillary services rendered in 2024 for NGCP using a total of 10 BESS facilities of SMGP BESS with a combined installed capacity of 330 MWh.

### Cost of Power Sold

Costs of power sold increased to ₱114,154 million for the first three quarters of 2024, which is 17% higher than the ₱97,464 million incurred for the same period in 2023. While global coal prices came down, averaging only U.S.\$134/MT in 2024 compared to U.S.\$185/MT (in GC Newcastle terms) for the same period in 2023, such costs increased due to the following: (i) the resumption of Ilijan Power Plant's operations from June 2023 onwards; (ii) costs of generation of the Mariveles Greenfield Power Plant while most of its units undergo testing and commissioning; (iii) incremental depreciation expense from the 10 BESS facilities that are now in full commercial operations. The increase in costs 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 35% or ₱1,545 million, from ₱4,412 million for the first three quarters of 2023 to ₱5,957 million in 2024 for the same period. The increase was mainly due to incremental operating expenses following the start of commercial operations of the 10 BESS facilities and the Mariveles Greenfield Power Plant, as well as personnel-related expenses necessary for the continuing business expansion of the Group.

### ***Income from Operations***

As a result, consolidated income from operations of ₱33,481 million for the first three quarters of 2024 grew by 43% from the same period in 2023. The increase was driven by improved margins as the Group worked out a successful transition to fuel passthrough arrangements for most of its bilateral customers, including the PSA of SPPC with Meralco that was served from the available capacity of the Ilijan Power Plant during the period, 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 ₱15,084 million for the first three quarters of 2024. This was attributable to the additional ₱40,000 million term loan drawn in tranches by 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 amounted to ₱653 million for the first three quarters 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 earnings of an associate and joint ventures registered at ₱236 million for the first three quarters of 2024, a turnaround from the ₱95 million loss for the same period in 2023, mainly due to the improvement in the financial performance of AHC.

### ***Other charges - net***

Other charges amounted to ₱532 million for the first three quarters of 2024, which decreased by 25% compared to the same period in 2023. This was mainly due to higher miscellaneous income from lease-related transactions and service fees which partly offset the increase in foreign exchange losses recognized on the revaluation of the Group's US Dollar-denominated net monetary liabilities brought by the depreciation of the Philippine Peso against the US Dollar in the first three quarters of 2024.

### ***Income Tax Expense***

Provision for income tax amounted to ₱5,289 million for the first three quarters of 2024. The higher number compared to the same period in 2023 was due mainly to the expiration of the income tax holiday of LPI and MPI in May and September 2023, respectively.

### ***Net Income***

Consequently, the consolidated net income of the Group for the first three quarters of 2024 increased to ₱13,465 million or by 48%, from ₱9,088 million reported for the same period in

2023.

## **2024 vs. 2023**

|                                                                          | December 31      |           | Horizontal Analysis<br>Increase (Decrease) |        | Vertical<br>Analysis |       |
|--------------------------------------------------------------------------|------------------|-----------|--------------------------------------------|--------|----------------------|-------|
| <i>In Millions</i>                                                       | 2024             | 2023      | Amount                                     | %      | 2024                 | 2023  |
| Revenues                                                                 | <b>₱205,091</b>  | ₱169,590  | ₱35,501                                    | 21%    | <b>100%</b>          | 100%  |
| Cost of power sold                                                       | <b>(154,684)</b> | (130,992) | 23,692                                     | 18%    | <b>(75%)</b>         | (77%) |
| Gross profit                                                             | <b>50,407</b>    | 38,598    | 11,809                                     | 31%    | <b>25%</b>           | 23%   |
| Selling and administrative expenses                                      | <b>(9,950)</b>   | (6,072)   | 3,878                                      | 64%    | <b>(5%)</b>          | (4%)  |
| Income from operations                                                   | <b>40,457</b>    | 32,526    | 7,931                                      | 24%    | <b>20%</b>           | 19%   |
| Interest expense and other financing charges                             | <b>(20,691)</b>  | (18,478)  | 2,213                                      | 12%    | <b>(10%)</b>         | (11%) |
| Interest income                                                          | <b>833</b>       | 749       | 84                                         | 11%    | <b>1%</b>            | 1%    |
| Equity in net earnings (losses) of an associate and joint ventures - net | <b>506</b>       | (272)     | 778                                        | 286%   | <b>0%</b>            | 0%    |
| Other income (charges) - net                                             | <b>(3,505)</b>   | 538       | (4,043)                                    | (751%) | <b>(2%)</b>          | 0%    |
| Income before income tax                                                 | <b>17,600</b>    | 15,063    | 2,537                                      | 17%    | <b>9%</b>            | 9%    |
| Income tax expense                                                       | <b>5,216</b>     | 5,160     | 56                                         | 1%     | <b>3%</b>            | 3%    |
| Net income                                                               | <b>₱12,384</b>   | ₱9,903    | ₱2,481                                     | 25%    | <b>6%</b>            | 6%    |

### **Revenues**

The Group's consolidated revenues in 2024 reached ₱205,091 million, an increase of 21% from last year's ₱169,590 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 ₱154,684 million in 2024, which is 18% higher than the ₱130,992 million incurred in 2023. While coal global prices came down, averaging only U.S.\$135 per metric ton (MT) in 2024 compared to U.S.\$172/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 ₱3,878 million, from ₱6,072 million in 2023 to ₱9,950 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)<sup>8</sup> 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 ₱40,457 million in 2024.

### ***Interest Expense and Other Financing Charges***

Interest expense and other financing charges went up to ₱20,691 million in 2024. This was attributable to the additional ₱40,000 million term loan, drawn in tranches in October 2023 and March 2024 by SMGP BESS Power Inc.<sup>9</sup> (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 ₱833 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 ₱506 million in 2024, a turnaround from the ₱272 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 ₱3,505 million in 2024, a complete turnaround from the ₱538 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 ₱5,216 million in 2024. The slight increase was mainly due to the expiration of the income tax holiday of Limay Power Inc.<sup>10</sup> (LPI) and Malita Power Inc.<sup>11</sup> (MPI) in May and September 2023, respectively, offset by the provision for deferred tax

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<sup>8</sup> On March 9, 2023, the Philippine SEC approved the change in the corporate name of "San Miguel Energy Corporation" to "Sual Power Inc."

<sup>9</sup> On November 3, 2023, the Philippine SEC approved the change in the corporate name of "Universal Power Solutions, Inc." to "SMGP BESS Power Inc."

<sup>10</sup> On February 7, 2023, the Philippine SEC approved the change in the corporate name of "SMC Consolidated Power Corporation" to "Limay Power Inc."

<sup>11</sup> On March 9, 2023, the Philippine SEC approved the change in the corporate name of "San Miguel Consolidated Power Corporation" to "Malita Power Inc."



benefit on foreign exchange losses of Masinloc Power Co. Ltd.<sup>12</sup> (MPCL) and Mariveles Power Generation Corporation (MPGC).

### Net Income

Consequently, the consolidated net income of the Group for the year 2024 increased to ₱12,384 million or by 25%, from ₱9,903 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 ₱15,369 million, up by 72% from last year.

### 2023 vs. 2022

| In Millions                                                   | December 31      |           | Horizontal Analysis |        | Vertical Analysis |       |
|---------------------------------------------------------------|------------------|-----------|---------------------|--------|-------------------|-------|
|                                                               | 2023             | 2022      | Increase (Decrease) |        | 2023              | 2022  |
|                                                               |                  |           | Amount              | %      |                   |       |
| Revenues                                                      | <b>₱169,590</b>  | ₱221,389  | (₱51,799)           | (23%)  | <b>100%</b>       | 100%  |
| Cost of power sold                                            | <b>(130,992)</b> | (198,371) | (67,379)            | (34%)  | <b>(77%)</b>      | (90%) |
| Gross profit                                                  | <b>38,598</b>    | 23,018    | 15,580              | 68%    | <b>23%</b>        | 10%   |
| Selling and administrative expenses                           | <b>(6,072)</b>   | (5,563)   | 509                 | 9%     | <b>(4%)</b>       | (3%)  |
| Other operating income                                        | -                | 11,431    | (11,431)            | (100%) | <b>0%</b>         | 5%    |
| Income from operations                                        | <b>32,526</b>    | 28,886    | 3,640               | 13%    | <b>19%</b>        | 12%   |
| Interest expense and other financing charges                  | <b>(18,478)</b>  | (18,288)  | 190                 | 1%     | <b>(11%)</b>      | (8%)  |
| Interest income                                               | <b>749</b>       | 1,211     | (462)               | (38%)  | <b>1%</b>         | 1%    |
| Equity in net losses of an associate and joint ventures - net | <b>(272)</b>     | (400)     | 128                 | 32%    | <b>0%</b>         | 0%    |
| Other income (charges) - net                                  | <b>538</b>       | (7,240)   | 7,778               | 107%   | <b>0%</b>         | (3%)  |
| Income before income tax                                      | <b>15,063</b>    | 4,169     | 10,894              | 261%   | <b>9%</b>         | 2%    |
| Income tax expense                                            | <b>5,160</b>     | 1,035     | 4,125               | 399%   | <b>3%</b>         | 1%    |
| Net income                                                    | <b>₱9,903</b>    | ₱3,134    | ₱6,769              | 216%   | <b>6%</b>         | 1%    |

### Revenues

The Group's consolidated revenues for the year 2023 amounted to ₱169,590 million, down by 23% from ₱221,389 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 U.S.\$172/MT in 2023 compared to U.S.\$360/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 ₱130,992 million in 2023, which is 34% lower than the ₱198,371 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

<sup>12</sup> 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.".

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 ₱509 million, from ₱5,563 million in 2022 to ₱6,072 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 ₱32,526 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 ₱18,478 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 ₱749 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 ₱272 million loss in 2023, down from the ₱400 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 ₱538 million in 2023, a complete turnaround from the ₱7,240 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 ₱5,160 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 ₱9,903 million from ₱3,134 million reported in 2022 which was burdened with significant net unrealized foreign exchange losses.

### 2022 vs. 2021

| In Millions                                             | December 31      |          | Horizontal Analysis<br>Increase (Decrease) |       | Vertical<br>Analysis |       |
|---------------------------------------------------------|------------------|----------|--------------------------------------------|-------|----------------------|-------|
|                                                         | 2022             | 2021     | Amount                                     | %     | 2022                 | 2021  |
| Revenues                                                | <b>₱221,389</b>  | ₱133,710 | ₱87,679                                    | 66%   | <b>100%</b>          | 100%  |
| Cost of power sold                                      | <b>(198,371)</b> | (92,161) | 106,210                                    | 115%  | <b>(90%)</b>         | (69%) |
| Gross profit                                            | <b>23,018</b>    | 41,549   | (18,531)                                   | (45%) | <b>10%</b>           | 31%   |
| Selling and administrative expenses                     | <b>(5,740)</b>   | (4,915)  | 825                                        | 17%   | <b>(3%)</b>          | (4%)  |
| Other operating income                                  | <b>11,608</b>    | 207      | 11,401                                     | 5508% | <b>5%</b>            | 0%    |
| Operating income                                        | <b>28,886</b>    | 36,841   | (7,955)                                    | (22%) | <b>12%</b>           | 27%   |
| Interest expense and other financing charges            | <b>(18,288)</b>  | (18,269) | 19                                         | (0%)  | <b>(8%)</b>          | (14%) |
| Interest income                                         | <b>1,211</b>     | 617      | 594                                        | 96%   | <b>1%</b>            | 1%    |
| Equity in net losses of an associate and joint ventures | <b>(400)</b>     | (117)    | 283                                        | 242%  | <b>0%</b>            | 0%    |
| Other charges - net                                     | <b>(7,240)</b>   | (1,194)  | 6,046                                      | 506%  | <b>(3%)</b>          | (1%)  |
| Income before income tax                                | <b>4,169</b>     | 17,878   | (13,709)                                   | (77%) | <b>2%</b>            | 13%   |
| Income tax expense                                      | <b>1,035</b>     | 1,900    | (865)                                      | (46%) | <b>1%</b>            | 1%    |
| Net income                                              | <b>₱3,134</b>    | ₱15,978  | (₱12,844)                                  | (80%) | <b>1%</b>            | 12%   |

### Revenues

The Group's consolidated revenues for the year 2022 registered at ₱221,389 million, 66% or ₱87,679 million higher than last year's ₱133,710 million. The increase was mainly due to: (i) higher average realization price which includes price adjustments for fuel costs passed on to customers as a result of rising coal prices and the increase in overall spot sale prices in Luzon; (ii) improvement in nominations from Manila Electric Company ("Meralco"), other distribution utilities and industrial customers as Corona Virus Disease 2019 ("COVID-19") quarantine restrictions continue to loosen, thereby increasing offtake volumes by 181 gigawatt hours ("GWh") to 27,402 GWh from 27,221 GWh in 2021; and (iii) commencement of commercial operations of the 20 MWh Kabankalan 1 battery energy storage system ("BESS") on January 26, 2022.

Such consolidated revenues do not include the price adjustments necessary to cover the unanticipated increase in cost of power sold arising from the Group's Wholesale Electricity Spot Market ("WESM") purchases to continue supplying the nominations from Meralco's 670 MW power supply agreement ("PSA") with SPPC. A related claim, particularly for the period January to May 2022, that could affect the recovery of such costs, is now pending with the Court of Appeals for resolution (II. A. Request for Price Adjustments on the Meralco PSAs).

### Cost of Power Sold

Cost of power sold more than doubled, from ₱92,161 million for the year 2021 to ₱198,371 million for 2022. The increase was mainly attributable to the following: (i) higher generation costs on account of rising fuel prices particularly for coal and Malampaya gas used by the Ilijan Power Plant prior to the turnover from Power Sector Assets and Liabilities Management Corporation ("PSALM") on June 4, 2022, and (ii) higher volume and transaction prices for power purchased from the WESM to augment the Group's power supply to meet the bilateral

nominations from its contracted demand.

Mitigation measures undertaken by the Group to ensure the full recovery of incremental power supply costs include the implementation of existing and negotiated fuel passthru arrangements under the pertinent supply agreements with bilateral customers and pursuing all available remedies under Philippine Law.

### ***Selling and Administrative Expenses***

Selling and administrative expenses increased by 17% or ₱825 million, from ₱4,915 million in 2021 to ₱5,740 million in 2022. The increase was mainly due to: (i) higher local business taxes of Masinloc Power Partners Co. Ltd. (“MPPCL”), San Miguel Global Power and Limay Power Inc.<sup>13</sup> (“LPI”; formerly, SMC Consolidated Power Corporation); (ii) increase in personnel-related expenses of the Group; and (iii) reversal of impairment losses on trade receivables in 2021 due to improvement in collections.

### ***Other Operating Income***

Higher other operating income by ₱11,401 million was due primarily to the gain on sale of properties and investments recognized within the normal course of business and in line with the asset optimization strategies implemented by the Group in 2022.

### ***Income from Operations***

As a result, consolidated income from operations of ₱28,886 million in 2022 declined by 22% from last year's ₱36,841 million.

### ***Interest Expense and Other Financing Charges***

Interest expense and other financing charges amounted to ₱18,288 million in 2022, an increase from last year, primarily due to additional loans drawn by the Parent Company during the year, partly offset by lower interest recognized on the declining principal balances of the Independent Power Producer Administration (“IPPA”) entities’ lease liabilities especially with the expiration of the Ilijan IPPA Agreement.

### ***Interest Income***

Interest income amounted to ₱1,211 million in 2022, an increase by 96% from last year, driven primarily by higher average interest rate and higher interest income for the year on shareholder advances granted to Angat Hydropower Corporation (“AHC”).

### ***Equity in Net Losses of an Associate and Joint Ventures***

Equity in net losses of an associate and joint ventures amounted to ₱400 million in 2022, higher than last year, due mainly to the decline in the financial performance of AHC.

### ***Other Charges - net***

Other charges amounted to ₱7,240 million in 2022, higher compared with last year's ₱1,194 million. This was mainly due to the net foreign exchange losses amounting to ₱9,007 million recognized driven by the unprecedented depreciation of the Philippine Peso against the US Dollar during the year.

### ***Income Tax Expense***

The Group's income tax expense declined from ₱1,900 million for 2021 to ₱1,035 million in

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<sup>13</sup> On February 7, 2023, the Philippine SEC approved the change in the corporate name of “SMC Consolidated Power Corporation” to “Limay Power Inc.”.

2022. This resulted primarily from (i) the recognition of deferred tax benefit on net operating loss carryover and unrealized foreign exchange losses during the year, partly offset by (ii) higher deferred income tax expense on lease-related expenses of the IPPAs and SPPC, and (iii) higher taxable income of MPPCL, Malita Power Inc.<sup>14</sup> (“MPI”; formerly, San Miguel Consolidated Power Corporation) and LPI.

### **Net Income**

Consequently, the consolidated net income of the Group for the year dropped by 80% from ₱15,978 million in 2021 to ₱3,134 million in 2022. This was due primarily to lower gross margin and net unrealized foreign exchange losses amounting to ₱7,493 million in 2022. Without the recognized net foreign exchange losses and Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) Law adjustments recognized in the first quarter of 2021, net income would have been ₱10,046 million, lower by 25% from last year.

The following are the highlights of the performance of the individual operating business segments:

## **1. POWER GENERATION**

### **9M 2025 vs. 9M 2024**

#### **a. SPI, owner of Sual Power Plant**

For the first three quarters of 2025, net generation of 3,357 gigawatt hours (GWh), at 43% net capacity factor rate, was lower by 30% than the same period in 2024 mainly due to the plant's longer outages.

Revenues of ₱27,724 million fell by 34%, from ₱42,267 million in 2024. The decrease was mainly due to lower spot sales volume and the decline in bilateral offtake volume as contracts with certain distribution utilities (DUs) expired in December 2024 but was partly replaced by new contracts that took effect only in February 2025 and new contracts that are still awaiting regulatory approvals. Moreover, lower average realization price resulting from: (i) lower fuel tariff as global coal prices fell from an average of U.S.\$134/MT in the first three quarters of 2024 to U.S.\$104/MT for the same period in 2025 and (ii) 34% drop in the average spot selling price from ₱6.61 per kilowatt hours (kWh) in 2024 to ₱4.36/kWh in 2025, contributed to the decline in revenues.

Consequently, operating income for the three quarters of 2025 registered at ₱5,201 million, down from the ₱9,381 million posted in 2024.

#### **b. SPPC, owner of Ilijan Power Plant**

Upon completion of the Chromite Transaction on January 27, 2025, San Miguel Global Power'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 San Miguel Global Power 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), ₱4,346 million and ₱1,254 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 ₱2,010 million during the period.

#### **c. LPI, owner of Limay Greenfield Power Plant**

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<sup>14</sup> On March 9, 2023, the Philippine SEC approved the change in the corporate name of “San Miguel Consolidated Power Corp.” to “Malita Power Inc.”.

For the first three quarters of 2025, net generation of the Limay Greenfield Power Plant of 2,353 GWh, at 67% net capacity factor rate, was lower by 19% than the 2,920 GWh registered for the same period in 2024 due to the plant's longer outages. Of the total net generation, 1,037 GWh was dispatched to LPI's power generation customers while the remainder was allocated to its retail electricity supplier (RES) business serving its contestable customers.

On the other hand, total offtake volume has gone up to 1,849 GWh, a 5% increase from same period in 2024 attributable to higher spot sales volume. Likewise, revenues increased from ₱9,591 million in 2024 to ₱9,608 million in 2025.

Operating income of ₱1,678 million for the first three quarters of 2025 was 33% lower than the ₱2,489 million posted in the same period last year on account of higher costs to supply.

**d. MPI, owner of Davao Greenfield Power Plant**

For the first three quarters of 2025, a total of 1,180 GWh was generated by the Davao Greenfield Power Plant, at a net capacity factor rate of 68%. This was lower by 6% compared to the same period in 2024, owing mainly to lower bilateral nominations. Consequently, total offtake volume decreased by 5% to 1,210 GWh.

Likewise, revenues at ₱7,078 million dropped by 7% from the previous year driven by lower offtake volume and reduced average realization price resulting from lower fuel tariff following the decline in global coal prices. As a result, operating income dropped by 18% to ₱1,805 million.

**e. MPCL, owner of Masinloc Power Plant**

The Masinloc Power Plant's operating Units 1, 2, and 3 contributed a total net generation of 4,233 GWh for the first three quarters of 2025 with 4,002 GWh or 95% supplied to power generation customers while the rest was discharged to contestable customers and for its BESS requirements. This was 6% higher, compared to the 3,770 GWh generated from the same period in 2024.

Total offtake volume of 5,309 GWh went up from the same period in 2024 resulting primarily from higher customer nominations. Revenues grew by 13% to ₱27,076 million and operating income increased by 46% to ₱5,468 million for the first three quarters 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 three quarters of 2025, net generation of the Mariveles Greenfield Power Plant is registered at 2,777 GWh, at 79% net capacity factor rate. This represents a 27% increase compared to the same period in 2024 primarily driven by higher plant dispatch with Units 1 to 4 declared operational on March 28, 2024, September 26, 2024, October 26, 2024, and January 9, 2025, respectively. Total offtake volume of 2,798 GWh likewise increased by 27% as a result of higher net generation supplied to the spot market, affiliate generators, and Meralco pursuant to the commencement of the 300 MW PSA on June 2, 2025.

As a result, revenues surged to ₱14,668 million, a 93% increase from the ₱7,589 million posted in the same period last year. Likewise, operating income significantly improved at ₱3,730 million, up by 329% from the ₱869 million for the first three quarters of 2024.

**g. EERI, owner of the new 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 26, 2024 and January 7, 2025, respectively.

As a result of the completion of the Chromite Transaction on January 27, 2025, San Miguel Global Power'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 San Miguel Global Power 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), ₱3,058 million and ₱731 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 ₱3,851 million during the period.

**h. SRHI, IPPA of San Roque Hydroelectric Power Plant**

The San Roque Hydroelectric Power Plant's net generation of 929 GWh for the first three quarters of 2025, at 41% net capacity factor rate, increased by 125% due to longer operating hours attributable mainly to higher water reservoir level. Consequently, total offtake volume of 1,373 GWh increased by 19% compared to the same period in 2024 owing to improved spot sales volume.

Likewise, revenues increased by 9% to ₱6,566 million, compared to ₱6,047 million for the same period last year. Additionally, operating income rose significantly to ₱2,036 million, representing a 199% increase from the same period in 2024, on account of higher offtake volume and lower costs to supply.

**9M 2024 vs. 9M 2023**

**a. SPI, IPPA of Sual Power Plant**

For the first three quarters of 2024, net generation of 4,768 GWh, at 60% net capacity factor rate, was lower by 3% than in 2023 same period due mainly to the plant's longer outages.

Revenues of ₱42,267 million fell by 22%, from ₱54,245 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 U.S.\$185/MT in the first three quarters of 2023 to U.S.\$134/MT for the same period of 2024.

Notwithstanding the revenue decline, margins improved due to lower generation costs brought by lower global coal prices. Consequently, operating income for the first three quarters of 2024 rose to ₱9,381 million, up by 22% from ₱7,703 million in 2023.

**b. SPPC, owner of Ilijan Power Plant**

The net generation of Ilijan Power Plant for the first three quarters of 2024 significantly increased to 5,339 GWh, from 1,159 GWh registered in 2023, mainly due to the plant's resumption of operations from June 2023 following the successful supply of re-gasified LNG from the Batangas LNG terminal.

Likewise, total offtake volume of 5,879 GWh for the first three quarters of 2024 was higher compared to the same period in 2023 on account of the increase in Meralco nominations

due to the full nine-month 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 ₱43,522 million for the first three quarters of 2024 from the ₱25,299 million posted for the same period in 2023.

For the first three quarters of 2024, SPPC recognized an operating income of ₱7,054 million due mainly to improved margins. This was a complete turnaround from the ₱71 million operating loss posted for the same period in 2023.

**c. LPI, owner of Limay Greenfield Power Plant**

For the first three quarters of 2024, net generation of the Limay Greenfield Power Plant registered at 2,920 GWh, at 83% net capacity factor rate. This was a 2% decrease from the same period in 2023 due primarily to higher combined plant outages. Of the plant's net generation, 840 GWh was dispatched to power generation customers while the remainder was supplied to its contestable customers.

For the first three quarters of 2024, total offtake volume of 1,758 GWh went up from same period in 2023 by 6% due to the increase in bilateral sales volume. However, revenues decreased by 6% from ₱10,235 million in 2023 to ₱9,591 million in 2024 attributable to lower average realization price with the decline in fuel tariff passed-on to customers as a result of lower global coal prices.

On the other hand, operating income registering at ₱2,489 million for the first three quarters of 2024 rose by 30% from ₱1,921 million posted in 2023. The increase was mainly on account of 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 first three quarters of 2024, a total of 1,260 GWh was generated by the Davao Greenfield Power Plant, at a net capacity factor rate of 73%. This is higher by 13% compared to the same period in 2023 owing to the increase in spot nominations. Consequently, total offtake volume increased by 12% to 1,272 GWh.

However, revenues at ₱7,632 million dropped by 17% compared to previous year due to lower average realization price resulting from lower fuel tariff as global coal prices fell and lower average spot prices. As a result, operating income at ₱2,202 million declined by 25% compared to same period in 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 4,258 GWh for the first three quarters of 2024 with 3,770 GWh or 89% supplied to power generation customers while the rest was dispatched to RES customers. This was 8% higher, compared to the 3,935 GWh generated from same period in 2023, as a result of lower outage days in 2024.

Total offtake volume of 4,695 GWh went up from same period in 2023 resulting primarily from higher customer nominations and new contracts entered into in 2024. On the other hand, revenues and operating income decreased to ₱23,883 million and ₱3,752 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 the first quarter of 2024, all 4 generation units of the Mariveles Greenfield Power Plant were undergoing testing and commissioning with Unit 1 and Unit 2 declared operational



with the IEMOP starting on March 28, 2024 and September 26, 2024, respectively. As a result, revenues and operating income registered at ₱7,589 million and ₱869 million, respectively, in 2024.

**g. SRHI, IPPA of San Roque Hydroelectric Power Plant**

The San Roque Hydroelectric Power Plant's net generation of 412 GWh for the first three quarters of 2024, at 18% net capacity factor rate, dropped by 41% due to shorter operating hours attributable mainly to lower water reservoir level. Likewise, total offtake volume of 1,159 GWh decreased by 24% compared to the same period in 2023 resulting from lower generation.

Revenues of ₱6,047 million decreased by 49% compared to the previous year's ₱11,747 million mainly due to the decline in offtake volume and lower average realization price.

Operating income of ₱682 million for the first three quarters of 2024 dropped by 79% compared to the same period in 2023. The decline was due to lower margin, resulting from the aforesaid decrease in offtake volume and average realization price.

**2024 vs. 2023**

**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 ₱56,344 million fell by 15%, from ₱66,238 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 U.S.\$172/MT in 2023 vs U.S.\$135/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 ₱13,373 million, up by 22% from ₱10,906 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 ₱57,809 million for the year 2024 from the ₱41,596 million posted in 2023.

For the year 2024, SPPC recognized an operating income of ₱4,195 million due mainly to improved margins. This was higher than the ₱1,238 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 ₱13,024 million in 2023 to ₱17,447 million in 2024 attributable to higher offtake volumes.

Operating income registering at ₱4,751 million in 2024 rose by 39% from ₱3,415 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 ₱9,726 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 ₱2,836 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 ₱31,891 million and ₱4,360 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 ₱11,047 million and ₱1,157 million, respectively, in 2024.

**g. San Roque Hydropower Inc.<sup>15</sup> (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 ₱8,311 million decreased by 40% compared to last year due mainly to the decline in offtake volumes and lower average realization price.

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<sup>15</sup> On March 31, 2023, the Philippine SEC approved the change in the corporate name of "Strategic Power Devt. Corp." to "San Roque Hydropower Inc."

Consequently, operating income of ₱1,292 million in 2024 dropped by 66% compared to last year.

## **2023 vs. 2022**

### **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 ₱66,238 million decreased by 13% compared to ₱75,817 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 U.S.\$360/MT in 2022 to an average of just U.S.\$172/MT in 2023. Despite the decrease in revenues, operating income increased by 105% from ₱5,308 million in 2022 to ₱10,906 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 ₱13,876 million were up by 31% compared to ₱10,579 million in 2022 due mainly to higher offtake volumes, partly offset by lower average realization price.

However, operating income of ₱3,842 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 ₱41,596 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 ₱1,238 million, a complete turnaround from the ₱13,042 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 ₱14,239 million in 2022 to ₱13,024 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 ₱3,415 million in 2023 was 47% higher than the ₱2,329 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 ₱11,840 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 ₱3,729 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 ₱34,300 million fell from 2022 resulting primarily from lower customer nominations and spot sales volume. Operating income decreased to ₱5,648 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.

**2022 vs. 2021**

**a. Sual Power Inc.<sup>16</sup> ("SPI"; formerly, San Miguel Energy Corporation, IPPA of Sual Power Plant)**

For the year 2022, net generation of 6,374 GWh, at 62% net capacity factor rate, was 36% higher than last year. This was mainly due to fewer outages in 2022, as Sual Unit 2 was on extended outage for the repair of turbine blades and diaphragm and Unit 1 on forced and maintenance shutdown during the first half of 2021. Likewise, total offtake volume increased to 8,533 GWh from 7,932 GWh in 2021, on account of higher sales in the spot market in 2022.

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<sup>16</sup> On March 9, 2023, the Philippine SEC approved the change in the corporate name of "San Miguel Energy Corporation" to "Sual Power Inc."

Revenues of ₱75,817 million were up by 99% than last year's ₱38,162 million mainly attributable to improvement in average realization prices for electric cooperatives driven by the increase in pass-on fuel charges, and higher spot market prices.

Operating income of ₱5,308 million was 52% lower than last year's ₱10,996 million on account of higher generation cost due to significant increase in cost of coal and spot purchase prices offset by the decline in power purchase volumes from affiliate and external generators as a result of higher plant availability during the year.

**b. South Premiere Power Corp. (SPPC, owner of Ilijan Power Plant)**

The net generation of Ilijan Power Plant for the year 2022 fell by 55% due to its deration brought by the Malampaya gas supply restrictions which started on March 17, 2021 until the expiration of the Ilijan IPPA Agreement with PSALM last June 4, 2022. Moreover, the plant was on shutdown for inspection, upgrades, repairs and maintenance activities since its turnover from PSALM. Total offtake volume of 6,129 GWh decreased by 16% compared to last year on account of lower plant capacity.

As a result, revenues of ₱29,053 million for the year 2022 dropped by 10%, compared to the ₱32,107 million posted last year.

Operating loss of ₱13,042 million in 2022 was a turnaround from the ₱5,208 million operating income posted in 2021. This was attributable to increased power purchases combined with higher average spot purchase price caused by high market demand in 2022.

**c. San Roque Hydropower Inc.<sup>17</sup> ("SRHI"; formerly, Strategic Power Devt. Corp., IPPA of San Roque Power Plant)**

The San Roque Power Plant's net generation of 619 GWh, at 20% net capacity factor rate, for the year 2022 fell by 40% due to lower water inflows resulting to low water reservoir level. Moreover, total offtake volume of 918 GWh decreased by 16% compared to last year's 1,096 GWh due to the lower spot sales volume.

Revenues of ₱10,579 million for the year 2022 was 75% higher than the ₱6,029 million in 2021. This was mainly on account of the improved average realization prices for bilateral sales.

The foregoing factors contributed to the improvement of operating income by 55% from ₱3,294 million in 2021 to ₱5,116 million in 2022.

**d. LPI, owner of Limay Greenfield Power Plant**

Limay Greenfield Power Plant has a combined capacity of 600 MW. Total generation of the plant from all operating units of 4,144 GWh in 2022, at 88% net capacity factor rate, was slightly lower than last year's 4,177 GWh. LPI dispatched 1,790 GWh of the plant's net generation to its power generation customers while the rest was dispatched to its Retail Electricity Supply ("RES") customers. Total offtake volume of 1,847 GWh fell from last year by 4% due to decline in both spot sales volume and replacement power.

In 2022, revenues increased by 48% from ₱9,603 million last year to ₱14,239 million. This was primarily due to higher average realization price on account of increase in pass-on fuel rate brought by rising fuel prices. Higher revenues from spot sales were also realized as a result of increase in spot rates.

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<sup>17</sup> On March 31, 2023, the Philippine SEC approved the change in the corporate name of "Strategic Power Devt. Corp." to "San Roque Hydropower Inc."

On the other hand, operating income registered at ₱2,329 million in 2022 was 34% lower than the ₱3,545 million posted in 2021 mainly due to lower offtake volume and higher generation cost as a result of significant increase in the cost of coal.

**e. MPI, owner of Davao Greenfield Power Plant**

For the year 2022, a total of 1,586 GWh was generated by the plant, at a capacity factor rate of 69%, lower than last year by 14%. Revenues at ₱18,077 million grew by 66% on account of higher average realization price due to higher pass-on fuel cost as a result of rising cost of coal. Accordingly, operating income registered at ₱6,807 million, 41% higher than ₱4,838 million in 2021.

**f. MPPCL, owner of Masinloc Power Plant**

The Masinloc Power Plant operating Units 1, 2, and 3 contributed a total net generation of 6,086 GWh for the year 2022, with 5,517 GWh supplied to power generation customers while the rest was discharged to RES customers and its 10 MWh BESS. This net generation was slightly lower by 1% compared to the 6,136 GWh posted for 2021 due to higher equivalent outage days for Units 1 & 2 as a result of various derations and shutdown in 2022.

Total offtake volume of 6,551 GWh fell from last year as a result of lower spot sales volume and replacement power sold to affiliate generators. Revenues and operating income for the year 2022 increased to ₱56,606 million and ₱6,762 million, respectively, due to high bilateral rates to customers and spot market prices.

**2. RETAIL AND OTHER POWER-RELATED SERVICES**

**9M 2025 vs. 9M 2024**

**a. LPI - RES**

For the first three quarters of 2025, total offtake volume registered at 1,918 GWh, lower by 24% compared to the same period in 2024 at 2,537 GWh due mainly to lower customer nominations. Likewise, revenues decreased by 21% from ₱15,293 million in 2024 to ₱12,028 million for the first three quarters of 2025 due to lower offtake volume.

Consequently, operating income for the first three quarters was registered at ₱1,576 million, 16% lower compared to the ₱1,886 million posted for the same period in 2024.

**b. MPCL - RES and BESS**

For the first three quarters of 2025, revenues (consisting of revenues from RES contracts and revenues earned from ancillary services contracts and reserves market sales generated from the 30 MWh Masinloc BESS) and operating income amounted to ₱8,142 million and ₱1,718 million, an increase of 73% and 120%, respectively, compared to the same period in 2024. The growth was primarily driven by a significant rise in offtake volume supplied under new contracts, as well as the start of operations of the 20 MWh Masinloc BESS Phase II during the period.

**c. SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan, owner of Kabankalan BESS Phase I and II)**

Revenues and operating income increased by 67% and 99% to ₱981 million and ₱748 million, respectively, for the first three quarters of 2025 compared to the same period last year due mainly to the commencement of operations of the 10 MWh Kabankalan BESS Phase II that was offered to the reserves market during this period.

**d. SMGP BESS, owner of 13 BESS Facilities with combined installed capacity of 440 MWh**

For the first three quarters of 2025, SMGP BESS generated revenues of ₱11,565 million, reflecting a 91% increase compared to the same period last year. This growth was primarily driven by the full nine-month operations of the 3 BESS facilities, with a combined capacity of 110 MWh, which commenced operations in March 2024 and the addition of 3 new BESS facilities with an aggregate capacity of 110MWh that began operations in the first half of 2025. Operating income also rose significantly to ₱8,814 million, up by 121% from ₱3,991 million in 2024 same period.

**9M 2024 vs. 9M 2023**

**a. LPI - RES**

For the first three quarters of 2024, total offtake volume registered at 2,537 GWh. This increased by 63% compared to the previous year's 1,560 GWh due mainly to higher nominations from customers. Likewise, revenues increased by 38% from ₱11,121 million in 2023 to ₱15,293 million for the first three quarters of 2024 due to higher offtake volume.

Consequently, operating income for the first three quarters of 2024 was registered at ₱1,886 million, 81% higher than the ₱1,042 million posted for the same period in 2023.

**b. MPCL - RES and BESS**

For the first three quarters of 2024, revenues, inclusive of ancillary revenues from the 10 MWh BESS, and operating income decreased to ₱4,707 million and ₱781 million, respectively, on account of lower average realization price during the period.

**c. SMGP Kabankalan, owner of Kabankalan I BESS**

Revenues of ₱586 million for the first three quarters of 2024 increased by 57% compared to same period in 2023. Likewise, operating income of ₱376 million was higher by 126% compared to same period in 2023 on account of higher offtake volume since Kabankalan I BESS underwent repair works in 2023.

**d. SMGP BESS, owner of 10 BESS Facilities with combined installed capacity of 330 MWh**

For the first three quarters of 2024, SMGP BESS reported revenues and operating income of ₱6,041 million and ₱3,991 million, respectively. Beginning July 2023, the ERC granted provisional authority for the implementation of 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 operational in March 2024.

**2024 vs. 2023**

**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 ₱14,749 million in 2023 to ₱19,026 million in 2024.

On the other hand, operating income registered at ₱738 million, 37% lower than the ₱1,180 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 ₱6,780 million due to new contestable customers contracted during the year. However, operating income dropped to ₱986 million on account of lower average realization price in 2024.

**c. SMGP Kabankalan Power Co. Ltd.<sup>18</sup> (SMGP Kabankalan; owner of Kabankalan I BESS)**

Revenues of ₱746 million for the year 2024 increased by 18% compared to last year. Likewise, the operating income of ₱455 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 ₱8,711 million and ₱5,901 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.

**2023 vs. 2022**

**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 ₱23,045 million in 2022 to ₱14,749 million in 2023 due to lower offtake volumes and lower average realization price with the decline in global coal prices.

Consequently, operating income of ₱1,180 million for the year 2023 was down compared to the ₱3,490 million posted in 2022.

**b. MPCL, RES and BESS**

Revenues, inclusive of ancillary revenues from the 10 MWh BESS, and operating income decreased to ₱6,382 million and ₱1,074 million, respectively, due to lower customer requirements and expiration of contracts in 2023.

**c. SMGP Kabankalan, owner of Kabankalan I BESS**

Revenues of ₱634 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 ₱378 million was lower by 14% compared to the ₱438 million registered in 2022.

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<sup>18</sup> 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."



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 ₱2,208 million and ₱1,391 million in 2023, respectively.

**2022 vs. 2021**

a. **LPI - RES**

For the year 2022, total offtake volumes registered at 2,509 GWh was 6% lower than the 2,661 GWh registered in 2021 attributed to contracts that have expired or have been disconnected. With higher average bilateral rate, revenues increased by 62% from ₱14,229 million in 2021 to ₱23,045 million in 2022. Consequently, with better margin, operating income registered at ₱3,490 million in 2022. This was 19% higher than the ₱2,943 million posted in 2021.

b. **MPPCL, RES and BESS**

In 2022, total offtake volumes and revenues, including the revenues generated from the Ancillary Services Procurement Agreement (“**ASPA**”) between the National Grid Corporation of the Philippines (“**NGCP**”) and MPPCL for the 10 MWh BESS, more than doubled compared to 2021, registering at 1,398 GWh and ₱12,071 million, respectively, attributable to new contestable customers. Consequently, operating income increased by 106% at ₱1,719 million compared to 2021.

c. **SMCGP Philippines Energy Storage Co. Ltd. (“SMCGP Philippines Energy”) - BESS**

On January 6, 2022, the ERC granted provisional authority for the implementation of the ASPA between NGCP and SMCGP Philippines Energy commencing on January 26, 2022. SMCGP Philippines Energy reported revenues and operating income of ₱856 million and ₱438 million in 2022, respectively.

d. **Albay Power and Energy Corp. (“APEC”), Concessionaire for the rehabilitation, operations and maintenance of Albay Electric Cooperative, Inc. (“ALECO”)**

Revenues of ₱5,190 million was 30% higher than last year primarily driven by the increase in average realization price. The improvement in revenues was countered by higher systems loss and cost of power purchases. Consequently, operating loss of ₱906 million in 2022 was higher than the ₱368 million recognized in 2021.

Effective November 21, 2022, the Concession Agreement between APEC and ALECO was terminated.

**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 ₱12,000 million from its ₱40,000 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 ₱10,000 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 U.S.\$200 million term loan (equivalent to ₱11,010 million, net of transaction costs) from a U.S.\$200 million loan facility, with option to increase up to U.S.\$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

U.S.\$100 million (equivalent to ₱5,558 million, net of transaction costs) from the facility agreement executed on August 30, 2024.

The proceeds of the loans were used to refinance the U.S.\$200 million and U.S.\$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 ₱20,000 million and ₱12,500 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 ₱8,765 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 ₱14,100 million balance of its ₱15,000 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 U.S.\$200 million and U.S.\$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 ₱9,232 million and ₱6,478 million, respectively. The Series I Bonds formed part of the ₱30,000 million Series H-I-J fixed rate bonds issued in April 2019, while Series E Bonds formed part of the ₱20,000 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 U.S.\$800 million Redeemable Perpetual Capital Securities (RPCS)*

On April 19, 2024, San Miguel Global Power issued U.S.\$800 million (equivalent to ₱43,432 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 U.S.\$800 million SPCS (equivalent to ₱44,300 million, net of transaction costs amounting to ₱660 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 U.S.\$531.94 million (with a carrying value of ₱25,801 million) and the repurchase of certain existing SPCS amounting to U.S.\$157.38 million (with a carrying value of ₱7,679 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 U.S.\$100 million SPCS (₱5,549 million, net of transaction costs amounting to ₱54 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 U.S.\$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 U.S.\$500 million SPCS (₱28,882 million, net of transaction costs amounting to ₱445 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 U.S.\$500 million SPCS were used in part for the exchange of certain existing SPCS amounting to U.S.\$273.93 million (with a carrying value of ₱13,402 million) and the repurchase of certain existing SPCS amounting to U.S.\$46.10 million (with a carrying value of ₱2,236 million) pursuant to the Exchange Offers and Tender Offers that were announced on the SGX-ST website on November 26, 2024.

The U.S.\$800,000, U.S.\$100,000 and U.S.\$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 U.S.\$783 million remaining securities out of the U.S.\$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 U.S.\$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 U.S.\$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 ₱5,000 million and ₱2,500 million, respectively, from a ₱10,000 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 U.S.\$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 U.S.\$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 ₱28,000 million from the ₱40,000 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 U.S.\$149 million as at the agreement date, into a Philippine Peso-denominated loan pegged at ₱8,155 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.

#### Payment of Maturing Long-term Debt

On March 13, 2023, San Miguel Global Power paid the remaining balance of its U.S.\$700 million term loan facility availed last March 16, 2018, amounting to U.S.\$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 U.S.\$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 ₱6,842 million of their scheduled long-term debt principal amortizations pursuant to the terms and conditions of their respective facility agreements.

#### Redemption of Maturing Series B and Series G Bonds by San Miguel Global Power

On July 11 and August 17, 2023, San Miguel Global Power redeemed its Series B and Series G Bonds, respectively, amounting to ₱19,090 million. The Series B Bonds formed part of the ₱15,000 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 ₱12,300 million or ₱30 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 ₱1,774 million (comprising of 1,774,400,000 shares with par value of ₱1), or from ₱2,000 million, divided into 2,000,000,000 shares with par value of ₱1 to ₱3,774 million, divided into 3,774,400,000 shares with par value of ₱1 (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 ₱13,308 million or ₱30 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 ₱21,600 million or ₱30 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 U.S.\$704 million (equivalent to ₱38,517 million, net of transaction costs) and ₱32,316 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 ₱21,669 million, pursuant to the terms of the RPCS. The purchase was financed using in part the proceeds of the ₱28,000 million drawn by SMGP BESS from its ₱40,000 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 ₱52,706 million and ₱21,933 million, respectively.

#### Issuance of U.S.\$100,000 SPCS by San Miguel Global Power

On February 19, 2025, San Miguel Global Power completed the issuance of another U.S.\$100 million SPCS (the "Additional U.S.\$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 U.S.\$100 million SPCS is consolidated into and form a single series with the U.S.\$500 million SPCS issued on December 2, 2024, bringing the total securities to U.S.\$600 million. The Additional U.S.\$100 million SPCS are identical in all respects with the U.S.\$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 U.S.\$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 U.S.\$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 ₱30 per share, or for a total subscription amount of ₱28,524 million, payable within 60 days;
- increase in its authorized capital stock by ₱4,026 million (comprising of 4,025,600,000 shares with par value of ₱1), or from ₱3,774 million, divided into 3,774,400,000 shares with par value of ₱1 to ₱7,800 million, divided into 7,800,000,000 shares with par value of ₱1 (the "2025 ACS Increase"); and
- subscription by SMC to 1,011,093,800 common shares out of the 2025 ACS increase at ₱30 per share, or for a total subscription amount of ₱30,333 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. MAJOR DEVELOPMENTS IN 2022**

### **UPDATE ON BESS PROJECTS**

On January 6, 2022, an ERC Order granted Provisional Authority for the implementation of the ASPA between the NGCP and SMCGP Philippines Energy for 5 years commencing on January 26, 2022. Following the receipt of the ERC Order, SMCGP Philippines Energy

declared the commercial operations of its 20 MWh Kabankalan 1 BESS with the Independent Electricity Market Operator of the Philippines starting January 26, 2022.

Of the remaining 1,000 MWh BESS projects, 20 MWh Kabankalan 2, 20 MWh Masinloc Phase 2, and 270 MWh across 9 sites attained substantial completion as of date, another 300 MWh across 9 sites are expected to be substantially complete by 2023, while the remaining 390 MWh across 13 sites are expected to be completed in 2024. The BESS projects are expected to participate in any public tender of any requirements for grid ancillary services or be contracted for any power quality solutions required by industrial and utility customers.

## **TURNOVER OF THE ILIJAN POWER PLANT**

On June 3, 2022, SPPC and PSALM executed a Deed of Sale for the transfer of control and ownership of the Ilijan Power Plant to SPPC following the end of its IPPA Agreement.

## **LONG-TERM DEBTS**

### *Redemption of Maturing Series H and D Bonds*

On April 25, 2022, San Miguel Global Power redeemed its Series H Bonds amounting to ₱13,845 million, which form part of the ₱30,000 million Series H-I-J fixed rate bonds issued in April 2019. San Miguel Global Power used the proceeds of the ₱10,000 million short-term loan availed in April 2022 and cash generated from operations for the redemption of the Series H Bonds.

On December 22, 2022, San Miguel Global Power redeemed its Series D Bonds amounting to ₱9,913 million, which form part of the ₱20,000 million Series D-E-F fixed rate bonds issued in December 2017. San Miguel Global Power used the proceeds of the ₱6,000 million short-term loan availed in December 2022 and cash generated from operations for the redemption of the Series D Bonds.

### *Payment of Other Maturing Long-term Debt*

In 2022, LPI, MPI and San Miguel Global Power paid a total of ₱4,022 million of their scheduled long-term debt principal amortizations pursuant to the terms and conditions of their respective facility agreements.

In 2022, MPPCL made principal repayments of term loans pursuant to its Omnibus Refinancing Agreement (“**ORA**”) and Omnibus Expansion Financing Agreement (“**OEFA**”), amounting to U.S.\$24 million and U.S.\$28 million, respectively.

### *Shelf-registration of ₱60,000 Million and Issuance of ₱40,000 Million Fixed-rate Peso Denominated Bonds*

On July 26, 2022, San Miguel Global Power issued and listed with the Philippine Dealing and Exchange Corp. a total of ₱40,000 million fixed rate bonds, the first tranche of the ₱60,000 million shelf-registered fixed rate Peso-denominated bonds approved by the Philippine Securities and Exchange Commission (“**SEC**”) on July 11, 2022.

The bonds comprised of ₱5,000 million Series K Bonds due 2025, ₱25,000 million Series L Bonds due 2028 and ₱10,000 million Series M Bonds due 2032, with interest rates per annum of 5.9077%, 7.1051% and 8.0288%, respectively.

The proceeds from the issuance of the bonds were used: (i) to partially finance San Miguel Global Power’s investments in power-related assets, particularly Liquefied Natural Gas (“**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.

### *Availments of Long-term Debt*

On January 21, 2022, San Miguel Global Power availed of a U.S.\$200 million 3-year term loan pursuant to a facility agreement with a foreign bank executed on September 8, 2021. The initial loan facility amount of U.S.\$100 million was increased to U.S.\$200 million on December 16, 2021. The loan is subject to a floating interest rate plus margin and will mature in September 2024.

The proceeds were used to finance expansion projects and settle other transaction related fees, costs and expenses of the facility.

On May 24, 2022, San Miguel Global Power availed a U.S.\$100 million 3-year term loan pursuant to a facility agreement with a group of foreign banks executed on May 18, 2022. The loan is subject to a floating interest rate 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 for the settlement of other transaction related fees, costs and expenses of the facility.

On August 26, 2022, San Miguel Global Power availed of a U.S.\$300 million 5-year term loan pursuant to a facility agreement with a group of foreign banks executed on August 18, 2022. The loan is subject to a floating interest rate 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.

### **SALE OF INVESTMENTS IN SHARES OF STOCKS AND PARCELS OF LAND**

In 2022, pursuant to the normal course of business of acquiring and disposing of land for potential project sites and in line with asset optimization strategies of the Group, San Miguel Global Power and its subsidiaries sold ownership interests in landholding subsidiaries and subsidiaries with coal mining properties and certain parcels of land.

The total consideration for the foregoing sale transactions amounted to ₱18,751 million, payable on installment basis pursuant to the terms of the respective agreements.

### **CLAIM FOR PRICE ADJUSTMENTS ON THE MERALCO PSA**

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**”). Separate PSAs were awarded by Meralco to 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 sought jointly with Meralco temporary contract price adjustments under the SPPC PSA and SPI PSA before the ERC, as the primary regulator in the power industry tasked with consumer protection, 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 proposed price adjustments. SPPC and SPI filed separate Petitions for Certiorari under Rule 65 with Application for the Issuance of a Temporary Restraining Order (“**TRO**”) and/or Writ of Preliminary Injunction before the Court of Appeals (“**CA**”) on November 10, 2022, to annul, reverse and set aside the September 29, 2022 Orders of the ERC. Petition for Certiorari filed by SPPC which was originally raffled to the CA 14<sup>th</sup> Division, is now pending with the CA 13<sup>th</sup> Division and is hereinafter referred to as the “SPPC CA Petition”, while the Petition for Certiorari filed by SPI originally pending with the CA 17<sup>th</sup> Division was subsequently transferred to the CA 16<sup>th</sup> Division and is hereinafter referred to as the “SPI CA Petition”.

On November 23, 2022, a TRO was issued by the CA 13<sup>th</sup> Division for the SPPC CA Petition which was subsequently converted to a Writ of Preliminary Injunction by the CA 13<sup>th</sup> Division on February 23, 2023.

On November 24, 2022, SPI filed with the CA 16<sup>th</sup> Division an Urgent Motion for Consolidation of the SPI CA Petition with the SPPC CA Petition pending before the CA 13<sup>th</sup> Division, while SPPC filed with the CA 13<sup>th</sup> Division an Urgent Motion to Allow Consolidation of the SPI CA Petition with the SPPC CA Petition pending before the CA 13<sup>th</sup> Division.

The CA 16<sup>th</sup> Division in its resolution dated January 13, 2023 (i) denied SPI’s prayer for the issuance of a TRO and/or writ of preliminary injunction, and (ii) granted the consolidation of SPI’s petition with the SPPC CA Petition. The SPI CA Petition was thus consolidated with the SPPC CA Petition before the CA 13<sup>th</sup> Division.

On February 10, 2023, SPI filed a Motion for Partial Reconsideration of the January 13, 2023 Resolution and prayed for the issuance of a Writ of Preliminary Injunction. On February 14, 2023, SPI received copies of the ERC’s Comment *Ad Cautelam* on the SPI CA Petition and Meralco’s Comment thereto. On February 20, 2023, SPI filed a Motion for Leave to File Consolidated Reply.

In a Resolution dated April 3, 2023, the CA upheld its decision to consolidate the cases filed by SPI and SPPC thus denying the Motion for Reconsideration (Opposition Ex Abundanti Ad Cautelam to SPI’s Urgent Motion to Allow Consolidation of Cases) filed by the ERC.

The Motion for Partial Reconsideration filed by SPI, the SPPC CA Petition and the SPI CA Petition remain pending to date.

## **TENDER OFFER TO HOLDERS OF SENIOR PERPETUAL CAPITAL SECURITIES (“SPCS”) BY SAN MIGUEL GLOBAL POWER**

On October 26, 2022, the Board of Directors of San Miguel Global Power authorized the conduct of tender offer to the holders of its US Dollar-denominated SPCS listed with the Singapore Exchange Securities Trading Ltd. ("**SGX-ST**") to purchase for cash said SPCS up to a total aggregate principal amount of U.S.\$400 million. The conduct of the tender offer commenced on October 26, 2022 and expired on November 4, 2022 (the "**Expiration Deadline**"). All valid tender offers from security holders, representing an aggregate of U.S.\$124 million in principal amount of SPCS were accepted by San Miguel Global Power. Security holders that validly tendered their securities at or prior to the Expiration Deadline and which San Miguel Global Power accepted for purchase from such security holder were paid the applicable purchase price and the relevant accrued distribution amount on November 9, 2022.

## ISSUANCE OF REDEEMABLE PERPETUAL SECURITIES ("RPS") BY SAN MIGUEL GLOBAL POWER AND UNIVERSAL POWER SOLUTIONS, INC. ("UPSI")

In 2022, San Miguel Global Power and UPSI issued US Dollar-denominated and Peso-denominated RPS to SMC ("**RPS Holder**"):

| Date of Issuance               | Distribution Payment Date                                   | Issue Price | Initial Rate of Distribution | Amount of RPS Issued (in Millions) | Amount in Philippine Peso* (in Millions) |
|--------------------------------|-------------------------------------------------------------|-------------|------------------------------|------------------------------------|------------------------------------------|
| <b>San Miguel Global Power</b> |                                                             |             |                              |                                    |                                          |
| US Dollar-denominated:         |                                                             |             |                              |                                    |                                          |
| November 8, 2022               | February 8, May 8, August 8, and November 8 of each year    | 100%        | 6.25%                        | U.S.\$85                           | <b>₱4,916</b>                            |
| <b>UPSI</b>                    |                                                             |             |                              |                                    |                                          |
| US Dollar-denominated:         |                                                             |             |                              |                                    |                                          |
| October 28, 2022               | January 28, April 28, July 28, and October 28 of each year  | 100%        | 6.25%                        | U.S.\$88                           | <b>5,063</b>                             |
| December 1, 2022               | March 1, June 1, September 1 and December 1 of each year    | 100%        | 6.25%                        | U.S.\$76                           | <b>4,241</b>                             |
| Peso-denominated:              |                                                             |             |                              |                                    |                                          |
| November 23, 2022              | February 23, May 23, August 23 and November 23 of each year | 100%        | 7.50%                        | ₱5,000                             | <b>4,962</b>                             |
|                                |                                                             |             |                              |                                    | <b>₱19,182</b>                           |

\*Amount in Philippine Peso pertains to proceeds net of directly attributable transaction costs.

The proceeds from the issuances are intended for general corporate purposes including capital expenditures.

## D. MATERIAL CHANGES PER LINE OF ACCOUNT

### 9M 2025 vs. 2024

| In Millions                               | September 30, 2025 | December 31, 2024 | Horizontal Analysis Increase (Decrease) |       | Vertical Analysis |      |
|-------------------------------------------|--------------------|-------------------|-----------------------------------------|-------|-------------------|------|
|                                           |                    |                   | Amount                                  | %     | 2025              | 2024 |
| Cash and cash equivalents                 | <b>₱104,017</b>    | ₱67,867           | ₱36,150                                 | 53%   | <b>12%</b>        | 8%   |
| Trade and other receivables - net         | <b>108,905</b>     | 115,884           | (6,979)                                 | (6%)  | <b>12%</b>        | 13%  |
| Inventories                               | <b>11,729</b>      | 14,326            | (2,597)                                 | (18%) | <b>2%</b>         | 2%   |
| Prepaid expenses and other current assets | <b>37,669</b>      | 51,562            | (13,893)                                | (27%) | <b>4%</b>         | 6%   |
| <b>Total Current Assets</b>               | <b>262,320</b>     | 249,639           | 12,681                                  | 5%    | <b>30%</b>        | 29%  |

|                                            |                 |                 |                |             |             |             |
|--------------------------------------------|-----------------|-----------------|----------------|-------------|-------------|-------------|
| Investments and advances - net             | 107,452         | 19,896          | 87,556         | 440%        | 12%         | 2%          |
| Property, plant and equipment - net        | 371,386         | 459,506         | (88,120)       | (19%)       | 42%         | 52%         |
| Right-of-use assets - net                  | 38,521          | 42,123          | (3,602)        | (9%)        | 4%          | 5%          |
| Goodwill and other intangible assets - net | 70,219          | 71,736          | (1,517)        | (2%)        | 8%          | 8%          |
| Deferred income tax assets                 | 1,385           | 1,354           | 31             | 2%          | 0%          | 0%          |
| Other noncurrent assets                    | 35,932          | 37,619          | (1,687)        | (4%)        | 4%          | 4%          |
| <b>Total Noncurrent Assets</b>             | <b>624,895</b>  | <b>632,234</b>  | <b>(7,339)</b> | <b>(1%)</b> | <b>70%</b>  | <b>71%</b>  |
| <b>Total Assets</b>                        | <b>₱887,215</b> | <b>₱881,873</b> | <b>₱5,342</b>  | <b>1%</b>   | <b>100%</b> | <b>100%</b> |

|                                                                 |                |                |                 |              |            |            |
|-----------------------------------------------------------------|----------------|----------------|-----------------|--------------|------------|------------|
| Loans payable                                                   | ₱29,000        | ₱41,350        | (₱12,350)       | (30%)        | 3%         | 5%         |
| Accounts payable and accrued expenses                           | 100,279        | 144,102        | (43,823)        | (30%)        | 11%        | 16%        |
| Lease liabilities - current portion                             | 5,359          | 10,049         | (4,690)         | (47%)        | 1%         | 1%         |
| Income tax payable                                              | 141            | 80             | 61              | 76%          | 0%         | 0%         |
| Current maturities of long-term debt - net of debt issue costs  | 41,138         | 28,477         | 12,661          | 44%          | 5%         | 3%         |
| <b>Total Current Liabilities</b>                                | <b>175,917</b> | <b>224,058</b> | <b>(48,141)</b> | <b>(21%)</b> | <b>20%</b> | <b>25%</b> |
| Long-term debt - net of current maturities and debt issue costs | 245,979        | 249,461        | (3,482)         | (1%)         | 28%        | 28%        |
| Deferred income tax liabilities                                 | 17,354         | 23,978         | (6,624)         | (28%)        | 2%         | 3%         |
| Lease liabilities - net of current portion                      | 17,110         | 21,357         | (4,247)         | (20%)        | 2%         | 2%         |
| Other noncurrent liabilities                                    | 4,208          | 3,994          | 214             | 5%           | 0%         | 1%         |
| <b>Total Noncurrent Liabilities</b>                             | <b>284,651</b> | <b>298,790</b> | <b>(14,139)</b> | <b>(5%)</b>  | <b>32%</b> | <b>34%</b> |
| <b>Total Liabilities</b>                                        | <b>460,568</b> | <b>522,848</b> | <b>(62,280)</b> | <b>(12%)</b> | <b>52%</b> | <b>59%</b> |

Forward

|                                                                  |                       |                      | Horizontal<br>Analysis<br>Increase<br>(Decrease) |       | Vertical<br>Analysis |      |
|------------------------------------------------------------------|-----------------------|----------------------|--------------------------------------------------|-------|----------------------|------|
| In Millions                                                      | September<br>30, 2025 | December 31,<br>2024 | Amount                                           | %     | 2025                 | 2024 |
| Equity                                                           |                       |                      |                                                  |       |                      |      |
| Attributable<br>to Equity<br>Holders of<br>the Parent<br>Company |                       |                      |                                                  |       |                      |      |
| Capital stock                                                    | ₱4,785                | ₱2,824               | ₱1,961                                           | 69%   | 0%                   | 0%   |
| Additional paid-in<br>capital                                    | 104,896               | 48,082               | 56,814                                           | 118%  | 12%                  | 5%   |
| Senior perpetual capital<br>securities                           | 168,966               | 151,195              | 17,771                                           | 12%   | 19%                  | 17%  |
| Redeemable perpetual<br>capital securities                       | 88,680                | 145,979              | (57,299)                                         | (39%) | 10%                  | 17%  |
| Equity reserves                                                  | (557)                 | (16,385)             | 15,828                                           | 97%   | 0%                   | (1%) |
| Retained earnings                                                | 58,872                | 26,387               | 32,485                                           | 123%  | 7%                   | 3%   |
|                                                                  | 425,642               | 358,082              | 67,560                                           | 19%   | 48%                  | 41%  |
| Non-controlling<br>Interests                                     | 1,005                 | 943                  | 62                                               | 7%    | 0%                   | 0%   |
| Total Equity                                                     | 426,647               | 359,025              | 67,622                                           | 19%   | 48%                  | 41%  |

|                                     |                 |                 |               |           |             |             |
|-------------------------------------|-----------------|-----------------|---------------|-----------|-------------|-------------|
| <b>Total Liabilities and Equity</b> | <b>₱887,215</b> | <b>₱881,873</b> | <b>₱5,342</b> | <b>1%</b> | <b>100%</b> | <b>100%</b> |
|-------------------------------------|-----------------|-----------------|---------------|-----------|-------------|-------------|

The Group's consolidated total assets as at September 30, 2025, amounted to ₱887,215 million, higher by 1% or ₱5,342 million than December 31, 2024 balance of ₱881,873 million. The increase was attributable to the following factors:

- a. Increase in investment and advances by ₱87,556 million was mainly attributable to the: (i) recognition at fair value of the 33% investments retained in SPPC, EERI, IPIEC; (ii) acquisition of 33% equity interest in LFC; (iii) recognition of share in net earnings of the said entities from February to September 2025; and (iv) acquisition of Meralco shares and its subsequent revaluation.
- b. Increase in cash and cash equivalents by ₱36,150 million was due mainly to the following: (i) net proceeds from the redemption by the deconsolidated entities of its redeemable preferred shares issued to San Miguel Global Power; (ii) proceeds from SMC's capital infusion in San Miguel Global Power; (iii) proceeds from various Peso and US Dollar-denominated long-term loans drawn by San Miguel Global Power and by MPGC; (iv) cash generated from operations; (v) proceeds from various short-term loans availed by SPI and by San Miguel Global Power; (vi) net proceeds from various issuances of SPCS during the period; and (vii) cash dividends from Meralco. These were partly offset by the: (i) redemptions of various perpetual capital securities in April and May 2025; (ii) capital expenditures for the Group's ongoing projects; (iii) distributions paid to the holders of perpetual capital securities; (iv) payments of maturing term loans of the Group and redemption of Series K Bonds by San Miguel Global Power; (v) payments for acquisitions of equity interests in LFC and the Meralco shares; and (vi) lease payments of SPI and SRHI to PSALM.
- c. Decrease in property, plant and equipment by ₱88,120 million as a result of the deconsolidation of SPPC and EERI's property, plant and equipment, partly offset by additional capital expenditures for the Group's ongoing projects.
- d. Decrease in prepaid expenses and other current assets by ₱13,893 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.
- e. Decrease in trade and other receivables by ₱6,979 million was mainly attributable to the deconsolidation of SPPC and EERI's receivables, partly offset by higher trade receivables of MPGC from revenues generated by its 4 units and of SMGP BESS and SMGP Kabankalan from ancillary and reserves market revenues during the period.
- f. Decrease in right-of-use assets by ₱3,602 million was mainly attributable to amortizations during the period and reclassification to investment property account of certain land that are subleased for the Group's solar projects.
- g. Decrease in inventories by ₱2,597 million was mainly attributable to the deconsolidation of SPPC and EERI's LNG and spare parts inventories and lower inventory levels of fuel and spare parts.

The Group's consolidated total liabilities as at September 30, 2025, amounted to ₱460,568 million, 12% or ₱62,280 million lower than the December 31, 2024 balance of ₱522,848 million. The major items accounting for the decrease are as follows:

- a. Decrease in accounts payable and accrued expenses by ₱43,823 million was mainly attributable to the deconsolidation of SPPC and EERI, payments made to suppliers

and contractors and partly offset by additional payables to contractors relating to the Group's ongoing construction projects.

- b. Decrease in loans payable by ₱12,350 million was due to settlements by San Miguel Global Power and MPGC during the period and the deconsolidation of SPPC's ₱5,000 million short-term loan. This was partly offset by various short-term loans drawn by SPI and San Miguel Global Power during the period.
- c. Decrease in lease liabilities (including current and noncurrent portions) by ₱8,937 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.
- d. Decrease in deferred income tax liabilities by ₱6,624 million was mainly attributable to the deconsolidation of SPPC, partly offset by additional deferred income tax expense recognized on temporary differences relating to lease liabilities during the period.
- e. Increase in long-term debt-net of debt issue costs (including current and noncurrent portions) by ₱9,179 million was attributable to the following: (i) additional loan drawn in March by MPGC from its credit facility executed in December 2024; (ii) various USD and Peso-denominated term loans availed by San Miguel Global Power in 2025; (iii) amortization of debt issue costs during the period; (iv) unrealized foreign exchange loss recognized on the revaluation of US Dollar-denominated loans; partly offset by the (v) payments of maturing long-term loans of San Miguel Global Power, LPI, MPI, MPCL and SMGP BESS, and (vi) redemption of Series K Bonds in July 2025.
- f. Increase in other non-current liabilities by ₱214 million was mainly due to additional customers' deposits and retirement benefits liabilities.
- g. Increase in income tax payable by ₱61 million was mainly attributable to the additional payable arising from higher taxable income for the third quarter of 2025.

The Group's consolidated total equity as at September 30, 2025 amounted to ₱426,647 million, higher by 19% or ₱67,622 million than the December 31, 2024 balance of ₱359,025 million. The increase is accounted for as follows:

- a. Increase in total paid-in capital by ₱58,775 million (consisting of capital stock and additional paid-in capital) was due to additional capital infusions from SMC during the period.
- b. Increase in retained earnings by ₱32,485 million was mainly attributable to the net income for the first three quarters of 2025, and net gain from redemptions by SPPC, EERI and IPIEC of their respective preferred shares issued to San Miguel Global Power. These were partly offset by the distributions to perpetual capital security holders.
- c. Increase in SPCS by ₱17,771 million as a result of various issuances, net of exchange offers, in February, July, and August 2025, partly offset by redemption completed in May 2025.
- d. Increase in equity reserves by ₱15,828 million was mainly attributable to the cumulative gain on fair valuation of investments in equity instruments (Meralco shares) and partly offset by the difference between the price paid and net carrying value of redeemed and exchanged perpetual capital securities during the period.
- e. Increase in non-controlling interests by ₱62 million pertains to the non-controlling interest's share in the net income of MPGC from the full nine-month operations of the Mariveles Greenfield Power Plant in 2025.



Decrease in RPCS by ₱57,299 million was due to San Miguel Global Power's redemption of RPCS issued to SMC in April 2025.

### **9M 2024 vs. 2023**

| <i>In Millions</i>                                              | September 30,<br>2024 | December<br>31, 2023 | Horizontal Analysis<br>Increase (Decrease) |       | Vertical Analysis |      |
|-----------------------------------------------------------------|-----------------------|----------------------|--------------------------------------------|-------|-------------------|------|
|                                                                 |                       |                      | Amount                                     | %     | 2024              | 2023 |
| Cash and cash equivalents                                       | <b>₱33,348</b>        | ₱31,659              | ₱1,689                                     | 5%    | <b>4%</b>         | 4%   |
| Trade and other receivables - net                               | <b>113,190</b>        | 116,976              | (3,786)                                    | (3%)  | <b>14%</b>        | 15%  |
| Inventories                                                     | <b>14,758</b>         | 16,841               | (2,083)                                    | (12%) | <b>1%</b>         | 2%   |
| Prepaid expenses and other current assets                       | <b>54,112</b>         | 48,522               | 5,590                                      | 12%   | <b>7%</b>         | 6%   |
| <b>Total Current Assets</b>                                     | <b>215,408</b>        | 213,998              | 1,410                                      | 1%    | <b>26%</b>        | 27%  |
| Investments and advances - net                                  | <b>13,880</b>         | 10,953               | 2,927                                      | 27%   | <b>2%</b>         | 1%   |
| Property, plant and equipment - net                             | <b>384,667</b>        | 339,225              | 45,442                                     | 13%   | <b>47%</b>        | 44%  |
| Right-of-use assets - net                                       | <b>101,517</b>        | 104,975              | (3,458)                                    | (3%)  | <b>12%</b>        | 13%  |
| Goodwill and other intangible assets - net                      | <b>71,669</b>         | 71,712               | (43)                                       | 0%    | <b>9%</b>         | 9%   |
| Deferred income tax assets                                      | <b>1,138</b>          | 974                  | 164                                        | 17%   | <b>0%</b>         | 0%   |
| Other noncurrent assets                                         | <b>36,235</b>         | 43,098               | (6,863)                                    | (16%) | <b>4%</b>         | 6%   |
| <b>Total Noncurrent Assets</b>                                  | <b>609,106</b>        | 570,937              | 38,169                                     | 7%    | <b>74%</b>        | 73%  |
| <b>Total Assets</b>                                             | <b>₱824,514</b>       | ₱784,935             | ₱39,579                                    | 5%    | <b>100%</b>       | 100% |
|                                                                 |                       |                      |                                            |       |                   |      |
| Loans payable                                                   | <b>₱24,024</b>        | ₱13,736              | ₱10,288                                    | 75%   | <b>3%</b>         | 2%   |
| Accounts payable and accrued expenses                           | <b>133,779</b>        | 97,633               | 36,146                                     | 37%   | <b>16%</b>        | 12%  |
| Lease liabilities - current portion                             | <b>4,939</b>          | 17,645               | (12,706)                                   | (72%) | <b>1%</b>         | 2%   |
| Income tax payable                                              | <b>211</b>            | 222                  | (11)                                       | (5%)  | <b>0%</b>         | 0%   |
| Current maturities of long-term debt - net of debt issue costs  | <b>40,107</b>         | 54,125               | (14,018)                                   | (26%) | <b>5%</b>         | 7%   |
| <b>Total Current Liabilities</b>                                | <b>203,060</b>        | 183,361              | 19,699                                     | 11%   | <b>25%</b>        | 23%  |
| Long-term debt - net of current maturities and debt issue costs | <b>212,785</b>        | 204,644              | 8,141                                      | 4%    | <b>26%</b>        | 26%  |
| Deferred income tax liabilities                                 | <b>24,426</b>         | 21,285               | 3,141                                      | 15%   | <b>3%</b>         | 3%   |
| Lease liabilities - net of current portion                      | <b>22,032</b>         | 25,142               | (3,110)                                    | (12%) | <b>2%</b>         | 3%   |
| Other noncurrent liabilities                                    | <b>7,318</b>          | 7,030                | 288                                        | 4%    | <b>1%</b>         | 1%   |
| <b>Total Noncurrent Liabilities</b>                             | <b>266,561</b>        | 258,101              | 8,460                                      | 3%    | <b>32%</b>        | 33%  |
| <b>Total Liabilities</b>                                        | <b>469,621</b>        | 441,462              | 28,159                                     | 6%    | <b>57%</b>        | 56%  |

*Forward*

| <i>In Millions</i>         | September 30,<br>2024 | December<br>31, 2023 | Horizontal Analysis<br>Increase (Decrease) |   | Vertical Analysis |      |
|----------------------------|-----------------------|----------------------|--------------------------------------------|---|-------------------|------|
|                            |                       |                      | Amount                                     | % | 2024              | 2023 |
| <b>Equity Attributable</b> |                       |                      |                                            |   |                   |      |

| <b>to Equity Holders of the Parent Company</b> |                 |          |          |        |             |      |
|------------------------------------------------|-----------------|----------|----------|--------|-------------|------|
| Capital stock                                  | <b>₱2,824</b>   | ₱2,824   | P -      | 0%     | <b>0%</b>   | 0%   |
| Additional paid-in capital                     | <b>48,082</b>   | 48,082   | -        | 0%     | <b>6%</b>   | 6%   |
| Senior perpetual capital securities            | <b>137,968</b>  | 161,768  | (23,800) | (15%)  | <b>17%</b>  | 21%  |
| Redeemable perpetual capital securities        | <b>145,979</b>  | 102,547  | 43,432   | 42%    | <b>18%</b>  | 13%  |
| Equity reserves                                | <b>(13,128)</b> | (3,020)  | (10,108) | (335%) | <b>(2%)</b> | 0%   |
| Retained earnings                              | <b>32,228</b>   | 30,367   | 1,861    | 6%     | <b>4%</b>   | 4%   |
|                                                | <b>353,953</b>  | 342,568  | 11,385   | 3%     | <b>43%</b>  | 44%  |
| Non-controlling Interests                      | <b>940</b>      | 905      | 35       | 4%     | <b>0%</b>   | 0%   |
| <b>Total Equity</b>                            | <b>354,893</b>  | 343,473  | 11,420   | 3%     | <b>43%</b>  | 44%  |
| <b>Total Liabilities and Equity</b>            | <b>₱824,514</b> | ₱784,935 | ₱39,579  | 5%     | <b>100%</b> | 100% |

The Group's consolidated total assets as at September 30, 2024, amounted to ₱824,514 million, higher by 5% or ₱39,579 million than December 31, 2023 balance of ₱784,935 million. The increase was attributable to the following factors:

- a. Increase in property, plant and equipment by ₱45,442 million as a result of the ongoing construction of the Group's ongoing projects.
- b. Increase in prepaid expenses and other current assets by ₱5,590 million was mainly attributable to (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.
- c. Increase in investment and advances by ₱2,927 million was mainly attributable to the additional deposits made by San Miguel Global Power to landholding companies and share in higher net earnings of AHC.
- d. Increase in cash and cash equivalents by ₱1,689 million was due mainly to the net proceeds from the (i) issuance of various perpetual capital securities by San Miguel Global Power, net of exchange and tender offers; (ii) additional term loans drawn by SMGP BESS from its credit facility and secured by San Miguel Global Power; (iii) various short term loans availed by San Miguel Global Power, SPPC and MPGC; and (iv) cash generated from operations. These were partly offset by (i) capital expenditures for the Group's ongoing projects; (ii) redemption of SPCS in April 2024; (iii) payments of maturing long term loans of San Miguel Global Power, LPI, MPI, MPCL and SMGP BESS; (iv) redemption of Series I fixed rate bonds in April 2024; (v) lease payments of the IPPAs to PSALM; and (vi) distributions paid to the holders of perpetual capital securities.
- e. Increase in deferred income tax assets by ₱164 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.
- f. Decrease in other noncurrent assets by ₱6,863 million was attributable primarily to the reclassification to property, plant and equipment account of advances to suppliers and contractors applied to progress billings for the Group's ongoing projects.
- g. Decrease in inventories by ₱2,083 million was attributable primarily to higher consumption of LNG, spare parts and coal inventories for the Ilijan and coal-fired power plants which exceeded purchases in 2024.

The Group's consolidated total liabilities as at September 30, 2024, amounted to ₱469,621

million, 6% or ₱28,159 million higher than the December 31, 2023 balance of ₱441,462 million. The major items accounting for the increase are as follows:

- a. Increase in accounts payable and accrued expenses by ₱36,146 million was mainly attributable to higher trade payables mainly for the acquisition of LNG and coal fuel inventories and power purchases and additional payables to contractors.
- b. Increase in loans payable by ₱10,288 million was due to additional short-term loans drawn by San Miguel Global Power, SPPC, and MPGC from local banks in 2024.
- c. Increase in deferred income tax liabilities by ₱3,141 million was mainly attributable to (i) additional provision for deferred income tax expense arising 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.
- d. Decrease in lease liabilities (including current and noncurrent portions) by ₱15,816 million was mainly on account of (i) lease payments made by the IPPA entities to PSALM, partly offset by the (ii) foreign exchange losses recognized on the revaluation of US Dollar-denominated lease liabilities in 2024.
- e. Decrease in long-term debt - net of debt issue costs (including current and noncurrent portions) by ₱5,877 million was attributable to the: (i) payments of maturing long-term loans of San Miguel Global Power, LPI, MPI, MPCL and SMGP BESS; (ii) redemption of Series I fixed rate bonds in April 2024; partly offset by (iii) the ₱12,000 million drawn by SMGP BESS from its ₱40,000 million credit facility; (iv) San Miguel Global Power's availment of ₱10,000 million term loan in July 2024; (v) unrealized foreign exchange losses recognized on the revaluation of US Dollar-denominated loans; and (vi) amortization of debt issue costs.
- f. Decrease in income tax payable by ₱11 million was mainly attributable to lower income tax expense for the third quarter of 2024.

The Group's consolidated total equity as at September 30, 2024 amounted to ₱354,893 million, higher by 3% or ₱11,420 million than the December 31, 2023 balance of ₱343,473 million. The increase is accounted for as follows:

- a. Increase in RPCS by ₱43,432 million was mainly attributable to the issuance of the U.S.\$800 million RPCS in April 2024.
- b. Increase in retained earnings by ₱1,861 million was mainly attributable to the net income for the first three quarters of 2024 and partly offset by the distributions to perpetual capital security holders.
- c. Decrease in SPCS by ₱23,800 million was mainly attributable to the redemption of the U.S.\$783 million SPCS in April 2024, partly offset by the issuance of U.S.\$211 SPCS, net of exchange offers (U.S.\$532 million) and tender offers (U.S.\$157 million) in September 2024.
- d. Decrease in equity reserves by ₱10,108 million was mainly attributable to the difference between the price paid and net carrying value of the redeemed, exchanged and repurchased SPCS in 2024.

## **2024 vs. 2023**

| <i>In Millions</i>        | December 31    |         | Horizontal Analysis<br>Increase (Decrease) |      | Vertical<br>Analysis |      |
|---------------------------|----------------|---------|--------------------------------------------|------|----------------------|------|
|                           | 2024           | 2023    | Amount                                     | %    | 2024                 | 2023 |
| Cash and cash equivalents | <b>₱67,867</b> | ₱31,659 | ₱36,208                                    | 114% | <b>8%</b>            | 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%          |
| <b>Total Current Assets</b>                                     | <b>249,639</b>  | <b>213,998</b>  | <b>35,641</b>  | <b>17%</b> | <b>29%</b>  | <b>27%</b>  |
| 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%          |
| <b>Total Noncurrent Assets</b>                                  | <b>632,234</b>  | <b>570,937</b>  | <b>61,297</b>  | <b>11%</b> | <b>71%</b>  | <b>73%</b>  |
| <b>Total Assets</b>                                             | <b>₱881,873</b> | <b>₱784,935</b> | <b>₱96,938</b> | <b>12%</b> | <b>100%</b> | <b>100%</b> |
| Loans payable                                                   | ₱41,350         | ₱13,736         | ₱27,614        | 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%          |
| <b>Total Current Liabilities</b>                                | <b>224,058</b>  | <b>183,361</b>  | <b>40,697</b>  | <b>22%</b> | <b>25%</b>  | <b>23%</b>  |
| 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%          |
| <b>Total Noncurrent Liabilities</b>                             | <b>298,790</b>  | <b>258,101</b>  | <b>40,689</b>  | <b>16%</b> | <b>34%</b>  | <b>33%</b>  |
| <b>Total Liabilities</b>                                        | <b>522,848</b>  | <b>441,462</b>  | <b>81,386</b>  | <b>18%</b> | <b>59%</b>  | <b>56%</b>  |

Forward

| In Millions                                                        | December 31     |                 | Horizontal Analysis |            | Vertical Analysis |             |
|--------------------------------------------------------------------|-----------------|-----------------|---------------------|------------|-------------------|-------------|
|                                                                    | 2024            | 2023            | Amount              | %          | 2024              | 2023        |
| <b>Equity Attributable to Equity Holders of the Parent Company</b> |                 |                 |                     |            |                   |             |
| Capital stock                                                      | ₱2,824          | ₱2,824          | 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%          |
| <b>Total Equity</b>                                                | <b>359,025</b>  | <b>343,473</b>  | <b>15,552</b>       | <b>5%</b>  | <b>41%</b>        | <b>44%</b>  |
| <b>Total Liabilities and Equity</b>                                | <b>₱881,873</b> | <b>₱784,935</b> | <b>₱96,938</b>      | <b>12%</b> | <b>100%</b>       | <b>100%</b> |

The Group's consolidated total assets as at December 31, 2024, amounted to ₱881,873 million, higher by 12% or ₱96,938 million than the December 31, 2023 balance of ₱784,935 million. The increase was attributable to the following factors:

- a. Increase in property, plant and equipment by ₱120,281 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 ₱36,208 million was due mainly to (i) ₱32,500 million and ₱12,000 million term loans drawn by MPGC and SMGP BESS, respectively, from their OLSA and ₱10,000 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 ₱8,943 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 ₱3,040 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 ₱380 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 ₱62,852 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 ₱5,479 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 ₱2,515 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 ₱522,848 million, 18% or ₱81,386 million higher than the December 31, 2023 balance of ₱441,462 million. The major items accounting for the increase are as follows:

- a. Increase in accounts payable and accrued expenses by ₱46,469 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 ₱27,614 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 ₱19,169 million was attributable to the: (i) ₱32,500 million and ₱12,000 million term loans drawn by MPGC and SMGP BESS, respectively (ii) San Miguel Global Power's availment of ₱10,000 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 ₱2,693 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 ₱11,381 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 ₱3,036 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 ₱142 million was mainly attributable to lower taxable income for the year.

The Group's consolidated total equity as at December 31, 2024, amounted to ₱359,025 million, higher by 5% or ₱15,552 million than the December 31, 2023 balance of ₱343,473 million. The increase is accounted for as follows:

- a. Increase in RPCS by ₱43,432 million was mainly attributable to the issuance of the U.S.\$800 million RPCS in April 2024.
- b. Decrease in equity reserves by ₱13,365 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 ₱10,573 million was mainly attributable to the redemption of the U.S.\$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 ₱3,980 was mainly attributable to the distributions to SPCS and RPCS holders and partly offset by the net income for the year.

## **2023 vs. 2022**

| <i>In Millions</i>          | December 31    |         | Horizontal Analysis<br>Increase (Decrease) |     | Vertical<br>Analysis |      |
|-----------------------------|----------------|---------|--------------------------------------------|-----|----------------------|------|
|                             | 2023           | 2022    | Amount                                     | %   | 2023                 | 2022 |
| Cash and cash equivalents   | <b>₱31,659</b> | ₱22,726 | ₱8,933                                     | 39% | <b>4%</b>            | 3%   |
| Trade and other receivables |                |         |                                            |     |                      |      |
| - net                       | <b>116,976</b> | 105,939 | 11,036                                     | 10% | <b>15%</b>           | 15%  |
| Inventories                 | <b>16,841</b>  | 16,822  | 19                                         | 0%  | <b>2%</b>            | 2%   |

|                                                                 |                 |                 |                 |             |             |             |
|-----------------------------------------------------------------|-----------------|-----------------|-----------------|-------------|-------------|-------------|
| Prepaid expenses and other current assets                       | 48,522          | 43,293          | 5,229           | 12%         | 6%          | 6%          |
| <b>Total Current Assets</b>                                     | <b>213,998</b>  | <b>188,781</b>  | <b>25,217</b>   | <b>13%</b>  | <b>27%</b>  | <b>26%</b>  |
| Investments and advances - net                                  | 10,953          | 7,855           | 3,098           | 39%         | 1%          | 1%          |
| Property, plant and equipment - net                             | 339,225         | 304,413         | 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%          |
| <b>Total Noncurrent Assets</b>                                  | <b>570,937</b>  | <b>528,734</b>  | <b>42,203</b>   | <b>8%</b>   | <b>73%</b>  | <b>74%</b>  |
| <b>Total Assets</b>                                             | <b>₱784,935</b> | <b>₱717,515</b> | <b>₱67,420</b>  | <b>9%</b>   | <b>100%</b> | <b>100%</b> |
| Loans payable                                                   | ₱13,736         | ₱21,000         | (₱7,624)        | (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%          |
| <b>Total Current Liabilities</b>                                | <b>183,361</b>  | <b>188,680</b>  | <b>(5,319)</b>  | <b>(3%)</b> | <b>23%</b>  | <b>26%</b>  |
| 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%          |
| <b>Total Noncurrent Liabilities</b>                             | <b>258,101</b>  | <b>276,518</b>  | <b>(18,417)</b> | <b>(7%)</b> | <b>33%</b>  | <b>39%</b>  |
| <b>Total Liabilities</b>                                        | <b>441,462</b>  | <b>465,198</b>  | <b>(23,736)</b> | <b>(5%)</b> | <b>56%</b>  | <b>65%</b>  |
| <i>Forward</i>                                                  |                 |                 |                 |             |             |             |

| <i>In Millions</i>                                                 | December 31     |                 | Horizontal Analysis Increase (Decrease) |            | Vertical Analysis |             |
|--------------------------------------------------------------------|-----------------|-----------------|-----------------------------------------|------------|-------------------|-------------|
|                                                                    | 2023            | 2022            | Amount                                  | %          | 2023              | 2022        |
| <b>Equity Attributable to Equity Holders of the Parent Company</b> |                 |                 |                                         |            |                   |             |
| Capital stock                                                      | ₱2,824          | ₱1,250          | ₱1,574                                  | 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%          |
| <b>Total Equity</b>                                                | <b>343,473</b>  | <b>252,317</b>  | <b>91,156</b>                           | <b>36%</b> | <b>44%</b>        | <b>35%</b>  |
| <b>Total Liabilities and Equity</b>                                | <b>₱784,935</b> | <b>₱717,515</b> | <b>₱67,420</b>                          | <b>9%</b>  | <b>100%</b>       | <b>100%</b> |

The Group's consolidated total assets as at December 31, 2023, amounted to ₱784,935 million, higher by 9% or ₱67,420 million than the December 31, 2022 balance of ₱717,515 million. The increase was attributable to the following factors:

- a. Increase in property, plant and equipment by ₱34,813 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 ₱11,036 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 ₱8,933 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 ₱7,286 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 ₱5,229 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 ₱3,098 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 ₱1,306 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 ₱441,462 million, 5% or ₱23,736 million lower than the December 31, 2022 balance of ₱465,198 million. The major items accounting for the decrease are as follows:

- a. Decrease in lease liabilities (including current and noncurrent portions) by ₱17,171 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 ₱13,384 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 ₱7,624 million was mainly attributable to the net effect of the full settlement by San Miguel Global Power of its ₱16,000 million short-term loan which matured in June 2023, and availment of an ₱8,750 million short-term loan in 2023.
- d. Decrease in other noncurrent liabilities by ₱920 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 ₱104 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 ₱13,186 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 ₱1,921 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 ₱343,473 million, higher by 36% or ₱91,156 million than the December 31, 2022 balance of ₱252,317 million. The increase is accounted for as follows:

- a. Increase in RPCS by ₱50,613 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 ₱47,166 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 ₱5,159 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 ₱1,461 million mainly pertains to the RPCS issued to SMC that was purchased back by SMGP BESS in October 2023.

## **2022 vs. 2021**

| <i>In Millions</i>                   | December 31    |         | Horizontal Analysis<br>Increase (Decrease) |       | Vertical<br>Analysis |      |
|--------------------------------------|----------------|---------|--------------------------------------------|-------|----------------------|------|
|                                      | 2022           | 2021    | Amount                                     | %     | 2022                 | 2021 |
| Cash and cash equivalents            | <b>₱22,726</b> | ₱67,690 | (₱44,964)                                  | (66%) | <b>3%</b>            | 11%  |
| Trade and other<br>receivables - net | <b>105,939</b> | 47,272  | 58,668                                     | 124%  | <b>15%</b>           | 7%   |
| Inventories                          | <b>16,822</b>  | 10,018  | 6,804                                      | 68%   | <b>2%</b>            | 2%   |
| Prepaid expenses and                 | <b>43,293</b>  | 31,490  | 11,803                                     | 37%   | <b>6%</b>            | 5%   |

|                                                                 |                 |          |          |        |             |      |
|-----------------------------------------------------------------|-----------------|----------|----------|--------|-------------|------|
| other current assets                                            |                 |          |          |        |             |      |
| <b>Total Current Assets</b>                                     | <b>188,781</b>  | 156,470  | 32,311   | 21%    | <b>26%</b>  | 25%  |
| Investments and advances - net                                  | 7,855           | 10,839   | (2,984)  | (28%)  | 1%          | 2%   |
| Property, plant and equipment - net                             | 304,413         | 211,859  | 92,553   | 44%    | 43%         | 33%  |
| Right-of-use assets - net                                       | 106,610         | 157,160  | (50,550) | (32%)  | 15%         | 25%  |
| Goodwill and other intangible assets - net                      | 71,765          | 72,943   | (1,178)  | (2%)   | 10%         | 11%  |
| Deferred tax assets                                             | 2,280           | 1,447    | 833      | 58%    | 0%          | 0%   |
| Other noncurrent assets                                         | 35,812          | 25,006   | 10,806   | 43%    | 5%          | 4%   |
| <b>Total Noncurrent Assets</b>                                  | <b>528,734</b>  | 479,254  | 49,480   | 10%    | <b>74%</b>  | 75%  |
| <b>Total Assets</b>                                             | <b>P717,515</b> | P635,724 | P81,791  | 13%    | <b>100%</b> | 100% |
| Loans payable                                                   | P21,000         | P1,530   | P19,470  | 1,273% | 3%          | 0%   |
| Accounts payable and accrued expenses                           | 84,447          | 56,055   | 28,392   | 51%    | 12%         | 9%   |
| Lease liabilities - current portion                             | 19,185          | 21,677   | (2,492)  | (11%)  | 2%          | 3%   |
| Income tax payable                                              | 326             | 25       | 301      | 1,204% | 0%          | 0%   |
| Current maturities of long-term debt - net of debt issue costs  | 63,722          | 30,185   | 33,537   | 111%   | 9%          | 5%   |
| <b>Total Current Liabilities</b>                                | <b>188,680</b>  | 109,472  | 79,208   | 72%    | <b>26%</b>  | 17%  |
| Long-term debt - net of current maturities and debt issue costs | 208,431         | 192,736  | 15,695   | 8%     | 29%         | 30%  |
| Deferred tax liabilities                                        | 19,364          | 20,183   | (819)    | (4%)   | 3%          | 3%   |
| Lease liabilities - net of current portion                      | 40,773          | 56,536   | (15,763) | (28%)  | 6%          | 9%   |
| Other noncurrent liabilities                                    | 7,950           | 5,068    | 2,881    | 57%    | 1%          | 1%   |
| <b>Total Noncurrent Liabilities</b>                             | <b>276,518</b>  | 274,523  | 1,994    | 1%     | <b>39%</b>  | 43%  |
| <b>Total Liabilities</b>                                        | <b>465,198</b>  | 383,996  | 81,202   | 21%    | <b>65%</b>  | 60%  |
| <i>Forward</i>                                                  |                 |          |          |        |             |      |

| <i>In Millions</i>                                                 | December 31     |          | Horizontal Analysis<br>Increase (Decrease) |       | Vertical<br>Analysis |      |
|--------------------------------------------------------------------|-----------------|----------|--------------------------------------------|-------|----------------------|------|
|                                                                    | 2022            | 2021     | Amount                                     | %     | 2022                 | 2021 |
| <b>Equity Attributable to Equity Holders of the Parent Company</b> |                 |          |                                            |       |                      |      |
| Capital stock                                                      | P1,250          | P1,062   | P188                                       | 18%   | 0%                   | 0%   |
| Additional paid-in capital                                         | 2,490           | 2,490    | -                                          | 0%    | 0%                   | 0%   |
| Senior perpetual capital securities                                | 161,768         | 167,767  | (5,999)                                    | (4%)  | 23%                  | 27%  |
| Redeemable perpetual securities                                    | 51,934          | 32,752   | 19,182                                     | 59%   | 7%                   | 5%   |
| Equity reserves                                                    | (1,559)         | (1,536)  | (23)                                       | (1%)  | 0%                   | 0%   |
| Retained earnings                                                  | 35,526          | 48,248   | (12,722)                                   | (26%) | 5%                   | 8%   |
|                                                                    | 251,409         | 250,783  | 626                                        | 0%    | 35%                  | 40%  |
| Non-controlling Interests                                          | 908             | 945      | (37)                                       | (4%)  | 0%                   | 0%   |
| <b>Total Equity</b>                                                | <b>252,317</b>  | 251,728  | 589                                        | 0%    | <b>35%</b>           | 40%  |
| <b>Total Liabilities and Equity</b>                                | <b>P717,515</b> | P635,724 | P81,791                                    | 13%   | <b>100%</b>          | 100% |

The Group's consolidated total assets as at December 31, 2022 amounted to P717,515 million, higher by 13% or P81,791 million than December 31, 2021 balance of P635,724 million. The increase was attributable to the following factors:

- a. Increase in property, plant and equipment by P92,553 million as a result of the (i) ongoing construction of the BCCPP project, Mariveles Power Plant, BESS projects and Masinloc Units 4 and 5 and (ii) acquisition of landholding subsidiaries – Multi-Ventures Investment Holdings, Inc. ("MVIHI") and Bluelight Industrial Estate, Inc.

(“**Bluelight**”), and (iii) turnover of the Ilijan Power Plant following the expiration of the Ilijan IPPA agreement in June 2022.

- b. Increase in trade and other receivables by ₱58,668 million was mainly due to higher trade customer balances from power sales as the Group recovers in part the increase in generation and supply cost, brought by higher coal prices and deration of Ilijan Power Plant, coupled with higher overall offtake volumes as demand improves, and the recognition of receivables on the sale of various properties and investments of the Group during the year.
- c. Increase in prepaid expenses and other current assets by ₱11,803 million was mainly attributable to additional input taxes on vatable purchases of the Group, higher restricted cash balances of MPPCL as required under its credit facility agreement, and additional creditable withholding taxes recognized on sales.
- d. Increase in other noncurrent assets by ₱10,806 million was mainly attributable to the noncurrent receivables, to be collected on installment basis up to 2026, recognized on the sale of various properties and investments.
- e. Increase in inventories by ₱6,804 million was mainly due to higher prices for coal inventories, with the rising of coal indices and the purchase of neat diesel fuel of SPPC from PSALM stored at the Ilijan Power Plant following its turnover.
- f. Increase in deferred tax assets by ₱833 million was due primarily to the deferred income tax benefit recognized by MPPCL on unrealized foreign exchange losses from the revaluation of its US Dollar-denominated liabilities.
- g. Decrease in right-of-use assets by ₱50,550 million was mainly due to the reclassification of the Ilijan Power Plant to “Property, plant and equipment - net” account following the expiration of the Ilijan IPPA Agreement in June 2022, and amortization recognized during the year, partially offset by the additional land and office spaces leased in 2022.
- h. Decrease in cash and cash equivalents by ₱44,964 million was due mainly to: (i) capital expenditures for BCCPP, BESS and Mariveles Power Plant projects; (ii) lease payments of SPI, SRHI and SPPC to PSALM; (iii) redemption of the Series H and D Bonds of San Miguel Global Power amounting to ₱13,845 million and ₱9,913 million in April and December 2022, respectively; (iv) distributions paid to the holders of SPCS and RPS by San Miguel Global Power; (v) payments of maturing short and long-term loans of San Miguel Global Power, MPPCL, LPI and MPI; and (vi) repurchase of SPCS by San Miguel Global Power in November 2022. These were partly offset by the proceeds from the (vii) ₱40,000 million fixed-rate Peso bonds issued in July 2022 and from various short and long-term loans availed during the year by San Miguel Global Power; and (viii) proceeds from the RPS issued by UPSI and San Miguel Global amounting to ₱14,266 million and ₱4,916 million, respectively.
- i. Decrease in investments and advances by ₱2,984 million was mainly due to the consolidation of deposits made by San Miguel Global Power to MVIHI and Bluelight following the acquisition of these landholding companies in August 2022.

The Group’s consolidated total liabilities as at December 31, 2022 amounted to ₱465,198 million, ₱81,202 million higher than the December 31, 2021 balance of ₱383,996 million. The increase was attributable to the following factors:

- a. Increase in long-term debt - net of debt issue costs (including current maturities) by ₱49,232 million was mainly attributable to: (i) various term loans availed by San Miguel Global Power in January, May and August 2022; (ii) issuance of the ₱40,000 million fixed-rate Peso bonds in July 2022; (iii) foreign exchange loss recognized on the

Group's US Dollar-denominated loans; offset by the (iv) redemption by San Miguel Global Power of Series H and B Bonds amounting to ₱13,845 million and ₱9,913 million in

- b. Increase in accounts payable and accrued expenses by ₱28,392 million was mainly attributable to the (i) additional payables recognized for the construction projects of the Group; (ii) higher outstanding trade payables of IPPA entities, LPI, MPPCL, APEC and MPI for energy fees, power and coal purchases as spot and coal prices continue to surge; (iii) increase in output VAT from vatable sales for the year and withholding tax payables; and (iv) higher amounts owed to related parties for trade and non-trade
- c. Increase in loans payable by ₱19,470 million was due to various Peso-denominated short-term loans drawn by San Miguel Global Power in 2022, partly offset by the full settlement made by MPPCL of its U.S.\$30 million short-term loan in December 2022.
- d. Increase in other noncurrent liabilities by ₱2,881 million was due mainly to the recognition of retention payables relating to the Group's construction projects.
- e. Increase in income tax payable by ₱301 million mainly due to the income tax due recognized by MPI and MPPCL for the year.
- f. Decrease in lease liabilities (including current portion) by ₱18,255 million was mainly on account of lease payments made by the IPPA entities to PSALM, partly offset by the foreign exchange loss recognized for the year

The Group's consolidated total equity as at December 31, 2022 amounted to ₱252,317 million, higher by ₱589 million than the December 31, 2021 balance of ₱251,728 million. The slight increase is accounted for as follows:

- a. Increase in RPS by ₱19,182 million pertains to the issuances by San Miguel Global Power and UPSI of US Dollar and Peso-denominated RPS during the year.
- b. Increase in capital stock by ₱188 million was due to the collection of subscription receivable from SMC in May 2022.
- c. Decrease in retained earnings by ₱12,722 million was mainly attributable to distributions to SPCS and RPS holders, partly offset by the net income recognized for the year.
- d. Decrease in SPCS by ₱5,999 million was mainly due to the repurchase of SPCS by San Miguel Global Power completed in November 2022.

## **Equity**

The increase in equity is due to:

| <i>(in Millions)</i>                                                          | <b>For the Periods Ended<br/>September 30</b> |             |
|-------------------------------------------------------------------------------|-----------------------------------------------|-------------|
|                                                                               | <b>2025</b>                                   | <b>2024</b> |
| Net income attributable for the period attributable to equity holders of SMGP | <b>₱42,337</b>                                | ₱13,430     |
| Issuance of capital stock                                                     | <b>58,776</b>                                 | -           |
| Distributions paid to USCS holders                                            | -                                             | -           |
| Redemption of USCS                                                            | -                                             | -           |
| Issuance of RPS                                                               | -                                             | 43,432      |
| Distributions paid to RPS holder                                              | <b>(20,043)</b>                               | (1,250)     |
| Redemption of RPS                                                             | <b>(58,857)</b>                               | -           |
| Issuance of SPCS                                                              | <b>21,897</b>                                 | 11,127      |
| Distributions paid to SPCS holders                                            | <b>(12,097)</b>                               | (10,320)    |

|                    |                |                |
|--------------------|----------------|----------------|
| Redemption of SPCS | (6,288)        | (45,040)       |
| Others             | 67,847         | 5              |
|                    | <b>P93,572</b> | <b>P11,384</b> |

### III. CASH FLOW

#### SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

| (in Millions)                                             | For the Periods Ended<br>September 30 |          |
|-----------------------------------------------------------|---------------------------------------|----------|
|                                                           | 2025                                  | 2024     |
| Net cash flows provided by operating activities           | <b>P26,573</b>                        | P43,181  |
| Net cash flows provided by (used in) investing activities | <b>33,462</b>                         | (26,941) |
| Net cash flows used in financing activities               | <b>(24,735)</b>                       | (14,493) |

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)                                  | For the Periods Ended<br>September 30 |          |
|------------------------------------------------|---------------------------------------|----------|
|                                                | 2025                                  | 2024     |
| Proceeds from redemption of preferred shares   | <b>P78,717</b>                        | P -      |
| Dividends received                             | <b>501</b>                            | -        |
| Decrease (increase) in other noncurrent assets | <b>(1)</b>                            | 3,320    |
| Additions to intangible assets                 | <b>(13)</b>                           | (43)     |
| Advances paid to suppliers and contractors     | <b>(2,366)</b>                        | (592)    |
| Cash of deconsolidated subsidiaries            | <b>(5,678)</b>                        | -        |
| Additions to property, plant and equipment     | <b>(17,507)</b>                       | (26,932) |
| Additions to investments and advances, net     | <b>(20,191)</b>                       | (2,693)  |

Net cash flows used in financing activities are as follows:

| (in Millions)                                                         | For the Periods Ended<br>September 30 |          |
|-----------------------------------------------------------------------|---------------------------------------|----------|
|                                                                       | 2025                                  | 2024     |
| Proceeds from short-term borrowings                                   | <b>P111,000</b>                       | P100,804 |
| Proceeds from issuance of capital stock                               | <b>58,776</b>                         | -        |
| Proceeds from long-term debts                                         | <b>33,086</b>                         | 33,304   |
| Proceeds from the issuance of SPCS, net of exchange and tender offers | <b>21,897</b>                         | 11,127   |
| Proceeds from the issuance of RPCS                                    | -                                     | 43,432   |
| Payments of share issuance costs                                      | <b>(8)</b>                            | -        |
| Payments for redemption of SPCS                                       | <b>(6,288)</b>                        | (45,040) |
| Payments of lease liabilities                                         | <b>(8,351)</b>                        | (15,667) |
| Distributions paid to SPCS holders                                    | <b>(12,097)</b>                       | (10,320) |
| Distributions paid to RPCS holders                                    | <b>(20,043)</b>                       | (1,250)  |
| Payments of long-term debts                                           | <b>(25,438)</b>                       | (40,367) |

|                                   |           |          |
|-----------------------------------|-----------|----------|
| Payments for redemption of RPCS   | (58,857)  | -        |
| Payments of short-term borrowings | (118,412) | (90,516) |

The effect of exchange rate changes on cash and cash equivalents amounted to ₱850 million and (₱60 million) on September 30, 2025 and 2024, respectively.

#### IV. 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” for the discussion of certain Key Performance Indicators.

##### LIQUIDITY RATIO

| Current Ratio           | = | Current Assets     |  | Current Liabilities |  |
|-------------------------|---|--------------------|--|---------------------|--|
|                         |   | September 30, 2025 |  | December 31, 2024   |  |
| (in Millions Peso)      |   |                    |  |                     |  |
| (A) Current Assets      |   | 262,320            |  | 249,639             |  |
| (B) Current Liabilities |   | 175,917            |  | 224,058             |  |
| Current Ratio (A) / (B) |   | 1.49               |  | 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)                 | September 30, 2025 | December 31, 2024 |
| (A) Net Debt <sup>(1)</sup>        | 136,446            | 219,596           |
|                                    | 413,240            | 354,566           |
| Net Debt-to-Equity Ratio (A) / (B) | 0.33               | 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            |                   |
|---------------------------------|---|--------------------|-------------------|-------------------------|-------------------|
|                                 |   |                    |                   |                         |                   |
|                                 |   | Conventional       |                   | Adjusted <sup>(3)</sup> |                   |
| (in Millions Peso)              |   | September 30, 2025 | December 31, 2024 | September 30, 2025      | December 31, 2024 |
| (A) Total Assets <sup>(3)</sup> |   | 887,215            | 881,873           | 859,527                 | 853,432           |
| (B) Total Equity                |   | 426,647            | 359,025           | 426,647                 | 359,025           |
| Asset-to-Equity Ratio (A) / (B) |   | 2.08               | 2.46              | 2.01                    | 2.38              |

(1) 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 September 30, 2025 and December

31, 2024, the carrying amount of the IPPA power plant asset amounted to ₱27,688 million and ₱28,441 million, respectively.

## **PROFITABILITY RATIO**

|                                      |          |                           |                          |
|--------------------------------------|----------|---------------------------|--------------------------|
| <b>Return on Equity</b>              | <b>=</b> | <b>Net Income</b>         |                          |
|                                      |          | <b>-----</b>              |                          |
|                                      |          | <b>Total Equity</b>       |                          |
| <i>(in Millions Peso)</i>            |          | <b>September 30, 2025</b> | <b>December 31, 2024</b> |
| <b>(A) Net Income <sup>(4)</sup></b> |          | <b>42,399</b>             | <b>12,384</b>            |
| <b>(B) Total Equity</b>              |          | <b>426,647</b>            | <b>359,025</b>           |
| <b>Return on Equity (A) / (B)</b>    |          | <b>9.9%</b>               | <b>3.4%</b>              |

(1) Annualized for quarterly reporting.

|                                |          |                                                                                    |  |
|--------------------------------|----------|------------------------------------------------------------------------------------|--|
|                                |          | <b>Earnings Before Interest, Taxes, Depreciation<br/>and Amortization (EBITDA)</b> |  |
|                                |          | <b>-----</b>                                                                       |  |
| <b>Interest Coverage Ratio</b> | <b>=</b> | <b>Interest Expense</b>                                                            |  |

## ***Per relevant Loan Covenants of San Miguel Global Power***

|                                            |                           |                          |
|--------------------------------------------|---------------------------|--------------------------|
| <i>(in Millions Peso)</i>                  | <b>September 30, 2025</b> | <b>December 31, 2024</b> |
| <b>(A) EBITDA <sup>(5)</sup></b>           | <b>38,908</b>             | <b>37,897</b>            |
| <b>(B) Interest Expense <sup>(6)</sup></b> | <b>15,556</b>             | <b>14,761</b>            |
| <b>Interest Coverage Ratio (A) / (B)</b>   | <b>2.50</b>               | <b>2.57</b>              |

(1) Most recent four quarterly period consolidated EBITDA (gross of PSALM payments and excluding amounts attributable to ring-fenced subsidiaries).

(2) Most recent four quarterly period consolidated interest expense (excluding amounts attributable to ring-fenced subsidiaries).

## **OPERATING EFFICIENCY**

|                                                |          |                                      |               |
|------------------------------------------------|----------|--------------------------------------|---------------|
| <b>Volume Growth (Decline)</b>                 | <b>=</b> | <b>Current Period Offtake Volume</b> | <b>- 1</b>    |
|                                                |          | <b>-----</b>                         |               |
|                                                |          | <b>Prior Period Offtake Volume</b>   |               |
|                                                |          | <b>Periods Ended September 30</b>    |               |
| <i>(in GWh)</i>                                |          | <b>2025</b>                          | <b>2024</b>   |
| <b>(A) Current Period Offtake Volume</b>       |          | <b>22,090</b>                        | <b>27,043</b> |
| <b>(B) Prior Period Offtake Volume</b>         |          | <b>27,043</b>                        | <b>17,237</b> |
| <b>Volume Growth (Decline) [( A / B ) - 1]</b> |          | <b>(18.3%)</b>                       | <b>56.9%</b>  |

|                                   |          |                                   |                |
|-----------------------------------|----------|-----------------------------------|----------------|
| <b>Revenue Growth (Decline)</b>   | <b>=</b> | <b>Current Period Revenue</b>     | <b>- 1</b>     |
|                                   |          | <b>-----</b>                      |                |
|                                   |          | <b>Prior Period Revenue</b>       |                |
|                                   |          | <b>Periods Ended September 30</b> |                |
| <i>(in Millions Peso)</i>         |          | <b>2025</b>                       | <b>2024</b>    |
| <b>(A) Current Period Revenue</b> |          | <b>118,795</b>                    | <b>153,592</b> |
| <b>(B) Prior Period Revenue</b>   |          | <b>153,592</b>                    | <b>125,213</b> |

|                                          |  |                            |                                                         |
|------------------------------------------|--|----------------------------|---------------------------------------------------------|
| Revenue Growth (Decline) [( A / B ) – 1] |  | (22.7%)                    | 22.7%                                                   |
| Operating Margin                         |  | =                          | $\frac{\text{Income from Operations}}{\text{Revenues}}$ |
|                                          |  | Periods Ended September 30 |                                                         |
| (in Millions Peso)                       |  | 2025                       | 2024                                                    |
| (A) Income from Operations               |  | 34,834                     | 33,481                                                  |
| (B) Revenues                             |  | 118,795                    | 153,592                                                 |
| Operating Margin (A) / (B)               |  | 29.3%                      | 21.8%                                                   |



## Management

The overall management and supervision of SMGP is undertaken by the board of directors (the “**Board**”). The executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning the SMGP’s business operations, financial condition and results of operations for its review.

### BOARD OF DIRECTORS

Currently, the Board consists of the following members, three of whom are independent directors. The table below sets forth certain information regarding the members of the Board as of February 6, 2026.

| <b>Name</b>                    | <b>Age</b> | <b>Position</b>                                           | <b>Citizenship</b> |
|--------------------------------|------------|-----------------------------------------------------------|--------------------|
| Ramon S. Ang .....             | 72         | Director / Chairman                                       | Filipino           |
| John Paul L. Ang .....         | 46         | Director / Vice Chairman                                  | Filipino           |
| Aurora T. Calderon .....       | 71         | Director                                                  | Filipino           |
| Virgilio S. Jacinto .....      | 69         | Director / Corporate<br>Secretary / Compliance<br>Officer | Filipino           |
| Jack G. Arroyo, Jr. ....       | 67         | Independent Director                                      | Filipino           |
| Consuelo Ynares-Santiago ..... | 86         | Independent Director                                      | Filipino           |
| Josefina Guevara-Salonga ..... | 83         | Independent Director                                      | Filipino           |

The business experience for the past five years of each of the directors and executive officers is set forth below.

**Ramon S. Ang** is the incumbent Chairman of the Board and Chief Executive Officer of SMGP, serving as such since August 31, 2010, and from April 30, 2017, concurrently the President and Chief Operating Officer of the Company. He is also the Chairman of the Executive Committee of the Company since September 2, 2011. Mr. Ang is the Chairman and the Chief Executive Officer of San Miguel Corporation since June 11, 2024. Prior thereto, he was President and CEO of San Miguel Corporation from November 2, 2021 until June 11, 2024, Vice Chairman from January 28, 1999 until June 11, 2024, and President and Chief Operating Officer from March 6, 2002 to November 2, 2021. He has been a member of the Board of Directors of San Miguel Corporation for twenty-six (26) years, since 1999. He is the Chairman and President of several subsidiaries of the Company such as SPI, SRHI, LPI, MPI, SMGP BESS, and KWPP Holdings Corporation; Chairman of AHC; and the Chairman and President and CEO of 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 Directors 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 a the Chairman of the Board of Directors 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 and the Chairman of the Board of Privado Holdings, Corp. He is also a director of Metro Pacific Investments Corp. 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 San Miguel Corporation in the last five years. He has a Bachelor of Science degree in Mechanical Engineering from Far Eastern University. As a director of a number of listed companies, 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 December 5, 2025.

**John Paul L. Ang** is a Director and Vice Chairman of SMGP, appointed on 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 SMGP. He has been the Vice Chairman, President and Chief Operating Officer of San Miguel Corporation since June 11, 2024. He was elected director of San Miguel Corporation on January 21, 2021, and also served as a member of its Executive Committee. He is also the President and Chief Executive Officer of Eagle Cement Corporation, positions he has held since 2008, Southwestern Cement Corporation since 2017, and San Miguel Food and Beverage, Inc. since 2024. Mr. Ang holds directorships in other listed companies, namely, Petron Corporation, San Miguel Food and Beverage, Inc., and Top Frontier Investment Holdings, Inc. He is the President of San Miguel Equity Investments Inc. He also a director of San Miguel Brewery Inc., and KB Space Holdings, Inc. He was the Managing Director of Sarawak ClinkerSdn. Bhd. Malaysia (2002 – 2008) and the Purchasing Officer of Basic Cement (2002–2003). Mr. Ang graduated with a degree in Bachelor of Arts Major in Interdisciplinary Studies at the Ateneo de Manila University. As a director of a number of companies including listed ones, 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 SGV & Co. on September 26, 2025.

**Aurora T. Calderon** is a Director of SMGP since August 31, 2010, and a member of its Executive Committee since September 2, 2011. Ms. Calderon is also a member of the Audit and Risk Oversight Committee and Related Party Transaction Committee of SMGP. She is a Director of several subsidiaries of SMGP. She has been the Senior Vice President, Senior Executive Assistant to the President and Chief Operating Officer of San Miguel Corporation since January 20, 2011 and has served as a director of San Miguel Corporation since June 10, 2014. In December 2022, the designation of Ms. Calderon in San Miguel Corporation 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 San Miguel Corporation. She attended a corporate governance training seminar conducted by Center for Global Best Practices. on December 5, 2025.

**Virgilio S. Jacinto** is the Corporate Secretary of SMGP, since August 31, 2010, and a Director and its Compliance Officer since September 2, 2011. He is also a member of the Corporate Governance Committee of SMGP. He is the Senior Vice-President, General Counsel, Corporate Secretary and Compliance Officer of San Miguel Corporation (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 San Miguel Corporation. He was formerly the Vice President and First Deputy General Counsel of San Miguel Corporation. 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 San Miguel Corporation. On September 8, 2025, he attended a corporate governance training seminar conducted by SGV & Co.

**Jack G. Arroyo, Jr.** is an Independent Director of SMGP 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 SMGP. He is a medical doctor who specializes in Ophthalmology, and sub-specialization in refractive surgery. He is currently affiliated with The American Eye Center, The Medical City, and Eye Referral Center. He is 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 Trustee and Treasurer of the Philippine Society of Cataract and Refractive Surgery, and the Vice-President for the National Capital Region of Centrist Democratic Political Educators, Inc. He currently serves as 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 SMGP, 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 SMGP. She likewise serves as an Independent Director of Top Frontier Investment Holdings, Inc., SMC SLEX Inc. (formerly, South Luzon Tollway Corporation), Anchor Insurance Brokerage Corporation, Phoenix Petroleum Phil. Inc., SPPC, EERI, and LFC. 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 Center for Global Best Practices on December 5, 2025.

**Josefina Guevara-Salonga** is an Independent Director of SMGP, since November 7, 2017. She is the Chairperson of the Related Party Transaction Committee, and a member of the Corporate Governance Committee and Audit and Risk Oversight Committee of SMGP. She is a former Associate Justice of the Court of Appeals. Previously, she was an Executive Judge of the Makati Regional Trial Court. She served as a trustee of the Society for Judicial Excellence from 2007 to 2014. She is currently a trustee of the Tahanan Outreach Program, 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 obtained her law degree from the University of the Philippines. On September 26, 2025, she attended a corporate governance training seminar conducted by SGV & Co.

## SENIOR MANAGEMENT

The table below sets forth certain information regarding the executive officers of SMGP as of February 6, 2026.

| <b>Name</b>                  | <b>Age</b> | <b>Position</b>                                                          | <b>Citizenship</b> |
|------------------------------|------------|--------------------------------------------------------------------------|--------------------|
| Ramon S. Ang .....           | 72         | Chairman, Chief Executive Officer, President and Chief Operating Officer | Filipino           |
| John Paul L. Ang .....       | 46         | Vice Chairman                                                            | Filipino           |
| Virgilio S. Jacinto .....    | 69         | Corporate Secretary and Compliance Officer                               | Filipino           |
| Elenita D. Go .....          | 65         | Senior Vice President and General Manager                                | Filipino           |
| Paul Bernard D. Causon ..... | 47         | Vice President and Chief Finance Officer                                 | Filipino           |
| Ramon U. Agay .....          | 68         | Assistant Vice President and Comptroller                                 | Filipino           |
| Irene M. Cipriano .....      | 51         | Assistant Corporate Secretary                                            | Filipino           |
| Reynaldo S. Matillano .....  | 65         | Internal Audit Manager                                                   | Filipino           |
| Maria Floreselda S. Abalos-  |            | Data Protection Officer                                                  | Filipino           |

|                                 |    |                                                                                            |          |
|---------------------------------|----|--------------------------------------------------------------------------------------------|----------|
| Sampaga .....                   | 60 |                                                                                            |          |
| Jeciel B. Campos .....          | 67 | Assistant Vice President and Sales and Marketing Manager                                   | Filipino |
| Jose Ferlino P. Raymundo .....  | 66 | Assistant Vice President and Energy Sourcing and Trading Manager                           | Filipino |
| Danilo T. Tolarba .....         | 57 | Assistant Vice President and Human Resources Group Manager                                 | Filipino |
| Julie Ann B. Domino-Pablo ..... | 44 | Assistant Vice President and General Counsel                                               | Filipino |
| Gonzalo B. Julian, Jr. ....     | 58 | Assistant Vice President, Sales and Marketing Manager-RES and Head of the Battery Business | Filipino |

The business experience for the past five years of each of the executive officers who are not directors is set forth below.

**Elenita D. Go** is the General Manager of SMGP since December 14, 2011. She joined SMGP 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, SRHI, LPI, MPI, and SMGP BESS, and is the Chairman in other subsidiaries of SMGP. She is also the President of SMGP Foundation Inc., the Managing Partner and Chief Executive Officer of MPCL and SMGP Kabankalan, and the Chief Operating Officer of MPGC. Ms. Go is also a director of SPPC, EERI, IPIEC, LFC and AHC. She is the Chairman of OEDC and LSI, Treasurer and Director of the PEMC and Trustee of Philippine Independent Power Producers Association. Previously, she was a Director of Manila Electric Company and Head of the Corporate Procurement Unit of San Miguel Corporation. She graduated with a degree in Bachelor of Science in Electrical Engineering December 5, 2025, she attended a corporate governance training seminar conducted by Center for Global Best Practices.

**Paul Bernard D. Causon** is the Chief Finance Officer of SMGP 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 AHC. He is also the Chief Finance Officer of MPCL and SMGP Kabankalan, and the Chief Financial Officer of SMGP Foundation Inc. He is the Treasurer and Chief Finance Officer of MPGC and LSI. He is a Director of SPPC, EERI, IPIEC and LFC. 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 December 5, 2025, he attended a corporate governance training seminar conducted by the Center for Global Best Practices.

**Ramon U. Agay** is the Comptroller of SMGP 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 SMGP, such as SPI, SRHI, LPI, MPI, SMGP BESS, and the Treasurer of LPDSI, VPDSI and several other subsidiaries of SMGP. He is the Executive Vice President and Treasurer of Alpha Water and the Comptroller of MPGC. He had previously held finance positions in San Miguel Corporation and its subsidiaries. He obtained a degree in Bachelor of Science in Commerce, major in Accounting from San Sebastian College. On September 26, 2025, he attended a corporate governance training seminar conducted by SGV & Co.

**Irene M. Cipriano** is the Assistant Corporate Secretary of SMGP since 2010. She is an Assistant Vice President and Associate General Counsel of San Miguel Corporation. 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 Corporation.

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 Program of the Asian Institute of Management. On September 26, 2025, she attended a corporate governance training seminar conducted by SGV & Co.

**Reynaldo S. Matillano** is the Audit Manager of SMGP 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 San Miguel Corporation. He holds a degree in Bachelor of Science in Business Administration, major in Accounting from Saint Paul University in Dumaguete City. On September 26, 2025, he attended a corporate governance training seminar conducted by SGV & Co.

**Maria Floreselda S. Abalos-Sampaga** was appointed as the Data Protection Officer of the SMGP 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 SMGP. 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 Manuel L. Quezon University. On September 26, 2025, she attended a corporate governance training seminar conducted by SGV & Co.

**Jeciel B. Campos** is the Sales and Marketing Manager of SMGP 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 September 26, 2025, he attended a corporate governance training seminar conducted by SGV & Co.

**Jose Ferlino P. Raymundo** is the Energy Sourcing & Trading Manager of SMGP since September 1, 2011 and was appointed Assistant Vice President on June 5, 2018. Mr. Raymundo is a Professional Electrical Engineer with over 32 years of experience in the power sector having worked for PSALM and NPC prior to joining SMGP. He holds a Bachelor of Science in Electrical Engineering degree from Mapua Institute of Technology. On September 26, 2025, he attended a corporate governance training seminar conducted by SGV & Co.

**Danilo T. Tolarba** has been the Head of the Human Resources Division of SMGP 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 San Miguel Corporation Corporate Human Resources; and also held other various senior human resources positions in San Miguel Corporation and its subsidiaries prior thereto. He holds a Bachelor of Science in Business Management degree from the Polytechnic University of the Philippines. On December 5, 2025, he attended a corporate governance training seminar conducted by Center for Global Best Practices.

**Julie Ann B. Domino-Pablo** is the General Counsel of SMGP effective July 1, 2020, after having served as its Legal Officer since 2014. She is also the Corporate Secretary of various subsidiaries of SMGP, the Competition Compliance Officer for the Power Business of Top Frontier Holdings Inc., a Director of IPIEC and LSI, and a Trustee of SMGP Foundation Inc. She was admitted to the Philippine Bar and the New York State Bar in 2009 and is a Certified Public Accountant. Prior to SMGP, Atty. Domino-Pablo was the Chief-of-Staff of the Office of the President & CEO and the concurrent Corporate Planning Department Manager of PSALM and a consultant to the Office of the General Counsel of the Asian Development Bank. She also worked for Picazo Buyco Tan Fider Santos & Dee 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 September 26, 2025, she attended a corporate governance training seminar conducted by SGV & Co.

**Gonzalo B. Julian, Jr.** is the Sales and Marketing Manager - RES and the Head of the Battery Business of SMGP 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 September 26, 2025, he attended a corporate governance training seminar conducted by SGV & Co.

## **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, Director and Vice Chairman of SMGP, 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 of the Company.

## **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 with final judgement in a criminal proceeding, domestic or foreign, (c) order, judgement 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) judgement 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.

## Executive Compensation

The aggregate compensation paid or incurred during the last three 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        | Bonus         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------|---------------|
| Total compensation of the Chief Executive Officer (CEO), President and Chief Operating Officer (COO), and Senior Executive Officers<br><br>For 2022-2025: <i>Ramon S. Ang is the CEO, President and COO; and the Senior Executive Officers comprise of Elenita D. Go (General Manager), Paul Bernard D. Causon (Chief Finance Officer), and Ramon U. Agay (Comptroller), among others.</i> | 2025 (estimated) | ₱91.2 Million | ₱24.8 Million |
|                                                                                                                                                                                                                                                                                                                                                                                            | 2024             | ₱83.7 Million | ₱18.3 Million |
|                                                                                                                                                                                                                                                                                                                                                                                            | 2023             | ₱79.5 Million | ₱16.3 Million |
|                                                                                                                                                                                                                                                                                                                                                                                            | 2022             | ₱76.3 Million | ₱24.5 Million |
| All other officers and managers as a group unnamed                                                                                                                                                                                                                                                                                                                                         | 2025 (estimated) | ₱68.8 Million | ₱29.2 Million |
|                                                                                                                                                                                                                                                                                                                                                                                            | 2024             | ₱62.8 Million | ₱23.9 Million |
|                                                                                                                                                                                                                                                                                                                                                                                            | 2023             | ₱53.7 Million | ₱27.1 Million |
|                                                                                                                                                                                                                                                                                                                                                                                            | 2022             | ₱47.1 Million | ₱29.6 Million |

### Standard Arrangements

The By-Laws of the Company provides 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, ₱45,000, and ₱20,000 for their attendance to each regular board and stockholders' meeting, special board meeting, and board committee meetings, respectively. Each of the independent director received a total ₱705,000 for their attendance in the board meetings, annual stockholders' meeting, and board committee meetings in 2025.

The 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, 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.

**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.

**Employment Contract**

There is no employment contract between the Company and a named Executive Officer. There was neither a compensatory plan nor an 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.



## Security Ownership of Certain Record and Beneficial Owners

Security Ownership of Certain Records and Beneficial Owners of more than 5% of the Voting Securities of the Company as at December 31, 2025.

| 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<br>No. 40 San Miguel Ave., Mandaluyong City<br>(Parent Company)       | San Miguel Corporation (SMC)                                | Filipino    | 4,785,490,300                                                                               | 100%                              |
| Common         | Ramon S. Ang<br>671 Notre Dame St.,<br>Wack Wack Village,<br>Mandaluyong City<br>(Director)  | SMC;<br>Nominee-<br>director of SMC<br>in the Board         | Filipino    | 500                                                                                         | nil                               |
| Common         | John Paul L. Ang<br>780 Harvard St.,<br>Wack Wack Village,<br>Mandaluyong City<br>(Director) | SMC;<br>Nominee-<br>director of SMC<br>in the Board         | Filipino    | 500                                                                                         | nil                               |
| Common         | Aurora T. Calderon<br>27 Carrot St., Valle<br>Verde V, Pasig City<br>(Director)              | SMC;<br>Nominee-<br>director of SMC<br>in the Board         | Filipino    | 500                                                                                         | nil                               |
| Common         | Virgilio S. Jacinto<br>51 Cauliflower St.,<br>Valle Verde V., Pasig<br>City<br>(Director)    | SMC;<br>Nominee-<br>director of SMC<br>in the Board         | Filipino    | 500                                                                                         | nil                               |
|                | <b>Total</b>                                                                                 |                                                             |             | <b>4,785,492,300</b>                                                                        |                                   |

## Security Ownership of Directors and Management as at December 31, 2025

| Title of Class | Name of Record Owner and Relationship with Issuer | Position                                                                   | Name of Beneficial Owner and Relationship | Citizenship | Total No. of Shares | % 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                 | nil                           |
| Common         | John Paul L. Ang                                  | Vice Chairman                                                              | SMC; Nominee-director of SMC in the Board | Filipino    | 500                 | nil                           |
| Common         | Aurora T. Calderon                                | Director                                                                   | SMC; Nominee-director of SMC in the Board | Filipino    | 500                 | nil                           |

| <b>Title of Class</b> | <b>Name of Record Owner and Relationship with Issuer</b> | <b>Position</b>      | <b>Name of Beneficial Owner and Relationship</b> | <b>Citizenship</b> | <b>Total No. of Shares</b> | <b>% of Total Outstanding Shares</b> |
|-----------------------|----------------------------------------------------------|----------------------|--------------------------------------------------|--------------------|----------------------------|--------------------------------------|
| Common                | Virgilio S. Jacinto                                      | Director             | SMC; Nominee-director of SMC in the Board        | Filipino           | 500                        | nil                                  |
| Common                | Jack G. Arroyo, Jr.                                      | Independent Director | Jack G. Arroyo, Jr.                              | Filipino           | 500                        | nil                                  |
| Common                | Consuelo M. Ynares-Santiago                              | Independent Director | Consuelo M. Ynares-Santiago                      | Filipino           | 500                        | nil                                  |
| Common                | Josefina Guevarra-Salonga                                | Independent Director | Josefina Guevarra-Salonga                        | Filipino           | 500                        | nil                                  |

**Security Ownership of Certain Records and Beneficial Owners of more than 5% of the Voting Securities of the Company as of the date of this Prospectus**

| <b>Title of Class</b> | <b>Name of Record Owner and Relationship with Issuer</b> | <b>Name of Beneficial Owner and Relationship with Record Owner</b> | <b>Citizenship</b> | <b>No. of Shares Held by the Beneficial Owners (includes Common Shares held by their nominees)</b> | <b>% Out of Total Outstanding Shares</b> |
|-----------------------|----------------------------------------------------------|--------------------------------------------------------------------|--------------------|----------------------------------------------------------------------------------------------------|------------------------------------------|
| Common                | San Miguel Corporation (Parent Company)                  | San Miguel Corporation (SMC)                                       | Filipino           | 4,785,490,300                                                                                      | 100%                                     |
| Common                | Ramon S. Ang (Director)                                  | SMC; Nominee-director of SMC in the Board                          | Filipino           | 500                                                                                                | nil                                      |
| Common                | John Paul L. Ang (Director)                              | SMC; Nominee-director of SMC in the Board                          | Filipino           | 500                                                                                                | nil                                      |
| Common                | Aurora T. Calderon (Director)                            | SMC; Nominee-director of SMC in the Board                          | Filipino           | 500                                                                                                | nil                                      |
| Common                | Virgilio S. Jacinto (Director)                           | SMC; Nominee-director of SMC in the Board                          | Filipino           | 500                                                                                                | nil                                      |
|                       | <b>Total</b>                                             |                                                                    |                    | <b>4,785,492,300</b>                                                                               |                                          |

## Security Ownership of Directors and Management as of the date of this Prospectus

| Title of Class | Name of Record Owner and Relationship with Issuer | Position                                                                   | Name of Beneficial Owner and Relationship | Citizenship | Total No. of Shares | % 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                 | nil                           |
| Common         | John Paul L. Ang                                  | Vice Chairman                                                              | SMC; Nominee-director of SMC in the Board | Filipino    | 500                 | nil                           |
| Common         | Aurora T. Calderon                                | Director                                                                   | SMC; Nominee-director of SMC in the Board | Filipino    | 500                 | nil                           |
| Common         | Virgilio S. Jacinto                               | Director                                                                   | SMC; Nominee-director of SMC in the Board | Filipino    | 500                 | nil                           |
| Common         | Jack G. Arroyo, Jr.                               | Independent Director                                                       | Jack G. Arroyo, Jr.                       | Filipino    | 500                 | nil                           |
| Common         | Consuelo M. Ynares-Santiago                       | Independent Director                                                       | Consuelo M. Ynares-Santiago               | Filipino    | 500                 | nil                           |
| Common         | Josefina Guevarra-Salonga                         | Independent Director                                                       | Josefina Guevarra-Salonga                 | Filipino    | 500                 | nil                           |

As of December 31, 2025, the aggregate number of shares owned of record by the directors of the Company 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.

## Related Party Transactions

### Related Party Transactions

San Miguel Global Power, 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 September 30, 2025 (Unaudited) and December 31, 2024 (Audited):

| <i>In Thousands</i>                                           | Year | Revenues from Related Parties | Purchases from Related Parties | Amounts Owed by Related Parties | Amounts Owed to Related Parties | Terms                                          | Conditions    |
|---------------------------------------------------------------|------|-------------------------------|--------------------------------|---------------------------------|---------------------------------|------------------------------------------------|---------------|
| SMC                                                           | 2025 | ₱337,979                      | ₱3,462,920                     | ₱85,115                         | ₱8,075,556                      | On demand or 30 days; non-interest-bearing     | Unsecured;    |
|                                                               | 2024 | 546,201                       | 4,388,136                      | 51,985                          | 6,849,349                       |                                                | no impairment |
| Entities under Common Control                                 | 2025 | 6,408,034                     | 3,228,960                      | 1,862,156                       | 10,172,552                      | On demand or 30 days; non-interest-bearing     | Unsecured;    |
|                                                               | 2024 | 7,941,539                     | 4,606,848                      | 1,810,683                       | 11,503,950                      |                                                | no impairment |
|                                                               | 2025 | -                             | -                              | 7,209,751                       | -                               | Installment basis up to 2026; interest-bearing | Unsecured;    |
|                                                               | 2024 | -                             | -                              | 8,645,305                       | -                               |                                                | no impairment |
| Associates                                                    | 2025 | 2,779,707                     | -                              | 11,325,049                      | 28,111                          | On demand or 30 days; non-interest-bearing     | Unsecured;    |
|                                                               | 2024 | 1,298,826                     | -                              | 663,448                         | 28,101                          |                                                | no impairment |
|                                                               | 2025 | -                             | -                              | -                               | -                               | 9 years; interest-bearing                      | Unsecured;    |
|                                                               | 2024 | 1,608                         | -                              | 2,129                           | -                               |                                                | no impairment |
| Joint Venture                                                 | 2025 | 132,629                       | 2,174,713                      | 138,179                         | 488,517                         | 30 days; non-interest-bearing                  | Unsecured;    |
|                                                               | 2024 | 33,598                        | 1,028,812                      | 5,011                           | 427,591                         |                                                | no impairment |
|                                                               | 2025 | 4,455                         | -                              | 174,076                         | -                               | 92 days and 1 year; interest-bearing           | Unsecured;    |
|                                                               | 2024 | 5,990                         | -                              | 180,732                         | -                               |                                                | no impairment |
|                                                               | 2025 | 44,724                        | -                              | 155,919                         | -                               | 10.5 years; interest-bearing                   | Unsecured;    |
|                                                               | 2024 | 74,927                        | -                              | 1,564,475                       | -                               |                                                | no impairment |
| Associate and Joint Ventures of Entities under Common Control | 2025 | -                             | -                              | 481                             | 1,157                           | 30 days; non-interest-bearing                  | Unsecured;    |
|                                                               | 2024 | -                             | -                              | 481                             | 1,157                           |                                                | no impairment |

|             |                   |                   |                    |                    |                                           |         |
|-------------|-------------------|-------------------|--------------------|--------------------|-------------------------------------------|---------|
| <b>2025</b> | -                 | <b>803,095</b>    | -                  | <b>18,112,350</b>  | 7 to 12<br>years;<br>interest-<br>bearing | Secured |
| 2024        | -                 | 952,088           | -                  | 19,014,637         |                                           |         |
| <b>2025</b> | <b>₱9,707,528</b> | <b>₱9,669,688</b> | <b>₱20,950,726</b> | <b>₱36,878,243</b> |                                           |         |
| 2024        | ₱9,902,689        | ₱10,975,884       | ₱12,924,249        | ₱37,824,785        |                                           |         |

- 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 condensed consolidated interim statements of financial position, prepayments for rent and insurance, and security deposits.
- 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 September 30, 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 condensed consolidated interim statements of financial position amounted to ₱7,066,289 and ₱7,066,765, respectively. The interest expense incurred on these lease liabilities amounted to ₱720,210 and ₱109,592 for the periods ended September 30, 2025 and 2024, 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 condensed consolidated interim statements of financial position.
- 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 Receivable 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 ₱17,983,086 and ₱18,873,400, presented as part of "Long-term debt" account in the condensed consolidated interim statements of financial position as at September 30, 2025 and December 31, 2024, respectively. These loans are secured by certain property, plant and equipment. The interest expense incurred on the loans amounted to ₱803,095 and ₱952,088 for the periods ended September 30, 2025 and 2024, respectively. The compensation of key management personnel of the Group, by benefit type, are as follows:

|                              | <b>September 30,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024<br/>(Audited)</b> |
|------------------------------|-----------------------------------------------|--------------------------------------------|
| Short-term employee benefits | ₱156,545                                      | ₱133,074                                   |
| Retirement benefits costs    | 9,995                                         | 9,076                                      |
|                              | <b>₱166,540</b>                               | <b>₱142,150</b>                            |

There were no known transactions with parties that fall outside the definition of "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.

# Corporate Governance

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## Manual on Corporate Governance

Pursuant to Article 9 of the Revised Code of Corporate Governance, the Manual on Corporate Governance (the “**Manual**”) of the Company was approved by the Board of Directors on August 19, 2011 and was amended on April 11, 2016. The Manual was further amended on May 5, 2017 pursuant to the new Code of Corporate Governance for Publicly Listed Companies, which requires all publicly-listed companies to submit a new Manual on Corporate Governance to the SEC on or before May 31, 2017. The Manual was amended a third time on May 12, 2020 to comply with SEC Memorandum Circular No. 24, Series of 2019, or the Code of Corporate Governance for Public Companies and Registered Issuers (the “**CG Code for PCs and RIs**”).

## Compliance and Monitoring System

The monitoring of the implementation of the evaluation system of the Company to measure and determine the adherence to and the level of compliance of the Board of Directors and top-level management with the Manual is vested by the Board of Directors in the Compliance Officer. To ensure adherence to corporate governance principles and best practices, the Board of Directors has appointed a Compliance Officer.

The Compliance Officer is responsible for monitoring compliance by the Company with the provisions and requirements of the Manual and the rules and regulations of the relevant regulatory agencies and ensures adherence to corporate principles and best practices. The Compliance Officer holds the position of a Vice President or its equivalent and has direct reporting responsibilities to the Chairman of the Board of Directors. In accordance with applicable rules and regulations of the SEC, the Compliance Officer shall certify whether the Company has substantially adopted all the provisions of the Manual on Corporate Governance.

Pursuant to the Manual and the respective Board Committee Charters of the Company, 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 during their respective meetings with the end in view of ensuring that its performance accords with best practices and meets its objectives thereunder.

Under the CG Code for PCs and RIs, the Company 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.

Pursuant to its commitment to good governance and business practice, the Company shall continue 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 the Company and its stockholders. Furthermore, in keeping abreast of the latest best practices in corporate governance and complying with applicable legal requirements, including SEC MC No. 13, directors and officers of the Company shall regularly attend corporate governance training seminars

## Independent Directors

Under the implementing rules and regulations of the SRC, an independent director is defined as a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director. An independent director must satisfy the qualifications and must have none of the disqualifications of an independent director set out in the SRC and its implementing rules and

regulations, the Manual, the Amended Articles of Incorporation and Amended By-Laws of the Company.

Under the SRC, the Company is required to have at least two (2) independent directors in its Board of Directors. The Manual, as amended, in turn, requires at least two (2) independent directors to serve on each of the Audit and Risk Oversight Committee, Related Party Transaction Committee and Sustainability Committee of the Company and three (3) independent directors on the Corporate Governance Committee.

Justice Consuelo M. Ynares-Santiago, Dr. Jack G. Arroyo, Jr. and Justice Josefina Guevarra-Salonga are the independent directors of the Company as of date.

## **Board Committees**

The Board of Directors of the Company approved the creation of its new Board committees (collectively, the “Board Committees”), namely, (i) the Audit and Risk Oversight Committee, Corporate Governance Committee, and Related Party Transaction Committee, as well as their respective Charters, on August 8, 2017, in compliance with the Company’s Manual on Corporate Governance (as amended on May 5, 2017); and (ii) the Sustainability Committee and its Charter on June 4, 2024.

The Board of Directors appoints the chairperson and members of the Board Committees annually, during its Organizational Meeting which is held immediately after the Company’s Annual Stockholders’ Meeting. For 2025, the Board of Directors elected the chairperson and members of each of the Board Committees during its Organizational Board Meeting held on June 3, 2025.

A brief description of the Board Committees of the Company is as follows:

### ***Audit and Risk Oversight Committee***

The Audit and Risk Oversight Committee of the Company shall be composed of at least three (3) directors, majority of whom should be independent directors.

The Audit and Risk Oversight Committee is responsible for assisting the Board of Directors in overseeing the senior management, in establishing and maintaining an adequate, effective and efficient internal control framework and functional and effective enterprise risk management system, and in ensuring that systems and processes are designed to provide assurance in areas, including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

The incumbent members of the Audit and Risk Oversight Committee are Jack G. Arroyo, Jr., Consuelo M. Ynares-Santiago, Josefina Guevarra-Salonga, John Paul L. Ang, and Aurora T. Calderon.

### ***Corporate Governance Committee***

The Corporate Governance Committee of the Company shall have at least three (3) independent directors as members.

The Corporate Governance Committee is responsible for overseeing the periodic performance evaluation of the Board and its committees as well as executive management, conducting an annual self-evaluation of its performance, determining the nomination and election process for the Company’s directors, defining the general profile of Board members that the Company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board, and designating the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Company successfully. It prescreens and shortlists the nominees to the Board in accordance with the qualifications and disqualifications for directors set out in the Manual.

The incumbent members of the Corporate Governance Committee are Consuelo M. Ynares-Santiago, Jack G. Arroyo, Jr. Josefina Guevarra-Salonga, John Paul L. Ang, and Virgilio S. Jacinto.

### ***Related Party Transaction Committee***

The Related Party Transaction Committee of the Company shall be composed of at least three (3) directors, two (2) of whom shall be independent directors.

The Related Party Transaction Committee is responsible for evaluating on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, related party transactions are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured, evaluating all material related party transactions to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Corporation are misappropriated or misapplied, and in determining any potential reputational risk issues that may arise as a result of or in connection with the transactions.

The incumbent members of the Related Party Transaction Committee are Josefina Guevarra-Salonga, Consuelo M. Ynares-Santiago, Jack G. Arroyo, Jr. John Paul L. Ang, and Aurora T. Calderon.

### ***Sustainability Committee***

The Sustainability Committee of the Company shall be composed of at least three (3) directors, two (2) of whom shall be independent directors.

The Sustainability Committee of the Company shall be responsible in determining sustainable development policies, directions, and strategies. The main functions and duties of the Sustainability Committee is to review the effectiveness of the policies, strategies, and initiatives in progressing towards the achievement of the Company's sustainability targets, provide oversight and input to ensure that the targets, policies, and strategies pertaining to sustainability are aligned with, promote and advance the Company's vision and purposes, and ensure that proper processes and procedures are in place to comply with all relevant laws, regulations, and rules that could have a significant impact on the implementation of the sustainability strategies.

The incumbent members of the Sustainability Committee are Josefina Guevarra-Salonga, Consuelo M. Ynares-Santiago, Jack G. Arroyo, Jr., John Paul L. Ang and Aurora T. Calderon.

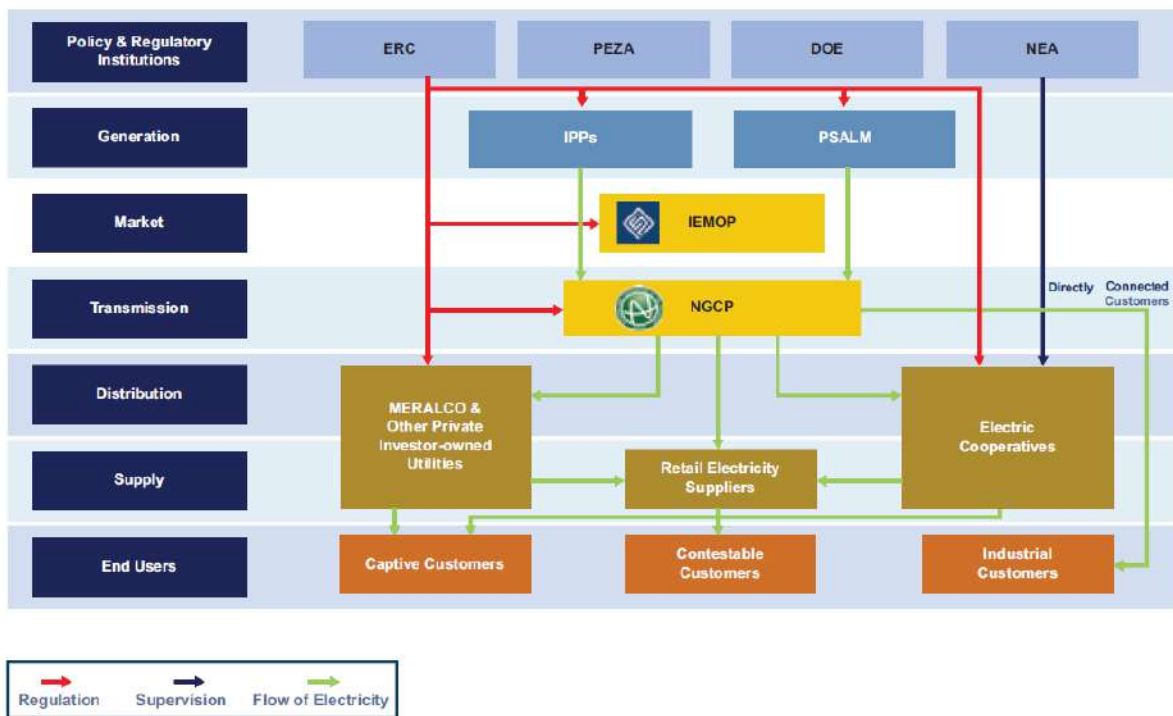


# Regulatory Framework

## ORGANIZATION AND OPERATION OF THE POWER INDUSTRY

Republic Act No. 9136 or the Electric Power Industry Reform Act of 2001 (“**EPIRA**”) established a framework for the organization, operation and restructuring of the electric power industry, with the industry divided into four sectors: generation, transmission, distribution and supply. The following diagram shows the current structure of the electric power industry under the EPIRA.

Industry structure under the EPIRA:



Through the EPIRA, the Government instituted major reforms with the goal of fully privatizing all aspects of the power industry. The principal objectives of the EPIRA are:

- to ensure and accelerate the total electrification of the country;
- to ensure the quality, reliability, security and affordability of the supply of electric power;
- to ensure transparent and reasonable prices of electricity in a regime of free and fair competition and full public accountability to achieve greater operational and economic efficiency and enhance the competitiveness of Philippine products in the global market;
- to enhance the inflow of private capital and broaden the ownership base of the power generation, transmission and distribution sectors;
- to ensure fair and non-discriminatory treatment of public and private sector entities in the process of restructuring the electric power industry;
- to protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power;
- to assure socially and environmentally compatible energy sources and infrastructure;

- to promote the utilization of indigenous and new and renewable energy resources in power generation in order to reduce dependence on imported energy;
- to provide for an orderly and transparent privatization of the assets and liabilities of NPC;
- to establish a strong and purely independent regulatory body and system to ensure consumer protection and enhance the competitive operation of the electricity market; and
- to encourage the efficient use of energy and other modalities of demand side management.

With a view to implementing these objectives, the DOE, in consultation with the relevant Government agencies, electric power industry participants, non-Government organizations and electricity consumers, promulgated the Implementing Rules and Regulations (the “**IRR**”) of the EPIRA on February 27, 2002 (subsequently amended in 2007).

The IRR governs the relations between, and respective responsibilities of, the different electric power industry participants as well as the particular Governmental authorities involved in implementing the structural reforms in the industry, including, but not limited to, the DOE, NPC, NEA, ERC and PSALM.

### **Reorganization of the Electric Power Industry**

Of the many changes initiated by the EPIRA, of primary importance is the reorganization of the electric power industry by segregating the industry into four sectors: (i) the generation sector; (ii) the transmission sector; (iii) the distribution sector; and (iv) the supply sector. The goal is for the generation and supply sectors to be fully competitive and open, while the transmission sector will be a regulated common electricity carrier business and the distribution sector will be a regulated common carrier business requiring a national franchise, thus both the transmission and distribution sectors will be regulated as public utilities. Prior to the EPIRA, the industry was regulated as a whole, with no clear distinctions between and among the various sectors and/or services.

#### ***The Generation Sector***

Under the EPIRA, power generation per se is not a public utility operation. Thus, generation companies are not required to secure congressional franchises, and there are no restrictions on the ability of non-Filipinos to own and operate generation facilities. However, generation companies must obtain a certificate of compliance from the ERC, as well as health, safety and environmental clearances from appropriate Government agencies under existing laws. Furthermore, PPAs and PSAs between generation companies and distribution utilities are subject to the review and approval of the ERC. Generation companies are also subject to the rules and regulations of the ERC on abuse of market power and anticompetitive behavior. In particular, the ERC has the authority to impose price controls, issue injunctions, require divestment of excess profits and impose fines and penalties for violation of the EPIRA and the IRR policy on market power abuse, cross-ownership and anti-competitive behavior.

The goal of the EPIRA is for the generation sector to be open and competitive, while the private sector is expected to take the lead in introducing additional generation capacity. Generation companies will compete either for bilateral contracts with various RESs, electric cooperatives and private distribution utilities, or through spot sale transactions in the WESM. With the implementation of RCOA in Luzon and Visayas, generation companies are already able to sell electricity to eligible end-users. “Open Access” is defined under the IRR as the system of allowing any qualified person the use of electric power transmission and distribution systems and associated facilities subject to the payment of transmission and/or distribution retail wheeling rates; while “Retail Competition” is defined as the provision of electricity to a contestable market (which, under prevailing regulations, refer to electricity end-users with monthly average peak demand of at least 500 KW) by persons licensed by the ERC to engage in the business of supplying electricity end-users through Open Access.

To prevent monopolies and anti-competitive behavior, House Bill No. 9260 was filed in the House of Representatives on April 27, 2021. The bill, which seeks to prohibit ownership by distribution utilities in generation companies and retail electricity suppliers, has been pending in the House of Representatives Committee on Energy since May 17, 2021.

Recovery by distribution utilities of their purchased power cost is subject to review by the ERC to determine reasonableness of the cost and to ensure that the distribution utilities do not earn any revenue therefrom. With the commencement of the RCOA, generation rates, except those intended for such end-users who may not choose their supplier of electricity (the “**Captive Market**”), ceased to be regulated.

The generation sector converts fuel and other forms of energy into electricity. It consists of the following: (i) NPC-owned-and-operated generation facilities; (ii) NPC-owned plants, which consist of plants operated by IPPs, as well as IPP-owned-and-operated plants, all of which supply electricity to NPC; and (iii) IPP-owned-and-operated plants that supply electricity to customers other than NPC.

Under the EPIRA, generation companies are allowed to sell electricity to distribution utilities or to RESs through either bilateral contracts or the WESM as described below. With the implementation of RCOA on December 26, 2013, as supplemented by DOE Department Circular No. DC2015-06-0010, generation companies may likewise sell electricity to eligible end-users with an average monthly peak demand of 750 KW and certified by the ERC to be contestable customers. In 2016, the ERC issued the implementing rules governing the issuance and renewal of licenses to RESs and the rules governing contestability of qualified end-users (collectively, the “**2016 ERC RES Issuances**”). However, in February 2017, the Philippine Supreme Court, acting on the petition filed by certain entities, issued a temporary restraining order enjoining the DOE and the ERC from implementing DC 2015-06-0010 and the 2016 ERC RES Issuances.

In response to the temporary restraining order, and to provide guidance to relevant power industry players, the DOE issued DC2017-12-0013 and DC2017-12-0014 encouraging eligible contestable customers to voluntarily participate in RCOA.

Subsequently, the DOE issued DC 2019-07-11 (Amending Various Issuances on the Implementation of the RCOA), which provides that contestable customers may voluntarily register as a trading participant in the WESM and that it shall source its electricity supply requirements from ERC-licensed/authorized suppliers.

In 2020, the ERC resumed the processing of RES license applications on the basis of a 2011 ERC resolution on RES licensing (the “**2011 ERC Resolution**”) in light of the temporary restraining order issued by the Philippine Supreme Court in 2017. As of date of this Prospectus, the ERC continues to process RES license applications on the basis of the 2011 ERC Resolution as it has yet to issue supporting guidelines to DC 2017-12-0013 and DC 2017-12-0014 in compliance with the directive of the Supreme Court.

On March 2, 2021, the Philippine Supreme Court promulgated its decision, a copy of which was made publicly available on September 24, 2021, finally declaring DC 2015-06-0010 and the 2016 ERC RES Issuances void for being bereft of legal basis. As a result, the temporary restraining order issued by the Philippine Supreme Court in February 2017, which enjoined the DOE and ERC from implementing DC 2015-06-0010 and the 2016 ERC RES Issuances, has been made final. In the same decision, the Philippine Supreme Court also directed the ERC to promulgate the supporting guidelines to DC 2017-12-0013 and DC 2017-12-0014.

On November 17, 2021, the ERC revoked Resolution No. 17, series of 2014, which held in abeyance the evaluation of RES license applications and suspended the issuance of RES licenses in accordance 2011 RES Resolution until the issuance of the 2016 ERC RES Issuances.

In order to address gaps, ensure adherence to policy objectives and strengthen competition, the ERC issued ERC Resolution No. 13, Series of 2024, entitled “A Resolution Adopting the Omnibus Rules for Customer Choice Programs in the Retail Market” (“**2024 Omnibus Rules for Customer Choice Program**”), which provides, among others, the procedures for obtaining a RES license. On November 20, 2025, the ERC issued ERC Resolution No. 22, Series of 2025, entitled “A

Resolution Lowering the Eligibility Threshold for Retail Competition and Open Access (RCOA) and Retail Aggregation Program (RAP)” which provided that the demand threshold for eligibility to the CREM/RCOA and RAP shall be the average monthly peak demand of at least 100kW. The same resolution provided timelines to comply for all stakeholders including holders of RES licenses.

The generation sector must observe the market share limitations set in the EPIRA which states that no generation company or related group is allowed to own more than 30% of the installed generating capacity of the Luzon, Visayas or Mindanao Grids and/or 25% of the national installed generating capacity. Also, no generation company associated with a distribution utility may supply more than 50% of the distribution utility’s total demand under bilateral contracts, without prejudice to the bilateral contracts entered into prior to the effectivity of EPIRA. On March 13, 2025, the ERC issued Resolution No. 07, Series of 2025, which set the Installed Generating Capacity (“**IGC**”) and Market Share Limitation (“**MSL**”) per grid and for the national grid for the year 2025, in accordance with Section 45(a) of EPIRA. The established limits are as follows: (i) Luzon Grid: IGC of 19,419.6 MW with a 30% MSL cap of 5,825.9 MW; (ii) Visayas Grid: IGC of 3,383.9 MW with a 30% MSL cap of 1,015.2 MW; (iii) Mindanao Grid: IGC of 4,292.6 MW with a 30% MSL cap of 1,287.8 MW; and (iv) National Grid: IGC of 27,096 MW with a 25% MSL cap of 6,774 MW.

Historically, the generation sector has been dominated by NPC. To introduce and foster competition in the sector, and, more importantly, to lessen the debt of NPC, the EPIRA mandates the total privatization of the generation assets and IPP contracts of NPC, which exclude the assets devoted to missionary electrification through the small power utilities group of NPC. NPC is directed to transfer ownership of all the assets for privatization to a separate entity, PSALM, which is specially tasked to manage the privatization. Beginning early 2004, PSALM has been conducting public bidding for the generation facilities owned by NPC.

The Company believes that that based on data from PSALM: (a) as of April 30, 2024, PSALM has privatized and turned over to the relevant successor generating companies a combined capacity of 5,581.43MW covering 34 generating assets and assigned seven IPP contracts to IPP administrators with a combined contracted capacity of 3,610.25 MW and (b) PSALM has transferred five decommissioned plants to winning bidders. Major generation assets sold include the 747.53 MW Tiwi-Makban geothermal power plant, the 650 MW Malaya thermal power plant, the 600 MW Batangas (Calaca) coal-fired thermal power plant, the 600 MW Masinloc coal fired power plant, the 620 MW Limay combined cycle power plant, 360 MW Magat hydroelectric power plant, and the 305 MW Palinpinon-Tongonan geothermal power plant. Among the capacities privatized through IPPA Agreements include the 95.25 MW Mindanao I and II (Mt. Apo 1 and 2) geothermal power plants, 1,000 MW Sual coal-fired power plant, the 700 MW Pagbilao coal-fired power plant, the 345 MW of the San Roque Power Plant, the 70 MW Bakun hydroelectric power plant, the 40 MW Unified Leyte Geothermal Power Plant, and the 1,200 MW Ilijan combined-cycle gas-fired power plant.

Section 47(j) of the EPIRA prohibits NPC from incurring any new obligations to purchase power through bilateral contracts with generation companies or other suppliers. Also, NPC is only allowed to generate and sell electricity from generating assets and IPP contracts that have not been disposed of by PSALM.

Generation companies which are not publicly listed are required to offer and sell to the public a portion of not less than 15% of their common shares of stock. Under prevailing regulations, any offer of common shares of stock for sale to the public through any of the following modes shall be deemed as public offering:

- listing in the PSE;
- a public offering undertaken in accordance with the Securities Regulation Code and its implementing rules and regulations; and
- listing in any accredited stock exchange or direct offer of a portion of registered enterprises’ capital stock to the public and/or their employees, when deemed feasible and desirable by the BOI.

Senate Bill No. 1088, filed with the Philippine Senate on August 11, 2025, aims to remove the public offering requirement of generation companies. The bill remains pending with the Philippine Senate Committees on Energy and Public Services as of September 9, 2025.

On February 15, 2024, the Philippine SEC issued SEC Memorandum Circular No. 4, Series of 2024, which provides for a simplified registration process for securities issued by generation companies and distribution utilities which are mandated to comply with the public offering requirement under the EPIRA. The guidelines cover the pre-filing clearances of the corporation, financial information and disclosures to be submitted to the SEC and documentary filing requirements for the registration statement.

On October 16, 2025, the ERC issued ERC Resolution No. 17, Series of 2025 amending sections 1.4 and 2.2 of ERC Resolution No. 9, Series of 2011. The resolution updated the definition of a holding company insofar as the public offer requirement is concerned to include those that have an indirect control or ownership of another company through one or more intermediary companies. Additionally, a publicly-listed holding company is considered to have satisfied the public offer requirement on behalf of its controlled generation company or distribution utility if the ownership structure, direct and indirect, are clearly established by such documents as may be required by the ERC.

On February 16, 2021, the ERC issued Resolution No. 03, series of 2021, dated November 11, 2020 entitled “A Resolution Adopting the Revised Guidelines for the Financial Capability Standards of Generation Companies” (the “**Revised Financial Guidelines**”). The Revised Financial Guidelines apply to all generation companies including IPPAs, except those which own only generation facilities exclusively for its own consumption or unless otherwise exempted by any law or statute. Under the Revised Financial Guidelines, a generation company is required, among others, to meet a minimum annual debt service capability ratio of 1.25x throughout the period covered by its ERC certificate of compliance, provided that if its financial or loan agreements require a higher debt service capability ratio, then such higher ratio shall serve as its minimum requirement. A generation company performing below the benchmark is required to submit its program to comply, setting forth the specific activities to be undertaken in order to meet the financial capability benchmark, within 60 days from receipt of an ERC directive. A generation company that fails to comply with the requirements set forth under the Revised Financial Guidelines shall be subject to imposition of fines and penalties. In addition, non-compliance with financial capability standards may result in the disclosure by the ERC of such fact, together with any mitigating or aggravating circumstances related thereto, via periodic bulletins.

On September 13, 2023, the ERC issued Resolution No. 17, series of 2023, which adopted revised rules for the issuance of Certificates of Compliance (“**COC**”) for generation facilities (the “**Revised COC Guidelines**”). The Revised COC Guidelines provides for, among others, the issuance of a provisional authority to operate in favor of a generation company pending its completion of the requirements for the issuance a COC, when the power demand and supply situation warrant the same and provided that the requirements for the grant of such interim authority have been complied with.

### ***The Transmission Sector***

Pursuant to the EPIRA, NPC has transferred its transmission and sub-transmission assets to TransCo, which was created pursuant to the EPIRA to assume, among other functions, the electrical transmission function of the NPC. The principal function of TransCo is to ensure and maintain the reliability, adequacy, security, stability and integrity of the nationwide electrical grid in accordance with the Philippine Grid Code (the “**Grid Code**”). TransCo is also mandated to provide open and non-discriminatory access to its transmission system to all electricity users.

The transmission of electricity through the transmission grid is subject to transmission wheeling charges. As the transmission of electric power is a regulated common carrier business, TransCo’s transmission wheeling charges are subject to regulation and approval by the ERC.

The EPIRA also requires the privatization of TransCo through an outright sale of, or the grant of, a concession over the transmission assets while the sub-transmission assets of TransCo are to be offered for sale to qualified distribution utilities. In December 2007, NGCP, comprising a consortium of Monte Oro Grid Resources, Calaca High Power Corporation and State Grid Corporation of China, won the concession contract to operate, maintain and expand the TransCo assets with a bid of U.S.\$3.95 billion. On January 15, 2009, NGCP was officially granted the authority to operate the sole transmission system of the country pursuant to a legislative franchise granted by the Philippine Congress under Republic Act No. 9511.

The Grid Code establishes the basic rules, requirements, procedures and standards that govern the operation, maintenance and development of the Philippine Grid, or the high-voltage backbone transmission system and its related facilities. The Grid Code identifies and provides for the responsibilities and obligations of three key independent functional groups, namely: (a) the grid owner, or TransCo; (b) the system operator, or NGCP as the current concessionaire of TransCo; and (c) the market operator, or the PEMC. These functional groups, as well as all users of the grid, including generation companies and distribution utilities, must comply with the provisions of the Grid Code as promulgated and enforced by the ERC.

In order to ensure the safe, reliable and efficient operation of the Philippine Grid, the Grid Code provides for, among others, the following regulations:

- the establishment of a grid management committee, which is tasked with the monitoring of the day-to-day operations of the grid;
- performance standards for the transmission of electricity through the grid, as well as the operation and maintenance thereof, which standards shall apply to TransCo, NGCP, distribution utilities and suppliers of electricity; and
- technical and financial standards and criteria applicable to users of the grid, including generation companies and distribution utilities connected or seeking to connect thereto; and other matters relating to the planning, management, operation and maintenance of the grid.

On March 21, 2022, President Duterte signed into law Republic Act No. 11659, which amended the Public Service Act (the “**PSA Amendment**”). The PSA Amendment limited the definition of public utility to a public service that operates, manages, or controls for public use any of the following: (1) distribution of electricity; (2) transmission of electricity; (3) petroleum and petroleum products pipeline transmission systems; (4) water pipeline distribution systems and wastewater pipeline system, including sewerage pipeline systems; (5) seaports; and (6) public utility vehicles. The PSA Amendment provides for an exclusive enumeration of what constitutes a public utility, and states that “[n]o other person shall be deemed a public utility unless otherwise subsequently declared by law.” The PSA Amendment also expressly provides that “notwithstanding any law to the contrary, nationality requirements shall not be imposed by the relevant administrative agencies on any public service not classified as a public utility.” Under the PSA Amendment, transmission of electricity continues to be a public utility subject to nationality restrictions and applicable regulations.

### ***The Distribution Sector***

The distribution of electric power to end-users may be undertaken by private distribution utilities, cooperatives, local Government units presently undertaking this function, and other duly authorized entities, subject to regulation by the ERC. The distribution business is a regulated public utility business requiring a franchise from the Philippine congress, although franchises relating to electric cooperatives remained under the jurisdiction of the NEA until the end of 2006. All distribution utilities are also required to obtain a certificate of public convenience and necessity from the ERC to operate as public utilities. Based on the latest available data from the DOE, there are 26 private distribution utilities and 124 electric cooperatives in the Philippines.

They are also required to submit to the ERC a statement of their compliance with the technical specifications prescribed in the Philippine Distribution Code (the “**Distribution Code**”) (which

provides the rules and regulations for the operation and maintenance of distribution systems), the Distribution Services and Open Access Rules and the performance standards set out in the IRR of the EPIRA.

The distribution sector is regulated by the ERC, with distribution wheeling charges, as well as connection fees from its consumers, subject to ERC approval. The retail rate imposed by distribution utilities for the supply of electricity to its captive consumers is also subject to ERC approval. In addition, as a result of the policy of the Government in promoting free competition and Open Access, distribution utilities are now required to provide universal and non-discriminatory access to their systems within their respective franchise areas following commencement of the RCOA.

The Distribution Code establishes the basic rules and procedures that govern the operation, maintenance, development, connection and use of the electric distribution systems in the Philippines. The Distribution Code defines the technical aspects of the working relationship between the distributors and all the users of the distribution system, including distribution utilities, embedded generators and large customers. All such electric power industry participants in distribution system operations are required to comply with the provisions of the Distribution Code as promulgated and enforced by the ERC.

To ensure the safe, reliable and efficient operation of distribution systems in the Philippines, the Distribution Code provides for, among others, the following regulations:

- technical, design and operational criteria and procedures to be complied with by any user who is connected or seeking connection to a distribution system;
- performance and safety standards for the operation of distribution systems applicable to distributors and suppliers; and
- other matters relating to the planning, development, management, operation and maintenance of distribution systems.

### ***The Supply Sector***

The supply of electricity refers to the sale of electricity directly to end-users. The supply function used to be undertaken largely by franchised distribution utilities. However, with the commencement of the RCOA, the supply function has become competitive. The retail supply business is not considered a public utility operation and suppliers are not required to obtain franchises. However, the supply of electricity to a market of end-users who have a choice on their supplier of electricity is considered a business affected with public interest. As such, the EPIRA requires all RESs to obtain a license from the ERC and they are subject to the rules and regulations of the ERC on the abuse of market power and other anti-competitive or discriminatory behavior.

A RES may only sell up to 50% of its total capacity to all of its end-user affiliates.

With the RCOA already implemented, a RES license will allow a generation company to enter into retail electricity supply agreements with contestable customers. This will encourage competition at the retail level and it is planned that retail competition will gradually increase over time, provided that supply companies are sufficiently creditworthy to be suitable offtakers for generation companies.

The following table summarizes the power supply and demand highlights in the Philippines for 2020 based on data from the DOE:

| <b>Grid</b>       | <b>Installed capacity<br/>(MW)</b> | <b>Dependable<br/>capacity (MW)</b> | <b>Peak demand<br/>(MW)</b> |
|-------------------|------------------------------------|-------------------------------------|-----------------------------|
| Luzon.....        | 17,840                             | 16,010                              | 11,103                      |
| Visayas.....      | 3,863                              | 3,369                               | 2,201                       |
| Mindanao.....     | 4,548                              | 4,031                               | 1,978                       |
| Philippines ..... | 26,250                             | 23,410                              | 15,282                      |

## **Role of the ERC**

The ERC is the independent, quasi-judicial regulatory body created under the EPIRA that replaced the Energy Regulatory Board. The ERC plays a significant role in the restructured industry environment, consisting of, among others, promoting competition, encouraging market development, ensuring consumer choice and penalizing abuse of market power by industry participants.

Among the primary powers and functions of the ERC are:

- to determine, fix and approve, after conducting public hearings, transmission and distribution wheeling charges and retail rates and to fix and regulate the rates and charges to be imposed by distribution utilities on their captive end-users, as well as the universal charge to be imposed on all electricity end-users, including self-generating entities;
- to grant, revoke, review or modify the certificates of compliance required of generation companies and the licenses required of suppliers of electricity in the contestable market;
- to enforce the Grid Code and Distribution Code, which shall include performance standards, the minimum financial capability standards, and other terms and conditions for access to and use of transmission and distribution facilities;
- to enforce the rules and regulations governing the operations of the WESM and the activities of the WESM operator and other WESM participants to ensure a greater supply and rational pricing of electricity;
- to ensure that the electric power industry participants and NPC functionally and structurally unbundled their respective business activities and rates and to determine the levels of cross-subsidies in the existing and retail rates until the same is removed in accordance with the different sectors;
- to set a lifeline rate for marginalized end-users;
- to promulgate rules and regulations prescribing the qualifications of suppliers which shall include, among others, their technical and financial capability and creditworthiness;
- to determine the electricity end-users comprising the contestable and Captive Markets;
- to fix user fees to be charged by TransCo/NGCP for ancillary services to all electric power industry participants or self-generating entities connected to the grid;
- to monitor and adopt measures to discourage or penalize abuse of market power, cartelization and any anticompetitive or discriminatory behavior by any electric power industry participant;
- to review and approve the terms and conditions of service of TransCo/NGCP and any distribution utility or any changes therein;
- to perform such other regulatory functions as are appropriate and necessary in order to ensure the successful restructuring and modernization of the electric power industry; and
- to have original and exclusive jurisdiction over all cases that involve the contesting of rates, fees, fines and penalties imposed in the exercise of its powers, functions and responsibilities and over all cases involving disputes between and among participants or players in the energy industry relating to the foregoing powers, functions and responsibilities except cases which involve abuse of market power, cartelization and any anticompetitive or discriminatory behavior by any electric power industry participant.

## **Role of the DOE**

In accordance with its mandate to supervise the restructuring of the electric power industry, the



DOE exercises, among others, the following functions:

- preparation and annual updating of the Philippine Energy Plan and the Philippine Power Development Program, and thereafter integrate the latter into the former;
- ensuring the reliability, quality and security of the supply of electric power;
- exercise of supervision and control over all Government activities pertaining to energy projects;
- encouragement of private investment in the power industry and promotion of the development of indigenous and renewable energy sources for power generation;
- facilitation of reforms in the structure and operation of distribution utilities for greater efficiency and lower costs;
- promotion of a system of incentives to encourage industry participants, including new generating companies and end-users, to provide adequate and reliable electric supply; education of the public (in coordination with NPC, ERC, NEA and the Philippine Information Agency) on the restructuring of the industry and the privatization of NPC assets; and
- establishment of the WESM in cooperation with electric power industry participants, and formulating rules governing its operations.

### **Role of the Joint Congressional Power Commission**

The Joint Congressional Power Commission created pursuant to the EPIRA consists of 14 members selected from the members of the Philippine senate and house of representatives. Its responsibilities and functions include, among others, the following:

- monitoring and ensuring the proper implementation of the EPIRA;
- endorsement of the initial privatization plan of PSALM for approval by the President of the Philippines;
- ensuring transparency in the public bidding procedures adopted for the privatization of the generation and transmission assets of NPC;
- evaluation of the adherence of industry participants to the objectives and timelines under the EPIRA; and
- determination of inherent weaknesses in the EPIRA and recommend necessary remedial legislation or executive measures.

Pursuant to Republic Act No. 11571 which was signed into law on July 6, 2021, Section 62 of the EPIRA was amended to enhance the powers and functions of the Joint Congressional Power Commission (now named Joint Congressional Energy Commission). Republic Act No. 11571 also conferred upon the Joint Congressional Energy Commission jurisdiction to exercise oversight functions over the implementation of all existing energy laws as of the date of effectivity of Republic Act No. 11571, except Republic Act No. 9367, otherwise known as the “Biofuels Act of 2006.”

### **Competitive Market Devices**

#### **WESM**

The EPIRA mandates the establishment of the WESM, which is a pre-condition for the implementation of the RCOA, within one year from its effectivity. The WESM provides a venue whereby generators may sell power, and at the same time, suppliers and wholesale consumers can purchase electricity where no bilateral contract exists between the two.

The rules and regulations of the WESM set the guidelines and standards for participation in the

market, reflecting accepted economic principles and providing a level playing field for all electric power industry participants, and procedures for establishing the merit order dispatch for each time (hourly) trading period. These rules also provide for a mechanism for setting electricity prices that are not covered by bilateral contracts between electricity buyers and sellers.

On November 18, 2003, upon the initiative of the DOE, the PEMC was incorporated as a non-stock, non-profit corporation with membership comprising an equitable representation of electricity industry participants and chaired by the DOE. The PEMC acts as the autonomous market group operator and the governing arm of the WESM and was tasked to undertake the preparatory work for the establishment of the WESM, pursuant to Section 30 of the EPIRA and in accordance with the WESM Rules. Its primary purpose is to establish, maintain, operate and govern an efficient, competitive, transparent and reliable market for the wholesale purchase of electricity and ancillary services in the Philippines in accordance with relevant laws, rules and regulations.

The WESM commercial operations in the Luzon Grid started on June 26, 2006. The Visayas Grid was integrated into the WESM on December 26, 2010.

In anticipation of the increase of supply condition in Mindanao, the DOE, through DOE Department Circular No. DC2017-05-0009, declared the launch of the WESM in Mindanao. Similar to the operations in Luzon and Visayas, WESM's primary function is to be the venue for efficient scheduling, dispatch, and settlement of energy withdrawal and injections in the Mindanao Grid. WESM commercial operations in the Mindanao Grid commenced on January 26, 2023.

As of December 2023, there were 439 wholesale membership participants and 2,137 retail membership entities registered at the WESM based on its 2023 Annual Report.

The PEMC and the IEMOP have executed an operating agreement to formalize the transfer of all functions, assets and liabilities associated with market operations from the PEMC to the IEMOP effective September 26, 2018. With the signing of the operating agreement, the IEMOP took over the market operations of the WESM, a function that was previously performed by the PEMC. Republic Act No. 9136 requires the PEMC to divest itself of this function in favor of a separate entity that is independent of the market participants. To comply with the requirement, on February 6, 2018, the market participants and the DOE Secretary approved the transition plan calling for the formation of an independent market operator and the transfer of the market operation functions to it. The IEMOP is a non-stock, non-profit corporation led by a board of directors, all of whom are independents and do not have any interest or connection to the WESM participants, that was incorporated and organized to implement the plan. Beginning on September 26, 2018, the IEMOP has been running the electricity market and, among other things, managing the registration of market participants, receiving generation offers, announcing market prices, dispatching schedules of the generation plants and handling billing, settlement and collections. Under the policy and regulatory oversight of the DOE and the ERC, the PEMC has remained as the governing body for the WESM to monitor compliance by the market participants with the market rules.

DOE recently amended the WESM Rules to, among others: (i) clarify the roles of PEMC as the governance arm of WESM and IEMOP as market operator, and the composition of their respective boards, (ii) include the system operator and market operator within the coverage of WESM Rules, (iii) require the market operator to report to the ERC, DOE, PCC and the PEMC any incidents of non-compliance by an WESM member, including any potential anti-competitive behavior, and (iv) establish the several committees of PEMC, including the WESM Compliance Committee to monitor compliance by IEMOP and system operator, and oversee the investigations of breaches of the WESM rules and market manuals. In June 2021, the DOE further amended the WESM Rules, as well as retail rules and various market manual for the implementation of enhancements to WESM design and operations to promote participation in the retail competition. In August 2021, the WESM Rules were further amended to harmonize WESM Rules, retail rules and Renewable Energy Market rules, and to enable the Renewable Energy Registrar to carry out its functions in issuing Renewable Energy Certificates by granting it rights of access to information that are vital to its operations. In December 2021, the WESM Rules were again amended through DOE Department Circular No. DC2021-12-0041 to clarify the responsibilities of the Compliance Committee, and to amend the clauses on Enforcement and Disputes and Designation of

Compliance Officers. In the same circular, the Market Manual on the WESM Compliance Officers Certification and Registration was approved and adopted.

On February 24, 2021, the DOE adopted the WESM Industry Code of Ethics which is intended to supplement other regulatory issuances, promote professionalism and integrity, and prescribe general standards of behavior which ought to be followed by the WESM participants and members, IEMOP, the WESM governance arm, the PEMC board and the WESM governance committees. Through DOE Department Circular No. DC2021-06-0015 (“**DC2021-06-0015**”), the DOE declared the commercial operation of the Enhanced WESM Design and Operations (“**EWDO**”) effective June 26, 2021 in Luzon, Visayas and Mindanao. Except for certain instances where compliance with (i) dispatch conformance standards and (ii) posting of prudential requirements is relaxed, all WESM members and concerned electric power industry participants are required to comply with the provisions of DOE Department Circular No. DC2021-06-0015 and the WESM Rules and market manuals covering the EWDO.

Through DOE Department Circular No. DC2021-06-0015 (“**DC2021-06-0015**”), the DOE declared the commercial operation of the Enhanced WESM Design and Operations (“**EWDO**”) effective June 26, 2021 in Luzon, Visayas and Mindanao. Except for certain instances where compliance with (i) dispatch conformance standards and (ii) posting of prudential requirements is relaxed, all WESM members and concerned electric power industry participants are required to comply with the provisions of DOE Department Circular No. DC2021-060015 and the WESM Rules and market manuals covering the EWDO. On July 30, 2021, the DOE issued Department Circular No. DC2021-08-0025 which set out the policies for the adoption of the WESM penalty manual for the implementation of EWDO.

In October 2021, the DOE further amended the WESM Rules and the market manual relating to the procedures and process for the approval of amendments to the WESM Rules and/or existing market manuals or adoption of new market manuals.

On December 21, 2021, the DOE issued Department Circular No. DC2021-12-0041 which further amended the WESM Rules and market manual on the certification and registration of WESM compliance officers.

In March 2022, the WESM Rules and various market manuals were further amended to reflect, among others, on prudential requirements for billing and settlement, de-registration and cessation of eligibility of a WESM member, clarifications on accounting of bilateral contracts, exceptions to confidentiality undertakings for DOE and ERC, and provisions for audit and performance monitoring. The DOE further amended the WESM rules and various manuals in June 2022 to include, among others, additional steps that must be undertaken when a dispute arises between and/or among WESM members, the rules on registration, suspension, deregistration criteria and procedures. In October 2022, the DOE declared in a department circular that all renewable energy resources are considered preferential dispatch generating units in WESM.

The DOE adopted further amendments to the WESM rules and market manuals in November 2022 for the implementation of the reserve market. In December 2022, the DOE amended the WESM manual guidelines on the constitution of the Philippine Electric Market (PEM) Board committees.

In January 2023, the DOE introduced amendments to various WESM manuals to improve market resource modelling and monitoring, validation timeline adjustment for purposes of metering services, billing and settlement, and procedures for the implementation of the GEOP. In April 2023, amendments to DOE Department Circular No. DC2022-06-0022 on the application process of new WESM members were approved by the DOE, which amendments included guidelines for test and commissioning registration.

In July 2023, the DOE introduced further amendments to the WESM Rules and market manuals specifically with regard to the penalty framework for test and commissioning. In January 2024, various amendments to the WESM manual were approved by the DOE, including amendments relating to dispute resolution with respect to disputes under retail rules, provisions on maximum available capacity, and preferential dispatch on renewable energy generating units.

In June 2024, the WESM rules and market manuals were further updated to incorporate DOE issuances regarding reserve market compliance such as ancillary services monitoring.

In November 2024, the WESM Rules were further amended to incorporate DOE DC No. 2024-10-0030 on dispatch protocol and market surveillance regarding refinements to procedures during market intervention or market suspension.

### ***WESM in Mindanao***

In anticipation of the increase of supply condition in Mindanao, the DOE, through DOE Department Circular No. DC2017-05-0009, has declared the launch of the WESM. Similar to the operations in Luzon and Visayas, WESM's primary function is to be the venue for efficient scheduling, dispatch, and settlement of energy withdrawal and injections in the Mindanao Grid.

The PEMC has already initiated some preparatory activities in the upcoming WESM in Mindanao. During the first quarter of 2017, PEMC have conducted a series of public consultations. The WESM Trial Operation Program commenced on June 26, 2017 where its objective is to familiarize all Mindanao participants in the implementation of the WESM. Commercial operations of WESM in Mindanao will commence upon compliance with certain criteria set out in DOE Department Circular No. DC2017-05-0009.

### ***RCOA***

The EPIRA likewise provides for a system of Open Access on transmission and distribution wires, whereby TransCo/NGCP and distribution utilities may not refuse the use of their wires by qualified persons, subject to the payment of distribution wheeling charges. The full commercial operation of RCOA in Luzon and Visayas commenced on June 26, 2013 with a total of 275 registered participants. Conditions for the commencement of such Open Access system are as follows:

- establishment of the WESM;
- approval of unbundled transmission and distribution wheeling charges;
- initial implementation of the cross-subsidy removal scheme;
- privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and
- transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPPAs.

On June 6, 2011, pursuant to Resolution No. 10, Series of 2011, the ERC declared December 26, 2011 as the "Open Access Date" to mark the commencement of the full operations of the competitive retail electricity market in Luzon and Visayas. Accordingly, all electricity-end users with an average monthly peak demand of one MW for the 12 months preceding the Open Access Date, as certified by the ERC to be contestable customers, shall have the right to choose their own electricity suppliers.

To ensure smooth transition from the existing structure to RCOA, the ERC promulgated Resolution No. 16, Series of 2012, providing for a transition period from December 26, 2012 until June 25, 2013. However, the ERC effectively extended the transition period when it issued Resolution No. 11, Series of 2013, which allowed contestable customers to stay with their current distribution utility until December 25, 2013, or until such time that they were able to find a RES provided that it promptly informs the distribution utility of such fact. On June 19, 2015, the Department of Energy promulgated Department Circular No. DC2015-06-0010, which mandated contestable customers to secure their RSCs by June 25, 2016, including contestable customers with an average demand of 750 KW to 999 KW for the 12-month period preceding June 25, 2016.

With the implementation of the RCOA, the contestable markets (i.e., under prevailing regulations, electricity end-users with monthly average peak demand of at least 500 KW) may choose where

to source their electric power requirements and can negotiate with suppliers for their electricity. Likewise, certain end-users will be allowed to directly source power through the WESM or by entering into contracts with generation companies. This will encourage competition at the retail level and it is anticipated that retail competition will gradually increase over time, provided that supply companies are sufficiently creditworthy to be suitable offtakers for generation companies.

With the implementation of the RCOA, certain contracts entered into by utilities and suppliers may potentially be stranded. Stranded contract cost refers to the excess of the contracted cost of electricity under eligible contracts of NPC over the actual selling price of the contracted energy output of such contracts in the market. Under the EPIRA, recovery of stranded contract cost may be allowed provided that such contracts were approved by the Energy Regulatory Board (now the ERC) as of December 31, 2000.

In response to the temporary restraining order, and to provide guidance to relevant power industry players, the DOE issued DC2017-12-0013 and DC2017-12-0014 encouraging eligible contestable customers to voluntarily participate in the RCOA.

Subsequently, the DOE issued DC 2019-07-11 (Amending Various Issuances on the Implementation of the RCOA), which provides that contestable customers may voluntarily register as a trading participant in the WESM and that it shall source its electricity supply requirements from ERC-licensed/authorized suppliers. On March 2, 2021, the Philippine Supreme Court promulgated its decision, a copy of which was made publicly available on September 24, 2021, finally declaring DC 2015-06-0010 and the 2016 ERC RES Issuances void for being bereft of legal basis. As a result, the temporary restraining order issued by the Philippine Supreme Court in February 2017, which enjoined the DOE and ERC from implementing DC 2015-06-0010 and the 2016 ERC RES Issuances, has been made final. In the same decision, the Philippine Supreme Court also directed the ERC to promulgate the supporting guidelines to DC 2017-12-0013 and DC 2017-12-0014.

On December 28, 2020, the ERC issued Resolution No. 12, series of 2020 dated December 3, 2020 entitled “A Resolution Prescribing the Timeline for the Implementation of Retail Competition and Open Access (RCOA)”. ERC Resolution No. 12, series of 2020, mandates that RCOA shall be effective in grids where the WESM is operational and a separate rule shall be issued for the implementation of RCOA in Mindanao. Further, all suppliers of electricity shall be licensed/authorized by the ERC to supply electricity in the competitive retail electricity market.

Under ERC Resolution No. 12, the coverage of the RCOA is expanded for end-users with an average monthly peak demand of at least 500kW in the preceding 12 months, on a voluntary basis, subject to the effectivity dates prescribed by ERC. Under ERC Resolution No. 12, qualified contestable customers, with existing electronic meters capable of recording and reading interval of time with built-in communication port for remote and manual data retrieval, shall be allowed to switch to the competitive retail electricity market starting February 26, 2021. Meanwhile, qualified contestable customers with existing electronic meters capable of recording and reading interval of time, but which would need to be enhanced with a communication port for remote and manual data removal, shall be allowed to switch to the competitive retail electricity market upon completion of installations of such enhancements until March 28, 2021.

On March 1, 2024, the DOE declared March 26, 2024 as the commencement date of commercial operations of RCOA in the Mindanao Grid and set forth relevant guidelines relating thereto. In relation thereto, the ERC issued ERC Resolution No. 06, series of 2024, which provided that all electricity end-users in Mindanao with an average monthly peak demand of at least 500kW for the 12 months preceding March 26, 2024 shall be eligible to participate in the RCOA.

On November 20, 2025, the ERC issued ERC Resolution No. 22, Series of 2025, entitled “A Resolution Lowering the Eligibility Threshold for Retail Competition and Open Access (RCOA) and Retail Aggregation Program (RAP)”. ERC Resolution No. 22, Series of 2025 provides that the demand threshold for eligibility to the CREM/RCOA and RAP shall be the average monthly peak demand of at least 100kW.

### ***Unbundling of Rates and Removal of Cross Subsidies***

The EPIRA mandates that distribution wheeling charges be unbundled from retail rates and that rates reflect the respective costs of providing each service. The EPIRA also states that cross-subsidies shall be phased out within a period not exceeding three years from the establishment by the ERC of a universal charge, which shall be collected from all electricity end-users. However, the ERC may extend the period for the removal of the cross-subsidies for a maximum of one year if it determines that there will be a material adverse effect upon the public interest or an immediate, irreparable and adverse financial effect on a distribution utility.

These arrangements are now in place, in satisfaction of the conditions for the RCOA.

The EPIRA likewise provides for a socialized pricing mechanism called a lifeline rate to be set by the ERC for marginalized or low-income captive electricity consumers who cannot afford to pay the full cost of electricity. These end-users are exempt from the cross-subsidy phase-out for a period of ten years, which exemption was extended until 2021 under Republic Act No. 10150. On May 27, 2021, President Duterte signed into law Republic Act No. 11552, which further amended the EPIRA by extending the implementation of the lifeline rate until 2051, unless extended by law. The amendatory law also specified the qualified marginalized end-users who are entitled to the lifeline rate, namely, (i) qualified household-beneficiaries under the *Pantawid Pamilyang Pilipino* Program of the Philippine government whose level of consumption are within the threshold determined by the ERC, and (ii) marginalized end-users who have been certified and continually validated as such by their distribution utility based on a criteria determined by the ERC.

### ***Implementation of the Performance-Based Regulation (“PBR”)***

The ERC issued the Rules for Setting Distribution Wheeling Rates that apply to privately owned distribution utilities entering PBR, which set out the manner in which the new PBR rate-setting mechanism for distribution-related charges will be implemented. PBR is intended to replace the return-on-rate-base regulation that has historically determined the distribution charges paid by the distribution companies’ customers. Under the PBR, the distribution-related charges that distribution utilities can collect from customers over a four-year regulatory period will be set by reference to projected revenues determined through a set regulatory asset base, the efficiency of the distribution utility and the latter’s capital, all of which are reviewed and approved by the ERC and used by the ERC to determine the efficiency factor of a distribution utility. For each year during the regulatory period, the distribution charge of a distribution utility is adjusted upwards or downwards taking into consideration the efficiency factor of the utility set against changes in overall consumer prices in the Philippines. The ERC has also implemented a performance incentive scheme whereby annual rate adjustments under PBR will also take into consideration the ability of a distribution utility to meet or exceed service performance targets set by the ERC, such as the average duration of power outages, the average time to provide connections to customers and the average time to respond to customer calls, with utilities being rewarded or penalized depending on their ability to meet these performance targets.

### ***Competitive Selection Process***

Under prevailing regulations, DUs and ECs are mandated to undertake a CSP in the procurement of PSAs to ensure the security and certainty of electricity prices of electric power in the long-term.

On February 1, 2018, the DOE issued the DOE CSP Policy, which sets forth the department’s policy on the conduct of CSP in the procurement by DUs and ECs. Under the DOE CSP Policy, all PSAs are required to be procured through the CSP, except in the following instances: (i) generation project owned by the DU funded by grants or donations; (ii) negotiated procurement of emergency power supply with a cooperation period not exceeding one year; (iii) provision of power supply by any mandated government owned and controlled corporations for off-grid areas prior to, and until the entry of new power providers in the area; and (iv) provision of power supply by PSALM through bilateral contracts. In the event the CSP fails twice, and there is no outstanding dispute on the conducted CSP, the DU or EC may use direct negotiation for purposes of procuring the relevant PSA. While the DOE CSP Policy effectively revoked the authority of the ERC to issue supplemental guidelines and procedures relating to implement the CSP, the DOE directed the ERC to: (i) establish and impose existing fines and/or penalties for non-compliance with the DOE CSP Policy, (ii) review compliance with the requirements of CSP, (iii) develop a template PSA to

be used with electric power industry participants, and (iv) develop rules and procedures to address disputes arising from the conduct of the CSP.

On September 24, 2021, the DOE issued DC 2021-09-0030 amending and supplementing certain provisions of the DOE CSP Policy. Under the DOE CSP Policy, as amended by DC 2021-09-0030, DUs and ECs shall, as a general rule, adopt competitive public bidding. However, alternative methods of procurement may be resorted to subject to the conditions provided therein. DC 2021-09-0030 also introduced procurement through unsolicited proposal as an alternative mode of procurement. In any given year, the capacity to be procured through unsolicited proposal shall not exceed 25% of the DU's or EC's peak demand for the year of the commercial operations of such unsolicited proposal, less any capacity procured through unsolicited proposal for commercial operations in the same year.

On June 30, 2023, the DOE issued Department Circular No. DC 2023-06-0021, promulgating the policy for the mandatory conduct of the competitive selection process by the distribution utilities for the procurement of power supply for their captive market (the "**CSP Rules**"), with the intention of simplifying the CSP procedure. The CSP Rules repealed the following department circulars of the DOE: DC2015-06-0008; DC2018-02-0003; DC2021-090030; and DC2022-06-0027. Under the CSP Rules, all power supplied under bilateral contracts shall be procured through CSP, except in the following instances: (i) provision for power supply by the NPC in off-grid areas prior to and until the entry of new power providers ("**NPPs**") or in emergency circumstances; (ii) provision for power supply by the PSALM through bilateral contracts for power produced from the undisposed generating assets and contracts with an independent power producer; (iii) power supply procured by any DU exercising the Opt-in Mechanism under the Green Energy Auction Program; (iv) supply to any DU from any generating plant embedded in its franchise area utilizing renewable energy resources wherein the contracted capacity of the embedded generation plant/s shall not exceed 10 MW per DU; (v) negotiated procurement of emergency power supply wherein the emergency power supply agreement shall be filed with the ERC within 30 calendar days after the occurrence of the force majeure, without need of any prior DOE clearance and with a maximum and non extendible period of one year from execution; and (vi) off-grid areas served or to be served by NPPs with less than 1 MW demand with 24-hour electricity service not covered by (i).

Pursuant to Department Circular No. DC2024-06-0018, the DOE issued Department Circular No. DC 2025-120029 on December 22, 2025 to provide specific guidelines for the conduct of, and award of renewable energy service contracts ("**RESCs**") under an open and competitive selection process ("**OCSP**"). DC 2025-12-0029 further established the Review and Evaluation Committee which has been mandated to examine, evaluate, and review the completeness of applications of renewable energy applicants to participate in the OCSP, including their legal, technical, and financial qualifications and/or capabilities.

### ***Reduction of Taxes and Royalties on Indigenous Energy Resources***

To equalize prices between imported and indigenous fuels, the EPIRA mandates the President of the Philippines to reduce the royalties, returns and taxes collected for the exploitation of all indigenous sources of energy, including but not limited to, natural gas and geothermal steam, so as to effect parity of tax treatment with the existing rates for imported coal, crude oil, bunker fuel and other imported fuels. Following the promulgation of the IRR, then President Arroyo issued Executive Order No. 100, s. 2002, to equalize the taxes among fuels used for power generation. This mechanism, however, is yet to be implemented.

### ***Framework for Energy Storage System in the Electric Power Industry***

DOE Department Circular No. DC2019-08-0012 dated August 1, 2019 sets forth the framework for energy storage systems in the electric power industry in the Philippines (the "**ESS Framework**"). An energy storage system ("**ESS**") refers to a facility acting as a load and a generator, which is designed to receive, store and convert such energy to electricity. ESS technologies include BESS, compressed air energy storage, flywheel energy storage, pumped-storage hydropower, and other emerging technologies that may be identified, qualified and approved by the DOE as ESS.

Under the ESS Framework, the following electric power industry participants may own and operate ESS: (i) generation companies, either as a stand-alone generating facility or an integrated ESS in its existing generating facilities; (ii) directly connected customers, for the purpose of managing their energy demands; (iii) end-users, for the purpose of managing their energy demands; (iv) qualified third parties, in conjunction with renewable energy-based generating facilities or as part of hybrid power systems to provide continuous electric service to households in the form of either a micro-grid or a distributed energy resource. Transmission network provider, small grid owner, system operator and system operator-small grid are prohibited from owning and operating an ESS. Further, the Transmission network provider is required to consider BESS as an alternative solution in addressing transmission issues such as line congestion and to consider ESS applications to defer network upgrades. In addition, the system operator is directed to optimize the addition of BESS (or ESS) into its ancillary services pool and prioritize environmentally friendly sources of energy.

Under the ESS Framework, ESS proponents shall apply and register their ESS for one or more of the following purposes:

- provision of ancillary services;
- provision of energy through bilateral supply contract or trading in the WESM;
- manage the penetration of renewable energy;
- auxiliary load management for generation companies;
- transmission/distribution facility upgrades deferment;
- transmission congestion relief;
- end-user demand management;
- distribution utility demand management; and
- distribution utility power quality management.

An ESS that provides frequency regulation, as part of the ancillary services, must be at least 20 MW for the Luzon Grid and at least 5 MW for the Visayas and Mindanao Grids.

All ESS proponents are required to secure (i) a Certificate of Compliance as a generation company from the ERC pursuant to existing guidelines on licensing of generation facilities; (ii) an environmental compliance certificate or any other equivalent document from the DENR; and (iii) other requirements by relevant government agencies pursuant to their existing guidelines. Distribution utilities that intend to enter into a PSA with ESS proponents for the supply of electricity to its captive customers shall observe (a) market share and bilateral contract limitations under Section 45 of the EPIRA; and (b) the DOE CSP Policy.

All ESS facilities shall comply with the rules and regulations on safety, health, environmental standards and proper disposal enforced by appropriate government agencies. In addition, ESS facilities connected to the transmission system as well as ESS connected to the distribution system with capacity equal to or above the following regional thresholds:

- 10 MW for Luzon Grid;
- 5 MW for Visayas Grid; and
- 5 MW for Mindanao Grid.

are mandated to register in the WESM and shall be classified under the generation company category, in accordance with the WESM rules and market manuals. All ESS integrated in generation facilities of generation companies are required have a separate registration in the WESM and shall comply with the requirements on separate metering and monitoring facilities,



among others.

### **Government Approval Process**

As set forth in the EPIRA, power generation is not considered a public utility operation. Thus, an entity engaged or intending to engage in the generation of electricity is not required to secure a national franchise. However, no person or entity may engage in the generation of electricity unless such person or entity has complied with the standards, requirements and other terms and conditions set by the ERC and has received a certificate of compliance from the ERC to operate facilities used in the generation of electricity. A certificate of compliance is valid for a period of five years from the date of issuance.

In addition to the certificate of compliance requirement, a generation company must comply with government-prescribed technical, financial capability, health, safety and environmental standards. A generation company must ensure that all its facilities connected to the grid meet the technical design and operational criteria of the Grid Code and Distribution Code promulgated by the ERC. In this connection, the ERC has issued guidelines setting the minimum financial capability standards for generation companies. Under the guidelines, a generation company is required to meet a minimum annual interest cover ratio or debt service capability ratio (which measures the ability of the power generation company to service its debts) of 1.5x throughout the period covered by its certificate of compliance. For certificate of compliance applications and renewals, the guidelines require the submission to the ERC of, among other things, a schedule of liabilities, and a five-year financial plan. For the duration of the certificate of compliance, the guidelines also require a generation company to submit audited financial statements and forecast financial statements to the ERC for the next two financial years, as well as other documents. The failure by a generation company to submit the requirements prescribed by the guidelines may be grounds for the imposition of fines and penalties.

With the introduction of RCOA, the rates charged by a generation company are no longer regulated by the ERC, except rates for Captive Markets (as determined by the ERC). In addition, since the establishment of the WESM, generation companies are now required to comply with the membership criteria and appropriate dispatch scheduling as prescribed under the WESM Rules.

In the course of developing a power plant, other permits, approvals and consents must also be obtained from relevant national, provincial and local Government authorities, relating to, among others, site acquisition, construction and operation, including environmental-related licenses and permits.

In October 2020, DOE Secretary Alfonso G. Cusi announced that the periodic assessment of the country's energy requirements has led the DOE to declare a moratorium on endorsements for greenfield coal power plants.

On January 11, 2021, the DOE issued an advisory dated December 22, 2020 with subject "Moratorium of Endorsements for Greenfield Coal-Fired Power Projects in Line with Improving the Sustainability of the Philippines' Electric Power Industry." Under this advisory, effective October 27, 2020, the DOE would no longer process applications for greenfield coal-fired power generation facility projects requesting for endorsements. However, existing and operational coal-fired power generation facilities as well as any coal-fired power project which comply with the following parameters will not be affected by the moratorium:

- (i) committed power projects;
- (ii) existing power plant complexes which already have firm expansion plans and existing land site provision; and
- (iii) indicative power project with substantial accomplishments, specifically:
  - with signed and notarized acquisition of land or lease agreement for the project; and
  - with approved permits or resolutions from local government units and the relevant regional development council where the power plant will be located.

On 14 October 2025, the DOE issued an advisory with the subject “Clarification on the Non-Coverage to the Coal Moratorium Policy.” Under this advisory, the DOE outlined non-coverage to the coal moratorium, specifically, (i) industrial parks intending to develop and use coal-fired power plants for their own operations, (ii) coal power for mining and processing of critical minerals essential to energy transition projects, (iii) coal-fired power projects to be located in off-grid areas, and (iv) new capacity from on-grid coal-fired power plants solely under exceptional circumstances (such as during a declared or imminent power crisis, or when there is an imminent shortage of electricity supply that, if unaddressed, may lead to severe impacts in specific areas or regions, as determined by the DOE).

### ***Ancillary Services***

Under the EPIRA, NGCP has the obligation to ensure and maintain the reliability, adequacy, security, stability and integrity of the grid in accordance with the performance standards for its operations and maintenance, as set forth in the Grid Code, and to adequately serve generation companies, distribution utilities and suppliers requiring transmission service and/or ancillary services through the transmission system.

In the performance of its functions as the grid system operator, NGCP requires ancillary services to ensure the power quality and stability of the grid. Ancillary services, as defined in Section 4(b) of the EPIRA, are services necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the transmission system in accordance with the good utility practice and the Grid Code. These are support services to provide frequency control and include Primary Reserve, Secondary Reserve, and Tertiary Reserve.

In order to maintain the security and integrity of the grid, the system operator shall operate the grid in such a manner as to provide adequate frequency control to achieve operations within frequency limits at all times. Achieving effective frequency control requires the following ancillary services which are differentiated depending on their response time and sustainability.

- Primary Reserve Ancillary Service (“**PRAS**”). This reserve shall cover sudden outage or failure of synchronized generating unit or transmission line links or the power import from a single circuit interconnection, whichever is larger. The capacity of the PRAS provider should not be used in the regular energy supply but can be set to respond on small variations to system frequency to support the Secondary Reserves.
- Secondary Reserve Ancillary Service (“**SRAS**”). The system operator through AGC shall use the Secondary Reserve to restore the system frequency from the quasi-steady state value as established by the Primary Response and Reserve of generating units back to the nominal frequency of 60 Hz during contingent event. Small variations to system frequency to support the balance through Governor Control Mode (“**GCM**”) may be initiated. Where the Automatic Generation Control (“**AGC**”) function of the system operator is not fully operational, dispatcher may instruct the generator to transfer to GCM as well. SRAS should be controlled by the system operator through AGC with various AGC modes and frequency deadband settings in order to regulate the system frequency and the speed governing system shall be capable of accepting raise and lower signals or set point signals from the Control Center of the system operator.
- Tertiary Reserve Ancillary Service (“**TRAS**”). The capacity of the qualified generating units offered for this Ancillary Service should not be part of the regular energy supply and can either be synchronized to respond within 15 minutes or off-line provided that it can fully provide the required reserve within 30 minutes from the receipt of dispatch instruction. The Tertiary Reserve provider should be able sustain its contributed capacity for at least 60 minutes. If and only if, the Primary and Secondary Reserves have been exhausted, the system operator shall make use of the Tertiary Reserve to return/maintain the system frequency to 60Hz in cases of: tripping of a generating unit or a transmission line which creates generation-load unbalance, unplanned loss of the power import, disconnection of a large load or load blocks, system frequency increases above 60.1 Hz or reduces below 59.9 Hz and it is not possible to return it to nominal values with appropriate use of the Primary

and Secondary Reserves. TRAS should be capable of operating through AGC or manual mode and shall be monitored and controlled by the system operator.

To implement and regulate the procurement of ancillary services, the ERC approved the Ancillary Services Procurement Plan (the “**ASPP**”) and the Ancillary Services — Cost Recovery Mechanism (the “**AS-CRM**”) on March 9, 2006 and October 3, 2007, respectively. Under the AS-CRM, NGCP secures Ancillary Services through the ASPA with qualified generation companies. For ancillary services arranged via the ASPA, the OATS Rules, the ASPP and the AS-CRM will be applied.

All ancillary services contracted by NGCP from qualified generators will be recovered through rates and charges from the generation customers, embedded generation customers and load customers, where applicable, subject to approval of the ERC.

ASPAs require the substantial completion of the project prior to contracting with the NGCP and are subject to ERC approval. These are generally for a term of five years, extendible for another five years with relatively standard rates, particularly for regulating reserves.

Under prevailing DOE regulations, the system operator (or NGCP as the current concessionaire of TransCo) is mandated to conduct CSP for its ASPAs in accordance with the guidelines promulgated by the DOE. On October 4, 2021, DOE issued DC2021-10-0031 which prescribes the policy for the transparent and efficient procurement of ancillary services by the system operator and requires that all ASPAs shall be entered into by NGCP in accordance with the competitive procurement mechanisms provided thereunder. DC2021-10-0031 provides that within six months from effectivity thereof, NGCP shall conduct a CSP for the procurement of ancillary services for a contract period of a maximum of five years. Direct negotiation may be made after at least two CSPs, provided that there is no outstanding dispute on the conducted CSP. The ERC, in the exercise of its powers and functions under the EPIRA shall have the power to review whether the parties have complied with the requirements of CSP for ancillary services. All non-firm ASPAs not converted to firm ASPAs upon effectivity of DC2021-10-0031 shall be valid and effective. However, for purposes of dispatching of ancillary services, the firm ASPAs will be prioritized.

### ***Philippine Downstream Natural Gas Regulations***

On November 28, 2017, DOE issued DC2017-11-0012 which provides the rules and regulations governing the Philippine Downstream Natural Gas Industry (“**PDNGI**”). DC2017-11-0012 sets forth the rules and regulations for siting, design, construction, expansion, rehabilitation, modification, operation, and maintenance of the downstream natural gas industry value chain. DC2017-11-0012 covers all downstream natural gas facilities and the operations or activities relating thereto, such as importation of LNG, storage, regasification, transmission and distribution to customers including the pipeline and its related facilities used to transport natural gas, as well as the operations or activities related thereto after the point of sale up to the last connection point to the customers.

Under DC2017-11-0012, no person, natural or juridical, shall construct, expand, rehabilitate, modify, operate or maintain a downstream natural gas facility unless authorized to do so by the DOE. Further, a person who intends to engage in the importation of any quantity of natural gas shall apply for accreditation with the Oil Industry Management Bureau of the DOE (“**DOE-OIMB**”). Prior to any importation, the accredited importer shall send a pre-importation notice to DOE-OIMB within the required period prior to loading of every importation. Upon compliance with the pre-importation requirements of the DOE, the DOE-OIMB shall issue an Acknowledgement to Import LNG which shall serve as primary authority for the accredited importer to import the specified quantity of LNG. Post-importation notice shall be submitted to the DOE-OIMB not later than 20 working days after unloading of every importation.

Retail prices of natural gas converted from LNG shall be deregulated. However, such retail price is required to be unbundled to the extent of reflecting the following basic pricing components: (i) Landed Cost of the natural gas; and (ii) Tolling Fee. The term “Landed Cost” refers to the cost of imported LNG upon delivery to the Philippines, which consists generally of the total of free on board, insurance, freight cost, currency conversion, custom duties, taxes, port-related fees, and other applicable fees. The “Tolling Fee” is composed of capacity payments, operating expenses,

taxes and other incidental costs used for receiving, storage, and regasification of LNG into natural gas form usable as fuel and its delivery to the customer or buyer.

Excess capacity of the LNG import terminal facilities, transmission system (i.e., the pipeline and related facilities used to transport LNG extending between the connections from the gathering facilities to the last connection point before the distribution system), distribution system (i.e., the pipeline and related facilities used to transport LNG extending between the last delivery points of the transmission system to the last connection point to the customer) and other services offered by the grantee of a permit to operate and maintain under DC2017-11-0012 (the “**POM Grantee**”) shall be available and accessible to third parties on a transparent and non-discriminatory basis. The term “capacity” is defined under DC2017-11-0012 as the “maximum capacity of the natural gas facility to provide the services for which that natural gas facility is developed, expressed in normal cubic meters per time unit or in energy unit per time.”

As of the date hereof, the guidelines for third party access has yet to be issued by the DOE. Such guidelines shall however be based on the principles espoused under Section 1, Rule 8 of the DC2017-11-0012 which focuses primarily on transparency and encouraging competition to provide efficiencies and lower costs and prices to consumers. Under DC2017-11-0012, the POM Grantee shall determine, subject to the review and recommendation of the DOE’s Downstream Natural Gas Review and Evaluation Committee and approval of the DOE Secretary, the maximum and excess capacity of the natural gas facilities to be offered to third parties. The POM Grantee shall allocate such excess capacity based on, but not limited to, the following criteria, as they pertain to the third-party user:

- (a) proposed contract price and terms;
- (b) credit-worthiness;
- (c) existence of offtake facility; and
- (d) ability to meet fuel specification parameters of the LNG facility.

On February 1, 2019, the DOE issued DC2019-02-004, requiring all entities engaged in the business of importing, trading, supply and distribution of natural gas to comply with the specifications of PNS/DOE QS 011:2016 “Petroleum gases — Natural gas — Quality Specification”. Non-compliance with the foregoing requirement shall be a ground for the suspension or cancellation of the accreditation and the non-issuance of Acknowledgement to Import for succeeding applications.

On January 12, 2024, the DOE issued Department Circular No. DC 2024-01-007, or the “Amended Philippine Downstream Natural Gas Regulations” (the “**Amended PDNGR**”). Under the Amended PDNGR, no person, natural or juridical, shall construct, expand, rehabilitate, modify, operate or maintain a downstream natural gas facility unless authorized and issued with a permit in accordance with the guidelines for issuance of operator’s permit. The Amended PDNGR also provides, among others, that no natural or juridical person shall conduct trade of natural gas through a downstream natural gas facility unless a downstream natural gas facility unless authorized, and issued an accreditation, by the DOE in accordance with the guidelines for issuance of participant’s accreditation. A person who intends to engage in the supply, aggregation and resale (including importation) of any quantity of natural gas shall apply for accreditation with the Oil Industry Management Bureau of the DOE (“**DOE-OIMB**”).

The entire capacity of a downstream natural gas facility of an accredited operator may, in its discretion, be offered for a third-party access. An accredited downstream natural gas facility operator may also publicly offer its entire or a portion of its capacity to, or enter into a negotiated third-party access arrangement with, third-party end user or non affiliates. The public offer or negotiated agreement for third-party access shall be done in accordance with the guidelines set forth in the Amended PDNGR.

## Regulations relating to energy projects of national significance

On June 28, 2017, President Duterte issued Executive Order No. 30 (“**EO 30**”) which created the Energy Investment Coordinating Council (the “**EICC**”) in order to streamline the regulatory procedures affecting energy projects. In the said order, the President declared that it is the policy of the Philippine Government to ensure a continuous, adequate and economic supply of energy; and, accordingly, an efficient and effective administration process for energy projects of national significance (“**EPNS**”) should be developed in order to avoid unnecessary delays in the implementation of the Philippine Energy Plan (“**PEP**”).

The EICC is mandated to spearhead and coordinate national government efforts to harmonize, integrate and streamline regulatory processes, requirements and forms relevant to the development of energy investments in the country, primarily with regard to EPNS, to uphold transparency and accountability among concerned agencies. The rules, regulations and processes to be agreed upon within the EICC and to be adopted by its member-agencies shall adhere to the following baselines with regard to EPNS:

- *Presumption of prior approvals* — Government agencies and instrumentalities that receive an application for a permit involving EPNS shall process such applications without awaiting the action of any other agency. The processing agency shall act on the presumption that the relevant permits from other government agencies had already been issued.
- *Action within 30 days* — Government agencies and instrumentalities shall act upon applications for permits involving EPNS within a specified processing timeframe not exceeding 30 days from the submission of complete documentary requirements. Should such application be denied, the denial should be made in writing, expressly providing the grounds therefor. If no decision is made within the specified processing timeframe, the approving authority may no longer deny the application and shall issue the relevant permit within five working days after the lapse of such period.

No deviation from the baselines shall be allowed except when absolutely necessary either to enable an agency to comply with specific statutory directive or to avoid prejudicing the public interest. The procedures for the issuance of environmental compliance certificates which may be required for EPNS shall be among the matters to be discussed within the EICC.

On April 25, 2018, the DOE issued Department Circular No. 2018-04-0013, setting for the implementing rules and regulations of EO 30. The rules provide, among others, that a project registered with the DOE as an EPNS is entitled to the following rights, among others: (i) processing time of 30-working days upon submission to the relevant government agency of complete documentary requirements, (ii) to have its application processed, without awaiting the action of other government agencies where such action is a precondition to such application, (iii) on the assumptions that the submitted requirements are complete in substance and form, actions to be taken for the project must not exceed 30 working days and (iv) upon the determination of any defect or lapses in substance and form of the submitted documents, the project proponent shall be notified and will be given appropriate time to take the necessary actions. The foregoing rights extend to associated infrastructure of the project registered as an EPNS.

The DOE, in its December 10, 2020 advisory, suspended the issuance of certificate of EPNS to allow the evaluation of the effectiveness of such certificate in terms of securing regulatory permits, licenses, endorsements, and other requirements relevant to the timely development and completion of an EPNS. On October 31, 2023, the DOE issued an advisory with respect to the renewed issuance of certificates of EPNS, in addition to current mechanism and platforms under the EVOSS system and other existing laws, rules and regulations to further streamline the processing of permitting and licensing of energy projects and thereby ensure their timely implementation.

On April 1, 2024, the DOE issued Department Order No. 2024-04-0003 providing for the revised framework and guidelines for the processing of applications for a certificate of EPNS. Department Order No. 2024-04-0003 provides, among others, that all applications shall be submitted to the DOE Investment Promotion Office, which shall commence initial evaluation of completeness of

documentary submissions, subject to further technical evaluation of relevant bureaus within the DOE, depending on the type of the project.

Under Department Order No. 2024-04-0003, major energy projects that may be identified and certified as EPNS shall be those found under the Philippine Energy Plan or those that are consistent with the policy and goals specified therein for the following:

- (a) Upstream and downstream sectors – exploration, development, production, utilization, commercialization, and application of energy resources, either conventional or non conventional, including associated facilities and processes;
- (b) Power sector – power generation, transmission, distribution, and ancillary services;
- (c) Electric vehicles and alternative energy sources – development and promotion of electric vehicles, alternative energy sources, and technologies and their application; or
- (d) All other energy projects, programs, and endeavors identified by the DOE.

A project must have the following attributes to be certified as EPNS:

- (a) significant capital investment of at least ₱3.5 billion;
- (b) significant contribution to the country's economic development, provided that this pertains to the potential of the project to promote to greater access to energy and energy supply security of the country;
- (c) significant consequential economic impact, provided that this pertains to the potential of the project to generate jobs, employment and increase revenues for the government, among others;
- (d) significant potential contribution to the country's balance of payments, provided that this refers to the potential of the project to contribute to the inflow of foreign investment capital;
- (e) significant impact on the environment, provided that this pertains to the potential of the project to contribute to sustainability with minimal adverse effects to the environment;
- (f) significant complex technical processes and engineering designs, provided that these refer to projects involving newly developed or pioneering energy systems and/or technologies; and
- (g) significant infrastructure requirements, provided that the project has associated infrastructure.

A holder of a certificate of EPNS shall be entitled to, among others, an expedited processing time under the periods prescribed by the EVOSS Act or EO 30, as applicable, upon submission of the complete documentary requirements to relevant agencies and entities, without awaiting the action of other government agencies involved in the processing. A holder of a certificate of EPNS applying for a permit with a government agency shall be presumed to have been issued all relevant permits from other government agencies. This extends only insofar as the permitting process with the said government agency is concerned. In addition, the certificate of EPNS shall be equivalent to the endorsement of the DOE for the permitting by government agencies of energy projects. If there is any defect or place in the substance and form of the documents submitted by the holder of a certificate of EPNS, it shall be notified and be given time to rectify the same. If its application is denied, the holder of a certificate of EPNS shall be entitled to a written explanation from the government agency which should contain the reasons or grounds for the denial.

### **Energy Virtual One-Stop Shop (“EVOSS”)**

On March 8, 2019, Republic Act No. 11234, otherwise known as the “Energy Virtual One-Shop Act” (the “**EVOSS Act**”), was signed into law establishing an energy virtual one-stop shop under the supervision of the DOE. The EVOSS is a web-based system that allows the coordinated submission and synchronous processing of all required data and information and provides a single decision-making portal for actions on applications for permits and/or certifications necessary for,

or related to, an application of a proponent for new power generation, transmission or distribution projects.

Under the EVOSS Act, the relevant government agencies have the obligation to ensure that all actions on applications before it and its attached bureaus, offices, and agencies, at both the national and local levels, government-owned and -controlled corporations as well as local government units and other entities involved in the permitting process shall be released within the time frames stated in the EVOSS Act. Failure of the mother agency and its attached bureaus, offices, and agencies at both the national and local levels, including government-owned and -controlled corporations as well as local government units and other entities involved in the permitting process, to release its action on applications duly submitted with complete supporting electronic documents within the prescribed time frame shall cause applications to be deemed approved, provided that such deemed approval shall not apply to actions by DENR and ERC on applications by fossil fuel-based technologies such as coal, natural gas, and oil.

The EVOSS Act mandates participation and compliance by all government agencies and other relevant entities involved in the permitting process of all new power generation, transmission and distribution projects. A government's official and/or employee's willful refusal to participate in the EVOSS and failure to comply with the mandated time frames as provided in the EVOSS Act and its implementing rules, or as imposed by the EVOSS steering committee, shall be considered an administrative offense, and may be penalized with suspension without pay or dismissal and perpetual disqualification from public service, as applicable, without prejudice to the filing of criminal, civil or other related charges under existing laws, as may be appropriate.

The EVOSS Steering Committee, the inter-agency body created by the EVOSS Act which was tasked to streamline the process flow of the permitting process for energy-related projects and to set up the EVOSS, was dissolved by operation of law on March 30, 2021, or two years from the effectivity of the EVOSS Act. On July 2, 2021, President Duterte issued Executive Order No. 143, series of 2021, creating the EVOSS Task Group to oversee the continued implementation of EVOSS and its implementing rules and regulations. The task force shall exercise the same functions and powers as the EVOSS Steering Committee, as provided under the EVOSS Act, and other additional functions such as monitoring and ensuring the increasing operationalization of EVOSS.

### **Registration under the BOI**

Under the Executive Order No. 226, otherwise known as the Omnibus Investments Code, as amended, a BOI-registered enterprise enjoy certain incentives, both financial and non-financial, provided such enterprise invests in preferred areas of investment enumerated in the Investment Priorities Plan annually prepared by the Government. However, prior to registration with the BOI, the enterprise must first satisfy the minimum equity required to finance the project applied equivalent to 25% of the estimated project cost, or as may be prescribed by the BOI. Such incentives include: (i) income tax holiday, (ii) exemption from taxes and duties on imported spare parts; (iii) exemption from wharfage dues and export tax, duty, impost and fees; (iv) reduction of the rates of duty on capital equipment, spare parts and accessories; (v) tax exemption on breeding stocks and genetic materials; (vi) tax credits; (vii) additional deductions from taxable income; (viii) employment of foreign nationals; (ix) simplification of customs procedure; and (x) unrestricted use of consigned equipment.

On April 12, 2019, Republic Act No. 11285, otherwise known as the Energy Efficiency and Conservation Act, was enacted. Under the said law, upon certification by the DOE, energy efficiency projects shall be included in the annual investment priorities plan of the BOI and shall be entitled to the incentives provided under Executive Order No. 226, as amended, and any other applicable laws for 10 years from the effectivity of the Act. Said energy efficiency projects shall also be exempt from the requirements provided under Article 32(1) of Executive Order No. 226. Energy efficiency projects refer to projects designed to reduce energy consumption and costs by any improvement, repair, alteration, or betterment of any building or facility, or any equipment, fixture, or furnishing to be added to or used in any building, facility, or vehicle including the manufacturing and provision of services related thereto: provided, that such projects shall be cost-effective and shall lead to lower energy or utility costs during operation and maintenance.

In view of the effectivity of the CREATE MORE Act (which took effect on November 28, 2024), registered business enterprises with incentives granted prior to the effectivity of the CREATE Law shall be subject to the following rules:

- (i) registered business enterprises whose projects or activities were granted only an income tax holiday prior to the effectivity of the law shall be allowed to continue to avail of the income tax holiday for the remaining period specified in the terms and conditions of their registration, provided that enterprises that have been granted the income tax holiday but have not yet availed of such incentive upon the effectivity of the law may use the income tax holiday for the period specified in the terms and conditions of their registration;
- (ii) registered business enterprises whose projects or activities were granted an income tax holiday prior to the effectivity of the law and that are entitled to 5% tax on gross income earned incentive after the income tax holiday shall be allowed to avail of the 5% tax on gross income incentive subject to the 10-year limit under the CREATE Law; and
- (iii) registered business enterprises currently availing of the 5% gross income earned incentive granted prior to the effectivity of the law shall be allowed to continue of such tax incentive for 10 years.

The implementing rules and regulations of the CREATE MORE Act was signed on February 17, 2025, and became effective on February 20, 2025.

### **Philippine Competition Act**

On July 21, 2015, the President of the Philippines signed into law Republic Act No. 10667 or the Philippine Competition Act, which became effective on August 8, 2015. It aims to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities, prevent economic concentration which will manipulate or constrict the discipline of free markets, and penalize all forms of anti-competitive agreements, abuse of dominant position and anti-competitive mergers and acquisitions, with the objective of protecting consumer welfare and advancing domestic and international trade and economic development. Although the Philippine Competition Act is silent on its applicability specifically to the electric power industry, Section 55(c) of the Philippine Competition Act provides that insofar as Section 43(u) of the EPIRA is inconsistent with provisions of the Philippine Competition Act, it shall be repealed. In view of this, the Philippine Competition Commission (the “**PCC**”) now has the original and exclusive jurisdiction over anti-competitive cases in the energy sector.

On May 31, 2016, the PCC promulgated rules and regulations in order to effectively carry out the provisions of the Philippine Competition Act. Under the Rules, parties to a merger or acquisition are required to provide notification to the PCC when the following thresholds are met: (i) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent company of at least one of the acquiring or acquired entities, including that of all entities that the ultimate parent company controls, directly or indirectly (“**Size of Party/Person**”), exceeds ₱1,000,000,000.00; and (ii) the value of the transaction (“**Size of Transaction**”) exceeds ₱1,000,000,000.00.

The Size of Party/Person and Size of Transactions have been gradually increased by the PCC to ensure that the thresholds maintain their real value over time and relative to the size of the economy. Beginning March 1, 2019 and for every subsequent year, the notification thresholds will be indexed based on the official estimates by the Philippine Statistics Authority of the nominal GDP growth for the previous calendar year rounded up to the nearest hundred million.

Under Commission Resolution No. 04-2025, effective March 1, 2025, the threshold for the Size of Party/Person was increased to ₱8,500,000,000.00, and the threshold for the Size of Transaction was increased to ₱3,500,000,000.00.

A transaction that requires mandatory notification and does not comply with the notification requirements and waiting periods shall be considered void and will expose the therein parties to an administrative fine of 1 to 5.0% of the value of the transaction. Further, criminal penalties for



such parties may be imposed, which include: (i) a fine of not less than ₱50,000,000.00 but not more than ₱250,000,000.00; and (ii) imprisonment for two to seven years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of ₱100,000,000.00 to ₱250,000,000.00 may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

### **Local Government Code**

Republic Act No. 7160, otherwise known as the Local Government Code of 1991 (the “**LGC**”) establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The LGC general welfare clause states that every local government unit (the “**LGU**”) shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

The power to tax and police power are exercised by the LGU through their respective legislative bodies. Specifically, the LGU, through its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of the prosperity, and the promotion of the morality, peace, good order, comfort, convenience, and general welfare of the locality and its inhabitants. Ordinances can reclassify land, impose real property taxes, regulate business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

### *Labor and Employment*

The Department of Labor and Employment (“**DOLE**”) is the Philippine government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws such as the Labor Code of the Philippines and the Occupational Safety and Health Standards (which sets out, among others, the guidelines applicable to different establishments intended for the protection of every workingman against the dangers of injury, sickness or death through safe and healthful working conditions), as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE.

### *Social Security System, PhilHealth and the Pag-IBIG Fund*

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 11199, the Social Security Act of 2018 to ensure coverage of employees following procedures set out by the law and the Social Security System (“**SSS**”). Under the said law, an employer must deduct from its employees their monthly contributions in an amount corresponding to his salary, wage, compensation or earnings during the month in accordance with the monthly salary credits, the schedule and the rate of contributions as may be determined and fixed by the Social Security Commission, pay its share of contribution and remit these to the SSS within a period set by law and/ or SSS regulations.

Employers are likewise required to ensure enrollment of its employees in a National Health Insurance Program administered by the Philippine Health Insurance Corporation a government corporation attached to the Department of Health tasked with ensuring sustainable, affordable and progressive social health insurance pursuant to the provisions of Republic Act No. 10606, the National Health Insurance Act of 2013. On February 20, 2019, Republic Act No. 11223, the Universal Health Care Act, was enacted, which amended certain provisions of the National Health Insurance Act of 2013. Under the said law, all Filipino citizens are now automatically enrolled into the National Health Program. However, membership is classified into two types, direct contributors and indirect contributors. Direct contributors refer to those who have the capacity to pay premiums, are gainfully employed and are bound by an employer-employee relationship, or are self-earning, professional practitioners, migrant workers, including their qualified dependents, and lifetime

members. On the other hand, indirect contributors refer to all others not included as direct contributors, as well as their qualified dependents, whose premium shall be subsidized by the national government including those who are subsidized as a result of special laws. Every member is also granted immediate eligibility for health benefit package under the program.

Under Republic Act No. 9679, the Home Development Mutual Fund Law of 2009, all employees who are covered by the SSS must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund.

### **Revised Corporation Code**

Republic Act No. 11232, also known as the Revised Corporation Code, was signed into law by President Duterte on February 20, 2019. The Revised Corporation Code took effect on February 23, 2019 upon completion of its publication in Manila Bulletin and the Business Mirror on February 23, 2019.

Among the notable amendments in the Revised Corporation Code are as follows: (i) corporations are now generally given a perpetual existence; (ii) a new section on one-person corporation was added; (iii) the requirement that at least 25% of the authorized capital stock must be subscribed, and at least 25% of the subscribed shares must be paid-up upon incorporation was removed; (iv) stockholders can now vote in absentia; (v) incorporators now include any person, partnership, association or corporation; and (vi) the powers of the SEC to prosecute and investigate offenses under the Revised Corporation Code has been expanded.

### ***Foreign Investments Act of 1991 (“FIA”)***

The FIA liberalized the entry of foreign investment into the Philippines. Under the FIA, foreigners can own as much as 100% equity in domestic market enterprises, except in areas specified in the Twelfth Regular Foreign Investment Negative List (the “**Negative List**”). This Negative List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws. Nationalized activities include, among others, land ownership, telecommunications, mining and the operation of public utilities.

In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. Likewise, under the Philippine Constitution, only citizens of the Philippines or corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens may engage in activities relating to the exploration, development and utilization of natural resources, which covers the utilization of natural resources for the operation of renewable energy power plants.

For the purpose of complying with nationality laws, the term Philippine National is defined under the FIA as any of the following:

- a citizen of the Philippines;
- a domestic partnership or association wholly-owned by citizens of the Philippines;
- a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines;
- a corporation organized abroad and registered to do business in the Philippines under the Revised Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos; or
- a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals.

In SEC Memorandum Circular No. 08 dated May 20, 2013, or the Guidelines on Compliance with

the Filipino-Foreign Ownership Requirements Prescribed in the Constitution and/or Existing Laws by Corporations Engaged in Nationalized and Partly Nationalized Activities, it is provided that for purposes of determining compliance with the nationality requirement, the required percentage of Filipino ownership shall be applied both to (a) the total number of outstanding shares of stock entitled to vote in the election of directors, and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors. A petition for certiorari questioning the constitutionality of SEC Memorandum Circular No. 8 dated May 20, 2013 was filed in June 2013. In *Jose M. Roy III v. Chairperson Teresita Herbosa* (G.R. No. 207246) dated April 18, 2017, the Supreme Court affirmed the validity of SEC Memorandum Circular No. 08 dated May 20, 2013.

In the 2014 case of *Narra Nickel Mining and Development Corporation, et.al vs. Redmont Consolidated Mines Corp* (G.R. No. 195580) and its corresponding motions for reconsideration (the “**Narra Nickel Case**”), the Supreme Court affirmed that the Grandfather Rule, wherein shares owned by corporate shareholders are attributed either as Filipino or foreign equity by determining the nationality not only of such corporate shareholders, but also such corporate shareholders’ own shareholders, until the nationality of shareholder individuals is taken into consideration, is to be used jointly and cumulatively with the Control Test, which merely takes into account the nationality of the listed shareholders of the corporation. Such joint and cumulative application shall be observed as follows: (i) if the corporation’s Filipino equity falls below sixty percent (60%), such corporation is deemed foreign-owned, applying the Control Test; (ii) if the corporation passes the Control Test, the corporation will be considered a Filipino corporation only if there is no doubt as to the beneficial ownership and control of the corporation; and (iii) if the corporation passes the Control Test but there is doubt as to the beneficial ownership and control of the corporation, the Grandfather Rule must be applied.

On March 2, 2022, President Duterte signed into law Republic Act No. 11647, which introduced amendments to the FIA. Among these amendments is the change in the definition of “investment” and “foreign investment.” It also created and defined the powers and authority of the Inter-Agency Investment Promotion Coordination Committee, which shall be responsible, among others, for integrating all promotional and facilitation efforts to encourage foreign investments in the country, and reviewing foreign investments in industries that are involved in activities which may threaten the territorial integrity and safety, security and well-being of Filipino citizens, which investments are made by foreign government-controlled entities or state-owned enterprises except independent pension funds, sovereign wealth funds and multi-national banks or are located in geographical areas critical to national security, and mandated the development of the Foreign Investment Promotion and Marketing Plan. Amendments to the provision on the registration of investments of foreign nationals were likewise introduced.

## **Environmental Matters**

### ***Environmental Compliance Overview***

SMGP applies the same focus and resources on operational excellence in its portfolio of coal-fired power plants as with its environmental compliance. Efficient emission mitigation begins with a dynamic fuel preparation process that ensures coal fineness through the use of reliable and versatile coal milling and grinding equipment. SMGP plans to use dynamic classifiers to further improve coal fineness in the future. This would allow more efficient burning of coal (reducing NO<sub>x</sub>) and the use of lower CV coal with lower sulfur content (reducing SO<sub>x</sub>). High CV coal with high sulfur content inherently does not only have higher emissions but are also significantly more expensive.

In addition to standard environmental control facilities customarily found in modern coal fired power plants such as enclosed coal conveyor and storage systems, ash storage systems, waste water treatment systems and air pollution and smoke stack systems, SMGP’s power plants have the following environmental control equipment and features that ensure that its NO<sub>x</sub>, SO<sub>x</sub> and particulate matter emissions within and below applicable local limits set by the DENR and emission limits set by the World Bank:

- CFB technology (used in SMGP’s greenfield power plants, Limay and Davao) operate the boilers at relatively lower pressure and temperatures (below 800 degrees centigrade)

compared to pulverized coal technology. This results in better combustion and lower NOx and material particulates.

- Limestone injection to the fuel as it goes to the boiler is used for SMGP's Plants to further reduce their SOx and particulate matter emissions.
- Unit 3 of Masinloc uses supercritical boiler technology which, relative to an ordinary PC boiler (subcritical), has a significantly better combustion process resulting to a much-improved heat rate of coal — meaning less coal is required to produce a megawatt of electricity. This also allows the use of lower CV and lower sulfur coal, which is a key factor to lower SOx emissions.
- For Sual and Masinloc PC units, SMGP uses Flue Gas Desulfurization ("**FGD**") equipment that can remove up to 90% of the SOx and particulate matter in the flue gas emissions of these plants. The FGDs use limestone and seawater to scrub SOx and particulate matter from the flue gases.
- For the greenfield plants, SMGP uses Electrostatic Precipitators ("**ESP**") to remove particulate matter such as dust and soot, through an electrostatic charge that captures these materials from the flowing gases on their way out the smoke stack.
- SMGP conducts regular meetings with the IPP of the Sual Power Plant to ensure the Plant's fuel efficiency and compliance to environmental standards.
- For the Masinloc PC Units, SMGP has reduced the CV and sulfur content of coal used from 6,100 kcal and 0.5% to only 5,500 kcal and 0.25%, respectively. This is accomplished without derating the power output of the units as a result of a recent retrofit work done on Unit 2 and preventive maintenance of Unit 1 that have retained and even improved the heat rate of these units.

SMGP also plans to explore the use of catalytic reduction technology on its PC Plants to further improve its NOx emissions. This is an advanced active emission control technology that injects a liquid reductant agent through a special catalyst which is predominantly ammonia, into the flue gases to capture and remove NOx emissions.

SMGP closely monitors and publishes on a weekly basis the emission data on the Limay and Davao Greenfield Power Plants, which is reviewed by both the DOE and the DENR. These power plants have emission levels that are less than 50% of the applicable local and World Bank emission limits.

### ***Environmental Regulation***

The operations of the businesses of SMGP are subject to various laws, rules and regulations that have been promulgated for the protection of the environment.

#### ***EISS Law***

The Philippine Environmental Impact Statement System (the "**EISS Law**") established under Presidential Decree No. 1586, which is implemented by the DENR, is the general regulatory framework for any project or undertaking that is either (i) classified as environmentally critical or (ii) is situated in an environmentally critical area. The DENR, through its regional offices or through the Environmental Management Bureau ("**EMB**"), determines whether a project is environmentally critical or located in an environmentally critical area and possesses all applications for an ECC.

The law requires an entity that will undertake any such declared environmentally critical project or operate in any such declared environmentally critical area to submit an Environmental Impact Statement (the "**EIS**") which is a comprehensive study of the significant impacts of a project on the environment. The EIS serves as an application for the issuance of an ECC, if the proposed project is environmentally critical or situated in an environmentally critical area; or for the issuance of a Certificate of Non-Coverage, if otherwise. An ECC is a Government certification that, among others, (i) the proposed project or undertaking will not cause significant negative environmental

impact; (ii) the proponent has complied with all the requirements of the EISS Law in connection with the project; and (iii) the proponent is committed to implement its approved Environmental Management Plan (the “**EMP**”) in the EIS. The EMP details the prevention, mitigation, compensation, contingency and monitoring measures to enhance positive impacts and minimize negative impacts and risks of a proposed project or undertaking.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents also required to establish an Environmental Monitoring Fund (the “**EMF**”) when an ECC is eventually issued. The EMF is to support the activities of the team monitoring the project proponent’s compliance with ECC conditions, EMP and applicable laws, rules and regulations.

Power plant operations are considered environmentally critical projects for which an EIS and an ECC are mandatory.

### **The Clean Water Act**

The Clean Water Act (Republic Act No. 9275) and its implementing rules and regulations provide for water quality standards and regulations for the prevention, control, and abatement of pollution of the water resources of the country. The Clean Water Act requires owners or operators of facilities that discharge regulated effluents (such as wastewater from manufacturing plants or other commercial facilities) to secure a discharge permit from the DENR which authorizes the owners and operators to discharge waste and/or pollutants of specified concentration and volumes from their facilities into a body of water or land resource for a specified period of time. The DENR, together with other Government agencies and the different local Government units, is tasked to implement the Clean Water Act and to identify existing sources of water pollutants, as well as strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law.

### **The Clean Air Act**

Pursuant to the Clean Air Act of 1999 (Republic Act No. 8749) and its implementing rules and regulations, enterprises that operate or utilize air pollution sources are required to obtain a Permit to Operate from the DENR with respect to the construction or the use of air pollutants. The issuance of the said permit seeks to ensure that regulations of the DENR with respect to air quality standards and the prevention of air pollution are achieved and complied with by such enterprises.

### **The Renewable Energy Act**

The Renewable Energy Act of 2008 (Republic Act No. 9513) aims to promote development and commercialization of renewable and environment-friendly energy resources such as biomass, solar, and wind through various tax incentives. Some of the tax incentives granted to renewable energy developers under the said law include (i) a seven-year income tax holiday; (ii) duty free importation of renewable energy machinery, equipment, and materials; (iii) special realty tax rates on equipment and machinery; (iv) zero percent VAT rate for power generated from these energy sources; and (v) the imposition of a reduced corporate tax of 10% on its net taxable income after the income tax holiday.

The RE Act establishes the framework for the accelerated development and advancement of renewable energy resources as well as the development of a strategic program to increase its utilization. The RE Act defines renewable energy resources as energy resources that do not have an upper limit on the total quantity to be used. Such resources are renewable on a regular basis, and their renewal rate is relatively rapid to consider availability over an indefinite period of time. These include, among others, biomass, solar, wind, geothermal, ocean energy, and hydropower conforming to internationally accepted norms and standards on dams, and other renewable energy

technologies.

The DOE is the lead agency mandated to implement the provisions of the law.

On October 1, 2019, the DOE issued DC 2019-10-0013 which provided the omnibus guidelines governing the award and administration of renewable energy contracts and the registration of renewable energy developers. DC 2019-10-0013 became effective on November 22, 2019, or 15 days after its publication in two newspapers of general circulation. DC 2019-10-0013 primarily harmonized the existing guidelines and procedures governing the transparent and competitive system of awarding renewable energy contracts and registration of renewable energy projects.

Under DC 2019-10-0013, renewable energy contracts (i.e., service agreements between the government and a renewable energy developer which grant to the developer the exclusive right to explore, develop, or utilize the renewable energy resource within a particular area) shall be awarded through open and competitive selection process or direct application. The open and competitive selection process shall be adopted for the selection and award of the service contracts for pre-determined areas covering any type of resource for commercial purposes. On the other hand, direct application shall be available for the selection and award of (i) renewable energy operating contracts (i.e., service agreements for the development and/or utilization of renewable energy resources which, due to their technical characteristics need not go through pre-development stage); (ii) service contracts covering pre-determined areas following a failed open and competitive selection process; and (iii) service contracts for areas identified by the applicant and verified with and confirmed by the DOE-Information Technology Management Services as available for exploration, development and/or utilization of the proposed renewable energy resource.

On December 24, 2021, DOE issued DC2021-12-0042 which prescribed amendments to the rules and regulations implementing the RE Act. Among the amendments introduced is the requirement for registered renewable energy developers to submit a sworn undertaking to pass on the savings, which are derived from income tax incentives under the RE Act, to the end-users in the form of lower power rates. For purposes of availment of incentives under the RE Act, renewable energy developers must remain in good standing as determined based on specific criteria, such as, but not limited to: (i) compliance with obligations under the RE Act, its implementing rules and regulations and other applicable law; (ii) compliance with directives of DOE; (iii) compliance with pre-registration/registration conditions required by DOE; (iv) compliance with reportorial requirements; and (v) remittance of government shares and payment of applicable financial obligations. Failure by renewable energy developers to comply with the abovementioned criteria shall be sufficient ground for termination or cancellation of its renewable energy contract and certificate of registration.

On August 16, 2021, the ERC issued Resolution No. 08, series of 2021, dated April 22, 2021 entitled "A Resolution Adopting the Rules for the Green Energy Option Program." Issued pursuant to DOE Department Circular No. 2018-07-0019, this Resolution provides the necessary regulatory framework to operationalize Section 9 of the RE Act which calls for the establishment of a Green Energy Option Program ("GEOP") which provides end-users the option to choose RE resources as their sources of energy. The GEOP allows eligible end-users to directly contract with a renewable energy supplier for their electricity needs. Eligible end-users currently include those with a monthly average peak demand of 100 KW and above, for the past 12 months.

### **Renewable Portfolio Standards and Requirements**

Under the Renewable Energy Act (Republic Act No. 9513), Renewable Portfolio Standards refers to a market-based policy that requires electricity suppliers to source an agreed portion of their energy supply from eligible renewable energy resources. The mandated participants to the annual Renewable Portfolio Standards requirements include: (i) all distribution utilities for their captive customers; (ii) all suppliers of electricity for the contestable market; (iii) generating companies only to the extent of their actual supply to their directly connected customers; and (iv) other entities as may be recommended by the National Renewable Energy Board and approved by the DOE.

Department Circular No. DC 2017-12-0015, which prescribes the rules and guidelines governing

Renewable Portfolio Standards for on-grid areas, provides that the renewable energy share of electricity coming from renewable energy resources in the energy mix should be based on the aspirational target of 35% in the generation mix expressed in MWh by 2030, subject to regular review and assessment by the DOE. Non-compliance with the Renewable Portfolio Standards On-Grid Rules may result in administrative liability amounting to ₱100,000.00 to ₱500,000.00, criminal liability consisting of fine and/or imprisonment, or upon the DOE's discretion, the revocation of the mandated participant's license, franchise, or authority to operate.

DOE Circular No. DC2020-07-0017 was also issued to provide mandated participants with more avenues for compliance with their Renewable Portfolio Standards requirements, by providing the framework for green energy auction. Under DOE Circular No. DC2020-07-0017, there are two kinds of green energy auctions: (i) supply-only auction; and (ii) integrated open and competitive selection process ("**OCSP**")-supply auction. In a supply-only auction, only the green energy implementation agreement will be awarded to the qualified suppliers and only renewable energy projects already covered by renewable energy contracts, which includes those that are under the pre-development and development stages, will be qualified to participate. On the other hand, in an OCSP-supply auction, renewable energy contracts will be awarded together with green energy implementation agreement resulting from an integrated process for OCSP-supply auction. DOE Circular No. DC2020-07-0017 provides further that a distribution utility that contracts for renewable energy supply through the green energy auction shall be considered as having complied with the competitive selection process requirements.

The DOE updated its guidelines for the Green Auction Energy Program (GEAP) by issuing DOE Circular No. DC2021-11-0036 (the "**Revised GEAP Guidelines**") dated November 3, 2021, which repealed DOE Circular No. DC2020-07-0017. Under the Revised GEAP Guidelines, the distinction between supply-only auctions and OCSP-supply auctions were removed. The principles and provisions governing green energy tariffs and green energy auctions were likewise updated. Moreover, the Revised GEAP Guidelines introduced an opt-in mechanism in order to reduce FIT-All charges to the electricity end-users, and to meet any DU supply and Renewable Portfolio Standards requirements. Under said opt-in mechanism, any distribution utility has the option to procure from the green energy auction program pool of a winning bidder under a particular auction round and thereby carve-out such DU-procured volumes from the pool compensable by the FIT-All. Under the Revised GEAP Guidelines, a distribution utility that contracts for renewable energy supply through the green energy auction, including the opt-in mechanism, shall be considered as having complied with the competitive selection process requirements.

## **Other Environmental Laws**

Other regulatory environmental laws and regulations applicable to the businesses of SMGP include the following:

- The Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 (Republic Act No. 6969), which regulates, restricts or prohibits the (i) importation, manufacture, processing, handling, storage, transportation, sale, distribution, use and disposal of chemical substance and mixtures that present unreasonable risk or injury to health or the environment, and (ii) entry into the Philippines, or the keeping in storage of hazardous wastes which include byproducts, process residue, contaminated plant or equipment or other substances from manufacturing operations. The said law is implemented by the DENR.
- The Ecological Solid Waste Management Act of 2000 (Republic Act No. 9003), which provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centers and facilities. The National Solid Waste Management Commission, together with other Government agencies and the different local Government units, are responsible for the implementation and enforcement of the said law.
- The Code on Sanitation of the Philippines (the "**Sanitation Code**") (Presidential Decree No. 856), which provides for sanitary and structural requirements in connection with the

operation of certain establishments such as industrial establishments. Under the Sanitation Code, which is implemented by the Philippine Department of Health, no person, firm, corporation, or entity shall operate any industrial establishment without first obtaining a sanitary permit.



# Taxation

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*The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Bonds. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Bonds and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Bonds under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Bonds in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Prospectus.*

*The tax treatment of a holder of Bonds may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a Bondholder.*

**PROSPECTIVE PURCHASERS OF THE BONDS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF A BOND, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL OR FOREIGN TAX LAWS.**

*As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines," otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not doing business in the Philippines." A "domestic corporation" is a corporation created or organized in the Philippines or under its laws. A "resident foreign corporation" is a non-Philippine corporation engaged in trade or business within the Philippines; and a "nonresident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines.*

## Philippine Taxation

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion ("**TRAIN Act**"), took into effect. The TRAIN Act amended provisions of the Tax Code including provisions on documentary stamp tax, capital gains tax, estate tax, and donor's tax.

On March 26, 2021, President Rodrigo Duterte signed into law Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (or the CREATE Law). The CREATE Law is the second package of the tax reform program of the Philippine government. The amendments under the CREATE Law include the reduction of the regular corporate income tax rate for both domestic and foreign corporations from 30% to 25%. For domestic corporations, the regular corporate income tax rate may be further reduced to 20% depending on the net taxable income and total assets of such domestic corporation. In addition to the reduction of the regular corporate income tax, the rate of the Minimum Corporate Income Tax ("**MCIT**") was lowered to 1%, effective July 1, 2020 to June 30, 2023.

The CREATE MORE Law, which took effect on November 28, 2024, provides for further amendments regarding corporate income tax rates by giving registered business enterprises ("**RBEs**") the option to choose between the special corporate income tax rate of 5% or the enhanced deduction regime ("**EDR**") at the beginning of their commercial operations. The EDR allows RBEs to avail themselves of the 20% corporate income tax rate from registered projects or activities during each taxable year. Other amendments in the law include the increase in percentage of deductible expense items under the EDR, and the addition of new deductible expense items.

On January 22, 2024, Republic Act No. 11976 or the Ease of Paying Taxes (“**EOPT**”) Act was enacted. The EOPT Act introduced administrative tax reforms aimed at modernizing tax administration, improving efficiency, and ensuring fair treatment of taxpayers, among others. The EOPT Act requires the digitalization of Bureau of Internal Revenue (“**BIR**”) services, such as the adoption of an integrated and automated system for basic tax services and setting up of electronic and online systems for data exchange. The EOPT Act amends certain provisions of the Tax Code covering income tax, value-add tax, other percentage taxes, and tax compliance. The EOPT Act now mandates all VAT-registered persons, whether engaged in the sale of goods or properties or sale of services, to issue a VAT invoice. VAT-registered persons who are engaged in the sale of services or lease of property are no longer required to issue a VAT official receipt. The relevant rules and regulations implementing the EOPT Act took effect on April 27, 2024.

On May 29, 2025, the President signed into law Republic Act No. 12214 or the CMEPA, subject to the President’s exercise of line-item veto powers. The law took effect on July 1, 2025.

CMEPA introduces, among others, the following amendments to the Tax Code: (i) expansion of the definition of “securities” to include (a) investment contracts, certificates of interest, or participation in a profit-sharing agreement, such as certificates of deposit for a future subscription, (b) fractional undivided interests in oil, gas, or other mineral rights, (c) certificates of assignment, certificates of participation, trust certificates, voting trust certificates, or similar instruments, and (d) other similar instruments as may be determined by the Securities and Exchange Commission; (ii) removal of the tax exemption enjoyed by taxpayers on interest from long-term deposits and the imposition of a 20% final withholding tax on interest income.; (iii) imposition of a 15% final withholding tax on capital gains from the sale, exchange, or other disposition of shares of stock in a domestic or foreign corporation, except through a local or foreign stock exchange; (iv) a change in the rate of documentary stamp tax for original issuance of shares from ₱2.00 for every ₱200.00 (or fractional part thereof) of the par value, to 75% of 1% of the par value of share such shares of stock; (v) imposition of documentary stamp tax in the amount of 75% of 1% of the value of the transaction for transactions involving selling or transferring bonds, debentures, certificates of stock, or certificates of indebtedness issued in any foreign country; (vi) imposition of documentary stamp tax in the amount of 75% of 1% of the issue price of debt instruments; and (vii) reduction of stock transaction tax from 0.60% to 0.10% for sales of shares of stock listed and traded through the local stock exchange, including transactions regarding shares of domestic corporations through a foreign stock exchange.

## **Taxation of Interest**

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine-sourced income subject to Philippine income tax. Interest income derived by Philippine citizens and resident aliens from the Bonds is thus subject to income tax, which is withheld at source, at the rate of 20% based on the gross amount of interest. Generally, interest on the Bonds received by non-resident aliens engaged in trade or business in the Philippines is subject to a 20% final withholding tax while that received by non-resident aliens not engaged in trade or business is subject to a final withholding tax rate of 25%. Interest income received by domestic corporations and resident foreign corporations from the Bonds is subject to a final withholding tax of 20%. Interest income received by non-resident foreign corporations from the Bonds is subject to a 25% final withholding tax.

The foregoing rates imposed on non-resident aliens not engaged in trade or business in the Philippines and non-resident foreign corporations may be subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident income recipient. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 10% in cases where the interest arises in the Philippines in respect of a public issue of bonded indebtedness and is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment or perform in the Philippines professional services from a fixed base and the holding of the relevant interest-bearing

instrument is effectively connected with such permanent establishment or fixed base.

Given the above, all Bondholders are required to provide the Issuer through the Paying Agent their valid Tax Identification Numbers issued by the BIR.

### **Tax-Exempt Status or Entitlement to Preferential Rate**

The Philippine tax authorities have prescribed a certain procedure for claiming tax treaty benefits for interest income of non-resident income earners. The BIR has issued Revenue Memorandum Order (“**RMO**”) No. 14-2021 to streamline the procedures and documents for the availment of treaty benefits covering all items of income, derived by non-resident taxpayers from Philippine sources that are entitled to relief from double taxation under the relevant tax treaty.

Under this regulation, as clarified by Revenue Memorandum Circular (“**RMC**”) No. 77-2021 and RMC No. 20-2022, when the treaty rates have been applied by the withholding agent on the income earned by the non-resident, the former shall file with the International Tax Affairs Division (“**ITAD**”) of the BIR a request for confirmation on the propriety of the withholding tax rates applied on that item of income. On the other hand, if the regular rates have been imposed on the said income, the non-resident shall file a Tax Treaty Relief Application (“**TTRA**”) with ITAD. The request for confirmation shall be filed by the withholding agent at any time after the payment of withholding tax but shall in no case be later than the last day of the 4th month following the close of each taxable year. The request for confirmation or TTRA shall be supported by the documentary requirements under RMO No. 14-2021.

If the BIR determines that the withholding tax rate applied is lower than the rate that should have been applied on an item of income pursuant to the treaty, or that the non-resident taxpayer is not entitled to treaty benefits, it will issue a BIR ruling denying the request for confirmation or TTRA. Consequently, the withholding agent shall pay the deficiency tax plus penalties. On the contrary, if the withholding tax rate applied is proper or higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient’s entitlement to treaty benefits. In the latter case, the taxpayer may apply for a refund of excess withholding tax.

If a company withholds the regular tax rate instead of the reduced rate applicable under an income tax treaty, a non-resident holder of the company’s shares may file a claim for a refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

The claim for refund may be filed independently of, or simultaneously with, the TTRA. If the claim was not filed simultaneously with the TTRA, the office where it was filed shall coordinate with, and defer to, ITAD the resolution of the non-resident’s entitlement to treaty benefit. If, on the other hand, the claim was filed simultaneously with the TTRA, it shall be the responsibility of the ITAD to endorse the claim for refund to the proper office that handles the processing of tax refunds after the resolution of the TTRA. At any rate, all issues relating to the application and implementation of treaty provisions shall fall within the exclusive jurisdiction of the ITAD. Bondholders who are exempt from or are not subject to final withholding tax on interest income may claim such exemption by submitting the necessary documents.

Bondholders may transfer their Bonds at any time, regardless of tax status of the transferor vis-à-vis the transferee. Should a transfer between Bondholders of different tax status occur on a day which is not an Interest Payment Date, tax exempt entities trading with non-tax-exempt entities shall be treated as non-tax-exempt entities for the interest period within which such transfer occurred. Transfers taking place in the Electronic Registry of Bondholders after the Bonds are listed on PDEX shall be allowed between non-tax-exempt and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if and/or when so allowed under and in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC.

### **Value-Added Tax**

Gross receipts arising from the sale of the Bonds in the Philippines by dealers in securities shall be subject to a 12% value-added tax. The term “gross receipt” means gross selling price less acquisition cost of the Bonds sold.

“Dealer in securities” means a merchant of stock or securities, whether an individual partnership or corporation, with an established place of business, regularly engaged in the purchase of securities and their resale to customers, that is, one who as a merchant buys securities and sells them to customers with a view to the gains and profits that may be derived therefrom.

### **Gross Receipts Tax**

Bank and non-bank financial intermediaries performing quasi-banking functions are subject to gross receipts tax on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

- Maturity period is five years or less      5%
- Maturity period is more than five years      1%

Non-bank financial intermediaries not performing quasi-banking functions doing business in the Philippines are likewise subject to gross receipts tax. Gross receipts of such entities derived from sources within the Philippines from interests, commissions and discounts from lending activities are taxed in accordance with the following schedule based on the remaining maturities of the instruments from which such receipts are derived:

- Maturity period is five years or less      5%
- Maturity period is more than five years      1%

In case the maturity period of the instruments held by banks, non-bank financial intermediaries performing quasi-banking functions and non-bank financial intermediaries not performing quasi-banking functions is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pre-termination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the Bonds by banks and nonbank financial intermediaries performing quasi-banking functions shall be taxed at 7%.

### **Documentary Stamp Tax**

A documentary stamp tax is imposed upon the original issuance of debt instruments issued by Philippine companies, such as the Bonds, at the rate of ₱1.50 for each ₱200, or fractional part thereof, of the issue price of such debt instruments; provided that, for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by the Issuer for its own account.

### **Taxation on Sale or Other Disposition of the Bonds**

#### **Income Tax**

Any gain realized from the sale, exchange or retirement of bonds will, as a rule, form part of the

gross income of the sellers, for purposes of computing the relevant taxable income subject to the regular rates of 0% to 35% effective January 1, 2018 until 31 December 2022 and 15% to 35% effective January 1, 2023 for individuals who are Philippine citizens, whether residents or non-residents, or resident foreign individuals or non-resident aliens engaged in trade or business in the Philippines, 25% final withholding tax for non-resident alien not engaged in trade or business, 25% regular corporate income tax or 20% regular corporate income tax for domestic corporations with net taxable income not exceeding ₱5 million and with total assets (excluding land on which the corporation's office, plant, and equipment are situated) not exceeding ₱100 million, as the case may be, for domestic and resident foreign corporations, and 25% final withholding tax for non-resident foreign corporations, as the case may be. If the bonds are sold by a seller, who is an individual and who is not a dealer in securities, who has held the bonds for a period of more than 12 months prior to the sale, only 50% of any capital gain will be recognized and included in the sellers' gross income.

However, under the Tax Code, any gain realized from the sale, exchange or retirement of bonds, debentures and other certificates of indebtedness with an original maturity date of more than five years (as measured from the date of issuance of such bonds, debentures or other certificates of indebtedness) shall not be subject to income tax.

Moreover, any gain arising from such sale, regardless of the original maturity date of the Bonds, may be exempt from income tax pursuant to various income tax treaties to which the Philippines is a party, and subject to procedures prescribed by the BIR for the availment of tax treaty benefits.

### **Estate and Donor's Tax**

The transfer by a deceased person, whether a Philippine resident or a non-Philippine resident, to his heirs of the Bonds shall be subject to an estate tax which is levied on the net estate of the deceased at a fixed rate of 6%. A Bondholder shall be subject to donor's tax at the rate of 6% based on the total gifts in excess of ₱250,000 exempt gift made during the calendar year, whether the donor is a stranger or not.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor.

The estate tax and donor's tax, in respect of the Bonds, shall not be collected (i) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (ii) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

In case the securities are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the securities exceeded the value of the consideration may be deemed a gift and may be subject to donor's taxes. However, a sale, exchange, or other transfer made in the ordinary course of business (a transaction which is a bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

### **Documentary Stamp Tax**

No documentary stamp tax is imposed on the subsequent sale or disposition of the Bonds, trading the Bonds in a secondary market or through an exchange, provided that such sale or disposition does not constitute a renewal or extension of maturity of the Bonds or carried with it a renewal or issuance of new instruments in the name of the transferee to replace the old ones. However, if the transfer constitutes a renewal of the Bonds, documentary stamp tax is payable anew.

**Taxation Outside the Philippines**

The tax treatment of non-resident Bondholders in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such Bondholder by reason of domicile or business activities and such Bondholder's particular situation. This Prospectus does not discuss the tax considerations on such non-resident Bondholders under laws other than those of the Philippines.

# **Independent Auditors and Counsel**

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## **LEGAL MATTERS**

All legal issues relating to the issuance of the Bonds which are subject of this Offer shall be passed upon by SyCip Salazar Hernandez & Gatmaitan for the Joint Lead Underwriters and Joint Bookrunners, and Picazo Buyco Tan Fider Santos & Dee for the Company. SyCip Salazar Hernandez & Gatmaitan and Picazo Buyco Tan Fider Santos & Dee have no direct or indirect interest in SMGP. SyCip Salazar Hernandez & Gatmaitan and Picazo Buyco Tan Fider Santos & Dee may, from time to time be engaged by SMGP to advise in the transactions of the Company and perform legal services on the same basis that SyCip Salazar Hernandez & Gatmaitan and Picazo Buyco Tan Fider Santos & Dee provide such services to its other clients.

## **INDEPENDENT AUDITORS**

R.G. Manabat & Co., the independent auditors, audited the financial statements of the Company as of and for the years ended December 31, 2024, 2023 and 2022, which are all included in the Prospectus. R.G. Manabat & Co. has no shareholdings in the Company, or any right, whether legally enforceable or not, to nominate or to subscribe to the securities of the Company, in accordance with the professional standards on independence set by the Board of Accountancy and Professional Regulation Commission.

The named independent auditor has not acted and will not act as promoter, underwriter, voting trustee, officer or employee of the Company.

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

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

The Audit Committee (now 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 SMGP 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 SMGP, both in fact and appearance.

## **Financial Information**

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The following pages set forth the audited financial statements of SMGP as at December 31, 2024, 2023 and 2022 and consolidated financial statements as at and for the nine months ended September 30, 2025 and 2024.





# SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City  
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**Company Name:** SAN MIGUEL GLOBAL POWER HOLDINGS CORP.

**Industry Classification:** J66940

**Company Type:** Stock Corporation

## Document Information

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**Document Type:** ANNUAL\_REPORT

**Document Code:** SEC\_Form\_17-A

**Period Covered:** December 31, 2024

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Outlook

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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# C O V E R   S H E E T

for

## AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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**COMPANY NAME**

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| H | O | L | D | I | N | G | S |   |   |   | C | O | R | P | . |   |   |   |   |   |   |   |   |   |   |   |   |   |  |
| ( | F | o | r | m | e | r | l | y |   |   | S | M | C |   |   | G | l | o | b | a | l |   | P | o | w | e | r |   |  |
| H | o | l | d | i | n | g | s |   |   |   | C | o | r | p | . | ) |   |   |   |   |   |   |   |   |   |   |   |   |  |
| ( | A |   | W | h | o | l | l | y | - | o | w | n | e | d |   | S | u | b | s | i | d | i | a | r | y |   | o | f |  |
| S | a | n |   | M | i | g | u | e | l |   | C | o | r | p | o | r | a | t | i | o | n | ) |   |   |   |   |   |   |  |
| A | N | D |   | S | U | B | S | I | D | I | A | R | I | E | S |   |   |   |   |   |   |   |   |   |   |   |   |   |  |

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

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|--|
| 4 | 0 |   | S | a | n |   | M | i | g | u | e | l |   | A | v | e | n | u | e | , |   | W | a | c | k | - |   |   |  |
| W | a | c | k |   | G | r | e | e | n | h | i | l | l | s |   | 1 | 5 | 5 | 0 | , |   | C | i | t | y |   | o | f |  |
| M | a | n | d | a | l | u | y | o | n | g | , |   | S | e | c | o | n | d |   | D | i | s | t | r | i | c | t | , |  |
| N | a | t | i | o | n | a | l |   | C | a | p | i | t | a | l |   | R | e | g | i | o | n |   |   |   |   |   |   |  |

Form Type

A A F S

Department requiring the report

Secondary License Type, If Applicable

**COMPANY INFORMATION**

Company's email Address

N/A

Company's Telephone Number/s

5317-1000

Mobile Number

N/A

No. of Stockholders

8

Annual Meeting (Month / Day)

June / 1<sup>st</sup> Tuesday

Fiscal Year (Month / Day)

December 31

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

Name of Contact Person

Paul Bernard D. Causon

Email Address

pcauson@smcph.sanmiguel.com.ph

Telephone Number/s

5317-1000

Mobile Number

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](http://www.home.kpmg/ph)  
Email [ph-inquiry@kpmg.com](mailto: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.

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

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## **STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

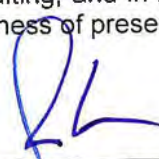
The Management of **San Miguel Global Power Holdings Corp.** (formerly "**SMC Global Power Holdings Corp.**" or the "**Company**") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 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 6<sup>th</sup> day of March 2025

## ACKNOWLEDGMENT

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

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

| <u>Name</u>            | <u>Passport No.</u> | <u>Date/Place of Issue</u> |
|------------------------|---------------------|----------------------------|
| 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; 01/00/2025; Mandaluyong City  
IBP Lifetime Member No. 00482; 01/05/11; Q.C.  
MCLE Compliance No. VIII-0093465; 05/07/24; Pasig City



**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)

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

Forward

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

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

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 COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022**

(In Thousands)

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

|                                                                                     | Note   | Equity Attributable to Equity Holders of Parent Company |                            |                                     |                                         |                 |                      |                             |                 |                   |              |          | Non-controlling Interests | Total Equity |
|-------------------------------------------------------------------------------------|--------|---------------------------------------------------------|----------------------------|-------------------------------------|-----------------------------------------|-----------------|----------------------|-----------------------------|-----------------|-------------------|--------------|----------|---------------------------|--------------|
|                                                                                     |        | Capital Stock                                           | Additional Paid-in Capital | Senior Perpetual Capital Securities | Redeemable Perpetual Capital Securities | Equity Reserves |                      |                             |                 | Retained Earnings | Total        |          |                           |              |
|                                                                                     |        |                                                         |                            |                                     |                                         | Equity Reserves | Translation Reserves | Reserve for Retirement Plan | Hedging Reserve |                   |              |          |                           |              |
| 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 |        |               |                            |                                     |                                 |                 |                      |                             |                 |                   |              |                           |              |
|---------------------------------------------------------|--------|---------------|----------------------------|-------------------------------------|---------------------------------|-----------------|----------------------|-----------------------------|-----------------|-------------------|--------------|---------------------------|--------------|
|                                                         | Note   | Capital Stock | Additional Paid-in Capital | Senior Perpetual Capital Securities | Redeemable Perpetual Securities | Equity Reserves |                      |                             |                 | Retained Earnings | Total        | Non-controlling Interests | Total Equity |
|                                                         |        |               |                            |                                     |                                 | Equity Reserves | Translation Reserves | Reserve for Retirement Plan | Hedging Reserve |                   |              |                           |              |
| 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)

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

Forward

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

Forward

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

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Amounts in Thousands, Except Per Share Data and Number of Shares)

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**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.

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**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:

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

*Forward*

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Percentage of Ownership |      |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 2024                    | 2023 |
| <b>Retail and Other Power-related Services</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                         |      |
| SMGP BESS Power Inc. (SMGP BESS, formerly “Universal Power Solutions, Inc.”) <sup>(j)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 100                     | 100  |
| SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan, formerly SMCGP Philippines Energy Storage Co. Ltd.) <sup>(k)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 100                     | 100  |
| SMC Power Generation Corp. (SPGC) <sup>(l)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 100                     | 100  |
| <p>(a) On March 9, 2023, the Philippine SEC approved the change in the corporate name to “Sual Power Inc.”.</p> <p>(b) On March 31, 2023, the Philippine SEC approved the change in the corporate name to “San Roque Hydropower Inc.”.</p> <p>(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.”.</p> <p>(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.”.</p> <p>(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).</p> <p>(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).</p> <p>(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.”.</p> <p>(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 Zygnnet Prime Holdings, Inc. (Zygnnet), 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).</p> <p>(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.</p> <p>(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.”.</p> <p>(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.”.</p> <p>(l) SPGC owns 35% of the outstanding capital stock of Olongapo Electricity Distribution Company, Inc., (OEDC) as an associate (see Note 11).</p> |                         |      |

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.

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### 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.

#### New and Amendments to Standards Not Yet Adopted

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,<br>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.

#### Intangible Assets

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.

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### **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:

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

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## **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               |
| <b>Revenues</b>                                                          |                                 |                    |                    |                                         |                   |                   |                   |                   |                    |                 |                 |                 |                    |                    |                    |
| 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        |
| <b>Costs and Expenses</b>                                                |                                 |                    |                    |                                         |                   |                   |                   |                   |                    |                 |                 |                 |                    |                    |                    |
| 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         |
| <b>Segment Result</b>                                                    | <b>P31,899,235</b>              | <b>P28,656,073</b> | <b>P13,217,237</b> | <b>P8,037,447</b>                       | <b>P3,946,951</b> | <b>P4,721,858</b> | <b>(P301,091)</b> | <b>(P726,889)</b> | <b>P10,167,418</b> | <b>P821,647</b> | <b>P649,978</b> | <b>P779,101</b> | <b>P40,457,238</b> | <b>P32,526,113</b> | <b>P28,885,614</b> |
| 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)        |
| <b>Consolidated Net Income</b>                                           |                                 |                    |                    |                                         |                   |                   |                   |                   |                    |                 |                 |                 | <b>P12,383,580</b> | <b>P9,902,986</b>  | <b>P3,133,648</b>  |

|                                                                                                           | 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                | 2024                | 2023 |
| <b>Other Information</b>                                                                                  |                                           |              |                                         |             |             |              |              |                |                |                     |                     |      |
| 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             |      |
| <b>Consolidated Total Assets</b>                                                                          |                                           |              |                                         |             |             |              |              |                |                | <b>P881,872,525</b> | <b>P784,935,290</b> |      |
| 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          |      |
| <b>Consolidated Total Liabilities</b>                                                                     |                                           |              |                                         |             |             |              |              |                |                | <b>P522,847,346</b> | <b>P441,462,085</b> |      |
| 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.

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## 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<br>(Sual Power Plant)                        | Sual, Pangasinan<br>Province      |
| SRHI       | San Roque Hydroelectric Multi-purpose<br>Power Plant (San Roque Power Plant) | San Roque,<br>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. (GPIL), 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, GPIL 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             | <b>P89,733</b>    | P89,612    |
| More than one to five years | <b>356,095</b>    | 355,732    |
| More than five years        | <b>1,433,746</b>  | 1,521,103  |
|                             | <b>P1,879,574</b> | P1,966,447 |

## 7. Cash and Cash Equivalents

Cash and cash equivalents consist of:

|                           | Note   | 2024               | 2023        |
|---------------------------|--------|--------------------|-------------|
| Cash in banks and on hand |        | <b>P27,206,205</b> | P17,995,138 |
| Short-term investments    |        | <b>40,661,206</b>  | 13,664,304  |
|                           | 29, 30 | <b>P67,867,411</b> | 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                                |            | <b>P101,798,812</b> | P99,030,192  |
| Non-trade                            | 15         | <b>11,504,874</b>   | 10,864,186   |
| Amounts owed by related parties      | 11, 15, 19 | <b>7,447,364</b>    | 9,747,252    |
|                                      | 6          | <b>120,751,050</b>  | 119,641,630  |
| Less allowance for impairment losses |            | <b>4,867,019</b>    | 2,665,606    |
|                                      | 29, 30     | <b>P115,884,031</b> | 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      |      | <b>P2,665,606</b> | P2,690,984 |
| Impairment losses during the year | 24   | <b>2,145,703</b>  | 60,714     |
| Reversal during the year          | 24   | <b>(5,081)</b>    | (107,364)  |
| Other adjustments                 | 25   | <b>60,791</b>     | 21,272     |
| Balance at end of year            |      | <b>P4,867,019</b> | 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:

|                        | <i>Note</i> | <b>2024</b>        | <b>2023</b> |
|------------------------|-------------|--------------------|-------------|
| Coal                   | 6           | <b>P5,695,799</b>  | P6,872,276  |
| Materials and supplies |             | <b>5,992,159</b>   | 5,748,754   |
| LNG                    | 6           | <b>1,585,329</b>   | 3,016,660   |
| Fuel oil               | 19          | <b>817,604</b>     | 1,036,198   |
| Other consumables      |             | <b>235,492</b>     | 167,496     |
|                        |             | <b>P14,326,383</b> | 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:

|                                  | <i>Note</i> | <b>2024</b>        | <b>2023</b> |
|----------------------------------|-------------|--------------------|-------------|
| Input VAT                        |             | <b>P26,053,480</b> | P27,467,097 |
| Prepaid taxes                    |             | <b>15,362,120</b>  | 13,072,678  |
| Advances to suppliers            |             | <b>5,686,312</b>   | 4,109,567   |
| Restricted cash                  | 15, 29, 30  | <b>3,861,546</b>   | 2,420,279   |
| PSALM monthly fee outage credits | 6           | -                  | 1,142,305   |
| Other prepaid expenses           | 19          | <b>597,866</b>     | 309,638     |
|                                  |             | <b>P51,561,324</b> | 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        |
|----------------------------------------------------------------------------|--------------------|-------------|
| <b>Investments in Shares of Stock of an Associate and Joint Ventures</b>   |                    |             |
| <b>Cost</b>                                                                |                    |             |
| Balance at beginning of year                                               | <b>P8,122,208</b>  | P8,122,208  |
| Additions                                                                  | <b>2,000</b>       | -           |
| Balance at end of year                                                     | <b>8,124,208</b>   | 8,122,208   |
| <b>Accumulated Equity in Net Losses</b>                                    |                    |             |
| Balance at beginning of year                                               | <b>3,045,558</b>   | 2,769,671   |
| Equity in net losses (earnings) during the year                            | <b>(564,627)</b>   | 272,631     |
| Share in other comprehensive loss (income) during the year                 | <b>(5,535)</b>     | 3,830       |
| Adjustment to equity in net losses (earnings) in prior year                | <b>59,052</b>      | (539)       |
| Adjustment to share in other comprehensive losses (earnings) in prior year | <b>1,206</b>       | (35)        |
| Balance at end of year                                                     | <b>2,535,654</b>   | 3,045,558   |
|                                                                            | <b>5,588,554</b>   | 5,076,650   |
| Advances                                                                   | <b>14,307,033</b>  | 5,876,398   |
|                                                                            | <b>P19,895,587</b> | 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. (SMEI), an entity under common control, entered into a Deed of Assignment of Subscription Rights, whereby, SMEI 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:

|                                            | <b>2024</b><br><b>(Unaudited)</b> | <b>2023</b><br><b>(Audited)</b> |
|--------------------------------------------|-----------------------------------|---------------------------------|
| <b>Country of Incorporation</b>            | <b>Philippines</b>                | <b>Philippines</b>              |
| Current assets                             | <b>P408,020</b>                   | P439,304                        |
| Noncurrent assets                          | <b>1,828,400</b>                  | 1,808,767                       |
| Current liabilities                        | <b>(1,305,764)</b>                | (1,264,837)                     |
| Noncurrent liabilities                     | <b>(237,800)</b>                  | (315,136)                       |
| Net assets                                 | <b>P692,856</b>                   | P668,098                        |
| Revenue                                    | <b>P2,135,202</b>                 | P2,377,321                      |
| Net income                                 | <b>P21,034</b>                    | P40,138                         |
| Other comprehensive income (loss)          | <b>3,724</b>                      | (10,942)                        |
| Total comprehensive income                 | <b>P24,758</b>                    | P29,196                         |
| Share in net income                        | <b>P7,362</b>                     | P14,048                         |
| Share in other comprehensive income (loss) | <b>P1,303</b>                     | (P3,830)                        |
| Carrying amount of investment              | <b>P256,210</b>                   | 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)**

| <b>Country of Incorporation</b>                     | <b>AHC</b>          | <b>KWPP</b>        |
|-----------------------------------------------------|---------------------|--------------------|
|                                                     | <b>Philippines</b>  | <b>Philippines</b> |
| Current assets                                      | <b>P1,346,419</b>   | <b>P3,898</b>      |
| Noncurrent assets                                   | <b>16,902,962</b>   | <b>16,289</b>      |
| Current liabilities                                 | <b>(2,011,846)</b>  | <b>(7,101)</b>     |
| Noncurrent liabilities                              | <b>(10,623,431)</b> | <b>(12,642)</b>    |
| Net assets                                          | <b>P5,614,104</b>   | <b>P444</b>        |
| Revenue                                             | <b>P2,356,206</b>   | <b>P1,201</b>      |
| Net income (loss)                                   | <b>P578,038</b>     | <b>(P161)</b>      |
| Other comprehensive income                          | <b>7,053</b>        | <b>-</b>           |
| Net income (loss)/total comprehensive income (loss) | <b>P585,091</b>     | <b>(P161)</b>      |
| Share in net income (loss)                          | <b>P346,823</b>     | <b>(P97)</b>       |
| Share in comprehensive income                       | <b>P4,232</b>       | <b>-</b>           |
| Carrying amount of investment                       | <b>P4,669,640</b>   | <b>P491</b>        |

**December 31, 2023 (Audited)**

| <b>Country of Incorporation</b>   | <b>AHC</b>         | <b>KWPP</b>        |
|-----------------------------------|--------------------|--------------------|
|                                   | <b>Philippines</b> | <b>Philippines</b> |
| 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)**

| Country of Incorporation                       | Isabel AS   | IASCO       |
|------------------------------------------------|-------------|-------------|
|                                                | 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)**

| Country of Incorporation                   | Isabel AS   | IASCO       |
|--------------------------------------------|-------------|-------------|
|                                            | 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:

|                                      | <i>Note</i> | <b>Power Plants</b> | <b>Land and<br/>Leasehold<br/>Improvements</b> | <b>Other Equipment</b> | <b>Building</b>   | <b>CPIP</b>         | <b>Total</b>        |
|--------------------------------------|-------------|---------------------|------------------------------------------------|------------------------|-------------------|---------------------|---------------------|
| <b>Cost</b>                          |             |                     |                                                |                        |                   |                     |                     |
| 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          |
| <b>December 31, 2024</b>             |             | <b>328,466,082</b>  | <b>21,437,822</b>                              | <b>9,570,280</b>       | <b>5,209,367</b>  | <b>142,099,671</b>  | <b>506,783,222</b>  |
| <b>Accumulated Depreciation</b>      |             |                     |                                                |                        |                   |                     |                     |
| 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              |
| <b>December 31, 2024</b>             |             | <b>41,862,707</b>   | <b>1,595,557</b>                               | <b>2,830,982</b>       | <b>708,200</b>    | <b>-</b>            | <b>46,997,446</b>   |
| <b>Accumulated Impairment Losses</b> |             |                     |                                                |                        |                   |                     |                     |
| 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              |
| <b>December 31, 2024</b>             |             | <b>-</b>            | <b>-</b>                                       | <b>279,947</b>         | <b>-</b>          | <b>-</b>            | <b>279,947</b>      |
| <b>Carrying Amount</b>               |             |                     |                                                |                        |                   |                     |                     |
| December 31, 2023                    |             | P164,703,270        | P14,151,454                                    | P6,051,476             | P4,391,005        | P149,927,769        | P339,224,974        |
| <b>December 31, 2024</b>             |             | <b>P286,603,375</b> | <b>P19,842,265</b>                             | <b>P6,459,351</b>      | <b>P4,501,167</b> | <b>P142,099,671</b> | <b>P459,505,829</b> |

- 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:

|                                     | <b>Note</b> | <b>2024</b>        | 2023       | 2022       |
|-------------------------------------|-------------|--------------------|------------|------------|
| Cost of power sold                  | 23          | <b>P10,131,995</b> | P7,959,780 | P6,828,880 |
| Selling and administrative expenses | 24          | <b>595,685</b>     | 464,799    | 507,046    |
|                                     |             | <b>P10,727,680</b> | 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              |
|--------------------------------------------------|------|--------------------|----------------------------|--------------------|--------------------|
| <b>Cost</b>                                      |      |                    |                            |                    |                    |
| 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)       |
| <b>December 31, 2024</b>                         |      | <b>14,951,035</b>  | <b>312,763</b>             | <b>34,463,448</b>  | <b>49,727,246</b>  |
| <b>Accumulated Depreciation and Amortization</b> |      |                    |                            |                    |                    |
| 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)       |
| <b>December 31, 2024</b>                         |      | <b>1,343,995</b>   | <b>237,179</b>             | <b>6,022,739</b>   | <b>7,603,913</b>   |
| <b>Carrying Amount</b>                           |      |                    |                            |                    |                    |
| December 31, 2023                                |      | P9,292,323         | P138,137                   | P95,544,860        | P104,975,320       |
| <b>December 31, 2024</b>                         |      | <b>P13,607,040</b> | <b>P75,584</b>             | <b>P28,440,709</b> | <b>P42,123,333</b> |

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                             |      | <b>P69,953,222</b> | P69,953,222 |
| Computer software and licenses - net |      | <b>316,887</b>     | 233,631     |
| Others                               | 8    | <b>1,465,969</b>   | 1,525,200   |
|                                      |      | <b>P71,736,078</b> | 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:

|                                 | <i>Note</i> | <b>2024</b>     | <b>2023</b> |
|---------------------------------|-------------|-----------------|-------------|
| <b>Cost</b>                     |             |                 |             |
| Balance at beginning of year    |             | <b>P650,815</b> | P593,844    |
| Additions                       |             | <b>140,029</b>  | 56,971      |
| Balance at end of year          |             | <b>790,844</b>  | 650,815     |
| <b>Accumulated Amortization</b> |             |                 |             |
| Balance at beginning of year    |             | <b>417,184</b>  | 366,938     |
| Amortization                    | 24          | <b>56,773</b>   | 50,246      |
| Balance at end of year          |             | <b>473,957</b>  | 417,184     |
|                                 |             | <b>P316,887</b> | 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:

|                                             | <i>Note</i> | <b>2024</b>        | <b>2023</b> |
|---------------------------------------------|-------------|--------------------|-------------|
| Advances to suppliers and contractors       |             | <b>P18,907,575</b> | P24,214,984 |
| Amounts owed by related parties             | 19, 29, 30  | <b>5,269,987</b>   | 6,499,990   |
| Restricted cash - net of current portion    | 29, 30      | <b>4,633,460</b>   | 3,851,016   |
| Investment property                         |             | <b>4,347,628</b>   | 3,218,782   |
| Noncurrent receivables                      | 29, 30      | <b>3,765,688</b>   | 4,205,585   |
| Deposits on land for future development     |             | <b>577,485</b>     | 950,810     |
| Deferred input VAT - net of current portion |             | <b>8,344</b>       | 51,279      |
| Others                                      |             | <b>108,630</b>     | 105,554     |
|                                             |             | <b>P37,618,797</b> | 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:

|                                      | <i>Note</i> | <b>2024</b>        | <b>2023</b> |
|--------------------------------------|-------------|--------------------|-------------|
| <b>Philippine Peso-denominated:</b>  |             |                    |             |
| Parent Company                       |             | <b>P28,736,000</b> | P13,736,000 |
| SPPC                                 |             | <b>5,000,000</b>   | -           |
| MPGC                                 |             | <b>383,800</b>     | -           |
|                                      |             | <b>34,119,800</b>  | 13,736,000  |
| <b>Foreign Currency-denominated:</b> |             |                    |             |
| Parent Company                       |             | <b>7,230,625</b>   | -           |
|                                      | 29, 30      | <b>P41,350,425</b> | 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:

|                                                          | <i>Note</i> | <b>2024</b>         | <b>2023</b> |
|----------------------------------------------------------|-------------|---------------------|-------------|
| Trade                                                    | 6           | <b>P28,244,901</b>  | P23,453,007 |
| Non-trade                                                | 6           | <b>80,682,106</b>   | 45,629,445  |
| Output VAT                                               |             | <b>17,541,261</b>   | 19,194,811  |
| Amounts owed to related parties                          | 19          | <b>11,608,134</b>   | 5,411,198   |
| Withholding and other accrued taxes                      |             | <b>4,006,200</b>    | 2,066,108   |
| Accrued interest                                         | 6, 16, 18   | <b>2,005,377</b>    | 1,864,411   |
| Derivative liabilities not designated as cash flow hedge |             | <b>13,725</b>       | 13,925      |
|                                                          | 29, 30      | <b>P144,101,704</b> | 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:

|                                                                                                            | <b>2024</b>        | <b>2023</b> |
|------------------------------------------------------------------------------------------------------------|--------------------|-------------|
| <b>Bonds</b>                                                                                               |                    |             |
| <i>Parent Company</i>                                                                                      |                    |             |
| Philippine Peso-denominated:                                                                               |                    |             |
| Fixed interest rate of 5.9077%, 7.1051% and 8.0288% maturing in 2025, 2028 and 2032, respectively (a)      | <b>P39,650,721</b> | P39,559,871 |
| Fixed interest rate of 7.1783% and 7.6000% matured in April 2024 and maturing in 2026, respectively (b)    | <b>6,902,264</b>   | 16,110,820  |
| Fixed interest rate of 6.2500% and 6.6250% matured in December 2024 and maturing in 2027, respectively (c) | <b>3,594,372</b>   | 10,056,168  |
| Fixed interest rate of 5.1792% maturing in 2026 (d)                                                        | <b>4,746,231</b>   | 4,740,043   |
|                                                                                                            | <b>54,893,588</b>  | 70,466,902  |

*Forward*

|                                                                                                           | Note   | 2024         | 2023         |
|-----------------------------------------------------------------------------------------------------------|--------|--------------|--------------|
| <b>Term Loans</b>                                                                                         |        |              |              |
| <i>Parent Company</i>                                                                                     |        |              |              |
| 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    |
| <i>Subsidiaries</i>                                                                                       |        |              |              |
| 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:

|                | <b>Term</b>          | <b>Interest Rate<br/>Per Annum</b> |
|----------------|----------------------|------------------------------------|
| 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:

|                | <b>Term</b>                           | <b>Interest Rate<br/>Per Annum</b> |
|----------------|---------------------------------------|------------------------------------|
| 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:

|                | <b>Term</b>                           | <b>Interest Rate<br/>Per Annum</b> |
|----------------|---------------------------------------|------------------------------------|
| 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:

|                | <b>Term</b>                           | <b>Interest Rate<br/>Per Annum</b> |
|----------------|---------------------------------------|------------------------------------|
| 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, 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:

|                              | <b>Note</b> | <b>2024</b>       | <b>2023</b> |
|------------------------------|-------------|-------------------|-------------|
| Balance at beginning of year |             | <b>P2,684,515</b> | P2,713,968  |
| Additions                    |             | <b>1,250,648</b>  | 822,522     |
| Amortization                 |             | <b>(398,506)</b>  | (849,696)   |
| Capitalized amount           | 12          | <b>(467,613)</b>  | (2,279)     |
| Balance at end of year       |             | <b>P3,069,044</b> | P2,684,515  |



### Repayment Schedule

The annual maturities of long-term debt are as follows:

| Year                | Gross Amount         |                              |                     | Debt Issue Costs  | Net                 |
|---------------------|----------------------|------------------------------|---------------------|-------------------|---------------------|
|                     | US Dollar            | Peso Equivalent of US Dollar | Peso                |                   |                     |
| 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          |
|                     | <b>US\$1,432,200</b> | <b>P82,845,609</b>           | <b>P198,161,326</b> | <b>P3,069,044</b> | <b>P277,937,891</b> |

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<br>2023 | P546,201<br>614,221           | P4,388,136<br>1,638,795        | P51,985<br>135,791              | P6,849,349<br>2,152,547         | On demand or 30 days;<br>non-interest bearing     | Unsecured;<br>no impairment |
| Entities under Common Control                                | 6, 8, 9, 11, 12, 17, 22, 23, 24 | 2024<br>2023 | 7,941,539<br>9,261,195        | 4,606,848<br>3,848,749         | 1,810,683<br>1,620,198          | 11,503,950<br>10,737,315        | On demand or 30 days;<br>non-interest bearing     | Unsecured;<br>no impairment |
|                                                              | 8, 12, 15                       | 2024<br>2023 | -<br>-                        | -<br>-                         | 8,645,305<br>12,010,491         | -<br>-                          | Installment basis up to<br>2026; interest bearing | Unsecured;<br>no impairment |
| Associate                                                    | 8, 11, 17, 22                   | 2024<br>2023 | 1,298,826<br>1,944,162        | -<br>-                         | 663,448<br>889,255              | 28,101<br>28,101                | On demand or 30 days;<br>non-interest bearing     | Unsecured;<br>no impairment |
|                                                              | 8, 15                           | 2024<br>2023 | 1,608<br>4,208                | -<br>-                         | 2,129<br>51,053                 | -<br>-                          | 9 years;<br>interest bearing                      | Unsecured;<br>no impairment |
| Joint Venture                                                | 8                               | 2024<br>2023 | 33,598<br>32,707              | 1,028,812<br>-                 | 5,011<br>13,126                 | 427,591<br>-                    | 30 days;<br>non-interest bearing                  | Unsecured;<br>no impairment |
|                                                              | 8, 11                           | 2024<br>2023 | 5,990<br>5,673                | -<br>-                         | 180,732<br>167,404              | -<br>-                          | 92 days;<br>interest bearing                      | Unsecured;<br>no impairment |
|                                                              | 11, 15                          | 2024<br>2023 | 74,927<br>71,378              | -<br>-                         | 1,564,475<br>1,491,796          | -<br>-                          | 10.5 years;<br>interest bearing                   | Unsecured;<br>no impairment |
| Associate and Joint Venture of Entities under Common Control | 6, 8, 22                        | 2024<br>2023 | -<br>9,828                    | -<br>-                         | 481<br>481                      | 1,157<br>1,157                  | 30 days;<br>non-interest bearing                  | Unsecured;<br>no impairment |
|                                                              | 18                              | 2024<br>2023 | -<br>-                        | 952,088<br>590,527             | -<br>-                          | 19,014,637<br>10,805,681        | 7 to 12 years;<br>interest bearing                | Secured                     |
|                                                              |                                 | <b>2024</b>  | <b>P9,902,689</b>             | <b>P10,975,884</b>             | <b>P12,924,249</b>              | <b>P37,824,785</b>              |                                                   |                             |
|                                                              |                                 | <b>2023</b>  | <b>P11,943,392</b>            | <b>P6,078,071</b>              | <b>P16,379,595</b>              | <b>P23,724,801</b>              |                                                   |                             |

- 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 GPIL*

In 2022, the Group, through its wholly-owned subsidiaries, DIPI, Bluelight, MVIHI and GPIL, 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:

|                              | <b>Note</b> | <b>2024</b>     | 2023     | 2022     |
|------------------------------|-------------|-----------------|----------|----------|
| Short-term employee benefits | 24          | <b>P133,074</b> | P129,041 | P139,090 |
| Retirement benefits costs    | 20          | <b>9,076</b>    | 17,523   | 10,181   |
|                              |             | <b>P142,150</b> | 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       |
| <b>Balance at Beginning of Year</b>             | <b>P70,378</b>            | P19,441  | <b>(P640,443)</b>                                       | (P487,046) | <b>(P570,065)</b>                         | (P467,605) |
| <b>Recognized in Profit or Loss</b>             |                           |          |                                                         |            |                                           |            |
| 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      |
|                                                 | <b>4,535</b>              | 3,194    | <b>(136,334)</b>                                        | (122,286)  | <b>(131,799)</b>                          | (119,092)  |
| <b>Recognized in Other Comprehensive Income</b> |                           |          |                                                         |            |                                           |            |
| 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)    |
|                                                 | <b>(1,890)</b>            | (1,901)  | <b>52,058</b>                                           | (47,847)   | <b>50,168</b>                             | (49,748)   |
| <b>Others</b>                                   |                           |          |                                                         |            |                                           |            |
| Contributions                                   | 37,545                    | 66,380   | -                                                       | -          | 37,545                                    | 66,380     |
| Benefits paid                                   | (29,939)                  | (16,736) | 29,939                                                  | 16,736     | -                                         | -          |
|                                                 | <b>7,606</b>              | 49,644   | <b>29,939</b>                                           | 16,736     | <b>37,545</b>                             | 66,380     |
| <b>Balance at End of Year</b>                   | <b>P80,629</b>            | P70,378  | <b>(P694,780)</b>                                       | (P640,443) | <b>(P614,151)</b>                         | (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:

|                                      | <b>In Percentages</b> |             |
|--------------------------------------|-----------------------|-------------|
|                                      | <b>2024</b>           | <b>2023</b> |
| Cash and cash equivalents            | <b>61.20%</b>         | 84.71%      |
| Investments in marketable securities | <b>38.28%</b>         | 15.13%      |
| Others                               | <b>0.52%</b>          | 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 | <b>3,774,400,000</b> | <b>P3,774,400</b> | 3,774,400,000    | P3,774,400 |
| Subscribed capital stock:       |                      |                   |                  |            |
| Balance at beginning of year    | <b>2,823,604,000</b> | <b>2,823,604</b>  | 1,250,004,000    | 1,250,004  |
| Subscription                    | -                    | -                 | 1,573,600,000    | 1,573,600  |
| <b>Issued and outstanding</b>   | <b>2,823,604,000</b> | <b>P2,823,604</b> | 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                  |
|                                                       | <b>US\$1,809,354</b>             | <b>(US\$805,863)</b>     | <b>(US\$203,480)</b>   | <b>US\$800,011</b>                         | <b>P40,047,303</b>         |

\*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* |
|------------------------------|------------------------------|-----------------------|----------------------------|
| <b>Parent Company</b>        |                              |                       |                            |
| 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                  |
|                              |                              |                       | <b>P102,546,825</b>        |
| <b>SMGP BESS</b>             |                              |                       |                            |
| 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                  |
|                              |                              |                       | <b>P20,220,004</b>         |

\* 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.

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## 22. Revenues

Revenues consist of:

|                                         | <b>Note</b> | <b>2024</b>         | <b>2023</b>  | <b>2022</b>  |
|-----------------------------------------|-------------|---------------------|--------------|--------------|
| Sale of power:                          |             |                     |              |              |
| Power generation and trading            | 6           | <b>P168,629,230</b> | P145,190,801 | P180,027,616 |
| Retail and other power-related services | 6           | <b>35,261,929</b>   | 23,973,021   | 41,153,496   |
| Other services                          |             | <b>1,199,957</b>    | 426,415      | 207,676      |
|                                         | 5, 19       | <b>P205,091,116</b> | 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).

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**23. Cost of Power Sold**

Cost of power sold consists of:

|                                                  | <b>Note</b>   | <b>2024</b>         | <b>2023</b>  | <b>2022</b>  |
|--------------------------------------------------|---------------|---------------------|--------------|--------------|
| Coal, fuel oil and other consumables             | 9, 19         | <b>P101,763,922</b> | P86,906,429  | P114,857,765 |
| Power purchases                                  | 6             | <b>29,664,574</b>   | 25,249,742   | 57,089,312   |
| Depreciation and amortization                    | 6, 12, 13, 14 | <b>13,339,048</b>   | 11,664,266   | 11,241,841   |
| Plant operations and maintenance, and other fees | 6, 19, 20     | <b>8,342,739</b>    | 5,530,562    | 4,729,974    |
| Energy fees                                      | 6             | <b>1,574,006</b>    | 1,640,693    | 10,452,088   |
|                                                  | <b>5</b>      | <b>P154,684,289</b> | P130,991,692 | P198,370,980 |

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**24. Selling and Administrative Expenses**

Selling and administrative expenses consist of:

|                                                          | <b>Note</b> | <b>2024</b>       | <b>2023</b> | <b>2022</b> |
|----------------------------------------------------------|-------------|-------------------|-------------|-------------|
| Taxes and licenses                                       |             | <b>P2,286,870</b> | P1,876,156  | P1,613,908  |
| Impairment losses on trade receivables (reversals) - net | 8           | <b>2,140,622</b>  | (46,650)    | 52,855      |
| Salaries, wages and benefits                             | 19, 20      | <b>891,290</b>    | 1,012,493   | 1,034,757   |
| Depreciation and amortization                            | 12, 13, 14  | <b>833,820</b>    | 652,409     | 679,850     |
| Repairs and maintenance                                  |             | <b>804,061</b>    | 108,731     | 90,142      |
| Management fees                                          | 19          | <b>749,616</b>    | 711,196     | 667,243     |
| Outside services                                         | 19          | <b>704,423</b>    | 523,675     | 331,336     |
| Rent - net                                               | 6, 19       | <b>323,638</b>    | 278,863     | 339,103     |
| Professional fees                                        |             | <b>310,992</b>    | 267,922     | 220,119     |
| Corporate special program                                |             | <b>220,547</b>    | 248,836     | 301,328     |
| Advertising and promotions                               |             | <b>165,253</b>    | 88,261      | 75,870      |
| Supplies                                                 |             | <b>128,843</b>    | 133,855     | 89,515      |
| Donations                                                |             | <b>45,501</b>     | 21,309      | 10,261      |
| Miscellaneous - net                                      |             | <b>344,113</b>    | 195,376     | 57,214      |
|                                                          | <b>5</b>    | <b>P9,949,589</b> | P6,072,432  | P5,563,501  |

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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:

|                                                      | <b>Note</b> | <b>2024</b>         | <b>2023</b> | <b>2022</b>  |
|------------------------------------------------------|-------------|---------------------|-------------|--------------|
| Marked-to-market gains (losses) on derivatives - net | 30          | <b>P104,350</b>     | (P875,946)  | P1,583,553   |
| Insurance claims                                     |             | <b>58,896</b>       | 104,487     | -            |
| Foreign exchange gains (losses) - net                | 29, 30      | <b>(4,006,812)</b>  | 1,258,912   | (9,006,865)  |
| Miscellaneous income - net                           | 6, 12       | <b>338,178</b>      | 50,507      | 182,493      |
|                                                      | 5           | <b>(P3,505,388)</b> | 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:

|          | <b>Note</b> | <b>2024</b>       | <b>2023</b> | <b>2022</b> |
|----------|-------------|-------------------|-------------|-------------|
| Current  | 27          | <b>P2,917,184</b> | P1,924,391  | P2,689,434  |
| Deferred |             | <b>2,298,771</b>  | 3,235,815   | (1,654,683) |
|          |             | <b>P5,215,955</b> | P5,160,206  | P1,034,751  |

The movements of deferred income tax assets and liabilities are as follows:

| <b>2024</b>                                                                       | <b>Balance at January 1</b> | <b>Recognized in Profit or Loss</b> | <b>Recognized in Other Comprehensive Income</b> | <b>Others</b> | <b>Balance at December 31</b> |
|-----------------------------------------------------------------------------------|-----------------------------|-------------------------------------|-------------------------------------------------|---------------|-------------------------------|
| 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)                 |

| <b>2023</b>                                                                       | <b>Balance at January 1</b> | <b>Recognized in Profit or Loss</b> | <b>Recognized in Other Comprehensive Income</b> | <b>Others</b> | <b>Balance at December 31</b> |
|-----------------------------------------------------------------------------------|-----------------------------|-------------------------------------|-------------------------------------------------|---------------|-------------------------------|
| 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      | <b>P1,353,752</b>    | P973,481      |
| Deferred income tax liabilities | <b>(23,978,387)</b>  | (21,284,723)  |
|                                 | <b>(P22,624,635)</b> | (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/<br>Paid | Carryforward<br>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          | -                 |
|                        |                                | <b>P65,172,663</b> | <b>P1,075,286</b> |

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                              | <b>25.00%</b>   | 25.00%   | 25.00%   |
| Increase (decrease) in income tax rate resulting from: |                 |          |          |
| Unrecognized deferred income tax assets                | <b>15.80%</b>   | 28.09%   | 63.63%   |
| Availment of income tax holiday and others             | <b>(11.16%)</b> | (18.83%) | (63.81%) |
| Effective income tax rate                              | <b>29.64%</b>   | 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.

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## 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 *Avancion* 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 *Avancion* 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.

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## 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         | <b>P12,345,292</b>  | P9,905,416   | P3,162,545   |
| Distributions for the year to:                                          |                     |              |              |
| RPCS holder                                                             | <b>(11,737,628)</b> | (6,088,171)  | (2,344,642)  |
| SPCS holders                                                            | <b>(14,049,817)</b> | (15,034,200) | (15,482,007) |
| Net loss attributable to common shareholders of the Parent Company (a)  | <b>(13,442,153)</b> | (11,216,955) | (14,664,104) |
| Weighted average number of common shares outstanding (in thousands) (b) | <b>2,823,604</b>    | 1,588,937    | 1,250,004    |
| Basic/Diluted Loss Per Share (a/b)                                      | <b>(P4.76)</b>      | (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).

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## 29. Financial Risk and Capital Management Objectives and Policies

### Objectives and Policies

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 |
|---------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------|----------------|-------------------|--------------------|--------------|
| <b>Financial Assets</b>                                                                                                   |                 |                       |                |                   |                    |              |
| 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           |
| <b>Financial Liabilities</b>                                                                                              |                 |                       |                |                   |                    |              |
| 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 |
|---------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------|----------------|-------------------|--------------------|--------------|
| <b>Financial Assets</b>                                                                                                   |                 |                       |                |                   |                    |              |
| 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    |
| <b>Financial Liabilities</b>                                                                                              |                 |                       |                |                   |                    |              |
| 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.

### 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 as at December 31, without considering the effects of other risk mitigation techniques, is presented below:

|                                                       | <i>Note</i> | <b>2024</b>         | <b>2023</b>  |
|-------------------------------------------------------|-------------|---------------------|--------------|
| Cash and cash equivalents<br>(excluding cash on hand) | 7           | <b>P67,864,985</b>  | P31,657,566  |
| Trade and other receivables - net*                    | 8           | <b>110,776,695</b>  | 110,097,787  |
| Long-term receivables (including current<br>portion)  | 8, 15       | <b>14,140,044</b>   | 17,579,941   |
| Restricted cash                                       | 10, 15      | <b>8,495,006</b>    | 6,271,296    |
|                                                       |             | <b>P201,276,730</b> | 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.

|                                                       | <b>Financial Assets at Amortized Cost</b> |                                                   |                                               | <b>Total</b>        |
|-------------------------------------------------------|-------------------------------------------|---------------------------------------------------|-----------------------------------------------|---------------------|
|                                                       | <b>12-month<br/>ECL</b>                   | <b>Lifetime<br/>ECL - not<br/>credit impaired</b> | <b>Lifetime<br/>ECL - credit<br/>impaired</b> |                     |
| <b>December 31, 2024</b>                              |                                           |                                                   |                                               |                     |
| Cash and cash equivalents<br>(excluding cash on hand) | <b>P67,864,985</b>                        | <b>P -</b>                                        | <b>P -</b>                                    | <b>P67,864,985</b>  |
| Trade and other receivables                           | -                                         | <b>110,776,695</b>                                | <b>4,867,019</b>                              | <b>115,643,714</b>  |
| Long-term receivables<br>(including current portion)  | -                                         | <b>14,140,044</b>                                 | -                                             | <b>14,140,044</b>   |
| Restricted cash                                       | <b>8,495,006</b>                          | -                                                 | -                                             | <b>8,495,006</b>    |
|                                                       | <b>P76,359,991</b>                        | <b>P124,916,739</b>                               | <b>P4,867,019</b>                             | <b>P206,143,749</b> |



| December 31, 2023                                     | Financial Assets at Amortized Cost |                                          |                                      | Total        |
|-------------------------------------------------------|------------------------------------|------------------------------------------|--------------------------------------|--------------|
|                                                       | 12-month<br>ECL                    | Lifetime<br>ECL - not<br>credit impaired | Lifetime<br>ECL - credit<br>impaired |              |
| Cash and cash equivalents<br>(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<br>(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<br>Owed by<br>Related<br>Parties | Total        | Trade             | Non-trade   | Amounts<br>Owed by<br>Related<br>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        |
|---------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------|
| <b>Fixed Rate</b>                                                         |                                   |                                   |                                   |                                   |                                   |                                   |              |
| Philippine Peso-denominated Interest rate                                 | P17,004,744<br>5.0000% to 8.6228% | P22,339,154<br>5.1792% to 8.6228% | P18,370,097<br>6.6250% to 8.6228% | P48,394,411<br>7.1051% to 8.6228% | P26,400,744<br>7.5758% to 8.6228% | P59,538,372<br>7.5758% to 8.2443% | P192,047,522 |
| Foreign currency-denominated (expressed in Philippine Peso) Interest rate | 1,453,182<br>8.3310%              | 1,519,443<br>8.3310%              | 1,587,990<br>8.3310%              | 1,661,106<br>8.3310%              | 1,738,792<br>8.3310%              | 8,673,395<br>8.3310%              | 16,633,908   |
| <b>Floating Rate</b>                                                      |                                   |                                   |                                   |                                   |                                   |                                   |              |
| Philippine Peso-denominated Interest rate                                 | 1,164,534<br>BVAL + Margin        | 1,164,534<br>BVAL + Margin        | 1,164,534<br>BVAL + Margin        | 1,164,534<br>BVAL + Margin        | 1,164,534<br>BVAL + Margin        | 291,134<br>BVAL + Margin          | 6,113,804    |
| Foreign currency-denominated (expressed in Philippine Peso) Interest rate | 9,155,013<br>SOFR + Margin        | 17,853,571<br>SOFR + Margin       | 35,229,629<br>SOFR + Margin       | 546,693<br>SOFR + Margin          | 572,260<br>SOFR + Margin          | 2,854,535<br>SOFR + Margin        | 66,211,701   |
|                                                                           | 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        |
|---------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------|
| <b>Fixed Rate</b>                                                         |                                   |                                   |                                   |                                   |                                   |                                   |              |
| Philippine Peso-denominated Interest rate                                 | P35,009,804<br>5.0000% to 8.2443% | P15,904,744<br>5.0000% to 8.2443% | P17,989,154<br>5.1792% to 8.2443% | P10,270,097<br>6.2836% to 8.2443% | P39,544,411<br>6.2836% to 8.2443% | P54,389,116<br>6.2836% to 8.2443% | P173,107,326 |
| Foreign currency-denominated (expressed in Philippine Peso) Interest rate | 1,329,766<br>8.3310%              | 1,391,005<br>8.3310%              | 1,454,431<br>8.3310%              | 1,520,045<br>8.3310%              | 1,590,033<br>8.3310%              | 9,966,683<br>8.3310%              | 17,251,963   |
| <b>Floating Rate</b>                                                      |                                   |                                   |                                   |                                   |                                   |                                   |              |
| Philippine Peso-denominated Interest rate                                 | 1,164,534<br>BVAL + Margin        | 1,164,534<br>BVAL + Margin        | 1,164,534<br>BVAL + Margin        | 1,164,534<br>BVAL + Margin        | 1,164,534<br>BVAL + Margin        | 1,455,667<br>BVAL + Margin        | 7,278,337    |
| Foreign currency-denominated (expressed in Philippine Peso) Interest rate | 17,048,644<br>SOFR + Margin       | 8,763,300<br>SOFR + Margin        | 17,089,674<br>SOFR + Margin       | 17,111,269<br>SOFR + Margin       | 523,302<br>SOFR + Margin          | 3,280,173<br>SOFR + Margin        | 63,816,362   |
|                                                                           | 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 |              |
|-------------------------------------------------------|------|-------------------|--------------|-------------------|--------------|
|                                                       |      |                   | Peso         |                   | Peso         |
|                                                       | Note | US Dollar         | Equivalent   | US Dollar         | 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 |
|--------------------------|------------------------------|
| <b>December 31, 2024</b> | <b>P57.845</b>               |
| 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<br>US Dollar Exchange Rate |                     | P1 Increase in the<br>US Dollar Exchange Rate |                     |
|--------------------------------------------------|-----------------------------------------------|---------------------|-----------------------------------------------|---------------------|
|                                                  | Effect on<br>Income<br>before<br>Income Tax   | Effect on<br>Equity | Effect on<br>Income<br>before<br>Income Tax   | Effect on<br>Equity |
| <b>December 31, 2024</b>                         |                                               |                     |                                               |                     |
| 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<br>accrued expenses         | 1,288,337                                     | 966,523             | (1,288,337)                                   | (966,523)           |
| Long-term debt (including<br>current maturities) | 1,432,200                                     | 1,074,150           | (1,432,200)                                   | (1,074,150)         |
| Lease liabilities (including<br>current portion) | 277,111                                       | 207,833             | (277,111)                                     | (207,833)           |
|                                                  | 3,122,648                                     | 2,342,256           | (3,122,648)                                   | (2,342,256)         |
|                                                  | <b>P2,724,758</b>                             | <b>P2,040,683</b>   | <b>(P2,724,758)</b>                           | <b>(P2,040,683)</b> |

|                                                  | P1 Decrease in the<br>US Dollar Exchange Rate |                     | P1 Increase in the<br>US Dollar Exchange Rate |                     |
|--------------------------------------------------|-----------------------------------------------|---------------------|-----------------------------------------------|---------------------|
|                                                  | Effect on<br>Income<br>before<br>Income Tax   | Effect on<br>Equity | Effect on<br>Income<br>before<br>Income Tax   | Effect on<br>Equity |
| <b>December 31, 2023</b>                         |                                               |                     |                                               |                     |
| 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<br>accrued expenses         | 929,555                                       | 714,638             | (929,555)                                     | (714,638)           |
| Long-term debt (including<br>current maturities) | 1,464,120                                     | 1,350,090           | (1,464,120)                                   | (1,350,090)         |
| Lease liabilities (including<br>current portion) | 341,414                                       | 256,060             | (341,414)                                     | (256,060)           |
|                                                  | 2,735,089                                     | 2,320,788           | (2,735,089)                                   | (2,320,788)         |
|                                                  | <b>P2,474,302</b>                             | <b>P2,093,095</b>   | <b>(P2,474,302)</b>                           | <b>(P2,093,095)</b> |

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   |
| <b>Financial Assets</b>                                                                                                   |                     |                     |                   |              |
| Cash and cash equivalents                                                                                                 | <b>P67,867,411</b>  | <b>P67,867,411</b>  | P31,659,442       | P31,659,442  |
| Trade and other receivables - net*                                                                                        | <b>110,776,695</b>  | <b>110,776,695</b>  | 110,097,787       | 110,097,787  |
| Long-term receivables (including current portion)                                                                         | <b>14,140,044</b>   | <b>14,140,044</b>   | 17,579,941        | 17,579,941   |
| Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)       | <b>8,495,006</b>    | <b>8,495,006</b>    | 6,271,296         | 6,271,296    |
|                                                                                                                           | <b>P201,279,156</b> | <b>P201,279,156</b> | P165,608,466      | P165,608,466 |
| <b>Financial Liabilities</b>                                                                                              |                     |                     |                   |              |
| Loans payable                                                                                                             | <b>P41,350,425</b>  | <b>P41,350,425</b>  | P13,736,000       | P13,736,000  |
| Accounts payable and accrued expenses                                                                                     | <b>122,229,914</b>  | <b>122,229,914</b>  | 76,073,208        | 76,073,208   |
| Derivative liabilities not designated as cash flow hedge (included under "Accounts payable and accrued expenses" account) | <b>13,725</b>       | <b>13,725</b>       | 13,925            | 13,925       |
| Long-term debt - net (including current maturities)                                                                       | <b>277,937,891</b>  | <b>295,112,421</b>  | 258,769,473       | 272,270,702  |
| Lease liabilities (including current portion)                                                                             | <b>31,405,266</b>   | <b>31,405,266</b>   | 42,787,300        | 42,787,300   |
| Other noncurrent liabilities                                                                                              | <b>502,869</b>      | <b>502,869</b>      | 3,959,302         | 3,959,302    |
|                                                                                                                           | <b>P473,440,090</b> | <b>P490,614,620</b> | 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               |
|--------------------------------------------------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Balance as at January 1, 2024</b>                               | <b>P13,736,000</b> | <b>P258,769,473</b> | <b>P42,787,300</b>  | <b>P161,767,709</b> | <b>P102,546,825</b> | <b>P579,607,307</b> |
| <b>Changes from Financing Activities</b>                           |                    |                     |                     |                     |                     |                     |
| 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)        |
| <b>Total Changes from Financing Activities</b>                     | <b>27,635,050</b>  | <b>15,890,879</b>   | <b>(18,298,212)</b> | <b>(23,999,243)</b> | <b>43,432,288</b>   | <b>44,660,762</b>   |
| 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          |
| <b>Balance as at December 31, 2024</b>                             | <b>P41,350,425</b> | <b>P277,937,891</b> | <b>P31,405,266</b>  | <b>P151,194,865</b> | <b>P145,979,113</b> | <b>P647,867,560</b> |

|                                                | Loans Payable      | Long-term Debt      | Lease Liabilities   | Capital Stock     | Additional Paid-in Capital | RPCS                | Total               |
|------------------------------------------------|--------------------|---------------------|---------------------|-------------------|----------------------------|---------------------|---------------------|
| <b>Balance as at January 1, 2023</b>           | <b>P21,000,000</b> | <b>P272,152,624</b> | <b>P59,958,110</b>  | <b>P1,250,004</b> | <b>P2,490,000</b>          | <b>P51,934,069</b>  | <b>P408,784,807</b> |
| <b>Changes from Financing Activities</b>       |                    |                     |                     |                   |                            |                     |                     |
| 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)       |
| <b>Total Changes from Financing Activities</b> | <b>(7,264,000)</b> | <b>(12,384,871)</b> | <b>(19,314,572)</b> | <b>1,573,600</b>  | <b>45,591,781</b>          | <b>49,164,065</b>   | <b>57,366,003</b>   |
| 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           |
| <b>Balance as at December 31, 2023</b>         | <b>P13,736,000</b> | <b>P258,769,473</b> | <b>P42,787,300</b>  | <b>P2,823,604</b> | <b>P48,081,781</b>         | <b>P102,546,825</b> | <b>P468,744,983</b> |

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.

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## 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 3<sup>rd</sup> 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 consignment 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 consignment 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 Consignment 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 consignment 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 consignment 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.



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Email [ph-inquiry@kpmg.com](mailto:ph-inquiry@kpmg.com)

**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.**

A handwritten signature in black ink that reads 'Gregorio I. Sambrano, Jr.' with a stylized flourish at the end.

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

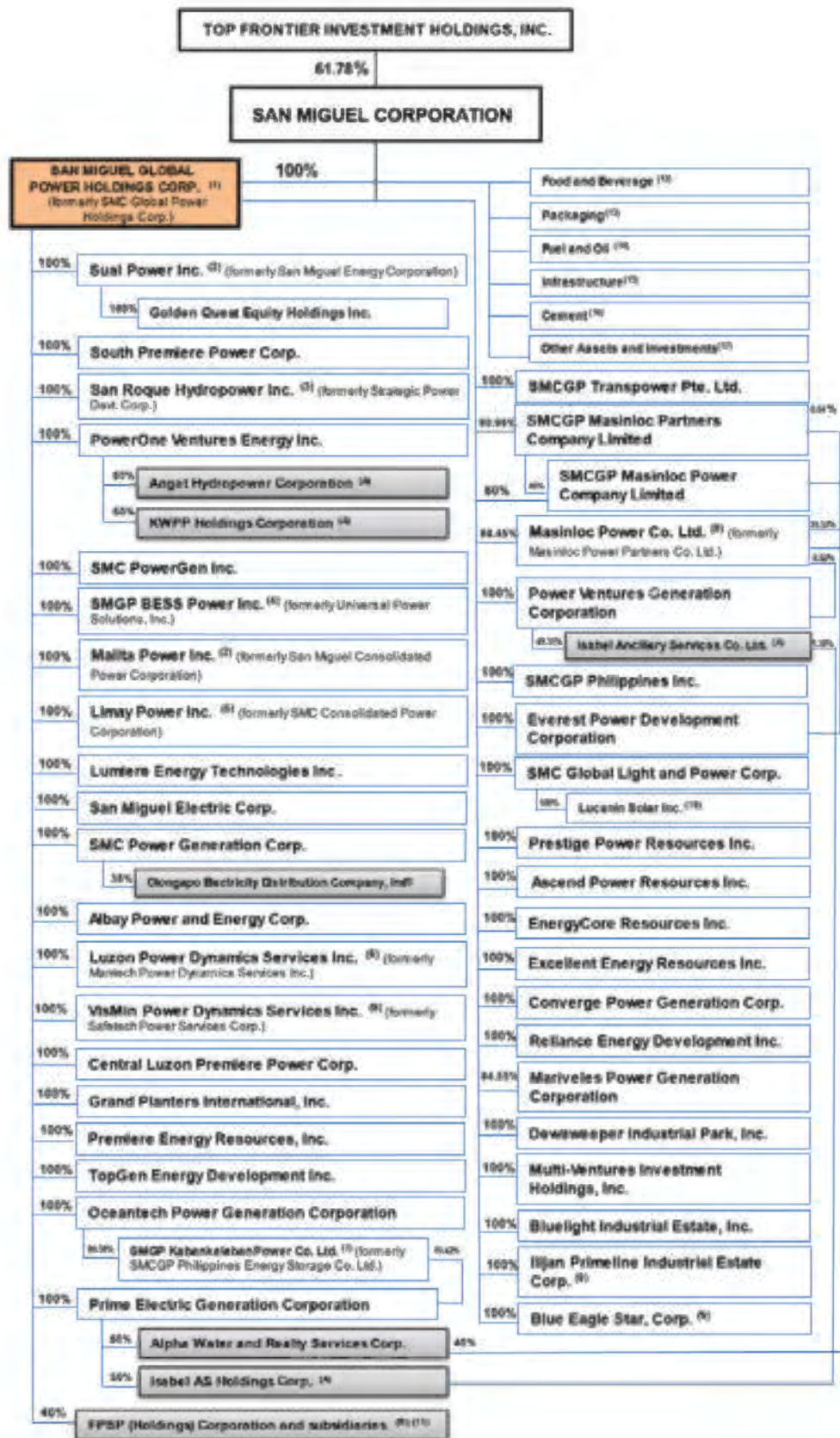
PTR No. MKT 10467152

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 Jakarta 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, Silverides 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: <sup>(A)</sup> Joint Venture

<sup>(B)</sup> Associate

**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.**  
(Formerly SMC Global Power Holdings Corp.)  
**AND SUBSIDIARIES**  
**INDEX TO FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY SCHEDULES**  
**DECEMBER 31, 2024**

A FINANCIAL ASSETS

B AMOUNTS RECEIVABLE FROM DIRECTORS,  
OFFICERS, EMPLOYEES, RELATED PARTIES  
AND PRINCIPAL STOCKHOLDERS  
(OTHER THAN RELATED PARTIES)

NOT APPLICABLE

C AMOUNTS RECEIVABLE/PAYABLE FROM  
RELATED PARTIES WHICH ARE ELIMINATED  
DURING THE CONSOLIDATION OF FINANCIAL  
STATEMENTS

D LONG-TERM DEBT

E INDEBTEDNESS TO RELATED PARTIES

NOT APPLICABLE\*

F GUARANTEES OF SECURITIES OF OTHER ISSUERS

NOT APPLICABLE

G CAPITAL STOCK

\* Balance of account is less than 5% of total assets of the Group

**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.**  
(Formerly SMC Global Power Holdings Corp.)

**AND SUBSIDIARIES**

**SCHEDULE A - FINANCIAL ASSETS**

**DECEMBER 31, 2024**

(Amounts in Thousands, Except No. of Shares Data)

| Name of Issuing Entity/<br>Description of Each Issue | Number of Shares<br>or Principal |   | Amount Shown<br>in the Statements of<br>Financial Position | Value Based on<br>Market Quotations at<br>December 31, 2024 |   | Income Received<br>and Accrued |
|------------------------------------------------------|----------------------------------|---|------------------------------------------------------------|-------------------------------------------------------------|---|--------------------------------|
|                                                      | Amount of Bonds<br>and Notes     |   |                                                            |                                                             |   |                                |
| Cash and cash equivalents                            | -                                | P | 67,867,411                                                 | Not applicable                                              | P | 609,733                        |
| Trade and other receivables - net                    | -                                |   | 110,776,695                                                | Not applicable                                              |   | 5,253                          |
| Long-term receivables                                | -                                |   | 14,140,044                                                 | Not applicable                                              |   | 146,018                        |
| Restricted cash                                      | -                                |   | 8,495,006                                                  | Not applicable                                              |   | 67,134                         |
|                                                      |                                  | P | 201,279,156                                                |                                                             | P | 828,138                        |

See Notes 7, 8, 10, 15, 19, 29 and 30 of the Consolidated Financial Statements.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.  
(Formerly SMC Global Power Holdings Corp.)  
AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE TO RELATED PARTIES WHICH ARE ELIMINATED  
DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS  
DECEMBER 31, 2024  
(Amounts In Thousands)

| NAME OF RELATED PARTY                                       | P | BEGINNING<br>BALANCE | ADDITIONS/<br>CTA/RECLASS/<br>OTHERS | AMOUNTS<br>COLLECTED/<br>CREDIT MEMO | AMOUNTS<br>WRITTEN OFF | TOTAL       | CURRENT     | NONCURRENT   | ENDING<br>BALANCE |
|-------------------------------------------------------------|---|----------------------|--------------------------------------|--------------------------------------|------------------------|-------------|-------------|--------------|-------------------|
| San Miguel Global Power Holdings Corp.                      | P | 237,489,190          |                                      |                                      |                        | 211,826,851 | 173,728,315 |              | 211,826,851       |
| Sual Power Inc.                                             |   | 25,686,304           | 51,531,124                           | (77,193,463)                         |                        | 21,599,759  | 21,599,759  | P 38,098,536 | 21,599,759        |
| SMCGP Masinloc Power Company Limited                        |   | 13,390,655           | 10,565,665                           | (14,752,210)                         |                        | 14,971,855  | 14,971,855  |              | 14,971,855        |
| Limay Power Inc.                                            |   | 8,837,137            | 1,581,200                            |                                      |                        | 10,678,503  | 10,678,503  |              | 10,678,503        |
| San Roque Hydropower Inc.                                   |   | 5,569,392            | 5,989,664                            | (4,148,298)                          |                        | 7,016,673   | 7,016,673   |              | 7,016,673         |
| South Premiere Power Corp.                                  |   | 2,805,153            | 3,024,493                            | (1,577,212)                          |                        | 6,338,289   | 6,338,289   |              | 6,338,289         |
| SMCGP Masinloc Partners Company Limited                     |   | 5,340,400            | 6,130,273                            | (2,597,137)                          |                        | 5,972,880   | 5,972,880   |              | 5,972,880         |
| Marvelles Power Generation Corporation                      |   | 2,627,553            | 632,480                              |                                      |                        | 5,865,245   | 5,865,245   |              | 5,865,245         |
| SMC Powergen Inc.                                           |   | 5,464,969            | 8,449,383                            | (5,211,691)                          |                        | 5,396,564   | 5,396,564   |              | 5,396,564         |
| SMGP BESS Power Inc.                                        |   | 4,741,955            |                                      | (68,405)                             |                        | 4,955,028   | 4,955,028   |              | 4,955,028         |
| Masinloc Power Co. Ltd.                                     |   | 3,067,272            | 213,073                              | (2,337,228)                          |                        | 2,343,143   | 2,343,143   |              | 2,343,143         |
| Excellent Energy Resources Inc.                             |   |                      | 1,613,099                            |                                      |                        | 1,874,499   | 1,874,499   |              | 1,874,499         |
| Oceantech Power Generation Corporation                      |   |                      | 1,973,327                            | (98,928)                             |                        | 786,756     | 786,756     |              | 786,756           |
| Golden Quest Equity Holdings Inc.                           |   |                      | 402,900                              |                                      |                        | 604,383     | 604,383     |              | 604,383           |
| SMCGP Transpower Pte. Ltd. - Singapore Office               |   |                      |                                      |                                      |                        | 545,307     | 545,307     | 505,118      | 545,307           |
| Malila Power Inc.                                           |   | 383,856              |                                      |                                      |                        | 516,670     | 516,670     |              | 516,670           |
| Luzon Power Dynamics Services Inc.                          |   |                      | 49,242                               |                                      |                        | 248,810     | 248,810     |              | 248,810           |
| Prime Electric Generation Corporation                       |   | 128,938              | 516,670                              |                                      |                        | 226,038     | 226,038     |              | 226,038           |
| SMC Power Generation Corp.                                  |   | 164,407              | 1,887,631                            | (2,066,028)                          |                        | 157,587     | 157,587     |              | 157,587           |
| Lumiere Energy Technologies Inc.                            |   | 118,967              |                                      | (6,820)                              |                        | 118,968     | 118,968     |              | 118,968           |
| Grand Planters International Inc.                           |   | 135,261              | 1                                    | (86,480)                             |                        | 87,145      | 87,145      |              | 87,145            |
| Central Luzon Premiere Power Corp.                          |   | 39,832               | 38,364                               |                                      |                        | 39,832      | 39,832      |              | 39,832            |
| ViaMin Power Dynamics Services Inc.                         |   | 119,696              |                                      | (386,134)                            |                        | 30,226      | 30,226      |              | 30,226            |
| SMCGP Transpower Pte Ltd Philis - ROHQ<br>Philippine Branch |   | 18,440               | 296,664                              |                                      |                        | 18,441      | 18,441      |              | 18,441            |
| Multi-Ventures Investment Holdings, Inc.                    |   | 39,054               | 1                                    |                                      |                        | 17,105      | 17,105      |              | 17,105            |
| Ilijan Primeline Industrial Estate Corp.                    |   | 6,981                | 59,410                               | (81,359)                             |                        | 14,459      | 14,459      |              | 14,459            |
| Lucannin Solar Inc.                                         |   |                      | 7,478                                |                                      |                        | 10,877      | 10,877      |              | 10,877            |
| TopGen Energy Development Inc.                              |   | 31,449               | 10,877                               |                                      |                        | 9,087       | 9,087       |              | 9,087             |
| Alpha Water and Realty Services Corp.                       |   |                      |                                      | (22,362)                             |                        | 8,851       | 8,851       |              | 8,851             |
| Power Ventures Generation Corporation                       |   |                      | 43,255                               | (34,404)                             |                        | 8,570       | 8,570       |              | 8,570             |
| SMC Global Light and Power Corp.                            |   | 7,770                | 800                                  |                                      |                        | 4,474       | 4,474       | 4,474        | 4,474             |
| Everest Power Development Corporation                       |   |                      | 4,474                                |                                      |                        | 2,294       | 2,294       |              | 2,294             |
| San Miguel Electric Corp.                                   |   | 2,041                | 253                                  |                                      |                        | 48          | 48          |              | 48                |
|                                                             |   | 48                   |                                      |                                      |                        |             |             |              |                   |
| P                                                           |   | 317,744,375          | 95,218,901                           | (110,668,059)                        |                        | 302,295,217 | 263,687,089 | 38,608,128   | 302,295,217       |

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.

(Formerly SMC Global Power Holdings Corp.)

AND SUBSIDIARIES

SCHEDULE C - AMOUNTS PAYABLE TO RELATED PARTIES WHICH ARE ELIMINATED

DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2024

(Amounts In Thousands)

| NAME OF RELATED PARTY                         | BEGINNING<br>BALANCE | ADDITIONS/<br>CTA/RECLASS/<br>OTHERS | AMOUNTS<br>PAID/<br>DEBIT MEMO | AMOUNTS<br>WRITTEN OFF | TOTAL       | CURRENT       | NONCURRENT   | ENDING<br>BALANCE |
|-----------------------------------------------|----------------------|--------------------------------------|--------------------------------|------------------------|-------------|---------------|--------------|-------------------|
| Sual Power Inc.                               | P 85,923,014         | P 51,791,555                         | P (44,025,844)                 | -                      | 93,688,725  | P 93,688,725  | P -          | 93,688,725        |
| Masinloc Power Co. Ltd.                       | 48,308,057           | 3,122,722                            | (1,444,404)                    | -                      | 49,986,375  | P 49,986,375  | 14,233,327   | 49,986,375        |
| Mariveles Power Generation Corporation        | 24,139,389           | 26,088,211                           | (20,402,403)                   | -                      | 29,825,197  | P 15,880,519  | 13,944,678   | 29,825,197        |
| South Premiere Power Corp.                    | 55,007,067           | 18,505,333                           | (47,356,586)                   | -                      | 26,155,814  | P 26,155,814  | -            | 26,155,814        |
| Limay Power Inc.                              | 9,243,074            | 10,206,353                           | (3,383,861)                    | -                      | 16,065,566  | P 16,065,566  | -            | 16,065,566        |
| SMCGP Masinloc Power Company Limited          | 13,351,000           | 1,581,205                            | -                              | -                      | 14,932,205  | P 14,932,205  | -            | 14,932,205        |
| Excellent Energy Resources Inc.               | 31,704,239           | 10,552,841                           | (28,117,465)                   | -                      | 14,139,615  | P 14,139,615  | -            | 14,139,615        |
| San Roque Hydropower Inc.                     | 7,562,447            | 11,319,936                           | (5,265,440)                    | -                      | 13,606,943  | P 13,606,943  | -            | 13,606,943        |
| San Miguel Global Power Holdings Corp.        | 6,595,592            | 632,485                              | (366,848)                      | -                      | 6,218,744   | P 6,218,744   | -            | 6,218,744         |
| SMCGP Masinloc Partners Company Limited       | 5,128,998            | 632,485                              | (2,542,310)                    | -                      | 5,761,483   | P 5,761,483   | -            | 5,761,483         |
| Malita Power Inc.                             | 4,841,474            | 3,415,652                            | (2,542,310)                    | -                      | 5,714,816   | P 5,714,816   | -            | 5,714,816         |
| SMGP BESS Power Inc.                          | 6,957,418            | 491,685                              | (2,107,861)                    | -                      | 5,341,222   | P 5,341,222   | -            | 5,341,222         |
| Albay Power and Energy Corporation            | 4,188,691            | -                                    | -                              | -                      | 4,188,691   | P 4,188,691   | -            | 4,188,691         |
| Multi-Ventures Investment Holdings, Inc.      | 3,236,041            | 1,000,000                            | (1,110,000)                    | -                      | 332,447     | P 332,447     | -            | 332,447           |
| VisMin Power Dynamics Services Inc.           | 1,629,059            | 618,046                              | -                              | -                      | 3,126,041   | P 3,126,041   | 2,793,594    | 3,126,041         |
| SMGP Kabankalan Power Co. Ltd.                | 1,452,192            | 512,875                              | (28,675)                       | -                      | 2,247,105   | P 34,209      | 2,212,896    | 2,247,105         |
| PowerOne Ventures Energy, Inc.                | 1,568,638            | 3,572                                | -                              | -                      | 1,936,392   | P 1,936,392   | -            | 1,936,392         |
| Grand Planters International Inc.             | 587,892              | 1,172,844                            | (582,127)                      | -                      | 1,572,210   | P 219,573     | 1,352,637    | 1,572,210         |
| TopGen Energy Development Inc.                | 669,605              | 422,526                              | -                              | -                      | 1,178,609   | P 610,479     | 568,130      | 1,178,609         |
| San Miguel Electric Corp.                     | 1,020,000            | 4,663                                | -                              | -                      | 1,092,131   | P 13,351      | 1,078,780    | 1,092,131         |
| Dewsweeper Industrial Park, Inc.              | 1,360,965            | -                                    | (390,000)                      | -                      | 1,024,663   | P 1,024,663   | -            | 1,024,663         |
| Oceantech Power Generation Corporation        | 376,000              | 403,000                              | -                              | -                      | 970,965     | P 260,000     | 710,965      | 970,965           |
| SMCGP Transpower Pte Ltd Phils - ROHQ         | 477,241              | 49,243                               | -                              | -                      | 779,000     | P 779,000     | -            | 779,000           |
| Philippine Branch                             | 487,050              | 283                                  | -                              | -                      | 526,484     | P 21,366      | 505,118      | 526,484           |
| Power Ventures Generation Corporation         | 314,066              | 111,544                              | -                              | -                      | 487,333     | P 47,895      | 439,438      | 487,333           |
| SMC Global Light and Power Corporation        | 170,000              | 157,106                              | -                              | -                      | 425,610     | P 10,877      | 414,733      | 425,610           |
| Alpha Water and Realty Services Corp.         | 780,048              | (546,262)                            | -                              | -                      | 327,106     | P 327,106     | -            | 327,106           |
| Ilijan Primeline Industrial Estate Corp.      | 277,596              | -                                    | (61,000)                       | -                      | 233,786     | P 233,786     | -            | 233,786           |
| Bluelight Industrial Estate, Inc.             | 110,000              | 94,000                               | -                              | -                      | 216,596     | P 19,000      | 197,596      | 216,596           |
| Prime Electric Generation Corporation         | 125,762              | 452                                  | -                              | -                      | 204,000     | P 204,000     | -            | 204,000           |
| Blue Eagle Star, Corp.                        | 98,666               | -                                    | -                              | -                      | 126,214     | P 452         | 125,762      | 126,214           |
| SMCGP Philippines Inc.                        | 17,091               | 25,498                               | (12,190)                       | -                      | 98,666      | P 98,666      | -            | 98,666            |
| Luzon Power Dynamics Services Inc.            | 27,987               | 1,062                                | -                              | -                      | 30,399      | P 30,399      | -            | 30,399            |
| Everest Power Development Corporation         | 11,700               | -                                    | -                              | -                      | 29,049      | P 29,049      | -            | 29,049            |
| Reliance Energy Development Inc.              | 7,400                | -                                    | -                              | -                      | 11,700      | P -           | 11,700       | 11,700            |
| Converge Power Generation Corp.               | 6,900                | 40                                   | -                              | -                      | 7,400       | P 40          | 7,400        | 7,400             |
| Prestige Power Resources Inc.                 | 1,888                | 4,779                                | -                              | -                      | 6,940       | P 6,940       | 6,900        | 6,940             |
| SMC Power Generation Corp.                    | -                    | 4,504                                | -                              | -                      | 6,667       | P 6,667       | -            | 6,667             |
| Lucanin Solar Inc.                            | 95                   | -                                    | -                              | -                      | 4,504       | P 30          | 4,474        | 4,504             |
| SMC Powergen Inc.                             | -                    | 60                                   | -                              | -                      | 95          | P 95          | -            | 95                |
| Ascend Power Resources Inc.                   | -                    | 51                                   | -                              | -                      | 60          | P 60          | -            | 60                |
| EnergyCore Resources Inc.                     | 33                   | 1                                    | -                              | -                      | 51          | P 51          | -            | 51                |
| SMCGP Transpower Pte. Ltd. - Singapore Office | -                    | 11                                   | -                              | -                      | 34          | P 34          | -            | 34                |
| Premiere Energy Resources Inc.                | -                    | -                                    | -                              | -                      | 11          | P 11          | -            | 11                |
| P                                             | 317,744,375          | P 141,747,876                        | P (157,197,034)                | -                      | 302,295,217 | P 263,687,089 | P 38,608,128 | 302,295,217       |

**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.**  
(Formerly SMC Global Power Holdings Corp.)  
**AND SUBSIDIARIES**  
**SCHEDULE D - LONG-TERM DEBT**  
**DECEMBER 31, 2024**  
**(Amounts in Thousands)**

| TITLE OF<br>ISSUE                                    | AGENT / LENDER                            | Principal   | Current<br>Portion of<br>Debt | Current<br>Transaction<br>Cost | Amount<br>Shown as<br>Current | Noncurrent<br>Portion of<br>Debt | Noncurrent<br>Transaction<br>Cost | Amount<br>Shown as<br>Noncurrent | Outstanding<br>Balance | Interest<br>Rates         | Number of<br>Periodic<br>Installments | Interest<br>Payments | Final Maturity |
|------------------------------------------------------|-------------------------------------------|-------------|-------------------------------|--------------------------------|-------------------------------|----------------------------------|-----------------------------------|----------------------------------|------------------------|---------------------------|---------------------------------------|----------------------|----------------|
| <i>Peso-denominated:</i>                             |                                           |             |                               |                                |                               |                                  |                                   |                                  |                        |                           |                                       |                      |                |
| <b><u>San Miguel Global Power Holdings Corp.</u></b> |                                           |             |                               |                                |                               |                                  |                                   |                                  |                        |                           |                                       |                      |                |
| Fixed                                                | Philippine<br>Depository &<br>Trust Corp. | P 4,756,310 | P -                           | -                              | P -                           | P 4,756,310                      | P 10,079                          | P 4,746,231                      | P 4,746,231            | 5.1792%                   | Bullet                                | Quarterly            | July 2026      |
| Fixed                                                | Philippine<br>Depository &<br>Trust Corp. | 3,609,020   | -                             | -                              | -                             | 3,609,020                        | 14,648                            | 3,594,372                        | 3,594,372              | 6.6250%                   | Bullet                                | Quarterly            | December 2027  |
| Fixed                                                | Philippine<br>Depository &<br>Trust Corp. | 6,923,100   | -                             | -                              | -                             | 6,923,100                        | 20,836                            | 6,902,264                        | 6,902,264              | 7.6000%                   | Bullet                                | Quarterly            | April 2026     |
| Fixed                                                | China Banking<br>Corporation              | 4,825,000   | 4,825,000                     | 6,278                          | 4,818,722                     | -                                | -                                 | -                                | 4,818,722              | 5.0000%                   | Amortized                             | Quarterly            | May 2025       |
| Fixed                                                | Philippine<br>Depository &<br>Trust Corp. | 5,000,000   | 5,000,000                     | 14,246                         | 4,985,754                     | -                                | -                                 | -                                | 4,985,754              | 5.9077%                   | Bullet                                | Quarterly            | July 2025      |
| Fixed                                                | Philippine<br>Depository &<br>Trust Corp. | 25,000,000  | -                             | -                              | -                             | 25,000,000                       | 219,506                           | 24,780,494                       | 24,780,494             | 7.1051%                   | Bullet                                | Quarterly            | April 2028     |
| Fixed                                                | Philippine<br>Depository &<br>Trust Corp. | 10,000,000  | -                             | -                              | -                             | 10,000,000                       | 115,527                           | 9,884,473                        | 9,884,473              | 8.0288%                   | Bullet                                | Quarterly            | July 2032      |
| Fixed                                                | China Banking<br>Corporation              | 7,500,000   | -                             | -                              | -                             | 7,500,000                        | 48,768                            | 7,451,212                        | 7,451,212              | 7.9680%<br>and<br>8.5411% | Bullet                                | Quarterly            | June 2028      |
| Fixed                                                | BDO Unibank<br>Inc.                       | 9,750,000   | 500,000                       | 9,305                          | 490,695                       | 9,250,000                        | 56,511                            | 9,193,489                        | 9,684,184              | 7.7632%                   | Amortized                             | Quarterly            | June 2029      |
|                                                      |                                           | 77,363,430  | 10,325,000                    | 29,629                         | 10,295,171                    | 67,038,430                       | 485,895                           | 66,552,535                       | -                      | 76,847,706                |                                       |                      |                |

Forward





| TITLE OF ISSUE                                                  | AGENT / LENDER                                               | Principal         | Current Portion of Debt | Current Transaction Cost | Amount Shown as Current | Noncurrent Portion of Debt | Noncurrent Transaction Cost | Amount Shown as Noncurrent | Outstanding Balance | Interest Rates | Number of Periodic Installments | Interest Payments | Final Maturity |
|-----------------------------------------------------------------|--------------------------------------------------------------|-------------------|-------------------------|--------------------------|-------------------------|----------------------------|-----------------------------|----------------------------|---------------------|----------------|---------------------------------|-------------------|----------------|
| <i>Foreign denominated Term Loans:</i>                          |                                                              |                   |                         |                          |                         |                            |                             |                            |                     |                |                                 |                   |                |
| <b><u>San Miguel Global Power Holdings Corp.</u></b>            |                                                              |                   |                         |                          |                         |                            |                             |                            |                     |                |                                 |                   |                |
|                                                                 | Standard Chartered Bank (Hong Kong) Limited (Facility Agent) | P 17,353,500      | P -                     | P -                      | P -                     | P 17,353,500               | P 104,893                   | P 17,248,607               | P 17,248,607        | SOFR + Margin  | Bullet                          | Monthly           | March 2026     |
|                                                                 | Mizuho Bank Ltd (Facility Agent)                             | 17,353,500        | -                       | -                        | -                       | 17,353,500                 | 398,774                     | 16,953,726                 | 16,953,726          | SOFR + Margin  | Bullet                          | Monthly           | August 2027    |
|                                                                 | CTBC Bank Co., Ltd., Singapore Branch (Facility Agent)       | 5,784,500         | 5,784,500               | 14,856                   | 5,769,644               | -                          | -                           | -                          | 5,769,644           | SOFR + Margin  | Bullet                          | Quarterly         | May 2025       |
|                                                                 | Standard Chartered Bank (Hong Kong) Limited (Facility Agent) | 17,353,500        | -                       | -                        | -                       | 17,353,500                 | 288,921                     | 17,084,579                 | 17,084,579          | SOFR + Margin  | Bullet                          | Monthly           | August 2027    |
|                                                                 | Mizuho Bank Ltd (Facility Agent)                             | 2,892,250         | 2,892,250               | 12,249                   | 2,880,001               | -                          | -                           | -                          | 2,880,001           | SOFR + Margin  | Bullet                          | Monthly           | April 2025     |
|                                                                 |                                                              | 60,737,250        | 8,676,750               | 27,105                   | 8,649,645               | 52,060,500                 | 773,588                     | 51,286,912                 | 59,936,557          |                |                                 |                   |                |
| <b><u>Masinloc Power Co. Ltd</u></b>                            |                                                              |                   |                         |                          |                         |                            |                             |                            |                     |                |                                 |                   |                |
| Philippine National Bank - Trust                                |                                                              |                   |                         |                          |                         |                            |                             |                            |                     |                |                                 |                   |                |
| Fixed                                                           | Banking Group (Facility Agent)                               | 16,633,908        | 1,453,183               | 30,786                   | 1,422,397               | 15,180,725                 | 109,042                     | 15,071,683                 | 16,494,080          | 8.3310%        | Amortized                       | Semi-annual       | December 2030  |
| Philippine National Bank - Trust Banking Group (Facility Agent) |                                                              |                   |                         |                          |                         |                            |                             |                            |                     |                |                                 |                   |                |
| Floating                                                        |                                                              | 5,474,451         | 478,262                 | 10,132                   | 468,130                 | 4,996,189                  | 35,888                      | 4,960,301                  | 5,428,431           | SOFR + Margin  | Amortized                       | Semi-annual       | December 2030  |
|                                                                 |                                                              | 22,108,359        | 1,931,445               | 40,918                   | 1,890,527               | 20,176,914                 | 144,930                     | 20,031,984                 | 21,922,511          |                |                                 |                   |                |
|                                                                 |                                                              | <b>82,845,609</b> | <b>10,608,195</b>       | <b>68,023</b>            | <b>10,540,172</b>       | <b>72,237,414</b>          | <b>918,518</b>              | <b>71,318,896</b>          | <b>81,859,068</b>   |                |                                 |                   |                |
| <b>Total Long-term Debt</b>                                     |                                                              | P 281,006,935     | P 28,777,473            | P 300,166                | P 28,477,307            | P 252,229,462              | P 2,768,878                 | P 249,460,584              | P 277,937,891       |                |                                 |                   |                |

See Notes 18, 29 and 30 of the Consolidated Financial Statements.

**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.**  
(Formerly SMC Global Power Holdings Corp.)  
**AND SUBSIDIARIES**  
**SCHEDULE G - CAPITAL STOCK**  
**DECEMBER 31, 2024**

| DESCRIPTION                   | NUMBER<br>OF SHARES<br>AUTHORIZED | NUMBER<br>OF SHARES<br>ISSUED | TREASURY<br>SHARES | NUMBER<br>OF SHARES<br>OUTSTANDING | NUMBER<br>OF SHARES<br>RESERVED<br>FOR OPTIONS | NUMBER OF SHARES HELD BY: |                                         |  |
|-------------------------------|-----------------------------------|-------------------------------|--------------------|------------------------------------|------------------------------------------------|---------------------------|-----------------------------------------|--|
|                               |                                   |                               |                    |                                    |                                                | AFFILIATES                | DIRECTORS,<br>OFFICERS AND<br>EMPLOYEES |  |
| ISSUED SHARES<br>COMMON STOCK | 3,774,400,000                     | 2,823,604,000                 | -                  | 2,823,604,000                      | -                                              | -                         | 3,500                                   |  |

See Note 21 of the Consolidated Financial Statements.

**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

|                                                                                                                                                 |            |                    |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------|--------------------|
| <b>Unappropriated Retained Earnings, beginning</b>                                                                                              |            | <b>P6,811,328</b>  |
| <b>Less: Item that are directly debited to unappropriated retained earnings</b>                                                                 |            |                    |
| Distributions declared during the reporting period                                                                                              |            | <b>15,936,881</b>  |
| <b>Deficit, as adjusted</b>                                                                                                                     |            | <b>(9,125,553)</b> |
| <b>Add: Net Income for the current year</b>                                                                                                     |            | <b>19,175,298</b>  |
| <b>Less: Unrealized income recognized in profit or loss during the reporting period (net of tax)</b>                                            |            |                    |
| 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        | <b>3,189,471</b>   |
| <b>Add: Unrealized income recognized in profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</b> |            |                    |
| 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    | <b>1,310,002</b>   |
| <b>Add: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)</b> |            |                    |
| 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     | <b>1,759,300</b>   |
| <b>Adjusted Net Income</b>                                                                                                                      |            | <b>19,055,129</b>  |
| <b>Total Retained Earnings, end of the reporting period available for dividend</b>                                                              |            | <b>P9,929,576</b>  |



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Email [ph-inquiry@kpmg.com](mailto:ph-inquiry@kpmg.com)

**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.

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)



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.**

A handwritten signature in black ink, reading 'Gregorio I. Sambrano, Jr.' with a stylized flourish at the end.

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.**  
(Formerly SMC Global Power Holdings Corp.)  
**AND SUBSIDIARIES**  
**DISCUSSION OF THE GROUP'S FINANCIAL SOUNDNESS INDICATORS**

**LIQUIDITY RATIO**

|                                |                     |                 |                                |                 |
|--------------------------------|---------------------|-----------------|--------------------------------|-----------------|
| <b>Current Ratio</b>           | <b>=</b>            |                 | <b>Current Assets</b>          |                 |
|                                |                     |                 | <b>Current Liabilities</b>     |                 |
|                                |                     |                 | <b>Adjusted <sup>(1)</sup></b> |                 |
|                                | <b>Conventional</b> |                 |                                |                 |
|                                | <b>December</b>     | <b>December</b> | <b>December</b>                | <b>December</b> |
| <i>(in Millions Peso)</i>      | <b>2024</b>         | <b>2023</b>     | <b>2024</b>                    | <b>2023</b>     |
| <b>(A) Current Assets</b>      | <b>249,639</b>      | 213,998         | <b>249,639</b>                 | 213,998         |
| <b>(B) Current Liabilities</b> | <b>224,058</b>      | 183,361         | <b>220,621</b>                 | 165,870         |
| <b>Current Ratio (A) / (B)</b> | <b>1.11</b>         | 1.17            | <b>1.13</b>                    | 1.29            |

<sup>(1)</sup> 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**

|                                                                                     |                      |                      |
|-------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>Net Debt-to-Equity* Ratio</b>                                                    | <b>=</b>             | <b>Net Debt</b>      |
|                                                                                     |                      | <b>-----</b>         |
|                                                                                     |                      | <b>Total Equity</b>  |
| <b><i>Per relevant Loan Covenants of San Miguel Global Power Holdings Corp.</i></b> |                      |                      |
| <b><i>(in Millions Peso)</i></b>                                                    | <b>December 2024</b> | <b>December 2023</b> |
| <b>(A) Net Debt <sup>(2)</sup></b>                                                  | <b>219,596</b>       | 225,585              |
| <b>(B) Total Equity <sup>(3)</sup></b>                                              | <b>354,566</b>       | 343,034              |
| <b>Net Debt-to-Equity Ratio (A) / (B)</b>                                           | <b>0.62</b>          | 0.66                 |

\*All items are net of amounts attributable to ring-fenced subsidiaries

<sup>(2)</sup> Consolidated net total debt plus total PSALM lease liabilities.

<sup>(3)</sup> Consolidated total equity.

|                                        |                                                     |                      |                                |                      |
|----------------------------------------|-----------------------------------------------------|----------------------|--------------------------------|----------------------|
| <b>Asset-to-Equity Ratio</b>           | $= \frac{\text{Total Assets}}{\text{Total Equity}}$ |                      |                                |                      |
|                                        | <b>Conventional</b>                                 |                      | <b>Adjusted <sup>(4)</sup></b> |                      |
| <i>(in Millions Peso)</i>              | <b>December 2024</b>                                | <b>December 2023</b> | <b>December 2024</b>           | <b>December 2023</b> |
| <b>(A) Total Assets</b>                | <b>881,873</b>                                      | 784,935              | <b>853,432</b>                 | 689,390              |
| <b>(B) Total Equity</b>                | <b>359,025</b>                                      | 343,473              | <b>359,025</b>                 | 343,473              |
| <b>Asset-to-Equity Ratio (A) / (B)</b> | <b>2.46</b>                                         | 2.29                 | <b>2.38</b>                    | 2.01                 |

<sup>(4)</sup> 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**

|                                   |                                                   |                      |
|-----------------------------------|---------------------------------------------------|----------------------|
| <b>Return on Equity</b>           | $= \frac{\text{Net Income}}{\text{Total Equity}}$ |                      |
| <i>(in Millions Peso)</i>         | <b>December 2024</b>                              | <b>December 2023</b> |
| <b>(A) Net Income</b>             | <b>12,384</b>                                     | 9,903                |
| <b>(B) Total Equity</b>           | <b>359,025</b>                                    | 343,473              |
| <b>Return on Equity (A) / (B)</b> | <b>3.4%</b>                                       | 2.9%                 |

|                                                                              |                                                                               |                  |
|------------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------|
|                                                                              | Earnings Before Interest, Taxes,<br>Depreciation and Amortization<br>(EBITDA) |                  |
| Interest Coverage Ratio                                                      | =                                                                             | -----            |
|                                                                              |                                                                               | Interest Expense |
| <b>Per relevant Loan Covenants of San Miguel Global Power Holdings Corp.</b> |                                                                               |                  |
| <i>(in Millions Peso)</i>                                                    | December 2024                                                                 | December 2023    |
| <b>(A) EBITDA <sup>(5)</sup></b>                                             | <b>37,897</b>                                                                 | 34,511           |
| <b>(B) Interest Expense <sup>(6)</sup></b>                                   | <b>14,761</b>                                                                 | 13,575           |
| <b>Interest Coverage Ratio (A) / (B)</b>                                     | <b>2.57</b>                                                                   | 2.54             |

<sup>(5)</sup> Full-year consolidated EBITDA (gross of PSALM payments and excluding amounts attributable to ring-fenced subsidiaries).

<sup>(6)</sup> Full-year consolidated interest expense (excluding amounts attributable to ring-fenced subsidiaries).



## OPERATING EFFICIENCY

|                                                 |          |                                                                                     |             |            |
|-------------------------------------------------|----------|-------------------------------------------------------------------------------------|-------------|------------|
| <b>Volume Growth (Decline)</b>                  | <b>=</b> | <b>Current Period Offtake Volume</b><br>-----<br><b>Prior Period Offtake Volume</b> |             | <b>- 1</b> |
|                                                 |          | <b>Years Ended December 31</b>                                                      |             |            |
| <i>(in GWh)</i>                                 |          | <b>2024</b>                                                                         | <b>2023</b> |            |
| <b>(A) Current Period Offtake Volume</b>        |          | <b>36,564</b>                                                                       | 25,205      |            |
| <b>(B) Prior Period Offtake Volume</b>          |          | <b>25,205</b>                                                                       | 27,402      |            |
| <b>Volume Growth (Decline) [( A / B ) – 1]</b>  |          | <b>45.1%</b>                                                                        | (8.0%)      |            |
|                                                 |          |                                                                                     |             |            |
| <b>Revenue Growth (Decline)</b>                 | <b>=</b> | <b>Current Period Revenues</b><br>-----<br><b>Prior Period Revenues</b>             |             | <b>- 1</b> |
|                                                 |          | <b>Years Ended December 31</b>                                                      |             |            |
| <i>(in Millions Peso)</i>                       |          | <b>2024</b>                                                                         | <b>2023</b> |            |
| <b>(A) Current Period Revenues</b>              |          | <b>205,091</b>                                                                      | 169,590     |            |
| <b>(B) Prior Period Revenues</b>                |          | <b>169,590</b>                                                                      | 221,389     |            |
| <b>Revenue Growth (Decline) [( A / B ) – 1]</b> |          | <b>20.9%</b>                                                                        | (23.4%)     |            |
|                                                 |          |                                                                                     |             |            |
| <b>Operating Margin</b>                         | <b>=</b> | <b>Income from Operations</b><br>-----<br><b>Revenues</b>                           |             |            |
|                                                 |          | <b>Years Ended December 31</b>                                                      |             |            |
| <i>(in Millions Peso)</i>                       |          | <b>2024</b>                                                                         | <b>2023</b> |            |
| <b>(A) Income from Operations</b>               |          | <b>40,457</b>                                                                       | 32,526      |            |
| <b>(B) Revenues</b>                             |          | <b>205,091</b>                                                                      | 169,590     |            |
| <b>Operating Margin (A) / (B)</b>               |          | <b>19.7%</b>                                                                        | 19.2%       |            |

Summary of the Directors’ Attendance in Meetings  
Since the 2024 Annual Stockholders’ Meeting

| Directors’<br>Name                 | June<br>4,<br>2024<br><br>ASM | June<br>4,<br>2024<br><br>Org.<br>Mtg. | Aug.<br>12, 2024<br><br>Regular<br>Board<br>Mtg. | Aug.<br>12,<br>2024<br><br>AROC<br>Mtg. | Aug.<br>12,<br>2024<br><br>CG<br>Mtg. | Aug. 27,<br>2024<br><br>Special<br>Board<br>Mtg. | Sept.<br>23, 2024<br><br>Special<br>Board<br>Mtg. | Nov. 4,<br>2024<br><br>Regular<br>Board<br>Mtg. | Nov.<br>4,<br>2024<br><br>AROC<br>Mtg. | Nov.<br>4,<br>2024<br><br>CG<br>Mtg. | Nov. 14,<br>2024<br><br>Special<br>Board<br>Mtg. | Feb. 12,<br>2025<br><br>Special<br>Board<br>Mtg. | March 6,<br>2025<br><br>Regular<br>Board<br>Mtg. | March<br>6,<br>2025<br><br>AROC<br>Mtg. | March<br>6,<br>2025<br><br>CG<br>Mtg. | March 6,<br>2025<br><br>RPT<br>Mtg. | March<br>6,<br>2025<br><br>SC<br>Mtg. | April 7,<br>2025<br><br>Special<br>Board<br>Mtg. | April<br>14,<br>2025<br><br>SSH<br>Mtg. |
|------------------------------------|-------------------------------|----------------------------------------|--------------------------------------------------|-----------------------------------------|---------------------------------------|--------------------------------------------------|---------------------------------------------------|-------------------------------------------------|----------------------------------------|--------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|-----------------------------------------|---------------------------------------|-------------------------------------|---------------------------------------|--------------------------------------------------|-----------------------------------------|
| Ramon S. Ang                       | ✓                             | ✓                                      | ✓                                                | N/A                                     | N/A                                   | ✓                                                | ✓                                                 | ✓                                               | N/A                                    | N/A                                  | ✓                                                | ✓                                                | ✓                                                | N/A                                     | N/A                                   | N/A                                 | N/A                                   | ✓                                                | ✓                                       |
| John Paul L.<br>Ang                | ✓                             | ✓                                      | ✓                                                | ✓                                       | ✓                                     | ✓                                                | ✓                                                 | ✓                                               | ✓                                      | ✓                                    | ✓                                                | ✓                                                | ✓                                                | ✓                                       | ✓                                     | ✓                                   | ✓                                     | ✓                                                | ✓                                       |
| Aurora T.<br>Calderon              | ✓                             | ✓                                      | ✓                                                | ✓                                       | N/A                                   | ✓                                                | ✓                                                 | ✓                                               | ✓                                      | N/A                                  | ✓                                                | ✓                                                | ✓                                                | ✓                                       | N/A                                   | ✓                                   | ✓                                     | ✓                                                | ✓                                       |
| Virgilio S.<br>Jacinto             | ✓                             | ✓                                      | ✓                                                | N/A                                     | ✓                                     | ✓                                                | ✓                                                 | ✓                                               | N/A                                    | ✓                                    | ✓                                                | ✓                                                | ✓                                                | N/A                                     | ✓                                     | N/A                                 | N/A                                   | ✓                                                | ✓                                       |
| Jack G.<br>Arroyo, Jr.             | ✓                             | ✓                                      | ✓                                                | ✓                                       | ✓                                     | ✓                                                | ✓                                                 | ✓                                               | ✓                                      | ✓                                    | ✓                                                | ✓                                                | ✓                                                | ✓                                       | ✓                                     | ✓                                   | ✓                                     | ✓                                                | ✓                                       |
| Consuelo M.<br>Ynares-<br>Santiago | ✓                             | ✓                                      | ✓                                                | ✓                                       | ✓                                     | ✓                                                | ✓                                                 | ✓                                               | ✓                                      | ✓                                    | ✓                                                | ✓                                                | ✓                                                | ✓                                       | ✓                                     | ✓                                   | ✓                                     | ✓                                                | ✓                                       |
| Josefina<br>Guevara-<br>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)

|                                                                 | <i>Note</i>    | 2025<br>(Unaudited) | 2024<br>(Audited) |
|-----------------------------------------------------------------|----------------|---------------------|-------------------|
| <b>ASSETS</b>                                                   |                |                     |                   |
| <b>Current Assets</b>                                           |                |                     |                   |
| Cash and cash equivalents                                       | 7, 21, 22      | <b>P80,154,542</b>  | P67,867,411       |
| Trade and other receivables - net                               | 8, 15, 21, 22  | <b>105,482,662</b>  | 115,884,031       |
| Inventories                                                     | 9, 15          | <b>11,114,882</b>   | 14,326,383        |
| Prepaid expenses and other current assets                       | 15, 21, 22     | <b>36,243,073</b>   | 51,561,324        |
| <b>Total Current Assets</b>                                     |                | <b>232,995,159</b>  | 249,639,149       |
| <b>Noncurrent Assets</b>                                        |                |                     |                   |
| Investments and advances - net                                  | 10             | <b>70,475,592</b>   | 19,895,587        |
| Property, plant and equipment - net                             | 11             | <b>367,717,204</b>  | 459,505,829       |
| Right-of-use assets - net                                       | 6, 15          | <b>41,388,665</b>   | 42,123,333        |
| Goodwill and other intangible assets - net                      |                | <b>70,069,869</b>   | 71,736,078        |
| Deferred tax assets                                             |                | <b>1,279,485</b>    | 1,353,752         |
| Other noncurrent assets                                         | 15, 21, 22     | <b>37,975,998</b>   | 37,618,797        |
| <b>Total Noncurrent Assets</b>                                  |                | <b>588,906,813</b>  | 632,233,376       |
| <b>TOTAL ASSETS</b>                                             |                | <b>P821,901,972</b> | P881,872,525      |
| <b>LIABILITIES AND EQUITY</b>                                   |                |                     |                   |
| <b>Current Liabilities</b>                                      |                |                     |                   |
| Loans payable                                                   | 12, 21, 22     | <b>P10,000,000</b>  | P41,350,425       |
| Accounts payable and accrued expenses                           | 13, 15, 21, 22 | <b>92,187,665</b>   | 144,101,704       |
| Lease liabilities - current portion                             | 6, 15, 21, 22  | <b>4,163,524</b>    | 10,048,624        |
| Income tax payable                                              |                | <b>112,431</b>      | 79,614            |
| Current maturities of long-term debt - net of debt issue costs  | 14, 21, 22     | <b>42,678,322</b>   | 28,477,307        |
| <b>Total Current Liabilities</b>                                |                | <b>149,141,942</b>  | 224,057,674       |
| <b>Noncurrent Liabilities</b>                                   |                |                     |                   |
| Long-term debt - net of current maturities and debt issue costs | 14, 21, 22     | <b>238,993,104</b>  | 249,460,584       |
| Deferred tax liabilities                                        |                | <b>16,520,679</b>   | 23,978,387        |
| Lease liabilities - net of current portion                      | 6, 15, 21, 22  | <b>19,890,108</b>   | 21,356,642        |
| Other noncurrent liabilities                                    | 21, 22         | <b>4,287,148</b>    | 3,994,059         |
| <b>Total Noncurrent Liabilities</b>                             |                | <b>279,691,039</b>  | 298,789,672       |
| <b>TOTAL LIABILITIES</b>                                        |                | <b>428,832,981</b>  | 522,847,346       |

Forward

|                                                                        | Note | 2025<br>(Unaudited) | 2024<br>(Audited) |
|------------------------------------------------------------------------|------|---------------------|-------------------|
| <b>Equity</b>                                                          | 16   |                     |                   |
| <b>Equity Attributable to Equity Holders of<br/>the Parent Company</b> |      |                     |                   |
| 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       |
| <b>Non-controlling Interests</b>                                       |      | 952,123             | 943,400           |
| <b>Total Equity</b>                                                    |      | 393,068,991         | 359,025,179       |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                    |      | 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)

|                                                                           | <i>Note</i> | 2025<br>(Unaudited) | 2024<br>(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<br>FINANCING CHARGES                           | 6, 12, 14   | (5,776,551)         | (5,017,019)         |
| INTEREST INCOME                                                           | 7           | 808,262             | 221,279             |
| EQUITY IN NET EARNINGS (LOSSES) OF<br>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          |
| <b>Earnings (Losses) Per Common Share</b>                                 |             |                     |                     |
| <b>Attributable to Equity Holders of the Parent Company</b>               |             |                     |                     |
| Basic/Diluted                                                             | 20          | P6.76               | (P1.47)             |

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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)

|                                                                               | <i>Note</i> | 2025<br>(Unaudited) | 2024<br>(Unaudited) |
|-------------------------------------------------------------------------------|-------------|---------------------|---------------------|
| <b>NET INCOME</b>                                                             |             | <b>P26,385,673</b>  | <b>P1,546,705</b>   |
| <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>                                      |             |                     |                     |
| 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               |
| <b>OTHER COMPREHENSIVE INCOME - Net of tax</b>                                |             | <b>22,256,891</b>   | <b>7,291</b>        |
| <b>TOTAL COMPREHENSIVE INCOME</b>                                             |             | <b>P48,642,564</b>  | <b>P1,553,996</b>   |
| <b>Attributable to:</b>                                                       |             |                     |                     |
| Equity holders of the Parent Company                                          |             | P48,633,841         | P1,559,478          |
| Non-controlling interests                                                     |             | 8,723               | (5,482)             |
|                                                                               |             | <b>P48,642,564</b>  | <b>P1,553,996</b>   |

*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)**

|                                                      | Note   | Equity Attributable to Equity Holders of Parent Company |                            |                                     |                                         |                 |                      |                             |                 |                   |              |          | Non-controlling Interests | Total Equity |
|------------------------------------------------------|--------|---------------------------------------------------------|----------------------------|-------------------------------------|-----------------------------------------|-----------------|----------------------|-----------------------------|-----------------|-------------------|--------------|----------|---------------------------|--------------|
|                                                      |        | Capital Stock                                           | Additional Paid-in Capital | Senior Perpetual Capital Securities | Redeemable Perpetual Capital Securities | Equity Reserves |                      |                             |                 | Retained Earnings | Total        |          |                           |              |
|                                                      |        |                                                         |                            |                                     |                                         | Equity Reserves | Translation Reserves | Reserve for Retirement Plan | Hedging Reserve |                   |              |          |                           |              |
| As at January 1, 2025 (Audited)                      |        | P2,823,604                                              | P48,081,781                | P151,194,865                        | P145,979,113                            | (P17,353,511)   | P935,708             | (P67,096)                   | P -             | P25,387,315       | 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   | -        | 22,256,891                |              |
| Total comprehensive income (loss)                    |        | -                                                       | -                          | -                                   | -                                       | 22,262,022      | (5,131)              | -                           | -               | 26,376,950        | 48,633,841   | 8,723    | 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     | -                                                       | -                          | -                                   | -                                       | -               | -                    | -                           | -               | (15,939,898)      | (15,939,898) | -        | (15,939,898)              |              |
| 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                        | P102,545,825                            | (P3,627,112)    | P914,958             | (P107,000)                  | P -             | P30,387,328       | P342,568,093 | 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                        | P102,546,826                            | (P3,627,112)    | P922,249             | (P107,000)                  | P -             | P30,857,570       | P342,865,626 | P899,630 | P343,765,260              |              |

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<br>(Unaudited) | 2024<br>(Unaudited) |
|------------------------------------------------------------------------|-----------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                            |           |                     |                     |
| 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          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                            |           |                     |                     |
| 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<br>(Unaudited) | 2024<br>(Unaudited) |
|-----------------------------------------------------------------------|--------|---------------------|---------------------|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                           |        |                     |                     |
| 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           |
| <b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>   |        |                     |                     |
|                                                                       |        | (681,785)           | 26,089              |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                      |        |                     |                     |
|                                                                       |        | 12,287,131          | 3,919,077           |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>               |        |                     |                     |
|                                                                       |        | 67,867,411          | 31,659,442          |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                     |        |                     |                     |
|                                                                       | 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**

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**SELECTED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Amounts in Thousands, Except Per Share Data and Number of Shares)

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**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 |
| <i>Power Generation</i>                       |                         |      |
| 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 |
| <i>Retail and Other Power-related Services</i>   |                         |      |
| SMGP BESS Power Inc. (SMGP BESS)                 | <b>100</b>              | 100  |
| SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan) | <b>100</b>              | 100  |
| SMC Power Generation Corp.                       | <b>100</b>              | 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).

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### 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.

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#### **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.

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#### **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:

| Customer | <b>March 31</b>                   |                                   |
|----------|-----------------------------------|-----------------------------------|
|          | <b>2025</b><br><b>(Unaudited)</b> | <b>2024</b><br><b>(Unaudited)</b> |
| Meralco  | <b>P17,072,900</b>                | 18,589,837                        |
| WESM     | <b>8,472,830</b>                  | 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<br>(Unaudited)            | 2024<br>(Unaudited) | 2025<br>(Unaudited)                     | 2024<br>(Unaudited) | 2025<br>(Unaudited) | 2024<br>(Unaudited) | 2025<br>(Unaudited) | 2024<br>(Unaudited) | 2025<br>(Unaudited) | 2024<br>(Unaudited) |
| <b>Revenues</b>                                                        |                                |                     |                                         |                     |                     |                     |                     |                     |                     |                     |
| 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          |
| <b>Costs and Expenses</b>                                              |                                |                     |                                         |                     |                     |                     |                     |                     |                     |                     |
| 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          |
| <b>Segment Result</b>                                                  | 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)         |
| <b>Consolidated Net Income</b>                                         |                                |                     |                                         |                     |                     |                     |                     |                     | 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<br>(Unaudited)   | December 31, 2024<br>(Audited) | March 31, 2025<br>(Unaudited)           | December 31, 2024<br>(Audited) | March 31, 2025<br>(Unaudited) | December 31, 2024<br>(Audited) | March 31, 2025<br>(Unaudited) | December 31, 2024<br>(Audited) | March 31, 2025<br>(Unaudited) | December 31, 2024<br>(Audited) |
| <b>Other Information</b>                                                                                  |                                 |                                |                                         |                                |                               |                                |                               |                                |                               |                                |
| 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                      |
| <b>Consolidated Total Assets</b>                                                                          |                                 |                                |                                         |                                |                               |                                |                               |                                | 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                     |
| <b>Consolidated Total Liabilities</b>                                                                     |                                 |                                |                                         |                                |                               |                                |                               |                                | 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:

|                           | <b>Note</b>   | <b>March 31,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024<br/>(Audited)</b> |
|---------------------------|---------------|-------------------------------------------|--------------------------------------------|
| Cash in banks and on hand |               | <b>P29,166,043</b>                        | P27,206,205                                |
| Short-term investments    |               | <b>50,988,499</b>                         | 40,661,206                                 |
|                           | <b>21, 22</b> | <b>P80,154,542</b>                        | 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:

|                                      | <b>Note</b>   | <b>March 31,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024<br/>(Audited)</b> |
|--------------------------------------|---------------|-------------------------------------------|--------------------------------------------|
| Trade                                |               | <b>P74,994,832</b>                        | P101,798,812                               |
| Non-trade                            |               | <b>16,616,275</b>                         | 11,504,874                                 |
| Amounts owed by related parties      | <b>10, 15</b> | <b>18,333,828</b>                         | 7,447,364                                  |
|                                      |               | <b>109,944,935</b>                        | 120,751,050                                |
| Less allowance for impairment losses |               | <b>4,462,273</b>                          | 4,867,019                                  |
|                                      | <b>21, 22</b> | <b>P105,482,662</b>                       | 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:

|                                            | <b>Note</b> | <b>March 31,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024<br/>(Audited)</b> |
|--------------------------------------------|-------------|-------------------------------------------|--------------------------------------------|
| Balance at beginning of period             |             | <b>P4,867,019</b>                         | P2,665,606                                 |
| Impairment losses                          |             | -                                         | 2,145,703                                  |
| Reversal                                   |             | -                                         | (5,081)                                    |
| Deconsolidation of subsidiaries and others | <b>10</b>   | <b>(404,746)</b>                          | 60,791                                     |
| Balance at end of period                   |             | <b>P4,462,273</b>                         | 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:

|                        |             | <b>March 31,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024<br/>(Audited)</b> |
|------------------------|-------------|-------------------------------------------|--------------------------------------------|
|                        | <b>Note</b> |                                           |                                            |
| Coal                   |             | <b>P5,943,522</b>                         | P5,695,799                                 |
| Materials and supplies |             | <b>4,737,435</b>                          | 5,992,159                                  |
| Fuel oil               | 15          | <b>198,643</b>                            | 817,604                                    |
| LNG                    |             | -                                         | 1,585,329                                  |
| Other consumables      |             | <b>235,282</b>                            | 235,492                                    |
|                        |             | <b>P11,114,882</b>                        | 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         | <b>P62,419,630</b>  |
| Noncurrent assets      | <b>99,364,389</b>   |
| Current liabilities    | <b>(71,747,551)</b> |
| Noncurrent liabilities | <b>(59,263,412)</b> |
| Net assets             | <b>P30,773,056</b>  |

- 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<br>Leasehold<br>Improvements | Other Equipment   | Building          | Capital Projects in<br>Progress (CPIP) | Total               |
|-----------------------------------------------------------------------|------|---------------------|---------------------------------------|-------------------|-------------------|----------------------------------------|---------------------|
| <b>Cost</b>                                                           |      |                     |                                       |                   |                   |                                        |                     |
| 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             |
| <b>March 31, 2025 (Unaudited)</b>                                     |      | <b>251,408,307</b>  | <b>19,495,768</b>                     | <b>9,570,244</b>  | <b>4,787,239</b>  | <b>109,307,032</b>                     | <b>394,568,590</b>  |
| <b>Accumulated Depreciation</b>                                       |      |                     |                                       |                   |                   |                                        |                     |
| 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)           |
| <b>March 31, 2025 (Unaudited)</b>                                     |      | <b>21,170,565</b>   | <b>1,712,982</b>                      | <b>2,980,463</b>  | <b>707,429</b>    | <b>-</b>                               | <b>26,571,439</b>   |
| <b>Accumulated Impairment Losses</b>                                  |      |                     |                                       |                   |                   |                                        |                     |
| January 1, 2024 (Audited)                                             |      | -                   | -                                     | 244,956           | -                 | -                                      | 244,956             |
| Impairment                                                            |      | -                   | -                                     | 34,991            | -                 | -                                      | 34,991              |
| <b>December 31, 2024 (Audited) and<br/>March 31, 2025 (Unaudited)</b> |      | <b>-</b>            | <b>-</b>                              | <b>279,947</b>    | <b>-</b>          | <b>-</b>                               | <b>279,947</b>      |
| <b>Carrying Amount</b>                                                |      |                     |                                       |                   |                   |                                        |                     |
| December 31, 2024 (Audited)                                           |      | P286,603,375        | P19,842,265                           | P6,459,351        | P4,501,167        | P142,099,671                           | P459,505,829        |
| <b>March 31, 2025 (Unaudited)</b>                                     |      | <b>P230,237,742</b> | <b>P17,782,786</b>                    | <b>P6,309,834</b> | <b>P4,079,810</b> | <b>P109,307,032</b>                    | <b>P367,717,204</b> |



March 31, 2024

|                                  | Power Plants | Land and<br>Leasehold<br>Improvements | Other<br>Equipment | Building   | Capital Projects in<br>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:

|                                     |             | <b>March 31</b>             |                             |
|-------------------------------------|-------------|-----------------------------|-----------------------------|
|                                     | <b>Note</b> | <b>2025<br/>(Unaudited)</b> | <b>2024<br/>(Unaudited)</b> |
| Cost of power sold                  | 18          | <b>P3,432,035</b>           | P2,129,177                  |
| Selling and administrative expenses |             | <b>174,379</b>              | 126,702                     |
|                                     |             | <b>P3,606,414</b>           | 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:

|                                      | <b>Note</b>   | <b>March 31,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024<br/>(Audited)</b> |
|--------------------------------------|---------------|-------------------------------------------|--------------------------------------------|
| <b>Philippine Peso-denominated:</b>  |               |                                           |                                            |
| Parent Company                       |               | <b>P10,000,000</b>                        | P28,736,000                                |
| SPPC                                 |               | -                                         | 5,000,000                                  |
| MPGC                                 |               | -                                         | 383,800                                    |
|                                      |               | <b>10,000,000</b>                         | 34,119,800                                 |
| <b>Foreign Currency-denominated:</b> |               |                                           |                                            |
| Parent Company                       |               | -                                         | 7,230,625                                  |
|                                      | <b>21, 22</b> | <b>P10,000,000</b>                        | <b>P41,350,425</b>                         |

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:

|                                                          | <b>Note</b> | <b>March 31,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024<br/>(Audited)</b> |
|----------------------------------------------------------|-------------|-------------------------------------------|--------------------------------------------|
| Trade                                                    |             | <b>P14,295,794</b>                        | P28,244,901                                |
| Non-trade                                                |             | <b>50,058,837</b>                         | 80,682,106                                 |
| Output VAT                                               |             | <b>13,761,958</b>                         | 17,541,261                                 |
| Amounts owed to related parties                          | 15          | <b>10,140,718</b>                         | 11,608,134                                 |
| Accrued interest                                         | 6, 12, 14   | <b>2,097,501</b>                          | 2,005,377                                  |
| Withholding and other accrued taxes                      |             | <b>1,810,482</b>                          | 4,006,200                                  |
| Derivative liabilities not designated as cash flow hedge |             | <b>22,375</b>                             | 13,725                                     |
|                                                          | 21, 22      | <b>P92,187,665</b>                        | 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:

|                                                                                                   | <b>Note</b> | <b>March 31,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024<br/>(Audited)</b> |
|---------------------------------------------------------------------------------------------------|-------------|-------------------------------------------|--------------------------------------------|
| <b>Bonds</b>                                                                                      |             |                                           |                                            |
| <i>Parent Company</i>                                                                             |             |                                           |                                            |
| Philippine Peso-denominated:                                                                      |             |                                           |                                            |
| Fixed interest rate of 5.9077%, 7.1051% and 8.0288% maturing in 2025, 2028 and 2032, respectively |             | <b>P39,674,096</b>                        | P39,650,721                                |
| Fixed interest rate of 7.6000% maturing in April 2026                                             |             | <b>6,906,018</b>                          | 6,902,264                                  |
| Fixed interest rate of 6.6250% maturing in December 2027                                          |             | <b>3,595,476</b>                          | 3,594,372                                  |
| Fixed interest rate of 5.1792% maturing in July 2026                                              |             | <b>4,747,805</b>                          | 4,746,231                                  |
|                                                                                                   |             | <b>54,923,395</b>                         | 54,893,588                                 |
| <i>Forward</i>                                                                                    |             |                                           |                                            |

|                                                                                                       | <b>Note</b> | <b>March 31,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024<br/>(Audited)</b> |
|-------------------------------------------------------------------------------------------------------|-------------|-------------------------------------------|--------------------------------------------|
| <b>Term Loans</b>                                                                                     |             |                                           |                                            |
| <i>Parent Company</i>                                                                                 |             |                                           |                                            |
| Philippine Peso-denominated:                                                                          |             |                                           |                                            |
| Fixed interest rate with maturities up to 2025                                                        |             | <b>P4,822,526</b>                         | P4,818,722                                 |
| Fixed interest rate maturing in 2028                                                                  |             | <b>7,454,252</b>                          | 7,451,212                                  |
| Fixed interest rate with maturities up to 2029                                                        |             | <b>9,564,212</b>                          | 9,684,184                                  |
| Foreign currency-denominated:                                                                         |             |                                           |                                            |
| Floating interest rate based on Secured Overnight Financing Rate (SOFR) plus margin, maturing in 2026 |             | <b>17,079,421</b>                         | 17,248,607                                 |
| Floating interest rate based on SOFR plus margin, maturing in 2027                                    |             | <b>16,796,775</b>                         | 16,953,726                                 |
| Floating interest rate based on SOFR plus margin, maturing in 2025                                    |             | <b>5,715,745</b>                          | 5,769,644                                  |
| Floating interest rate based on SOFR plus margin, maturing in 2027                                    |             | <b>16,917,697</b>                         | 17,084,579                                 |
| Floating interest rate based on SOFR plus margin, settled in February 2025 (a)                        |             | -                                         | 2,880,001                                  |
| <i>Subsidiaries</i>                                                                                   |             |                                           |                                            |
| Philippine Peso-denominated:                                                                          |             |                                           |                                            |
| Fixed interest rate with maturities up to 2029 (b)                                                    |             | <b>28,614,951</b>                         | 29,414,962                                 |
| Fixed interest rate with maturities up to 2030 (c)                                                    |             | <b>13,101,255</b>                         | 13,410,025                                 |
| Fixed interest rate with maturities up to 2033 (d)                                                    |             | <b>38,019,638</b>                         | 38,502,565                                 |
| Fixed interest rate with maturities up to 2034 (e)                                                    |             | <b>41,206,522</b>                         | 31,853,575                                 |
| Floating rate based on Bloomberg Valuation (BVAL) plus margin, with maturities up to 2030 (f)         |             | <b>5,764,760</b>                          | 6,049,990                                  |
| Foreign currency-denominated:                                                                         |             |                                           |                                            |
| Fixed interest rate with maturities up to 2030                                                        |             | <b>16,319,351</b>                         | 16,494,080                                 |
| Floating interest rate based on SOFR plus margin, with maturities up to 2030                          |             | <b>5,370,926</b>                          | 5,428,431                                  |
|                                                                                                       |             | <b>226,748,031</b>                        | 223,044,303                                |
|                                                                                                       | 21, 22      | <b>281,671,426</b>                        | 277,937,891                                |
| Less current maturities                                                                               |             | <b>42,678,322</b>                         | 28,477,307                                 |
|                                                                                                       |             | <b>P238,993,104</b>                       | 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:

|                                | <b>March 31,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024<br/>(Audited)</b> |
|--------------------------------|-------------------------------------------|--------------------------------------------|
| Balance at beginning of period | <b>P3,069,044</b>                         | P2,684,515                                 |
| Additions                      | <b>78,450</b>                             | 1,250,648                                  |
| Amortization                   | <b>(36,505)</b>                           | (398,506)                                  |
| Capitalized amount             | <b>(202,747)</b>                          | (467,613)                                  |
| Balance at end of period       | <b>P2,908,242</b>                         | P3,069,044                                 |

#### Repayment Schedule

The annual maturities of the long-term debts as at March 31, 2025 are as follows:

| Year                                                 | Gross Amount         |                                    |                     | Debt Issue Costs  | Net                 |
|------------------------------------------------------|----------------------|------------------------------------|---------------------|-------------------|---------------------|
|                                                      | US Dollar            | Peso<br>Equivalent<br>of US Dollar | Peso                |                   |                     |
| April 1, 2025 to<br>March 31, 2026                   | US\$433,390          | P24,794,242                        | P18,226,778         | P342,698          | P42,678,322         |
| April 1, 2026 to<br>March 31, 2027                   | 34,912               | 1,997,344                          | 26,404,896          | 572,853           | 27,829,387          |
| April 1, 2027 to<br>March 31, 2028                   | 636,488              | 36,413,450                         | 21,396,756          | 896,490           | 56,913,716          |
| April 1, 2028 to<br>March 31, 2029                   | 38,168               | 2,183,563                          | 51,983,111          | 491,749           | 53,674,925          |
| April 1, 2029 to<br>March 31, 2030                   | 39,952               | 2,285,682                          | 27,518,278          | 223,011           | 29,580,949          |
| April 1, 2030 to<br>March 31, 2031<br>and thereafter | 199,290              | 11,401,381                         | 59,974,187          | 381,441           | 70,994,127          |
|                                                      | <b>US\$1,382,200</b> | <b>P79,075,662</b>                 | <b>P205,504,006</b> | <b>P2,908,242</b> | <b>P281,671,426</b> |

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; non-interest-bearing     | Unsecured; no impairment |
|                                                               | 2024 | 546,201                       | 4,388,136                      | 51,985                          | 6,849,349                       |                                                |                          |
| Entities under Common Control                                 | 2025 | 2,166,745                     | 1,087,453                      | 2,071,845                       | 11,011,697                      | On demand or 30 days; non-interest-bearing     | Unsecured; no impairment |
|                                                               | 2024 | 7,941,539                     | 4,606,848                      | 1,810,683                       | 11,503,950                      |                                                |                          |
|                                                               | 2025 | -                             | -                              | 8,645,305                       | -                               | Installment basis up to 2026; interest-bearing | Unsecured; no impairment |
|                                                               | 2024 | -                             | -                              | 8,645,305                       | -                               |                                                |                          |
| Associates                                                    | 2025 | 362,307                       | -                              | 13,119,954                      | 28,101                          | On demand or 30 days; non-interest-bearing     | Unsecured; no impairment |
|                                                               | 2024 | 1,298,826                     | -                              | 663,448                         | 28,101                          |                                                |                          |
|                                                               | 2025 | 12                            | -                              | 11                              | -                               | 9 years; interest-bearing                      | Unsecured; no impairment |
|                                                               | 2024 | 1,608                         | -                              | 2,129                           | -                               |                                                |                          |
| Joint Venture                                                 | 2025 | 8,462                         | 914,170                        | 20,721                          | 694,712                         | 30 days; non-interest-bearing                  | Unsecured; no impairment |
|                                                               | 2024 | 33,598                        | 1,028,812                      | 5,011                           | 427,591                         |                                                |                          |
|                                                               | 2025 | 1,485                         | -                              | 171,601                         | -                               | 92 days; interest-bearing                      | Unsecured; no impairment |
|                                                               | 2024 | 5,990                         | -                              | 180,732                         | -                               |                                                |                          |
|                                                               | 2025 | 18,425                        | -                              | 1,591,470                       | -                               | 10.5 years; interest-bearing                   | Unsecured; no impairment |
|                                                               | 2024 | 74,927                        | -                              | 1,564,475                       | -                               |                                                |                          |
| Associate and Joint Ventures of Entities under Common Control | 2025 | -                             | -                              | 481                             | 1,157                           | 30 days; non-interest-bearing                  | Unsecured; no impairment |
|                                                               | 2024 | -                             | -                              | 481                             | 1,157                           |                                                |                          |
|                                                               | 2025 | -                             | 416,485                        | -                               | 18,710,379                      | 7 to 12 years; interest-bearing                | Secured                  |
|                                                               | 2024 | -                             | 952,088                        | -                               | 19,014,637                      |                                                |                          |
|                                                               | 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                     |                                                |                          |

- 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).
- 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.
- 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:

|                              | <b>March 31,<br/>2025<br/>(Unaudited)</b> | December 31,<br>2024<br>(Audited) |
|------------------------------|-------------------------------------------|-----------------------------------|
| Short-term employee benefits | <b>P46,301</b>                            | P133,074                          |
| Retirement benefits costs    | <b>2,956</b>                              | 9,076                             |
|                              | <b>P49,257</b>                            | 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.

|                                 | <b>March 31, 2025<br/>(Unaudited)</b> |                   | December 31, 2024<br>(Audited) |            |
|---------------------------------|---------------------------------------|-------------------|--------------------------------|------------|
|                                 | <b>Number of<br/>Shares</b>           | <b>Amount</b>     | Number of<br>Shares            | Amount     |
| Authorized – par value of P1.00 | <b>3,774,400,000</b>                  | <b>P3,774,400</b> | 3,774,400,000                  | P3,774,400 |
| Subscribed capital stock:       |                                       |                   |                                |            |
| Balance at beginning of period  | <b>2,823,604,000</b>                  | <b>P2,823,604</b> | 2,823,604,000                  | P2,823,604 |
| Subscription                    | <b>950,796,000</b>                    | <b>950,796</b>    | -                              | -          |
| Balance at end of period        | <b>3,774,400,000</b>                  | <b>3,774,400</b>  | 2,823,604,000                  | 2,823,604  |
| Less subscription receivable:   |                                       |                   |                                |            |
| Balance at beginning of period  | -                                     | -                 | -                              | -          |
| Subscription during the period  | <b>950,796,000</b>                    | <b>950,796</b>    | -                              | -          |
| Balance at end of period        | <b>950,796,000</b>                    | <b>950,796</b>    | -                              | -          |
| Issued and outstanding          | <b>2,823,604,000</b>                  | <b>P2,823,604</b> | 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.

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**17. Revenues**

Revenues consist of:

|                                         | <i>Note</i>  | <b>March 31</b>    |                    |
|-----------------------------------------|--------------|--------------------|--------------------|
|                                         |              | <b>2025</b>        | <b>2024</b>        |
|                                         |              | <b>(Unaudited)</b> | <b>(Unaudited)</b> |
| Sale of power:                          |              |                    |                    |
| Power generation and trading            |              | <b>P32,916,805</b> | P35,711,028        |
| Retail and other power-related services |              | <b>9,398,591</b>   | 8,318,589          |
| Other services                          |              | <b>181,379</b>     | 92,918             |
|                                         | <b>5, 15</b> | <b>P42,496,775</b> | P44,122,535        |

Revenues from other services mainly pertain to operations and maintenance services rendered (see Note 15).

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**18. Cost of Power Sold**

Cost of power sold consist of:

|                                                     | <i>Note</i>  | <b>March 31</b>    |                    |
|-----------------------------------------------------|--------------|--------------------|--------------------|
|                                                     |              | <b>2025</b>        | <b>2024</b>        |
|                                                     |              | <b>(Unaudited)</b> | <b>(Unaudited)</b> |
| Coal, fuel oil and other consumables                | <b>9, 15</b> | <b>P17,538,528</b> | P22,527,965        |
| Power purchases                                     |              | <b>6,430,139</b>   | 6,272,327          |
| Depreciation and amortization                       | <b>11</b>    | <b>3,695,429</b>   | 3,036,082          |
| Plant operations and maintenance,<br>and other fees |              | <b>1,491,362</b>   | 1,402,446          |
| Energy fees                                         | <b>6</b>     | <b>294,837</b>     | 301,846            |
|                                                     | <b>5</b>     | <b>P29,450,295</b> | P33,540,666        |

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**19. Other Income (Charges) - net**

Other income (charges) consist of:

|                                                                | <i>Note</i> | <b>March 31</b>    |                    |
|----------------------------------------------------------------|-------------|--------------------|--------------------|
|                                                                |             | <b>2025</b>        | <b>2024</b>        |
|                                                                |             | <b>(Unaudited)</b> | <b>(Unaudited)</b> |
| Gain on fair valuation upon loss of<br>control of subsidiaries | <b>10</b>   | <b>P21,933,046</b> | P -                |
| Foreign exchange losses - net                                  | <b>21</b>   | <b>(822,022)</b>   | (1,435,618)        |
| Marked-to-market gains on<br>derivatives                       | <b>22</b>   | <b>(34,375)</b>    | 97,230             |
| Miscellaneous income                                           |             | <b>62,968</b>      | 8,452              |
|                                                                |             | <b>P21,139,617</b> | (P1,329,936)       |

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## 20. Basic and Diluted Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share is computed as follows:

|                                                                                    | <b>March 31</b>    |             |
|------------------------------------------------------------------------------------|--------------------|-------------|
|                                                                                    | <b>2025</b>        | 2024        |
|                                                                                    | <b>(Unaudited)</b> | (Unaudited) |
| Net income attributable to equity holders of the Parent Company                    | <b>P26,376,950</b> | P1,552,187  |
| Distributions for the period to:                                                   |                    |             |
| RPCS holders                                                                       | <b>(3,246,246)</b> | (1,929,377) |
| SPCS holders                                                                       | <b>(4,047,689)</b> | (3,784,561) |
| Net income (loss) attributable to common shareholders of the Parent Company (a)    | <b>19,083,015</b>  | (4,161,751) |
| Weighted average number of common shares issued and outstanding (in thousands) (b) | <b>2,823,604</b>   | 2,823,604   |
| Basic/Diluted Earnings (Loss) Per Share (a/b)                                      | <b>P6.76</b>       | (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.

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## 21. Financial Risk and Capital Management Objectives and Policies

### Objectives and Policies

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 |
|---------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------|----------------|-------------------|--------------------|--------------|
| <b>Financial Assets</b>                                                                                                   |                 |                       |                |                   |                    |              |
| 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           |
| <b>Financial Liabilities</b>                                                                                              |                 |                       |                |                   |                    |              |
| 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 |
|---------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------|----------------|-------------------|--------------------|--------------|
| <b>Financial Assets</b>                                                                                                   |                 |                       |                |                   |                    |              |
| 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           |
| <b>Financial Liabilities</b>                                                                                              |                 |                       |                |                   |                    |              |
| 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:

|                                                    | <b>Note</b> | <b>March 31,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024<br/>(Audited)</b> |
|----------------------------------------------------|-------------|-------------------------------------------|--------------------------------------------|
| Cash and cash equivalents (excluding cash on hand) | 7           | <b>P80,152,096</b>                        | P67,864,985                                |
| Trade and other receivables - net*                 | 8           | <b>101,648,228</b>                        | 110,776,695                                |
| Long-term receivables                              |             | <b>14,001,614</b>                         | 14,140,044                                 |
| Restricted cash                                    |             | <b>13,697,068</b>                         | 8,495,006                                  |
|                                                    |             | <b>P209,499,006</b>                       | 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.

| <b>March 31, 2025<br/>(Unaudited)</b>              | <b>Financial Assets at Amortized Cost</b> |                                                   |                                               | <b>Total</b>        |
|----------------------------------------------------|-------------------------------------------|---------------------------------------------------|-----------------------------------------------|---------------------|
|                                                    | <b>12-month<br/>ECL</b>                   | <b>Lifetime<br/>ECL - not<br/>credit impaired</b> | <b>Lifetime<br/>ECL - credit<br/>impaired</b> |                     |
| Cash and cash equivalents (excluding cash on hand) | <b>P80,152,096</b>                        | <b>P -</b>                                        | <b>P -</b>                                    | <b>P80,152,096</b>  |
| Trade and other receivables                        | -                                         | <b>101,648,228</b>                                | <b>4,462,273</b>                              | <b>106,110,501</b>  |
| Long-term receivables                              | -                                         | <b>14,001,614</b>                                 | -                                             | <b>14,001,614</b>   |
| Restricted cash                                    | <b>13,697,068</b>                         | -                                                 | -                                             | <b>13,697,068</b>   |
|                                                    | <b>P93,849,164</b>                        | <b>P115,649,842</b>                               | <b>P4,462,273</b>                             | <b>P213,961,279</b> |

| <b>December 31, 2024<br/>(Audited)</b>             | <b>Financial Assets at Amortized Cost</b> |                                                   |                                               | <b>Total</b> |
|----------------------------------------------------|-------------------------------------------|---------------------------------------------------|-----------------------------------------------|--------------|
|                                                    | <b>12-month<br/>ECL</b>                   | <b>Lifetime<br/>ECL - not<br/>credit impaired</b> | <b>Lifetime<br/>ECL - credit<br/>impaired</b> |              |
| 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        |
|-------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------|
| <b>Fixed Rate</b>                                           |                    |                    |                    |                    |                    |                    |              |
| 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% to 8.6228% | 7.6525% to 8.6228% |              |
| Foreign currency-denominated (expressed in Philippine Peso) |                    |                    |                    |                    |                    |                    |              |
| Interest rate                                               | 1,437,230 8.3310%  | 1,502,763 8.3310%  | 1,570,558 8.3310%  | 1,642,871 8.3310%  | 1,719,704 8.3310%  | 8,578,182 8.3310%  | 16,451,308   |
| <b>Floating Rate</b>                                        |                    |                    |                    |                    |                    |                    |              |
| 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        |
|-------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------|
| <b>Fixed Rate</b>                                           |                    |                    |                    |                    |                    |                    |              |
| 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) |                    |                    |                    |                    |                    |                    |              |
| Interest rate                                               | 1,453,182 8.3310%  | 1,519,443 8.3310%  | 1,587,990 8.3310%  | 1,661,106 8.3310%  | 1,738,792 8.3310%  | 8,673,395 8.3310%  | 16,633,908   |
| <b>Floating Rate</b>                                        |                    |                    |                    |                    |                    |                    |              |
| 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<br>(Unaudited) |                    | December 31, 2024<br>(Audited) |                    |
|--------------------------------------------------------------|------|-------------------------------|--------------------|--------------------------------|--------------------|
|                                                              | Note | US Dollar                     | Peso<br>Equivalent | US Dollar                      | Peso<br>Equivalent |
| <b>Assets</b>                                                |      |                               |                    |                                |                    |
| 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         |
| <b>Liabilities</b>                                           |      |                               |                    |                                |                    |
| 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        |
| <b>Net Foreign Currency-denominated Monetary Liabilities</b> |      |                               |                    |                                |                    |
|                                                              |      | 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<br>Philippine Peso |
|-----------------------|---------------------------------|
| <b>March 31, 2025</b> | <b>P57.210</b>                  |
| 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):

| March 31, 2025<br>(Unaudited)                    | P1 Decrease in the<br>US Dollar Exchange Rate |                     | P1 Increase in the<br>US Dollar Exchange Rate |                     |
|--------------------------------------------------|-----------------------------------------------|---------------------|-----------------------------------------------|---------------------|
|                                                  | Effect on<br>Income<br>before<br>Income Tax   | Effect on<br>Equity | Effect on<br>Income<br>before<br>Income Tax   | Effect on<br>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<br>accrued expenses         | 1,706,842                                     | 1,279,866           | (1,706,842)                                   | (1,279,866)         |
| Long-term debt (including<br>current maturities) | 1,382,200                                     | 1,036,650           | (1,382,200)                                   | (1,036,650)         |
| Lease liabilities (including<br>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)        |

| December 31, 2024<br>(Audited)                   | P1 Decrease in the<br>US Dollar Exchange Rate |                     | P1 Increase in the<br>US Dollar Exchange Rate |                  |
|--------------------------------------------------|-----------------------------------------------|---------------------|-----------------------------------------------|------------------|
|                                                  | Effect on<br>Income<br>before<br>Income Tax   | Effect on<br>Equity | Effect on<br>Income<br>before<br>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<br>accrued expenses         | 1,288,337                                     | 966,523             | (1,288,337)                                   | (966,523)        |
| Long-term debt (including<br>current maturities) | 1,432,200                                     | 1,074,150           | (1,432,200)                                   | (1,074,150)      |
| Lease liabilities (including<br>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          |
| <b>Financial Assets</b>                                                                                                   |                     |                     |                     |                     |
| 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           |
|                                                                                                                           | <b>P209,501,452</b> | <b>P209,501,452</b> | <b>P201,279,156</b> | <b>P201,279,156</b> |
| <b>Financial Liabilities</b>                                                                                              |                     |                     |                     |                     |
| 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             |
|                                                                                                                           | <b>P392,712,454</b> | <b>P407,291,271</b> | <b>P473,440,090</b> | <b>P490,614,620</b> |

\*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:

|                                                                            | <b>March 31,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024<br/>(Audited)</b> |
|----------------------------------------------------------------------------|-------------------------------------------|--------------------------------------------|
| Balance at beginning of period                                             | <b>(P13,725)</b>                          | (P13,925)                                  |
| Net change in fair value of derivatives not designated as accounting hedge | <b>(34,375)</b>                           | 104,350                                    |
|                                                                            | <b>(48,100)</b>                           | 90,425                                     |
| Less fair value of settled instruments                                     | <b>(25,725)</b>                           | 104,150                                    |
| Balance at end of period                                                   | <b>(P22,375)</b>                          | (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.

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## 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 3<sup>rd</sup> 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 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 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               |
|-------------------------------------------------|---------------------|---------------------|--------------------|---------------------|---------------------|
| <b>Balances as at January 1, 2025 (Audited)</b> | <b>P41,350,425</b>  | <b>P277,937,891</b> | <b>P31,405,266</b> | <b>P151,194,865</b> | <b>P501,888,447</b> |
| <b>Changes from Financing Activities</b>        |                     |                     |                    |                     |                     |
| 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)         |
| <b>Total Changes from Financing Activities</b>  | <b>(26,412,300)</b> | <b>4,437,930</b>    | <b>(7,224,539)</b> | <b>5,749,775</b>    | <b>(23,449,134)</b> |
| 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)         |
| <b>Balance as at March 31, 2025 (Unaudited)</b> | <b>P10,000,000</b>  | <b>P281,671,426</b> | <b>P24,053,632</b> | <b>P156,944,640</b> | <b>P472,669,698</b> |

|                                                 | Loans Payable      | Long-term Debt      | Lease Liabilities  | Total               |
|-------------------------------------------------|--------------------|---------------------|--------------------|---------------------|
| <b>Balances as at January 1, 2024 (Audited)</b> | <b>P13,736,000</b> | <b>P258,769,473</b> | <b>P42,787,300</b> | <b>P315,292,773</b> |
| <b>Changes from Financing Activities</b>        |                    |                     |                    |                     |
| 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)         |
| <b>Total Changes from Financing Activities</b>  | <b>-</b>           | <b>10,625,180</b>   | <b>(5,070,231)</b> | <b>5,554,949</b>    |
| Effect of changes in foreign exchange rates     | -                  | 1,273,784           | 281,935            | 1,555,719           |
| Other changes                                   | -                  | 199,634             | 149,325            | 348,959             |
| <b>Balance as at March 31, 2024 (Unaudited)</b> | <b>P13,736,000</b> | <b>P270,868,071</b> | <b>P38,148,329</b> | <b>P322,752,400</b> |

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  
Holdings Corp.**

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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.<sup>1</sup> (“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:

| <i>(In Millions)</i>                                                     | <b>Years Ended December 31</b> |             |             |
|--------------------------------------------------------------------------|--------------------------------|-------------|-------------|
|                                                                          | <b>2024</b>                    | <b>2023</b> | <b>2022</b> |
| Revenues                                                                 | <b>P205,091</b>                | P169,590    | P221,389    |
| Cost of power sold                                                       | <b>(154,684)</b>               | (130,992)   | (198,371)   |
| Selling and administrative expenses                                      | <b>(9,950)</b>                 | (6,072)     | (5,563)     |
| Other operating income                                                   | -                              | -           | 11,431      |
| Income from operations                                                   | <b>40,457</b>                  | 32,526      | 28,886      |
| Interest expense and other financing charges                             | <b>(20,691)</b>                | (18,478)    | (18,288)    |
| Interest income                                                          | <b>833</b>                     | 749         | 1,211       |
| Equity in net earnings (losses) of an associate and joint ventures - net | <b>506</b>                     | (272)       | (400)       |
| Other income (charges) - net                                             | <b>(3,505)</b>                 | 538         | (7,240)     |
| Income before income tax                                                 | <b>17,600</b>                  | 15,063      | 4,169       |
| Income tax expense                                                       | <b>(5,216)</b>                 | (5,160)     | (1,035)     |
| Net income                                                               | <b>12,384</b>                  | 9,903       | 3,134       |

<sup>1</sup> 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

| <i>In Millions</i>                                                       | December 31      |           | Horizontal Analysis<br>Increase (Decrease) |        | Vertical<br>Analysis |       |
|--------------------------------------------------------------------------|------------------|-----------|--------------------------------------------|--------|----------------------|-------|
|                                                                          | 2024             | 2023      | Amount                                     | %      | 2024                 | 2023  |
| Revenues                                                                 | <b>P205,091</b>  | P169,590  | P35,501                                    | 21%    | <b>100%</b>          | 100%  |
| Cost of power sold                                                       | <b>(154,684)</b> | (130,992) | 23,692                                     | 18%    | <b>(75%)</b>         | (77%) |
| Gross profit                                                             | <b>50,407</b>    | 38,598    | 11,809                                     | 31%    | <b>25%</b>           | 23%   |
| Selling and administrative expenses                                      | <b>(9,950)</b>   | (6,072)   | 3,878                                      | 64%    | <b>(5%)</b>          | (4%)  |
| Income from operations                                                   | <b>40,457</b>    | 32,526    | 7,931                                      | 24%    | <b>20%</b>           | 19%   |
| Interest expense and other financing charges                             | <b>(20,691)</b>  | (18,478)  | 2,213                                      | 12%    | <b>(10%)</b>         | (11%) |
| Interest income                                                          | <b>833</b>       | 749       | 84                                         | 11%    | <b>1%</b>            | 1%    |
| Equity in net earnings (losses) of an associate and joint ventures - net | <b>506</b>       | (272)     | 778                                        | 286%   | <b>0%</b>            | 0%    |
| Other income (charges) - net                                             | <b>(3,505)</b>   | 538       | (4,043)                                    | (751%) | <b>(2%)</b>          | 0%    |
| Income before income tax                                                 | <b>17,600</b>    | 15,063    | 2,537                                      | 17%    | <b>9%</b>            | 9%    |
| Income tax expense                                                       | <b>5,216</b>     | 5,160     | 56                                         | 1%     | <b>3%</b>            | 3%    |
| Net income                                                               | <b>P12,384</b>   | P9,903    | P2,481                                     | 25%    | <b>6%</b>            | 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)<sup>2</sup> 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.<sup>3</sup> (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.<sup>4</sup> (LPI) and Malita Power Inc.<sup>5</sup> (MPI) in May and September 2023, respectively, offset by the provision for deferred tax benefit on foreign exchange losses of Masinloc Power Co. Ltd.<sup>6</sup> (MPCL) and Mariveles Power Generation Corporation (MPGC).

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<sup>2</sup> On March 9, 2023, the Philippine SEC approved the change in the corporate name of "San Miguel Energy Corporation" to "Sual Power Inc."

<sup>3</sup> On November 3, 2023, the Philippine SEC approved the change in the corporate name of "Universal Power Solutions, Inc." to "SMGP BESS Power Inc."

<sup>4</sup> On February 7, 2023, the Philippine SEC approved the change in the corporate name of "SMC Consolidated Power Corporation" to "Limay Power Inc."

<sup>5</sup> On March 9, 2023, the Philippine SEC approved the change in the corporate name of "San Miguel Consolidated Power Corporation" to "Malita Power Inc."

<sup>6</sup> 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.<sup>7</sup> (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.

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<sup>7</sup> 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.<sup>8</sup> (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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<sup>8</sup> 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**

| <i>In Millions</i>                                            | December 31      |           | Horizontal Analysis |        | Vertical Analysis |       |
|---------------------------------------------------------------|------------------|-----------|---------------------|--------|-------------------|-------|
|                                                               | 2023             | 2022      | Increase (Decrease) |        | 2023              | 2022  |
|                                                               |                  |           | Amount              | %      |                   |       |
| Revenues                                                      | <b>P169,590</b>  | P221,389  | (P51,799)           | (23%)  | <b>100%</b>       | 100%  |
| Cost of power sold                                            | <b>(130,992)</b> | (198,371) | (67,379)            | (34%)  | <b>(77%)</b>      | (90%) |
| Gross profit                                                  | <b>38,598</b>    | 23,018    | 15,580              | 68%    | <b>23%</b>        | 10%   |
| Selling and administrative expenses                           | <b>(6,072)</b>   | (5,563)   | 509                 | 9%     | <b>(4%)</b>       | (3%)  |
| Other operating income                                        | -                | 11,431    | (11,431)            | (100%) | <b>0%</b>         | 5%    |
| Income from operations                                        | <b>32,526</b>    | 28,886    | 3,640               | 13%    | <b>19%</b>        | 12%   |
| Interest expense and other financing charges                  | <b>(18,478)</b>  | (18,288)  | 190                 | 1%     | <b>(11%)</b>      | (8%)  |
| Interest income                                               | <b>749</b>       | 1,211     | (462)               | (38%)  | <b>1%</b>         | 1%    |
| Equity in net losses of an associate and joint ventures - net | <b>(272)</b>     | (400)     | 128                 | 32%    | <b>0%</b>         | 0%    |
| Other income (charges) - net                                  | <b>538</b>       | (7,240)   | 7,778               | 107%   | <b>0%</b>         | (3%)  |
| Income before income tax                                      | <b>15,063</b>    | 4,169     | 10,894              | 261%   | <b>9%</b>         | 2%    |
| Income tax expense                                            | <b>5,160</b>     | 1,035     | 4,125               | 399%   | <b>3%</b>         | 1%    |
| Net income                                                    | <b>P9,903</b>    | P3,134    | P6,769              | 216%   | <b>6%</b>         | 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.



**Payment of Maturing Long-term Debt**

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.

**Redemption of Maturing Series B and Series G Bonds by San Miguel Global Power**

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**

| <i>In Millions</i>                                                    | December 31     |          | Horizontal Analysis<br>Increase (Decrease) |       | Vertical<br>Analysis |      |
|-----------------------------------------------------------------------|-----------------|----------|--------------------------------------------|-------|----------------------|------|
|                                                                       | 2024            | 2023     | Amount                                     | %     | 2024                 | 2023 |
| Cash and cash equivalents                                             | <b>P67,867</b>  | P31,659  | P36,208                                    | 114%  | <b>8%</b>            | 4%   |
| Trade and other<br>receivables - net                                  | <b>115,884</b>  | 116,976  | (1,092)                                    | (1%)  | <b>13%</b>           | 15%  |
| Inventories                                                           | <b>14,326</b>   | 16,841   | (2,515)                                    | (15%) | <b>2%</b>            | 2%   |
| Prepaid expenses and<br>other current assets                          | <b>51,562</b>   | 48,522   | 3,040                                      | 6%    | <b>6%</b>            | 6%   |
| <b>Total Current Assets</b>                                           | <b>249,639</b>  | 213,998  | 35,641                                     | 17%   | <b>29%</b>           | 27%  |
| Investments and advances<br>- net                                     | <b>19,896</b>   | 10,953   | 8,943                                      | 82%   | <b>2%</b>            | 1%   |
| Property, plant and<br>equipment - net                                | <b>459,506</b>  | 339,225  | 120,281                                    | 35%   | <b>52%</b>           | 44%  |
| Right-of-use assets - net                                             | <b>42,123</b>   | 104,975  | (62,852)                                   | (60%) | <b>4%</b>            | 13%  |
| Goodwill and other<br>intangible assets - net                         | <b>71,736</b>   | 71,712   | 24                                         | 0%    | <b>8%</b>            | 9%   |
| Deferred income tax assets                                            | <b>1,354</b>    | 974      | 380                                        | 39%   | <b>0%</b>            | 0%   |
| Other noncurrent assets                                               | <b>37,619</b>   | 43,098   | (5,479)                                    | (13%) | <b>4%</b>            | 6%   |
| <b>Total Noncurrent Assets</b>                                        | <b>632,234</b>  | 570,937  | 61,297                                     | 11%   | <b>71%</b>           | 73%  |
| <b>Total Assets</b>                                                   | <b>P881,873</b> | P784,935 | P96,938                                    | 12%   | <b>100%</b>          | 100% |
| Loans payable                                                         | <b>P41,350</b>  | P13,736  | P27,614                                    | 201%  | <b>5%</b>            | 2%   |
| Accounts payable and<br>accrued expenses                              | <b>144,102</b>  | 97,633   | 46,469                                     | 48%   | <b>16%</b>           | 12%  |
| Lease liabilities - current<br>portion                                | <b>10,049</b>   | 17,645   | (7,596)                                    | (43%) | <b>1%</b>            | 2%   |
| Income tax payable                                                    | <b>80</b>       | 222      | (142)                                      | (64%) | <b>0%</b>            | 0%   |
| Current maturities of long-<br>term debt - net of debt<br>issue costs | <b>28,477</b>   | 54,125   | (25,648)                                   | (47%) | <b>3%</b>            | 7%   |
| <b>Total Current Liabilities</b>                                      | <b>224,058</b>  | 183,361  | 40,697                                     | 22%   | <b>25%</b>           | 23%  |
| Long-term debt - net of<br>current maturities and<br>debt issue costs | <b>249,461</b>  | 204,644  | 44,817                                     | 22%   | <b>28%</b>           | 26%  |
| Deferred income tax<br>liabilities                                    | <b>23,978</b>   | 21,285   | 2,693                                      | 13%   | <b>3%</b>            | 3%   |
| Lease liabilities - net of<br>current portion                         | <b>21,357</b>   | 25,142   | (3,785)                                    | (15%) | <b>2%</b>            | 3%   |
| Other noncurrent liabilities                                          | <b>3,994</b>    | 7,030    | (3,036)                                    | (43%) | <b>1%</b>            | 1%   |
| <b>Total Noncurrent<br/>Liabilities</b>                               | <b>298,790</b>  | 258,101  | 40,689                                     | 16%   | <b>34%</b>           | 33%  |
| <b>Total Liabilities</b>                                              | <b>522,848</b>  | 441,462  | 81,386                                     | 18%   | <b>59%</b>           | 56%  |

*Forward*

| <i>In Millions</i>                                                         | December 31     |          | Horizontal Analysis<br>Increase (Decrease) |        | Vertical<br>Analysis |      |
|----------------------------------------------------------------------------|-----------------|----------|--------------------------------------------|--------|----------------------|------|
|                                                                            | 2024            | 2023     | Amount                                     | %      | 2024                 | 2023 |
| <b>Equity Attributable to<br/>Equity Holders of<br/>the Parent Company</b> |                 |          |                                            |        |                      |      |
| Capital stock                                                              | <b>P2,824</b>   | P2,824   | P -                                        | 0%     | <b>0%</b>            | 0%   |
| Additional paid-in capital                                                 | <b>48,082</b>   | 48,082   | -                                          | 0%     | <b>5%</b>            | 6%   |
| Senior perpetual capital securities                                        | <b>151,195</b>  | 161,768  | (10,573)                                   | (7%)   | <b>17%</b>           | 21%  |
| Redeemable perpetual capital securities                                    | <b>145,979</b>  | 102,547  | 43,432                                     | 42%    | <b>17%</b>           | 13%  |
| Equity reserves                                                            | <b>(16,385)</b> | (3,020)  | (13,365)                                   | (443%) | <b>(1%)</b>          | 0%   |
| Retained earnings                                                          | <b>26,387</b>   | 30,367   | (3,980)                                    | (13%)  | <b>3%</b>            | 4%   |
|                                                                            | <b>358,082</b>  | 342,568  | 15,514                                     | 5%     | <b>41%</b>           | 44%  |
| Non-controlling Interests                                                  | <b>943</b>      | 905      | 38                                         | 4%     | <b>0%</b>            | 0%   |
| <b>Total Equity</b>                                                        | <b>359,025</b>  | 343,473  | 15,552                                     | 5%     | <b>41%</b>           | 44%  |
| <b>Total Liabilities and<br/>Equity</b>                                    |                 |          |                                            |        |                      |      |
|                                                                            | <b>P881,873</b> | P784,935 | P96,938                                    | 12%    | <b>100%</b>          | 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<br>Increase (Decrease) |       | Vertical<br>Analysis |      |
|-----------------------------------------------------------------------|-----------------|----------|--------------------------------------------|-------|----------------------|------|
| <i>In Millions</i>                                                    | 2023            | 2022     | Amount                                     | %     | 2023                 | 2022 |
| Cash and cash equivalents                                             | <b>P31,659</b>  | P22,726  | P8,933                                     | 39%   | <b>4%</b>            | 3%   |
| Trade and other<br>receivables - net                                  | <b>116,976</b>  | 105,940  | 11,036                                     | 10%   | <b>15%</b>           | 15%  |
| Inventories                                                           | <b>16,841</b>   | 16,822   | 19                                         | 0%    | <b>2%</b>            | 2%   |
| Prepaid expenses and<br>other current assets                          | <b>48,522</b>   | 43,293   | 5,229                                      | 12%   | <b>6%</b>            | 6%   |
| <b>Total Current Assets</b>                                           | <b>213,998</b>  | 188,781  | 25,217                                     | 13%   | <b>27%</b>           | 26%  |
| Investments and advances<br>- net                                     | <b>10,953</b>   | 7,855    | 3,098                                      | 39%   | <b>1%</b>            | 1%   |
| Property, plant and<br>equipment - net                                | <b>339,225</b>  | 304,412  | 34,813                                     | 11%   | <b>44%</b>           | 43%  |
| Right-of-use assets - net                                             | <b>104,975</b>  | 106,610  | (1,635)                                    | (2%)  | <b>13%</b>           | 15%  |
| Goodwill and other<br>intangible assets - net                         | <b>71,712</b>   | 71,765   | (53)                                       | 0%    | <b>9%</b>            | 10%  |
| Deferred income tax assets                                            | <b>974</b>      | 2,280    | (1,306)                                    | (57%) | <b>0%</b>            | 0%   |
| Other noncurrent assets                                               | <b>43,098</b>   | 35,812   | 7,286                                      | 20%   | <b>6%</b>            | 5%   |
| <b>Total Noncurrent Assets</b>                                        | <b>570,937</b>  | 528,734  | 42,203                                     | 8%    | <b>73%</b>           | 74%  |
| <b>Total Assets</b>                                                   | <b>P784,935</b> | P717,515 | P67,420                                    | 9%    | <b>100%</b>          | 100% |
| Loans payable                                                         | <b>P13,736</b>  | P21,000  | (P7,624)                                   | (35%) | <b>2%</b>            | 3%   |
| Accounts payable and<br>accrued expenses                              | <b>97,633</b>   | 84,447   | 13,186                                     | 16%   | <b>12%</b>           | 12%  |
| Lease liabilities - current<br>portion                                | <b>17,645</b>   | 19,185   | (1,540)                                    | (8%)  | <b>2%</b>            | 2%   |
| Income tax payable                                                    | <b>222</b>      | 326      | (104)                                      | (32%) | <b>0%</b>            | 0%   |
| Current maturities of long-<br>term debt - net of debt<br>issue costs | <b>54,125</b>   | 63,722   | (9,597)                                    | (15%) | <b>7%</b>            | 9%   |
| <b>Total Current Liabilities</b>                                      | <b>183,361</b>  | 188,680  | (5,319)                                    | (3%)  | <b>23%</b>           | 26%  |
| Long-term debt - net of<br>current maturities and<br>debt issue costs | <b>204,644</b>  | 208,431  | (3,787)                                    | (2%)  | <b>26%</b>           | 29%  |
| Deferred income tax<br>liabilities                                    | <b>21,285</b>   | 19,364   | 1,921                                      | 10%   | <b>3%</b>            | 3%   |
| Lease liabilities - net of<br>current portion                         | <b>25,142</b>   | 40,773   | (15,631)                                   | (38%) | <b>3%</b>            | 6%   |
| Other noncurrent liabilities                                          | <b>7,030</b>    | 7,950    | (920)                                      | (12%) | <b>1%</b>            | 1%   |
| <b>Total Noncurrent<br/>  Liabilities</b>                             | <b>258,101</b>  | 276,518  | (18,417)                                   | (7%)  | <b>33%</b>           | 39%  |
| <b>Total Liabilities</b>                                              | <b>441,462</b>  | 465,198  | (23,736)                                   | (5%)  | <b>56%</b>           | 65%  |

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*Forward*



| <i>In Millions</i>                                                         | December 31     |          | Horizontal Analysis<br>Increase (Decrease) |       | Vertical<br>Analysis |      |
|----------------------------------------------------------------------------|-----------------|----------|--------------------------------------------|-------|----------------------|------|
|                                                                            | 2023            | 2022     | Amount                                     | %     | 2023                 | 2022 |
| <b>Equity Attributable to<br/>Equity Holders of<br/>the Parent Company</b> |                 |          |                                            |       |                      |      |
| Capital stock                                                              | <b>P2,824</b>   | P1,250   | P1,574                                     | 126%  | <b>0%</b>            | 0%   |
| Additional paid-in capital                                                 | <b>48,082</b>   | 2,490    | 45,592                                     | 1831% | <b>6%</b>            | 0%   |
| Senior perpetual capital securities                                        | <b>161,768</b>  | 161,768  | -                                          | 0%    | <b>21%</b>           | 23%  |
| Redeemable perpetual capital securities                                    | <b>102,547</b>  | 51,934   | 50,613                                     | 97%   | <b>13%</b>           | 7%   |
| Equity reserves                                                            | <b>(3,020)</b>  | (1,559)  | (1,461)                                    | (94%) | <b>0%</b>            | 0%   |
| Retained earnings                                                          | <b>30,367</b>   | 35,526   | (5,159)                                    | (15%) | <b>4%</b>            | 5%   |
|                                                                            | <b>342,568</b>  | 251,409  | 91,159                                     | 36%   | <b>44%</b>           | 35%  |
| Non-controlling Interests                                                  | <b>905</b>      | 908      | (3)                                        | 0%    | <b>0%</b>            | 0%   |
| <b>Total Equity</b>                                                        | <b>343,473</b>  | 252,317  | 91,156                                     | 36%   | <b>44%</b>           | 35%  |
| <b>Total Liabilities and<br/>Equity</b>                                    |                 |          |                                            |       |                      |      |
|                                                                            | <b>P784,935</b> | P717,515 | P67,420                                    | 9%    | <b>100%</b>          | 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:

| <i>(in Millions)</i>                                      | <b>December 31</b> |             |             |
|-----------------------------------------------------------|--------------------|-------------|-------------|
|                                                           | <b>2024</b>        | <b>2023</b> | <b>2022</b> |
| Net cash flows provided by (used in) operating activities | <b>P54,333</b>     | P16,252     | (P22,858)   |
| Net cash flows used in investing activities               | <b>(46,252)</b>    | (49,955)    | (56,658)    |
| Net cash flows provided by financing activities           | <b>28,335</b>      | 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:

| <i>(in Millions)</i>                                            | <b>December 31</b> |             |             |
|-----------------------------------------------------------------|--------------------|-------------|-------------|
|                                                                 | <b>2024</b>        | <b>2023</b> | <b>2022</b> |
| Cash from newly acquired subsidiaries, net                      | <b>P -</b>         | P121        | (P12)       |
| Proceeds from disposal of subsidiaries, net of cash disposed of | -                  | -           | 494         |
| Proceeds from sale of properties                                | -                  | -           | 1,187       |
| Additions to intangible assets                                  | <b>(140)</b>       | (57)        | (254)       |
| Increase in other noncurrent assets                             | <b>(897)</b>       | (2,351)     | (3,645)     |
| Advances paid to suppliers and contractors                      | <b>(1,689)</b>     | (7,307)     | (5,013)     |
| Additions to investments and advances                           | <b>(8,433)</b>     | (4,182)     | (939)       |
| Additions to property, plant and equipment                      | <b>(35,093)</b>    | (36,179)    | (48,476)    |

Net cash flows provided by financing activities are as follows:

| <i>(in Millions)</i>                                              | <b>December 31</b> |             |             |
|-------------------------------------------------------------------|--------------------|-------------|-------------|
|                                                                   | <b>2024</b>        | <b>2023</b> | <b>2022</b> |
| Proceeds from short-term borrowings                               | <b>P165,147</b>    | P95,322     | P51,182     |
| Proceeds from long-term debts                                     | <b>71,506</b>      | 51,978      | 72,312      |
| Proceeds from issuance of RPCS                                    | <b>43,432</b>      | 70,833      | 19,182      |
| Proceeds from issuance of SPCS, net of exchange and tender offers | <b>21,040</b>      | -           | -           |
| 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                                  | <b>(388)</b>       | (29)        | (210)       |
| Distributions paid to RPCS holder                                 | <b>(2,552)</b>     | -           | (1,617)     |
| Distributions paid to SPCS holders                                | <b>(13,385)</b>    | (15,035)    | (15,362)    |
| Payments of lease liabilities                                     | <b>(18,298)</b>    | (19,315)    | (24,220)    |
| Payments for the redemption/repurchase of SPCS                    | <b>(45,040)</b>    | -           | (4,703)     |
| Payments of long-term debts                                       | <b>(55,615)</b>    | (64,362)    | (30,582)    |
| Payments of short-term borrowings                                 | <b>(137,512)</b>   | (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

| Current Ratio           | = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ |               |                                |               |
|-------------------------|--------------------------------------------------------------|---------------|--------------------------------|---------------|
|                         | <i>Conventional</i>                                          |               | <i>Adjusted <sup>(1)</sup></i> |               |
| (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          |

- <sup>(1)</sup> 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

| Net Debt-to-Equity* Ratio          | = $\frac{\text{Net Debt}}{\text{Total Equity}}$               |               |
|------------------------------------|---------------------------------------------------------------|---------------|
|                                    | <i>Per relevant Loan Covenants of San Miguel Global Power</i> |               |
| (in Millions Peso)                 | December 2024                                                 | December 2023 |
| (A) Net Debt <sup>(2)</sup>        | 219,596                                                       | 225,585       |
| (B) Total Equity <sup>(3)</sup>    | 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.

- <sup>(2)</sup> Consolidated net total debt plus total PSALM lease liabilities.

- <sup>(3)</sup> Consolidated total equity.

$$\text{Asset-to-Equity Ratio} = \frac{\text{Total Assets}}{\text{Total Equity}}$$

| (in Millions Peso)                     | <i>Conventional</i> |               | <i>Adjusted <sup>(4)</sup></i> |               |
|----------------------------------------|---------------------|---------------|--------------------------------|---------------|
|                                        | December 2024       | December 2023 | December 2024                  | December 2023 |
| <b>(A) Total Assets</b>                | <b>881,873</b>      | 784,935       | <b>853,432</b>                 | 689,390       |
| <b>(B) Total Equity</b>                | <b>359,025</b>      | 343,473       | <b>359,025</b>                 | 343,473       |
| <b>Asset-to-Equity Ratio (A) / (B)</b> | <b>2.46</b>         | 2.29          | <b>2.38</b>                    | 2.01          |

<sup>(4)</sup> 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

$$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Total Equity}}$$

| (in Millions Peso)                | December 2024  | December 2023 |
|-----------------------------------|----------------|---------------|
| <b>(A) Net Income</b>             | <b>12,384</b>  | 9,903         |
| <b>(B) Total Equity</b>           | <b>359,025</b> | 343,473       |
| <b>Return on Equity (A) / (B)</b> | <b>3.4%</b>    | 2.9%          |

$$\text{Interest Coverage Ratio} = \frac{\text{Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)}}{\text{Interest Expense}}$$

### *Per relevant Loan Covenants of San Miguel Global Power*

| (in Millions Peso)                         | December 2024 | December 2023 |
|--------------------------------------------|---------------|---------------|
| <b>(A) EBITDA <sup>(5)</sup></b>           | <b>37,897</b> | 34,511        |
| <b>(B) Interest Expense <sup>(6)</sup></b> | <b>14,761</b> | 13,575        |
| <b>Interest Coverage Ratio (A) / (B)</b>   | <b>2.57</b>   | 2.54          |

<sup>(5)</sup> Full-year consolidated EBITDA (gross of PSALM payments and excluding amounts attributable to ring-fenced subsidiaries).

<sup>(6)</sup> Full-year consolidated interest expense (excluding amounts attributable to ring-fenced subsidiaries).

## **OPERATING EFFICIENCY**

$$\text{Volume Growth (Decline)} = \frac{\text{Current Period Offtake Volume}}{\text{Prior Period Offtake Volume}} - 1$$

|                                                | <b>Years Ended December 31</b> |             |
|------------------------------------------------|--------------------------------|-------------|
| <i>(in GWh)</i>                                | <b>2024</b>                    | <b>2023</b> |
| <b>(A) Current Period Offtake Volume</b>       | <b>36,564</b>                  | 25,205      |
| <b>(B) Prior Period Offtake Volume</b>         | <b>25,205</b>                  | 27,402      |
| <b>Volume Growth (Decline) [( A / B ) – 1]</b> | <b>45.1%</b>                   | (8.0%)      |

$$\text{Revenue Growth (Decline)} = \frac{\text{Current Period Revenues}}{\text{Prior Period Revenues}} - 1$$

|                                                 | <b>Years Ended December 31</b> |             |
|-------------------------------------------------|--------------------------------|-------------|
| <i>(in Millions Peso)</i>                       | <b>2024</b>                    | <b>2023</b> |
| <b>(A) Current Period Revenues</b>              | <b>205,091</b>                 | 169,590     |
| <b>(B) Prior Period Revenues</b>                | <b>169,590</b>                 | 221,389     |
| <b>Revenue Growth (Decline) [( A / B ) – 1]</b> | <b>20.9%</b>                   | (23.4%)     |

$$\text{Operating Margin} = \frac{\text{Income from Operations}}{\text{Revenues}}$$

|                                   | <b>Years Ended December 31</b> |             |
|-----------------------------------|--------------------------------|-------------|
| <i>(in Millions Peso)</i>         | <b>2024</b>                    | <b>2023</b> |
| <b>(A) Income from Operations</b> | <b>40,457</b>                  | 32,526      |
| <b>(B) Revenues</b>               | <b>205,091</b>                 | 169,590     |
| <b>Operating Margin (A) / (B)</b> | <b>19.7%</b>                   | 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 cyclicity 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.



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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 Liquefied 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

| In Millions                                                            | Horizontal Analysis |          |                     |        | Vertical     |       |
|------------------------------------------------------------------------|---------------------|----------|---------------------|--------|--------------|-------|
|                                                                        | March 31            |          | Increase (Decrease) |        | Analysis     |       |
|                                                                        | 2025                | 2024     | Amount              | %      | 2025         | 2024  |
| Revenues                                                               | <b>P42,497</b>      | P44,123  | (P1,626)            | (4%)   | <b>100%</b>  | 100%  |
| Cost of power sold                                                     | <b>(29,451)</b>     | (33,541) | (4,090)             | (12%)  | <b>(69%)</b> | (76%) |
| Gross profit                                                           | <b>13,046</b>       | 10,582   | 2,464               | 23%    | <b>31%</b>   | 24%   |
| Selling and administrative expenses                                    | <b>(2,358)</b>      | (1,742)  | 616                 | 35%    | <b>(6%)</b>  | (4%)  |
| Income from operations                                                 | <b>10,688</b>       | 8,840    | 1,848               | 21%    | <b>25%</b>   | 20%   |
| Interest expense and other financing charges                           | <b>(5,777)</b>      | (5,017)  | 760                 | 15%    | <b>(14%)</b> | (11%) |
| Interest income                                                        | <b>808</b>          | 221      | 587                 | 266%   | <b>2%</b>    | 0%    |
| Equity in net earnings (losses) of associates and joint ventures - net | <b>1,563</b>        | (23)     | 1,586               | 6,896% | <b>4%</b>    | 0%    |
| Other income (charges) - net                                           | <b>21,140</b>       | (1,329)  | 22,469              | 1,691% | <b>50%</b>   | (3%)  |
| Income before income tax                                               | <b>28,422</b>       | 2,692    | 25,730              | 956%   | <b>67%</b>   | 6%    |
| Income tax expense                                                     | <b>2,036</b>        | 1,145    | 891                 | 78%    | <b>5%</b>    | 3%    |
| Net income                                                             | <b>P26,386</b>      | P1,547   | P24,839             | 1,606% | <b>62%</b>   | 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 (EPISA) 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**

| <i>In Millions</i>                                                       | March 31        |          | Horizontal Analysis<br>Increase (Decrease) |        | Vertical<br>Analysis |       |
|--------------------------------------------------------------------------|-----------------|----------|--------------------------------------------|--------|----------------------|-------|
|                                                                          | 2024            | 2023     | Amount                                     | %      | 2024                 | 2023  |
| Revenues                                                                 | <b>P44,123</b>  | P41,124  | P2,999                                     | 7%     | <b>100%</b>          | 100%  |
| Cost of power sold                                                       | <b>(33,541)</b> | (32,094) | 1,447                                      | 5%     | <b>(76%)</b>         | (78%) |
| Gross profit                                                             | <b>10,582</b>   | 9,030    | 1,552                                      | 17%    | <b>24%</b>           | 22%   |
| Selling and administrative expenses                                      | <b>(1,742)</b>  | (1,455)  | 287                                        | 20%    | <b>(4%)</b>          | (4%)  |
| Income from operations                                                   | <b>8,840</b>    | 7,575    | 1,265                                      | 17%    | <b>20%</b>           | 18%   |
| Interest expense and other financing charges                             | <b>(5,017)</b>  | (4,398)  | 619                                        | 14%    | <b>(11%)</b>         | (10%) |
| Interest income                                                          | <b>221</b>      | 367      | (146)                                      | (40%)  | <b>0%</b>            | 1%    |
| Equity in net earnings (losses) of an associate and joint ventures - net | <b>(23)</b>     | 164      | (187)                                      | (114%) | <b>0%</b>            | 0%    |
| Other income (charges) - net                                             | <b>(1,329)</b>  | 3,316    | (4,645)                                    | (140%) | <b>(3%)</b>          | 8%    |
| Income before income tax                                                 | <b>2,692</b>    | 7,024    | (4,332)                                    | (62%)  | <b>6%</b>            | 17%   |
| Income tax expense                                                       | <b>1,145</b>    | 1,679    | (534)                                      | (32%)  | <b>3%</b>            | 4%    |
| Net income                                                               | <b>P1,547</b>   | P5,345   | (P3,798)                                   | (71%)  | <b>3%</b>            | 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

|                                                                 |                 |                   | Horizontal Analysis |              | Vertical Analysis |             |
|-----------------------------------------------------------------|-----------------|-------------------|---------------------|--------------|-------------------|-------------|
|                                                                 | March 31, 2025  | December 31, 2024 | Increase (Decrease) |              |                   |             |
| In Millions                                                     |                 |                   | Amount              | %            | 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%          |
| <b>Total Current Assets</b>                                     | <b>232,995</b>  | <b>249,639</b>    | <b>(16,644)</b>     | <b>(7%)</b>  | <b>28%</b>        | <b>29%</b>  |
| 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%          |
| <b>Total Noncurrent Assets</b>                                  | <b>588,907</b>  | <b>632,234</b>    | <b>(43,327)</b>     | <b>(7%)</b>  | <b>72%</b>        | <b>71%</b>  |
| <b>Total Assets</b>                                             | <b>P821,902</b> | <b>P881,873</b>   | <b>(P59,971)</b>    | <b>(7%)</b>  | <b>100%</b>       | <b>100%</b> |
| 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%          |
| <b>Total Current Liabilities</b>                                | <b>149,142</b>  | <b>224,058</b>    | <b>(74,916)</b>     | <b>(33%)</b> | <b>18%</b>        | <b>25%</b>  |
| 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%          |
| <b>Total Noncurrent Liabilities</b>                             | <b>279,691</b>  | <b>298,790</b>    | <b>(19,099)</b>     | <b>(6%)</b>  | <b>34%</b>        | <b>34%</b>  |
| <b>Total Liabilities</b>                                        | <b>428,833</b>  | <b>522,848</b>    | <b>(94,015)</b>     | <b>(18%)</b> | <b>52%</b>        | <b>59%</b>  |
| Forward                                                         |                 |                   |                     |              |                   |             |



|                                                                            |                   |                      | Horizontal Analysis<br>Increase (Decrease) |      | Vertical<br>Analysis |      |
|----------------------------------------------------------------------------|-------------------|----------------------|--------------------------------------------|------|----------------------|------|
| <i>In Millions</i>                                                         | March 31,<br>2025 | December 31,<br>2024 | Amount                                     | %    | 2025                 | 2024 |
| <b>Equity Attributable to<br/>Equity Holders of the<br/>Parent Company</b> |                   |                      |                                            |      |                      |      |
| Capital stock                                                              | <b>P2,824</b>     | P2,824               | P -                                        | 0%   | <b>0%</b>            | 0%   |
| Additional paid-in capital                                                 | <b>48,082</b>     | 48,082               | -                                          | 0%   | <b>6%</b>            | 5%   |
| Senior perpetual capital securities                                        | <b>156,945</b>    | 151,195              | 5,750                                      | 4%   | <b>19%</b>           | 17%  |
| Redeemable perpetual capital securities                                    | <b>145,979</b>    | 145,979              | -                                          | 0%   | <b>18%</b>           | 17%  |
| Equity reserves                                                            | <b>5,872</b>      | (16,385)             | 22,257                                     | 136% | <b>1%</b>            | (1%) |
| Retained earnings                                                          | <b>32,415</b>     | 26,387               | 6,028                                      | 23%  | <b>4%</b>            | 3%   |
|                                                                            | <b>392,117</b>    | 358,082              | 34,035                                     | 10%  | <b>48%</b>           | 41%  |
| Non-controlling Interests                                                  | <b>952</b>        | 943                  | 9                                          | 1%   | <b>0%</b>            | 0%   |
| <b>Total Equity</b>                                                        | <b>393,069</b>    | 359,025              | 34,044                                     | 9%   | <b>48%</b>           | 41%  |
| <b>Total Liabilities and Equity</b>                                        | <b>P821,902</b>   | P881,873             | (P59,971)                                  | (7%) | <b>100%</b>          | 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:

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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**

| <i>In Millions</i>                                                    | March 31,<br>2024 | December 31,<br>2023 | Horizontal Analysis<br>Increase (Decrease) |       | Vertical<br>Analysis |      |
|-----------------------------------------------------------------------|-------------------|----------------------|--------------------------------------------|-------|----------------------|------|
|                                                                       |                   |                      | Amount                                     | %     | 2024                 | 2023 |
| Cash and cash equivalents                                             | <b>P35,579</b>    | P31,659              | P3,920                                     | 12%   | <b>4%</b>            | 4%   |
| Trade and other<br>receivables - net                                  | <b>117,165</b>    | 116,976              | 189                                        | 0%    | <b>15%</b>           | 15%  |
| Inventories                                                           | <b>12,316</b>     | 16,841               | (4,525)                                    | (27%) | <b>2%</b>            | 2%   |
| Prepaid expenses and<br>other current assets                          | <b>50,004</b>     | 48,522               | 1,482                                      | 3%    | <b>6%</b>            | 6%   |
| <b>Total Current Assets</b>                                           | <b>215,064</b>    | 213,998              | 1,066                                      | 0%    | <b>27%</b>           | 27%  |
| Investments and<br>advances - net                                     | <b>12,062</b>     | 10,953               | 1,109                                      | 10%   | <b>1%</b>            | 1%   |
| Property, plant and<br>equipment - net                                | <b>355,428</b>    | 339,225              | 16,203                                     | 5%    | <b>44%</b>           | 44%  |
| Right-of-use assets - net                                             | <b>104,114</b>    | 104,975              | (861)                                      | 1%    | <b>13%</b>           | 13%  |
| Goodwill and other<br>intangible assets - net                         | <b>71,684</b>     | 71,712               | (28)                                       | 0%    | <b>9%</b>            | 9%   |
| Deferred tax assets                                                   | <b>1,063</b>      | 974                  | 89                                         | 9%    | <b>0%</b>            | 0%   |
| Other noncurrent assets                                               | <b>44,642</b>     | 43,098               | 1,544                                      | 4%    | <b>6%</b>            | 6%   |
| <b>Total Noncurrent Assets</b>                                        | <b>588,993</b>    | 570,937              | 18,056                                     | 3%    | <b>73%</b>           | 73%  |
| <b>Total Assets</b>                                                   | <b>P804,057</b>   | P784,935             | P19,122                                    | 2%    | <b>100%</b>          | 100% |
| Loans payable                                                         | <b>P13,736</b>    | P13,736              | P -                                        | 0%    | <b>2%</b>            | 2%   |
| Accounts payable and<br>accrued expenses                              | <b>108,394</b>    | 97,633               | 10,761                                     | 11%   | <b>13%</b>           | 12%  |
| Lease liabilities - current<br>portion                                | <b>13,623</b>     | 17,645               | (4,022)                                    | (23%) | <b>2%</b>            | 2%   |
| Income tax payable                                                    | <b>345</b>        | 222                  | 123                                        | 55%   | <b>0%</b>            | 0%   |
| Current maturities of<br>long-term debt - net of<br>debt issue costs  | <b>55,346</b>     | 54,125               | 1,221                                      | 2%    | <b>7%</b>            | 7%   |
| <b>Total Current Liabilities</b>                                      | <b>191,444</b>    | 183,361              | 8,083                                      | 4%    | <b>24%</b>           | 23%  |
| Long-term debt - net of<br>current maturities and<br>debt issue costs | <b>215,522</b>    | 204,644              | 10,878                                     | 5%    | <b>26%</b>           | 26%  |
| Deferred tax liabilities                                              | <b>21,849</b>     | 21,285               | 564                                        | 3%    | <b>3%</b>            | 3%   |
| Lease liabilities - net of<br>current portion                         | <b>24,525</b>     | 25,142               | (617)                                      | (2%)  | <b>3%</b>            | 3%   |
| Other noncurrent liabilities                                          | <b>6,952</b>      | 7,030                | (78)                                       | (1%)  | <b>1%</b>            | 1%   |
| <b>Total Noncurrent<br/>Liabilities</b>                               | <b>268,848</b>    | 258,101              | 10,747                                     | 4%    | <b>33%</b>           | 33%  |
| <b>Total Liabilities</b>                                              | <b>460,292</b>    | 441,462              | 18,830                                     | 4%    | <b>57%</b>           | 56%  |

*Forward*

| <i>In Millions</i>                                                | March 31,<br>2024 | December 31,<br>2023 | Horizontal Analysis<br>Increase (Decrease) |      | Vertical<br>Analysis |      |
|-------------------------------------------------------------------|-------------------|----------------------|--------------------------------------------|------|----------------------|------|
|                                                                   |                   |                      | Amount                                     | %    | 2024                 | 2023 |
| Equity Attributable to<br>Equity Holders of the<br>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:

| <i>(in Millions)</i>                                      | <b>March 31</b> |             |
|-----------------------------------------------------------|-----------------|-------------|
|                                                           | <b>2025</b>     | <b>2024</b> |
| Net cash flows provided by operating activities           | <b>P15,892</b>  | P19,226     |
| Net cash flows provided by (used in) investing activities | <b>40,570</b>   | (19,625)    |
| Net cash flows provided by (used in) financing activities | <b>(43,493)</b> | 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:

| <i>(in Millions)</i>                           | <b>March 31</b> |             |
|------------------------------------------------|-----------------|-------------|
|                                                | <b>2025</b>     | <b>2024</b> |
| Proceeds from redemption of preferred shares   | <b>P78,717</b>  | P -         |
| Additions to intangible assets                 | <b>(1)</b>      | (1)         |
| Advances paid to suppliers and contractors     | <b>(292)</b>    | (1,186)     |
| Additions to property, plant and equipment     | <b>(3,360)</b>  | (17,357)    |
| Cash of deconsolidated subsidiaries            | <b>(5,668)</b>  | -           |
| Additions to investments and advances, net     | <b>(7,780)</b>  | (1,131)     |
| Decrease (increase) in other noncurrent assets | <b>(21,046)</b> | 50          |

Net cash flows provided by (used in) financing activities are as follows:

| <i>(in Millions)</i>                | <b>March 31</b> |             |
|-------------------------------------|-----------------|-------------|
|                                     | <b>2025</b>     | <b>2024</b> |
| Proceeds from short-term borrowings | <b>P19,500</b>  | P29,172     |
| Proceeds from the issuance of SPCS  | <b>5,750</b>    | -           |
| Proceeds from long-term debts       | <b>9,400</b>    | 12,000      |
| Distributions paid to SPCS holders  | <b>(4,104)</b>  | (1,262)     |
| Payments of long-term debts         | <b>(4,962)</b>  | (1,375)     |
| Payments of lease liabilities       | <b>(7,225)</b>  | (5,070)     |
| Distributions paid to RPCS holders  | <b>(15,940)</b> | -           |
| Payments of short-term borrowings   | <b>(45,912)</b> | (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

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

| <i>(in Millions Peso)</i>      | <b>March 2025</b> | <b>December 2024</b> |
|--------------------------------|-------------------|----------------------|
| <b>(A) Current Assets</b>      | <b>232,995</b>    | 249,639              |
| <b>(B) Current Liabilities</b> | <b>149,142</b>    | 224,058              |
| <b>Current Ratio (A) / (B)</b> | <b>1.56</b>       | 1.11                 |

### SOLVENCY RATIO

$$\text{Net Debt-to-Equity* Ratio} = \frac{\text{Net Debt}}{\text{Total Equity}}$$

#### ***Per relevant Loan Covenants of San Miguel Global Power***

| <i>(in Millions Peso)</i>                 | <b>March 2025</b> | <b>December 2024</b> |
|-------------------------------------------|-------------------|----------------------|
| <b>(A) Net Debt <sup>(1)</sup></b>        | <b>130,897</b>    | 219,596              |
| <b>(B) Total Equity <sup>(2)</sup></b>    | <b>386,203</b>    | 354,566              |
| <b>Net Debt-to-Equity Ratio (A) / (B)</b> | <b>0.34</b>       | 0.62                 |

*\*All items are net of amounts attributable to ring-fenced subsidiaries*

<sup>(1)</sup> Consolidated net total debt plus total PSALM lease liabilities.

<sup>(2)</sup> Consolidated total equity.

| <b>Asset-to-Equity Ratio</b>               | $= \frac{\text{Total Assets}}{\text{Total Equity}}$ |                  |                                |                  |
|--------------------------------------------|-----------------------------------------------------|------------------|--------------------------------|------------------|
|                                            | <i>Conventional</i>                                 |                  | <i>Adjusted</i> <sup>(3)</sup> |                  |
| <i>(in Millions Peso)</i>                  | March<br>2025                                       | December<br>2024 | March<br>2025                  | December<br>2024 |
| <b>(A) Total Assets</b>                    | <b>821,902</b>                                      | 881,873          | <b>793,712</b>                 | 853,432          |
| <b>(B) Total Equity</b>                    | <b>393,069</b>                                      | 359,025          | <b>393,069</b>                 | 359,025          |
| <b>Asset-to-Equity Ratio<br/>(A) / (B)</b> | <b>2.09</b>                                         | 2.46             | <b>2.02</b>                    | 2.38             |

<sup>(3)</sup> 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**

| <b>Return on Equity</b>              | $= \frac{\text{Net Income}}{\text{Total Equity}}$ |               |
|--------------------------------------|---------------------------------------------------|---------------|
| <i>(in Millions Peso)</i>            | March 2025                                        | December 2024 |
| <b>(A) Net Income</b> <sup>(5)</sup> | <b>37,223</b>                                     | 12,384        |
| <b>(B) Total Equity</b>              | <b>393,069</b>                                    | 359,025       |
| <b>Return on Equity (A) / (B)</b>    | <b>9.5%</b>                                       | 3.4%          |

<sup>(4)</sup> Annualized for quarterly reporting.

|                                                               |   |                                                                               |               |
|---------------------------------------------------------------|---|-------------------------------------------------------------------------------|---------------|
|                                                               |   | Earnings Before Interest, Taxes,<br>Depreciation and Amortization<br>(EBITDA) |               |
| Interest Coverage Ratio                                       | = | -----                                                                         |               |
|                                                               |   | Interest Expense                                                              |               |
| <b>Per relevant Loan Covenants of San Miguel Global Power</b> |   |                                                                               |               |
| <i>(in Millions Peso)</i>                                     |   | March 2025                                                                    | December 2024 |
| <b>(A) EBITDA <sup>(6)</sup></b>                              |   | <b>39,370</b>                                                                 | 37,897        |
| <b>(B) Interest Expense <sup>(7)</sup></b>                    |   | <b>14,764</b>                                                                 | 14,761        |
| <b>Interest Coverage Ratio (A) / (B)</b>                      |   | <b>2.67</b>                                                                   | 2.57          |

<sup>(5)</sup> Most recent four quarterly period consolidated EBITDA (gross of PSALM payments and excluding amounts attributable to ring-fenced subsidiaries).

<sup>(6)</sup> Most recent four quarterly period consolidated interest expense (excluding amounts attributable to ring-fenced subsidiaries).



## **OPERATING EFFICIENCY**

|                                                |          |                                                                                                                         |              |
|------------------------------------------------|----------|-------------------------------------------------------------------------------------------------------------------------|--------------|
| <b>Volume Growth (Decline)</b>                 | <b>=</b> | <b><math display="block">\frac{\text{Current Period Offtake Volume}}{\text{Prior Period Offtake Volume}} - 1</math></b> |              |
|                                                |          | <b>Periods Ended March 31</b>                                                                                           |              |
| <i>(in GWh)</i>                                |          | <b>2025</b>                                                                                                             | <b>2024</b>  |
| <b>(A) Current Period Offtake Volume</b>       |          | <b>7,496</b>                                                                                                            | <b>7,956</b> |
| <b>(B) Prior Period Offtake Volume</b>         |          | <b>7,956</b>                                                                                                            | <b>4,657</b> |
| <b>Volume Growth (Decline) [( A / B ) – 1]</b> |          | <b>(5.8%)</b>                                                                                                           | <b>70.8%</b> |

|                                                 |          |                                                                                                           |               |
|-------------------------------------------------|----------|-----------------------------------------------------------------------------------------------------------|---------------|
| <b>Revenue Growth (Decline)</b>                 | <b>=</b> | <b><math display="block">\frac{\text{Current Period Revenue}}{\text{Prior Period Revenue}} - 1</math></b> |               |
|                                                 |          | <b>Periods Ended March 31</b>                                                                             |               |
| <i>(in Millions Peso)</i>                       |          | <b>2025</b>                                                                                               | <b>2024</b>   |
| <b>(A) Current Period Revenue</b>               |          | <b>42,497</b>                                                                                             | <b>44,123</b> |
| <b>(B) Prior Period Revenue</b>                 |          | <b>44,123</b>                                                                                             | <b>41,124</b> |
| <b>Revenue Growth (Decline) [( A / B ) – 1]</b> |          | <b>(3.7%)</b>                                                                                             | <b>7.3%</b>   |

|                                   |          |                                                                                           |               |
|-----------------------------------|----------|-------------------------------------------------------------------------------------------|---------------|
| <b>Operating Margin</b>           | <b>=</b> | <b><math display="block">\frac{\text{Income from Operations}}{\text{Revenues}}</math></b> |               |
|                                   |          | <b>Periods Ended March 31</b>                                                             |               |
| <i>(in Millions Peso)</i>         |          | <b>2025</b>                                                                               | <b>2024</b>   |
| <b>(A) Income from Operations</b> |          | <b>10,688</b>                                                                             | <b>8,840</b>  |
| <b>(B) Revenues</b>               |          | <b>42,497</b>                                                                             | <b>44,123</b> |
| <b>Operating Margin (A) / (B)</b> |          | <b>25.2%</b>                                                                              | <b>20.0%</b>  |

## 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 cyclicity 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.

# COVER SHEET

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S. E. C. Registration Number

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| P | O | W | E | R |   | H | O | L | D | I | N | G | S |   | C | O | R | P | . |

(Company's Full Name)

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
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|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |

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

|                           |
|---------------------------|
| Julie Ann B. Domino-Pablo |
|---------------------------|

Contact Person

|                |
|----------------|
| (02) 5317-1000 |
|----------------|

Company Telephone Number

|   |   |
|---|---|
| 1 | 2 |
|---|---|

Month

|   |   |
|---|---|
| 3 | 1 |
|---|---|

Day

Fiscal Year

|                                   |
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| SEC Form 17-Q                     |
| (3rd Quarter - 30 September 2025) |

FORM TYPE

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| 1 <sup>st</sup> |
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Annual Meeting

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Secondary License Type, If Applicable

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Amended Articles Number/Section

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Total No. of Stockholders

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| Total Amount of Borrowings |
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|          |
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| Domestic |
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To be accomplished by SEC Personnel concerned

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**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 17-Q**  
**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES**  
**REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended September 30, 2025
2. Commission identification number CS2008-01099
3. BIR Tax Identification No 006-960-000-000
4. Exact name of issuer as specified in its charter  
SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
5. Philippines  
Province, country or other jurisdiction  
of incorporation or organization
6. Industry Classification Code:  (SEC Use Only)
7. **40 San Miguel Avenue, Wack-Wack Greenhills**  
**City of Mandaluyong City, Second District**  
National Capital Region 1550  
Address of issuer's principal office Postal Code
8. (632) 5317-1000  
Issuer's telephone number, including area code
9. N/A  
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

| Securities                                        | Amount Outstanding<br>(as of September 30, 2025) (In<br>Thousands) |
|---------------------------------------------------|--------------------------------------------------------------------|
| Series C Fixed Rate Bonds issued in July 2016     | P4,756,310                                                         |
| 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 L-M Fixed Rate Bonds issued in July 2022   | 35,000,000                                                         |
| Total                                             | P50,288,430                                                        |

Number of shares of stock and  
debt outstanding (as of September 30, 2025)

|                                               |               |
|-----------------------------------------------|---------------|
| Common Shares                                 | 4,785,493,800 |
| Consolidated Total Liabilities (in Thousands) | P460,567,898  |

11. Are any or all of the securities listed on a Stock Exchange?  
Yes [ ] No [✓]

If yes, state name of such Stock Exchange and the class/es of securities listed herein. N/A

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months.

Yes [☒] No [☐]

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

Yes [☒] No [☐]

## PART I - FINANCIAL INFORMATION

### Item 1. Financial Statements.

The unaudited consolidated financial statements of San Miguel Global Power Holdings Corp. ("San Miguel Global Power" or "Parent Company") and its subsidiaries (collectively, the "Group") as of and for the period ended September 30, 2025 (with comparative figures as of December 31, 2024 and for the period ended September 30, 2024) and Selected Notes to the Consolidated Financial Statements are hereto attached as **Annex "A"**.

### Item 2. Management's Discussion and Analysis of Financial Position and Financial Performance.

The information required by Part III, Paragraph (A)(2)(b) of "Annex C" is attached hereto as **Annex "B"**.

## PART II - OTHER INFORMATION

There are no other information to be disclosed under this Part II which has not been previously reported by San Miguel Global Power in a report under SEC Form 17-C.

## SIGNATURES

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

Issuer **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.**

Signature and Title   
**PAUL BERNARD D. CAUSON**  
Chief Finance Officer/ Authorized Signatory

Date November 14, 2025

Signature and Title   
**RAMON U. AGAY**  
Comptroller/ Authorized Signatory

Date November 14, 2025

**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.**  
**(A Wholly-owned Subsidiary of San Miguel Corporation)**  
**AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2025 AND DECEMBER 31, 2024**  
(In Thousands)

|                                                                 | <i>Note</i>    | 2025<br>(Unaudited) | 2024<br>(Audited)   |
|-----------------------------------------------------------------|----------------|---------------------|---------------------|
| <b>ASSETS</b>                                                   |                |                     |                     |
| <b>Current Assets</b>                                           |                |                     |                     |
| Cash and cash equivalents                                       | 7, 21, 22      | P104,016,684        | P67,867,411         |
| Trade and other receivables - net                               | 8, 15, 21, 22  | 108,905,086         | 115,884,031         |
| Inventories                                                     | 9, 15          | 11,728,641          | 14,326,383          |
| Prepaid expenses and other current assets                       | 15, 21, 22     | 37,670,020          | 51,561,324          |
| <b>Total Current Assets</b>                                     |                | <b>262,320,431</b>  | <b>249,639,149</b>  |
| <b>Noncurrent Assets</b>                                        |                |                     |                     |
| Investments and advances - net                                  | 10             | 107,451,889         | 19,895,587          |
| Property, plant and equipment - net                             | 11             | 371,385,610         | 459,505,829         |
| Right-of-use assets - net                                       | 6              | 38,520,796          | 42,123,333          |
| Goodwill and other intangible assets - net                      |                | 70,218,763          | 71,736,078          |
| Deferred income tax assets                                      |                | 1,384,957           | 1,353,752           |
| Other noncurrent assets                                         | 15, 21, 22     | 35,932,245          | 37,618,797          |
| <b>Total Noncurrent Assets</b>                                  |                | <b>624,894,260</b>  | <b>632,233,376</b>  |
|                                                                 |                | <b>P887,214,691</b> | <b>P881,872,525</b> |
| <b>LIABILITIES AND EQUITY</b>                                   |                |                     |                     |
| <b>Current Liabilities</b>                                      |                |                     |                     |
| Loans payable                                                   | 12, 21, 22     | P29,000,000         | P41,350,425         |
| Accounts payable and accrued expenses                           | 13, 15, 21, 22 | 100,279,150         | 144,101,704         |
| Lease liabilities - current portion                             | 6, 15, 21, 22  | 5,359,125           | 10,048,624          |
| Income tax payable                                              |                | 140,911             | 79,614              |
| Current maturities of long-term debt - net of debt issue costs  | 14, 21, 22     | 41,138,197          | 28,477,307          |
| <b>Total Current Liabilities</b>                                |                | <b>175,917,383</b>  | <b>224,057,674</b>  |
| <b>Noncurrent Liabilities</b>                                   |                |                     |                     |
| Long-term debt - net of current maturities and debt issue costs | 14, 21, 22     | 245,978,852         | 249,460,584         |
| Deferred income tax liabilities                                 |                | 17,353,714          | 23,978,387          |
| Lease liabilities - net of current portion                      | 6, 15, 21, 22  | 17,110,060          | 21,356,642          |
| Other noncurrent liabilities                                    | 21, 22         | 4,207,889           | 3,994,059           |
| <b>Total Noncurrent Liabilities</b>                             |                | <b>284,650,515</b>  | <b>298,789,672</b>  |
| <b>Total Liabilities</b>                                        |                | <b>460,567,898</b>  | <b>522,847,346</b>  |

Forward

|                                                                        | <b>Note</b> | <b>2025<br/>(Unaudited)</b> | <b>2024<br/>(Audited)</b> |
|------------------------------------------------------------------------|-------------|-----------------------------|---------------------------|
| <b>Equity</b>                                                          | <b>16</b>   |                             |                           |
| <b>Equity Attributable to Equity Holders of<br/>the Parent Company</b> |             |                             |                           |
| Capital stock                                                          |             | <b>P4,785,494</b>           | P2,823,604                |
| Additional paid-in capital                                             |             | <b>104,895,528</b>          | 48,081,781                |
| Senior perpetual capital securities                                    |             | <b>168,965,532</b>          | 151,194,865               |
| Redeemable perpetual capital securities                                |             | <b>88,679,795</b>           | 145,979,113               |
| Equity reserves                                                        | <b>10</b>   | <b>(557,302)</b>            | (16,384,899)              |
| Retained earnings                                                      | <b>10</b>   | <b>58,872,575</b>           | 26,387,315                |
|                                                                        |             | <b>425,641,622</b>          | 358,081,779               |
| <b>Non-controlling Interests</b>                                       |             | <b>1,005,171</b>            | 943,400                   |
| <b>Total Equity</b>                                                    |             | <b>426,646,793</b>          | 359,025,179               |
|                                                                        |             | <b>P887,214,691</b>         | 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 SEPTEMBER 30, 2025 AND 2024**  
(In Thousands, Except Per Share Data)

|                                                                                         | <i>Note</i>   | 2025<br>(Unaudited) | 2024<br>(Unaudited) | For the Quarter Ended |                     |
|-----------------------------------------------------------------------------------------|---------------|---------------------|---------------------|-----------------------|---------------------|
|                                                                                         |               |                     |                     | 2025<br>(Unaudited)   | 2024<br>(Unaudited) |
| REVENUES                                                                                | 15, 17        | P118,795,117        | P153,591,557        | P38,647,802           | P54,647,362         |
| COST OF POWER SOLD                                                                      | 15, 18        | 77,976,756          | 114,154,265         | 23,933,556            | 41,685,856          |
| GROSS PROFIT                                                                            |               | 40,818,361          | 39,437,292          | 14,714,246            | 12,961,506          |
| SELLING AND ADMINISTRATIVE EXPENSES                                                     | 8, 11         | 5,984,020           | 5,956,567           | 1,999,998             | 2,468,870           |
| INCOME FROM OPERATIONS                                                                  |               | 34,834,341          | 33,480,725          | 12,714,248            | 10,492,636          |
| INTEREST EXPENSE AND OTHER FINANCING CHARGES                                            | 6, 12, 14, 15 | (18,800,208)        | (15,084,004)        | (7,039,691)           | (5,159,903)         |
| INTEREST INCOME                                                                         | 7             | 2,736,508           | 653,460             | 1,060,133             | 217,714             |
| EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES - Net                           | 10            | 6,677,356           | 235,530             | 2,326,327             | 54,740              |
| OTHER INCOME (CHARGES) - Net                                                            | 10, 19        | 21,179,058          | (532,081)           | (473,577)             | 3,243,888           |
| INCOME BEFORE INCOME TAX                                                                |               | 46,627,055          | 18,753,630          | 8,587,440             | 8,849,075           |
| INCOME TAX EXPENSE                                                                      |               | 4,228,190           | 5,288,593           | 761,236               | 2,822,266           |
| NET INCOME                                                                              |               | P42,398,865         | P13,465,037         | P7,826,204            | P6,026,809          |
| Attributable to:                                                                        |               |                     |                     |                       |                     |
| Equity holders of the Parent Company                                                    |               | P42,336,654         | P13,430,414         | P7,795,900            | P6,007,107          |
| Non-controlling interests                                                               |               | 62,211              | 34,623              | 30,304                | 19,702              |
|                                                                                         |               | P42,398,865         | P13,465,037         | P7,826,204            | P6,026,809          |
| Earnings (Losses) Per Common Share Attributable to Equity Holders of the Parent Company |               |                     |                     |                       |                     |
| Basic/Diluted                                                                           | 20            | P5.60               | (P1.80)             | P0.31                 | (P0.11)             |

*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 SEPTEMBER 30, 2025 AND 2024**  
(In Thousands)

|                                                                               |      | 2025               | 2024               | For the Quarter Ended |                     |
|-------------------------------------------------------------------------------|------|--------------------|--------------------|-----------------------|---------------------|
|                                                                               | Note | (Unaudited)        | (Unaudited)        | 2025<br>(Unaudited)   | 2024<br>(Unaudited) |
| <b>NET INCOME</b>                                                             |      | <b>P42,398,865</b> | <b>P13,465,037</b> | <b>P7,826,204</b>     | <b>P6,026,809</b>   |
| <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>                                      |      |                    |                    |                       |                     |
| <b>Items that will not be reclassified to profit or loss</b>                  |      |                    |                    |                       |                     |
| Net gain on financial assets at fair value through other comprehensive income |      | 42,613,514         | -                  | 19,663,375            | -                   |
| Income tax expense                                                            |      | (807,193)          | -                  | (119,076)             | -                   |
| Share in other comprehensive loss of associates - Net                         |      | -                  | (1,206)            | -                     | (1,206)             |
|                                                                               | 10   | 41,806,321         | (1,206)            | 19,544,299            | (1,206)             |
| <b>Item that may be reclassified to profit or loss</b>                        |      |                    |                    |                       |                     |
| Gain (loss) on exchange differences on translation of foreign operations      |      | 2,844              | 5,756              | 15,130                | (21,191)            |
| <b>OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax</b>                         |      | <b>41,809,165</b>  | <b>4,550</b>       | <b>19,559,429</b>     | <b>(22,397)</b>     |
| <b>TOTAL COMPREHENSIVE INCOME</b>                                             |      | <b>P84,208,030</b> | <b>P13,469,587</b> | <b>P27,385,633</b>    | <b>P6,004,412</b>   |
| <b>Attributable to:</b>                                                       |      |                    |                    |                       |                     |
| Equity holders of the Parent Company                                          |      | P84,145,819        | P13,434,964        | P27,355,329           | P5,984,710          |
| Non-controlling interests                                                     |      | 62,211             | 34,623             | 30,304                | 19,702              |
|                                                                               |      | <b>P84,208,030</b> | <b>P13,469,587</b> | <b>P27,385,633</b>    | <b>P6,004,412</b>   |

*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 SEPTEMBER 30, 2025 AND 2024**  
(In Thousands)

|                                                                                           | Note   | Equity Attributable to Equity Holders of Parent Company |                            |                                     |                                         |                 |                      |                             |                   |              | Non-controlling Interests | Total Equity |
|-------------------------------------------------------------------------------------------|--------|---------------------------------------------------------|----------------------------|-------------------------------------|-----------------------------------------|-----------------|----------------------|-----------------------------|-------------------|--------------|---------------------------|--------------|
|                                                                                           |        | Capital Stock                                           | Additional Paid-in Capital | Senior Perpetual Capital Securities | Redeemable Perpetual Capital Securities | Equity Reserves |                      |                             | Retained Earnings | Total        |                           |              |
|                                                                                           |        |                                                         |                            |                                     |                                         | Equity Reserves | Translation Reserves | Reserve for Retirement Plan |                   |              |                           |              |
| 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)                   | P26,387,315       | P358,081,779 | P943,400                  | P359,025,179 |
| Net income                                                                                |        | -                                                       | -                          | -                                   | -                                       | -               | -                    | -                           | 42,336,654        | 42,336,654   | 62,211                    | 42,398,865   |
| Other comprehensive income - net of tax                                                   | 10     | -                                                       | -                          | -                                   | -                                       | 41,806,321      | 2,844                | -                           | -                 | 41,809,165   | -                         | 41,809,165   |
| Total comprehensive income                                                                |        | -                                                       | -                          | -                                   | -                                       | 41,806,321      | 2,844                | -                           | 42,336,654        | 84,145,819   | 62,211                    | 84,208,030   |
| Issuance of capital stock                                                                 | 16, 23 | 1,961,890                                               | 56,813,747                 | -                                   | -                                       | -               | -                    | -                           | -                 | 58,775,637   | -                         | 58,775,637   |
| Issuance of senior perpetual capital securities, net of exchange offers                   | 16, 23 | -                                                       | -                          | 23,397,767                          | -                                       | (1,500,987)     | -                    | -                           | -                 | 21,896,780   | -                         | 21,896,780   |
| Deconsolidation of subsidiaries                                                           | 10     | -                                                       | -                          | -                                   | -                                       | -               | -                    | -                           | 33,679            | 33,679       | -                         | 33,679       |
| Redemptions of:                                                                           |        |                                                         |                            |                                     |                                         |                 |                      |                             |                   |              |                           |              |
| Senior perpetual capital securities                                                       | 16, 23 | -                                                       | -                          | (5,627,100)                         | -                                       | (661,184)       | -                    | -                           | -                 | (6,288,284)  | -                         | (6,288,284)  |
| Redeemable perpetual capital securities                                                   | 16, 23 | -                                                       | -                          | -                                   | (57,299,318)                            | (1,557,375)     | -                    | -                           | -                 | (58,856,693) | -                         | (58,856,693) |
| Share issuance costs                                                                      |        | -                                                       | -                          | -                                   | -                                       | -               | -                    | -                           | (7,641)           | (7,641)      | (440)                     | (8,081)      |
| Transfer of net gain on financial assets at fair value through other comprehensive income | 10     | -                                                       | -                          | -                                   | -                                       | (22,262,022)    | -                    | -                           | 22,262,022        | -            | -                         | -            |
| Distributions to holders of:                                                              |        |                                                         |                            |                                     |                                         |                 |                      |                             |                   |              |                           |              |
| Senior perpetual capital securities                                                       | 16     | -                                                       | -                          | -                                   | -                                       | -               | -                    | -                           | (12,096,613)      | (12,096,613) | -                         | (12,096,613) |
| Redeemable perpetual capital securities                                                   | 16     | -                                                       | -                          | -                                   | -                                       | -               | -                    | -                           | (20,042,841)      | (20,042,841) | -                         | (20,042,841) |
| As at September 30, 2025 (Unaudited)                                                      |        | P4,785,494                                              | P104,895,528               | P168,965,532                        | P88,679,795                             | (P1,428,758)    | P938,552             | (P67,096)                   | P58,872,575       | P425,641,622 | P1,005,171                | P426,646,793 |
| 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)                  | P30,367,328       | P342,568,093 | P905,112                  | P343,473,205 |
| Net income                                                                                |        | -                                                       | -                          | -                                   | -                                       | -               | -                    | -                           | 13,430,414        | 13,430,414   | 34,623                    | 13,465,037   |
| Other comprehensive income (loss) - net of tax                                            |        | -                                                       | -                          | -                                   | -                                       | -               | 5,756                | (1,206)                     | -                 | 4,550        | -                         | 4,550        |
| Total comprehensive income (loss)                                                         |        | -                                                       | -                          | -                                   | -                                       | -               | 5,756                | (1,206)                     | 13,430,414        | 13,434,964   | 34,623                    | 13,469,587   |
| Issuance of redeemable perpetual capital securities                                       | 23     | -                                                       | -                          | -                                   | 43,432,288                              | -               | -                    | -                           | -                 | 43,432,288   | -                         | 43,432,288   |
| Issuance of senior perpetual capital securities, net of exchange and tender offers        | 23     | -                                                       | -                          | 16,387,195                          | -                                       | (5,259,852)     | -                    | -                           | -                 | 11,127,343   | -                         | 11,127,343   |
| Redemption of senior perpetual capital securities                                         | 23     | -                                                       | -                          | (40,186,954)                        | -                                       | (4,852,808)     | -                    | -                           | -                 | (45,039,762) | -                         | (45,039,762) |
| Distributions to holders of:                                                              |        |                                                         |                            |                                     |                                         |                 |                      |                             |                   |              |                           |              |
| Redeemable perpetual capital securities                                                   | 16     | -                                                       | -                          | -                                   | -                                       | -               | -                    | -                           | (1,249,765)       | (1,249,765)  | -                         | (1,249,765)  |
| Senior perpetual capital securities                                                       | 16     | -                                                       | -                          | -                                   | -                                       | -               | -                    | -                           | (10,319,894)      | (10,319,894) | -                         | (10,319,894) |
| As at September 30, 2024 (Unaudited)                                                      |        | P2,823,604                                              | P48,081,781                | P137,967,950                        | P145,979,113                            | (P13,939,772)   | P920,714             | (P108,206)                  | P32,228,083       | P353,953,267 | P939,735                  | P354,893,002 |

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 SEPTEMBER 30, 2025 AND 2024**  
(In Thousands)

|                                                               | <i>Note</i> | 2025<br>(Unaudited) | 2024<br>(Unaudited) |
|---------------------------------------------------------------|-------------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |             |                     |                     |
| Income before income tax                                      |             | P46,627,055         | P18,753,630         |
| Adjustments for:                                              |             |                     |                     |
| Interest expense and other financing charges                  | 6, 12, 14   | 18,800,208          | 15,084,004          |
| Depreciation and amortization                                 | 11, 18      | 11,934,118          | 10,337,601          |
| Retirement benefits costs                                     |             | 171,210             | 112,865             |
| Impairment loss on trade receivables                          | 8           | -                   | 770,419             |
| Unrealized foreign exchange losses (gains) - net              |             | (350,623)           | 735,458             |
| Dividend income                                               | 10, 19      | (501,427)           | -                   |
| Interest income                                               | 7           | (2,736,508)         | (653,460)           |
| Equity in net earnings of associates and joint ventures - net | 10          | (6,677,356)         | (235,530)           |
| Gain on fair valuation of investment                          | 10, 19      | (21,933,046)        | -                   |
| Operating income before working capital changes               |             | 45,333,631          | 44,904,987          |
| Decrease (increase) in:                                       |             |                     |                     |
| Trade and other receivables - net                             |             | 12,605,852          | 2,873,668           |
| Inventories                                                   |             | (1,996,633)         | 2,082,974           |
| Prepaid expenses and other current assets                     |             | (8,176,992)         | (5,534,376)         |
| Increase (decrease) in:                                       |             |                     |                     |
| Accounts payable and accrued expenses                         |             | (2,171,135)         | 18,713,903          |
| Other noncurrent liabilities                                  |             | 22,607              | (775,621)           |
| Cash generated from operations                                |             | 45,617,330          | 62,265,535          |
| Interest income received                                      |             | 2,594,912           | 1,004,835           |
| Income taxes paid                                             |             | (1,774,153)         | (2,380,180)         |
| Interest expense and other financing charges paid             |             | (19,865,272)        | (17,708,692)        |
| Net cash flows provided by operating activities               |             | 26,572,817          | 43,181,498          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |             |                     |                     |
| Proceeds from redemption of preferred shares                  | 10          | 78,717,390          | -                   |
| Dividends received                                            | 10          | 501,427             | -                   |
| Decrease (increase) in other noncurrent assets                |             | (1,416)             | 3,319,671           |
| Additions to intangible assets                                |             | (13,300)            | (43,636)            |
| Advances paid to suppliers and contractors                    |             | (2,365,657)         | (591,660)           |
| Cash of deconsolidated subsidiaries                           |             | (5,678,579)         | -                   |
| Additions to property, plant and equipment                    | 11          | (17,507,027)        | (26,932,064)        |
| Additions to investments and advances - net                   | 10          | (20,190,671)        | (2,693,181)         |
| Net cash flows provided by (used in) investing activities     |             | 33,462,167          | (26,940,870)        |

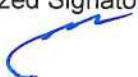
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|                                                                                                      | Note   | 2025<br>(Unaudited) | 2024<br>(Unaudited) |
|------------------------------------------------------------------------------------------------------|--------|---------------------|---------------------|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                          |        |                     |                     |
| Proceeds from short-term borrowings                                                                  | 12, 23 | P111,000,000        | P100,804,000        |
| Proceeds from issuance of capital stock                                                              | 16, 23 | 58,775,637          | -                   |
| Proceeds from long-term debts                                                                        | 14, 23 | 33,086,427          | 33,304,000          |
| Proceeds from the issuance of senior perpetual capital securities, net of exchange and tender offers | 16, 23 | 21,896,780          | 11,127,343          |
| Proceeds from the issuance of redeemable perpetual capital securities                                | 23     | -                   | 43,432,288          |
| Payments of share issuance costs                                                                     |        | (8,081)             | -                   |
| Payments for redemption of senior perpetual capital securities                                       | 16, 23 | (6,288,284)         | (45,039,762)        |
| Payments of lease liabilities                                                                        | 6, 23  | (8,351,595)         | (15,667,502)        |
| Distributions paid to senior perpetual capital securities holders                                    | 16     | (12,096,613)        | (10,319,894)        |
| Distributions paid to redeemable perpetual capital securities holders                                | 16     | (20,042,841)        | (1,249,765)         |
| Payments of long-term debts                                                                          | 14, 23 | (25,437,936)        | (40,367,296)        |
| Payments for redemption of redeemable perpetual capital securities                                   | 16, 23 | (58,856,693)        | -                   |
| Payments of short-term borrowings                                                                    | 12, 23 | (118,412,300)       | (90,516,000)        |
| Net cash flows used in financing activities                                                          |        | (24,735,499)        | (14,492,588)        |
| <b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>                                  |        |                     |                     |
|                                                                                                      |        | 849,788             | (59,902)            |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                                     |        |                     |                     |
|                                                                                                      |        | 36,149,273          | 1,688,138           |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>                                              |        |                     |                     |
|                                                                                                      |        | 67,867,411          | 31,659,442          |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                                                    |        |                     |                     |
|                                                                                                      | 7      | P104,016,684        | P33,347,580         |

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.  
AND SUBSIDIARIES  
TRADE AND OTHER RECEIVABLES  
SEPTEMBER 30, 2025  
(Amounts in Thousands)**

[illegible]



**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.**  
**(A Wholly-owned Subsidiary of San Miguel Corporation)**  
**AND SUBSIDIARIES**

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**SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Amounts in Thousands, Except Per Share Data and Number of Shares)

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**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 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 interim 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. (PSE).

The Parent Company’s registered office address is located at No. 40 San Miguel Avenue, Wack-Wack Greenhills 1550, City of Mandaluyong, Second District, National Capital Region.

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**2. Basis of Preparation**

The interim 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 interim consolidated financial statements were approved and authorized for issue in accordance with a resolution by the BOD on November 12, 2025.

#### Basis of Measurement

The interim 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                     | Fair value                                                                                         |
| Financial assets at fair value through other comprehensive income (FVOCI) | 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 interim 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 interim consolidated financial statements include the financial statements of the Parent Company and its subsidiaries. The major subsidiaries include the following:

|                                                  | <i>Note</i> | <b>Percentage of Ownership</b> |             |
|--------------------------------------------------|-------------|--------------------------------|-------------|
|                                                  |             | <b>2025</b>                    | <b>2024</b> |
| <i>Power Generation</i>                          |             |                                |             |
| Sual Power Inc. (SPI)                            |             | <b>100</b>                     | 100         |
| San Roque Hydropower Inc. (SRHI)                 |             | <b>100</b>                     | 100         |
| Limay Power Inc. (LPI)                           |             | <b>100</b>                     | 100         |
| Malita Power Inc. (MPI)                          |             | <b>100</b>                     | 100         |
| PowerOne Ventures Energy Inc. (PVEI)             |             | <b>100</b>                     | 100         |
| Prime Electric Generation Corporation            |             | <b>100</b>                     | 100         |
| Oceantech Power Generation Corporation           |             | <b>100</b>                     | 100         |
| Masinloc Power Co. Ltd. (MPCL)                   |             | <b>100</b>                     | 100         |
| Power Ventures Generation Corporation            |             | <b>100</b>                     | 100         |
| Mariveles Power Generation Corporation (MPGC)    |             | <b>95</b>                      | 95          |
| SMC Global Light and Power Corp. (SGLPC)         |             | <b>100</b>                     | 100         |
| Lucanin Solar Inc. (LSI)                         | <i>10</i>   | <b>51</b>                      | 100         |
| South Premiere Power Corp. (SPPC)                | <i>10</i>   | <b>33</b>                      | 100         |
| Excellent Energy Resources Inc. (EERI)           | <i>10</i>   | <b>33</b>                      | 100         |
| <i>Retail and Other Power-related Services</i>   |             |                                |             |
| SMGP BESS Power Inc. (SMGP BESS)                 |             | <b>100</b>                     | 100         |
| SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan) |             | <b>100</b>                     | 100         |
| SMC Power Generation Corp.                       |             | <b>100</b>                     | 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 interim 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 interim 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 September 30, 2025 and December 31, 2024.

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### **3. Material Accounting Policy Information**

The principal accounting policies adopted in the preparation of the interim 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 Philippine Financial and Sustainability Reporting Standards Council 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 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 interim consolidated financial statements.

*New and Amendments to Standards Not Yet Adopted*

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2025 and have not been applied in preparing the interim consolidated financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the interim 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; and
  - 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 interim consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the interim consolidated financial statements when these amendments are adopted.

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

In preparing these interim 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.

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#### **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:

| Customer | For the Periods Ended<br>September 30 |                     |
|----------|---------------------------------------|---------------------|
|          | 2025<br>(Unaudited)                   | 2024<br>(Unaudited) |
| Meralco  | <b>P39,048,056</b>                    | P65,404,439         |
| WESM     | <b>26,805,627</b>                     | 28,189,467          |

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 September 30 |                     |                                         |                     |                     |                     |                     |                     |                     |                     |
|---------------------------------------------------------------|------------------------------------|---------------------|-----------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                                               | Power Generation                   |                     | Retail and Other Power-related Services |                     | Others              |                     | Eliminations        |                     | Consolidated        |                     |
|                                                               | 2025<br>(Unaudited)                | 2024<br>(Unaudited) | 2025<br>(Unaudited)                     | 2024<br>(Unaudited) | 2025<br>(Unaudited) | 2024<br>(Unaudited) | 2025<br>(Unaudited) | 2024<br>(Unaudited) | 2025<br>(Unaudited) | 2024<br>(Unaudited) |
| <b>Revenues</b>                                               |                                    |                     |                                         |                     |                     |                     |                     |                     |                     |                     |
| External                                                      | P85,159,800                        | P126,376,420        | P32,692,136                             | P26,626,382         | P943,181            | P588,755            | P -                 | P -                 | P118,795,117        | P153,591,557        |
| Inter-segment                                                 | 14,963,417                         | 14,154,087          | 24,330                                  | -                   | 1,481,498           | 1,445,187           | (16,469,245)        | (15,599,274)        | -                   | -                   |
|                                                               | 100,123,217                        | 140,530,507         | 32,716,466                              | 26,626,382          | 2,424,679           | 2,033,942           | (16,469,245)        | (15,599,274)        | 118,795,117         | 153,591,557         |
| <b>Costs and Expenses</b>                                     |                                    |                     |                                         |                     |                     |                     |                     |                     |                     |                     |
| Cost of power sold                                            | 73,444,528                         | 109,579,441         | 18,285,344                              | 18,370,109          | 2,099,964           | 1,068,092           | (15,853,080)        | (14,863,377)        | 77,976,756          | 114,154,265         |
| Selling and administrative expenses                           | 5,097,606                          | 4,637,616           | 1,585,444                               | 1,233,145           | 485,587             | 1,370,464           | (1,184,617)         | (1,284,658)         | 5,984,020           | 5,956,567           |
|                                                               | 78,542,134                         | 114,217,057         | 19,870,788                              | 19,603,254          | 2,585,551           | 2,438,556           | (17,037,697)        | (16,148,035)        | 83,960,776          | 120,110,832         |
| <b>Segment Result</b>                                         | P21,581,083                        | P26,313,450         | P12,845,678                             | P7,023,128          | (P160,872)          | (P404,614)          | P568,452            | P548,761            | P34,834,341         | P33,480,725         |
| Interest expense and other financing charges                  |                                    |                     |                                         |                     |                     |                     |                     |                     | (18,800,208)        | (15,084,004)        |
| Interest income                                               |                                    |                     |                                         |                     |                     |                     |                     |                     | 2,736,508           | 653,460             |
| Equity in net earnings of associates and joint ventures - net |                                    |                     |                                         |                     |                     |                     |                     |                     | 6,677,356           | 235,530             |
| Other income (charges) - net                                  |                                    |                     |                                         |                     |                     |                     |                     |                     | 21,179,058          | (532,081)           |
| Income tax expense                                            |                                    |                     |                                         |                     |                     |                     |                     |                     | (4,228,190)         | (5,288,593)         |
| <b>Consolidated Net Income</b>                                |                                    |                     |                                         |                     |                     |                     |                     |                     | P42,398,865         | P13,465,037         |

|                                                                                                           | As at and For the Periods Ended   |                                |                                         |                                |                                   |                                |                                   |                                |                                   |                                |
|-----------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------------------|-----------------------------------------|--------------------------------|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|
|                                                                                                           | Power Generation                  |                                | Retail and Other Power-related Services |                                | Others                            |                                | Eliminations                      |                                | Consolidated                      |                                |
|                                                                                                           | September 30, 2025<br>(Unaudited) | December 31, 2024<br>(Audited) | September 30, 2025<br>(Unaudited)       | December 31, 2024<br>(Audited) | September 30, 2025<br>(Unaudited) | December 31, 2024<br>(Audited) | September 30, 2025<br>(Unaudited) | December 31, 2024<br>(Audited) | September 30, 2025<br>(Unaudited) | December 31, 2024<br>(Audited) |
| <b>Other Information</b>                                                                                  |                                   |                                |                                         |                                |                                   |                                |                                   |                                |                                   |                                |
| Segment assets                                                                                            | P544,574,095                      | P716,667,127                   | P97,331,712                             | P82,193,061                    | P297,708,620                      | P259,941,743                   | (P231,455,345)                    | (P269,914,823)                 | P708,159,082                      | P788,887,108                   |
| Investments and advances - net                                                                            | 7,561,262                         | 7,251,335                      | 264,495                                 | 256,211                        | 344,148,948                       | 284,502,022                    | (244,522,816)                     | (272,113,981)                  | 107,451,889                       | 19,895,587                     |
| Goodwill and other intangible assets - net                                                                |                                   |                                |                                         |                                |                                   |                                |                                   |                                | 70,218,763                        | 71,736,078                     |
| Deferred income tax assets                                                                                |                                   |                                |                                         |                                |                                   |                                |                                   |                                | 1,384,957                         | 1,353,752                      |
| <b>Consolidated Total Assets</b>                                                                          |                                   |                                |                                         |                                |                                   |                                |                                   |                                | P887,214,691                      | P881,872,525                   |
| Segment liabilities                                                                                       | P319,204,342                      | P409,354,613                   | P36,540,023                             | P31,680,751                    | P60,028,532                       | P83,456,792                    | (P259,816,673)                    | (P303,640,702)                 | P155,956,224                      | P220,851,454                   |
| Long-term debt - net                                                                                      |                                   |                                |                                         |                                |                                   |                                |                                   |                                | 287,117,049                       | 277,937,891                    |
| Income tax payable                                                                                        |                                   |                                |                                         |                                |                                   |                                |                                   |                                | 140,911                           | 79,614                         |
| Deferred income tax liabilities                                                                           |                                   |                                |                                         |                                |                                   |                                |                                   |                                | 17,353,714                        | 23,978,387                     |
| <b>Consolidated Total Liabilities</b>                                                                     |                                   |                                |                                         |                                |                                   |                                |                                   |                                | P460,567,898                      | P522,847,346                   |
| Capital expenditures                                                                                      | P16,522,540                       | P47,246,555                    | P2,941,886                              | P11,341,437                    | P58,963                           | P119,262                       | (P59,256)                         | (P5,370,685)                   | P19,464,133                       | P53,336,569                    |
| Coal, fuel oil and other consumables                                                                      | 36,062,241                        | 92,265,094                     | 5,870,957                               | 9,498,823                      | -                                 | 5                              | -                                 | -                              | 41,933,198                        | 101,763,922                    |
| Power purchases                                                                                           | 24,977,137                        | 45,622,234                     | 8,157,080                               | 10,639,701                     | -                                 | -                              | (14,962,509)                      | (26,597,361)                   | 18,171,708                        | 29,664,574                     |
| Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets | 8,949,018                         | 10,803,126                     | 2,617,448                               | 3,166,256                      | 196,718                           | 243,229                        | 170,934                           | (39,743)                       | 11,934,118                        | 14,172,868                     |
| Noncash items other than depreciation and amortization                                                    | (27,846,282)                      | 5,475,625                      | 87,063                                  | (133,165)                      | (1,030,596)                       | (162,631)                      | -                                 | -                              | (28,789,815)                      | 5,179,829                      |

\*Noncash items other than depreciation and amortization include gain on fair valuation of investment, equity in net earnings of associates and joint ventures, net unrealized foreign exchange losses (gains) and retirement benefits costs.

## 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 upon the expiration of the Ilijan IPPA Agreement 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. previously for SPI, 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.

Pursuant to the IPPA Agreements, SRHI has to pay PSALM monthly payments for 18 years until April 26, 2028 and SPI for 15 years until October 1, 2024. Energy fees amounted to P1,207,332 and P969,072 for the periods ended September 30, 2025 and 2024, respectively (see Note 18). SRHI renewed its performance bond amounting to US\$20,305 which will expire on January 25, 2026.

The IPPA Agreements with PSALM provide the Group with a 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. In accounting for the Group's IPPA Agreements, the Group's management has made a judgment that the IPPA Agreements are agreements that contain a lease and that it has substantially acquired all the risks and rewards incidental to the ownership of the power plants. Accordingly, the Group accounted for the agreements as finance lease and recognized the power plants and finance lease liabilities at the present value of the agreed monthly payments to PSALM.

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 P613,770 and P1,109,699 for the periods ended September 30, 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 - net" account in the consolidated statements of financial position, amounted to P27,687,867 and P28,440,709 as at September 30, 2025 and December 31, 2024, respectively.

#### Land Lease Agreement with PSALM

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.

The total lease charges, covering the entire leased premises and whole duration of the lease term, was fully paid in advance by SPI in October 2024 and in March 2025 for P277,048 and P6,459,228, respectively.

SPI's land under lease agreement, presented under "Right-of-use assets - net" account in the consolidated statements of financial position, amounted to P6,736,276 and P6,604,359 as at September 30, 2025 and December 31, 2024, respectively.

The total cash outflows for IPPA lease agreement and land lease agreement with PSALM amounted to P9,628,110 and P16,576,020 for the periods ended September 30, 2025 and 2024, respectively.

Maturity analysis of lease payments as at September 30, 2025 and December 31, 2024 are disclosed in Note 21.

#### Power Sales Agreements (PSAs)

On February 5, 2024, the PSA of MPGC with Meralco for the supply and delivery of 300 megawatts (MW) contract capacity was executed for a term of 15 years. This PSA was approved by the ERC on November 26, 2024, which was received on May 30, 2025. Thereafter, supply to Meralco commenced on June 2, 2025.

On March 20, 2024, LPI executed a PSA with Meralco, pursuant to a competitive selection process conducted by Meralco for its 400 megawatts (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. Supply to Meralco commenced on September 17, 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. The PSA commenced on August 27, 2025.

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## **7. Cash and Cash Equivalents**

Cash and cash equivalents consist of:

|                           | <b>Note</b>   | <b>September 30,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024<br/>(Audited)</b> |
|---------------------------|---------------|-----------------------------------------------|--------------------------------------------|
| Cash in banks and on hand |               | <b>P51,392,453</b>                            | P27,206,205                                |
| Short-term investments    |               | <b>52,624,231</b>                             | 40,661,206                                 |
|                           | <b>21, 22</b> | <b>P104,016,684</b>                           | 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 P2,626,577 and P496,345 for the periods ended September 30, 2025 and 2024, respectively.

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## **8. Trade and Other Receivables**

Trade and other receivables consist of:

|                                      | <b>Note</b>   | <b>September 30,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024<br/>(Audited)</b> |
|--------------------------------------|---------------|-----------------------------------------------|--------------------------------------------|
| Trade                                |               | <b>P82,986,649</b>                            | P101,798,812                               |
| Non-trade                            |               | <b>11,129,041</b>                             | 11,504,874                                 |
| Amounts owed by related parties      | <b>15</b>     | <b>19,251,669</b>                             | 7,447,364                                  |
|                                      |               | <b>113,367,359</b>                            | 120,751,050                                |
| Less allowance for impairment losses |               | <b>4,462,273</b>                              | 4,867,019                                  |
|                                      | <b>21, 22</b> | <b>P108,905,086</b>                           | 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:

|                                            |             | <b>September 30,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024<br/>(Audited)</b> |
|--------------------------------------------|-------------|-----------------------------------------------|--------------------------------------------|
|                                            | <b>Note</b> |                                               |                                            |
| Balance at beginning of period             |             | <b>P4,867,019</b>                             | P2,665,606                                 |
| Impairment losses                          |             | -                                             | 2,145,703                                  |
| Reversal during the period                 |             | -                                             | (5,081)                                    |
| Deconsolidation of subsidiaries and others | 10          | <b>(404,746)</b>                              | 60,791                                     |
| Balance at end of period                   |             | <b>P4,462,273</b>                             | P4,867,019                                 |

There were no impairment losses recognized in the consolidated statements of income for the period ended September 30, 2025. Impairment losses recognized in the consolidated statements of income under "Selling and administrative expenses" account amounted to P770,419 for the period ended September 30, 2024.

## 9. Inventories

Inventories consist of:

|                             |             | <b>September 30,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024<br/>(Audited)</b> |
|-----------------------------|-------------|-----------------------------------------------|--------------------------------------------|
|                             | <b>Note</b> |                                               |                                            |
| Coal                        |             | <b>P5,904,754</b>                             | P5,695,799                                 |
| Materials and supplies      |             | <b>5,405,549</b>                              | 5,992,159                                  |
| Fuel oil                    | 15          | <b>194,967</b>                                | 817,604                                    |
| Liquefied Natural Gas (LNG) |             | -                                             | 1,585,329                                  |
| Other consumables           |             | <b>223,371</b>                                | 235,492                                    |
|                             |             | <b>P11,728,641</b>                            | P14,326,383                                |

There were no inventory write-downs to net realizable value as at September 30, 2025 and December 31, 2024. Inventories charged to cost of power sold amounted to P41,933,198 and P75,642,511 for the periods ended September 30, 2025 and 2024, respectively (see Note 18).

## 10. Investments and Advances

Investments and advances consist of:

|                                                                 |             | <b>September 30,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024<br/>(Audited)</b> |
|-----------------------------------------------------------------|-------------|-----------------------------------------------|--------------------------------------------|
|                                                                 | <b>Note</b> |                                               |                                            |
| Investments in shares of stock of associates and joint ventures |             | <b>P64,406,882</b>                            | P5,588,554                                 |
| Financial assets at FVOCI                                       | 22          | <b>23,826,343</b>                             | -                                          |
| Advances for investment                                         |             | <b>19,218,664</b>                             | 14,307,033                                 |
|                                                                 |             | <b>P107,451,889</b>                           | P19,895,587                                |

The following are the developments relating to the Group's investments in shares of stock of an associate and joint ventures:

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 Linseed Field Corporation (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 three 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 stock of associates and joint ventures" under "Investment and advances - net" account in the consolidated statement of financial position as at September 30, 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 September 30, 2025 (see Note 19).

The following summarizes the derecognized accounts at the deconsolidation date:

|                        |                     |
|------------------------|---------------------|
| Current assets         | <b>P62,419,630</b>  |
| Noncurrent assets      | <b>99,364,389</b>   |
| Current liabilities    | <b>(71,747,551)</b> |
| Noncurrent liabilities | <b>(59,263,412)</b> |
| Net assets             | <b>P30,773,056</b>  |

- 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 stock of associates and joint ventures” under “Investment and advances - net” account in the consolidated statement of financial position as at September 30, 2025.

Subsequently, SPPC, EERI, and IPIEC redeemed and paid their respective redeemable preferred shares (RPS) issued to the Parent Company, at a redemption price totaling to P78,717,390. Consequently, the Parent Company recognized a net gain on investments in equity instruments amounting to P22,262,022, presented 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 September 30, 2025.

For the period ended September 30, 2025, the Group recognized share in net earnings of EERI, SPPC, IPIEC and LFC amounting to P6,061,815, presented under “Equity in net earnings of associates and joint ventures - net” account in the consolidated statement of income.

#### Joint Agreement with Citicore Renewable Energy Corporation (CREC) for the Group’s Solar Projects

On June 28, 2024, the Parent Company through its subsidiary, SGLPC, 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 2027. The solar power plant to be owned by a wholly-owned subsidiary of SGLPC, LSI, shall 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.

LSI was incorporated in the Philippines and registered with the SEC on August 9, 2024 primarily to carry on the business of producing, generating and storing electricity and processing fuels alternatives for the power generation.

On May 21, 2025, CREC subscribed to 105,560 common shares of LSI at a subscription price of P100.00 per share or for a total subscription amount of P10,556. As a result of the subscription, CREC now owns 49% of the outstanding capital stock of LSI while SGLPC retains 51% equity interest in the same.

#### Purchase of Common Shares of Meralco by the Parent Company

By virtue of a Deed of Absolute Sale of Shares which contained the terms and conditions mutually determined by and acceptable to both parties and conformably with the decision of the Court of Appeals, the Parent Company purchased on various dates through the PSE a total of 44,934,610 common shares of Meralco at P90.00 per share from Land Bank of the Philippines (LBP).

The Parent Company has elected to classify this investment as financial assets at FVOCI.

As at September 30, 2025, the Meralco shares were revalued at the fair market value of P530.00 per share and recognized a gain of P19,663,375, presented 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 September 30, 2025.

The Parent Company recognized dividend income amounting to P501,427, from its investment in Meralco shares, included as part of "Other income (charges) - net" account in the consolidated statement of income for the period ended September 30, 2025 (see Note 19).

The methods and assumptions used to estimate the fair value of investments in equity instruments are discussed in Note 22.

## 11. Property, Plant and Equipment

Property, plant and equipment consist of:

### September 30, 2025 and December 31, 2024

|                                                                           | Note | Power Plants        | Land and<br>Leasehold<br>Improvements | Other Equipment   | Building          | Capital Projects in<br>Progress (CPIP) | Total               |
|---------------------------------------------------------------------------|------|---------------------|---------------------------------------|-------------------|-------------------|----------------------------------------|---------------------|
| <b>Cost</b>                                                               |      |                     |                                       |                   |                   |                                        |                     |
| 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                                                                 |      | 1,954,445           | 69,560                                | 297,497           | 21,753            | 17,120,878                             | 19,464,133          |
| Deconsolidation of subsidiaries                                           | 10   | (66,003,614)        | (1,619,225)                           | (466,914)         | (422,127)         | (34,368,368)                           | (102,880,248)       |
| Reclassifications                                                         |      | 28,470,947          | 497,123                               | 513,270           | 890,181           | (28,923,311)                           | 1,448,210           |
| <b>September 30, 2025 (Unaudited)</b>                                     |      | <b>292,887,860</b>  | <b>20,385,280</b>                     | <b>9,914,133</b>  | <b>5,699,174</b>  | <b>95,928,870</b>                      | <b>424,815,317</b>  |
| <b>Accumulated Depreciation</b>                                           |      |                     |                                       |                   |                   |                                        |                     |
| January 1, 2024 (Audited)                                                 |      | 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 (Audited)                                               |      | 41,862,707          | 1,595,557                             | 2,830,982         | 708,200           | -                                      | 46,997,446          |
| Depreciation                                                              |      | 9,568,546           | 386,772                               | 620,189           | 118,909           | -                                      | 10,694,416          |
| Deconsolidation of subsidiaries                                           | 10   | (4,231,395)         | (8,720)                               | (28,729)          | (36,290)          | -                                      | (4,305,134)         |
| Reclassifications                                                         |      | (233,542)           | (270)                                 | (1,972)           | (1,184)           | -                                      | (236,968)           |
| <b>September 30, 2025 (Unaudited)</b>                                     |      | <b>46,966,316</b>   | <b>1,973,339</b>                      | <b>3,420,470</b>  | <b>789,635</b>    | <b>-</b>                               | <b>53,149,760</b>   |
| <b>Accumulated Impairment Losses</b>                                      |      |                     |                                       |                   |                   |                                        |                     |
| January 1, 2024 (Audited)                                                 |      | -                   | -                                     | 244,956           | -                 | -                                      | 244,956             |
| Impairment                                                                |      | -                   | -                                     | 34,991            | -                 | -                                      | 34,991              |
| <b>December 31, 2024 (Audited) and<br/>September 30, 2025 (Unaudited)</b> |      | <b>-</b>            | <b>-</b>                              | <b>279,947</b>    | <b>-</b>          | <b>-</b>                               | <b>279,947</b>      |
| <b>Carrying Amount</b>                                                    |      |                     |                                       |                   |                   |                                        |                     |
| December 31, 2024 (Audited)                                               |      | P286,603,375        | P19,842,265                           | P6,459,351        | P4,501,167        | P142,099,671                           | P459,505,829        |
| <b>September 30, 2025 (Unaudited)</b>                                     |      | <b>P245,921,544</b> | <b>P18,411,941</b>                    | <b>P6,213,716</b> | <b>P4,909,539</b> | <b>P95,928,870</b>                     | <b>P371,385,610</b> |

September 30, 2024

|                                  | Power Plants | Land and<br>Leasehold<br>Improvements | Other<br>Equipment | Building   | 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                        | 2,036,631    | 1,132,637                             | 247,014            | 32,823     | 43,198,488   | 46,647,593   |
| Reclassifications                | 36,397,098   | 3,765,835                             | 292,801            | 202,015    | (34,394,151) | 6,263,598    |
| Currency translation adjustments | -            | 26                                    | 191                | -          | -            | 217          |
| September 30, 2024 (Unaudited)   | 235,534,120  | 20,190,361                            | 8,984,107          | 5,182,411  | 158,732,106  | 428,623,105  |
| Accumulated Depreciation         |              |                                       |                    |            |              |              |
| January 1, 2024 (Audited)        | 32,397,121   | 1,140,409                             | 2,147,669          | 556,568    | -            | 36,241,767   |
| Depreciation                     | 6,522,124    | 327,326                               | 484,214            | 112,522    | -            | 7,446,186    |
| Reclassifications                | -            | -                                     | 23,300             | -          | -            | 23,300       |
| Currency translation adjustments | -            | 26                                    | 191                | -          | -            | 217          |
| September 30, 2024 (Unaudited)   | 38,919,245   | 1,467,761                             | 2,655,374          | 669,090    | -            | 43,711,470   |
| Accumulated Impairment Losses    |              |                                       |                    |            |              |              |
| January 1, 2024 (Audited)        | -            | -                                     | 209,965            | -          | -            | 209,965      |
| Impairment                       | -            | -                                     | 34,991             | -          | -            | 34,991       |
| September 30, 2024 (Unaudited)   | -            | -                                     | 244,956            | -          | -            | 244,956      |
| Carrying Amount                  |              |                                       |                    |            |              |              |
| September 30, 2024 (Unaudited)   | P196,614,875 | P18,722,600                           | P6,083,777         | P4,513,321 | P158,732,106 | P384,666,679 |

- 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, 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 to all 4 units were reclassified to the appropriate property, plant and equipment account.

- ii. Projects of SMGP BESS for the construction of Battery Energy Storage System (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 BESS facilities located in Concepcion, Tarlac, Ormoc, Leyte and Jasaan, Misamis Oriental, and 3 additional BESS facilities in Gamu, Isabela, Lumban, Laguna and Tagoloan, Misamis Oriental in the first half of 2025, 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 related facilities and 20 MWh BESS.

Following the commercial operations of the 20 MWh Masinloc BESS Phase 2 in the first half of 2025, all related CPIP costs were reclassified to the appropriate property, plant and equipment account.

- iv. Projects of SMGP Kabankalan for the construction of its BESS facility in Kabankalan, Negros Occidental.

Following the commercial operations of the 10 MWh Kabankalan BESS Phase 2 in the first half of 2025, all related CPIP costs were reclassified to the appropriate property, plant and equipment account.

- v. Various construction works relating to the respective power plant facilities of LPI and MPI.

Ongoing capital projects are expected to be completed up to 2027.

- c. Depreciation of property, plant and equipment are recognized in the consolidated statements of income as follows:

|                                     |             | <b>For the Periods Ended<br/>September 30</b> |                    |
|-------------------------------------|-------------|-----------------------------------------------|--------------------|
|                                     |             | <b>2025</b>                                   | <b>2024</b>        |
|                                     | <b>Note</b> | <b>(Unaudited)</b>                            | <b>(Unaudited)</b> |
| Cost of power sold                  | 18          | <b>P10,149,469</b>                            | P7,001,456         |
| Selling and administrative expenses |             | <b>544,947</b>                                | 444,730            |
|                                     |             | <b>P10,694,416</b>                            | P7,446,186         |

- d. Reclassifications in 2025 and 2024 mainly pertain to:
- i. the Sual Power Plant and related facilities, which were reclassified from the “Right-of-use assets” and “Goodwill and other intangible assets - net” accounts 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.
- 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. The difference against the total additions to property, plant and equipment disclosed in this note, represents noncash or unpaid portions.

As at September 30, 2025 and December 31, 2024, certain property, plant and equipment amounting to P283,384,827 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 P9,268,103 and P6,660,416 as at September 30, 2025 and December 31, 2024, respectively, are still being used in the Group’s operations.

## 12. Loans Payable

Loans payable account consists of:

|                                      | <b>Note</b>   | <b>September 30,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024<br/>(Audited)</b> |
|--------------------------------------|---------------|-----------------------------------------------|--------------------------------------------|
| <b>Philippine Peso-denominated:</b>  |               |                                               |                                            |
| Parent Company                       |               | <b>P10,000,000</b>                            | P28,736,000                                |
| SPI                                  |               | <b>19,000,000</b>                             | -                                          |
| SPPC                                 |               | -                                             | 5,000,000                                  |
| MPGC                                 |               | -                                             | 383,800                                    |
|                                      |               | <b>29,000,000</b>                             | 34,119,800                                 |
| <b>Foreign Currency-denominated:</b> |               |                                               |                                            |
| Parent Company                       |               | -                                             | 7,230,625                                  |
|                                      | <b>21, 22</b> | <b>P29,000,000</b>                            | <b>P41,350,425</b>                         |

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 5.50% to 6.50% and from 6.25% to 7.95% as at September 30, 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 P991,728 and P1,167,015 for the periods ended September 30, 2025 and 2024, respectively.



### 13. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

|                                                          |           | September 30,<br>2025<br>(Unaudited) | December 31,<br>2024<br>(Audited) |
|----------------------------------------------------------|-----------|--------------------------------------|-----------------------------------|
|                                                          | Note      |                                      |                                   |
| Trade                                                    |           | P17,404,765                          | P28,244,901                       |
| Non-trade                                                |           | 51,588,515                           | 80,682,106                        |
| Output VAT                                               |           | 14,594,460                           | 17,541,261                        |
| Amounts owed to related parties                          | 15        | 11,624,682                           | 11,608,134                        |
| Accrued interest                                         | 6, 12, 14 | 2,080,587                            | 2,005,377                         |
| Withholding and other accrued taxes                      |           | 2,986,141                            | 4,006,200                         |
| Derivative liabilities not designated as cash flow hedge |           | -                                    | 13,725                            |
|                                                          | 21, 22    | P100,279,150                         | 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:

|                                                                                                                           |      | September 30,<br>2025<br>(Unaudited) | December 31,<br>2024<br>(Audited) |
|---------------------------------------------------------------------------------------------------------------------------|------|--------------------------------------|-----------------------------------|
|                                                                                                                           | Note |                                      |                                   |
| <b>Bonds/Notes</b>                                                                                                        |      |                                      |                                   |
| <i>Parent Company</i>                                                                                                     |      |                                      |                                   |
| Philippine Peso-denominated:                                                                                              |      |                                      |                                   |
| Fixed interest rate of 6.7500%, 6.8750%, 7.0000 and 7.125% maturing in 2028, 2030, 2032 and 2035, respectively (a)        |      | P10,096,590                          | P -                               |
| Fixed interest rate of 5.9077%, 7.1051% and 8.0288% matured in July 2025, and maturing in 2028 and 2032, respectively (b) |      | 34,718,272                           | 39,650,721                        |
| Fixed interest rate of 7.6000% maturing in April 2026                                                                     |      | 6,913,879                            | 6,902,264                         |
| Fixed interest rate of 6.6250% maturing in December 2027                                                                  |      | 3,597,780                            | 3,594,372                         |
| Fixed interest rate of 5.1792% maturing in July 2026                                                                      |      | 4,751,069                            | 4,746,231                         |
|                                                                                                                           |      | 60,077,590                           | 54,893,588                        |

*Forward*

|                                                                                                       |        | September 30,<br>2025<br>(Unaudited) | December 31,<br>2024<br>(Audited) |
|-------------------------------------------------------------------------------------------------------|--------|--------------------------------------|-----------------------------------|
|                                                                                                       | Note   |                                      |                                   |
| <b>Term Loans</b>                                                                                     |        |                                      |                                   |
| <i>Parent Company</i>                                                                                 |        |                                      |                                   |
| Philippine Peso-denominated:                                                                          |        |                                      |                                   |
| Fixed interest rate with maturities up to 2029 (c)                                                    |        | <b>P9,324,488</b>                    | P9,684,184                        |
| Fixed interest rate, matured in May 2025 (d)                                                          |        | -                                    | 4,818,722                         |
| Fixed interest rate maturing in 2028                                                                  |        | <b>7,460,625</b>                     | 7,451,212                         |
| Foreign currency-denominated:                                                                         |        |                                      |                                   |
| Floating interest rate based on SOFR plus margin, maturing in 2028 (e)                                |        | <b>8,574,674</b>                     | -                                 |
| Floating interest rate based on SOFR plus margin, matured in May 2025 (e) (f)                         |        | -                                    | 5,769,644                         |
| Floating interest rate based on SOFR plus margin, maturing in 2030 (g)                                |        | <b>5,724,630</b>                     | -                                 |
| Floating interest rate based on SOFR plus margin, settled in February 2025 (h)                        |        | -                                    | 2,880,001                         |
| Floating interest rate based on Secured Overnight Financing Rate (SOFR) plus margin, maturing in 2026 |        | <b>17,419,100</b>                    | 17,248,607                        |
| Floating interest rate based on SOFR plus margin, maturing in 2027                                    |        | <b>17,162,862</b>                    | 16,953,726                        |
| Floating interest rate based on SOFR plus margin, maturing in 2027                                    |        | <b>17,262,497</b>                    | 17,084,579                        |
| <i>Subsidiaries</i>                                                                                   |        |                                      |                                   |
| Philippine Peso-denominated:                                                                          |        |                                      |                                   |
| Fixed interest rate with maturities up to 2029 (i)                                                    |        | <b>26,956,712</b>                    | 29,414,962                        |
| Fixed interest rate with maturities up to 2030 (j)                                                    |        | <b>12,478,599</b>                    | 13,410,025                        |
| Fixed interest rate with maturities up to 2033 (k)                                                    |        | <b>37,054,374</b>                    | 38,502,565                        |
| Fixed interest rate with maturities up to 2034 (l)                                                    |        | <b>41,289,838</b>                    | 31,853,575                        |
| Floating rate based on Bloomberg Valuation (BVAL) plus margin, with maturities up to 2030 (m)         |        | <b>5,193,604</b>                     | 6,049,990                         |
| Foreign currency-denominated:                                                                         |        |                                      |                                   |
| Fixed interest rate with maturities up to 2030 (n)                                                    |        | <b>15,903,419</b>                    | 16,494,080                        |
| Floating interest rate based on SOFR plus margin, with maturities up to 2030 (n)                      |        | <b>5,234,037</b>                     | 5,428,431                         |
|                                                                                                       |        | <b>227,039,459</b>                   | 223,044,303                       |
|                                                                                                       | 21, 22 | <b>287,117,049</b>                   | 277,937,891                       |
| Less current maturities                                                                               |        | <b>41,138,197</b>                    | 28,477,307                        |
|                                                                                                       |        | <b>P245,978,852</b>                  | P249,460,584                      |

- a. On August 11, 2025, the Parent Company completed the issuance of Fixed Rate Notes with an aggregate principal amount of P10,200,000 (the "Notes") at the issue price of 100% of face value. The Notes were enrolled with the Philippine Dealing & Exchange Corp. (PDEX) on the same day for trading. The proceeds were used to refinance existing obligations of the Parent Company and for general corporate purposes.

Details of the Notes are as follows:

| <b>Principal</b> | <b>Term</b>        | <b>Interest Rate Per Annum</b> |
|------------------|--------------------|--------------------------------|
| P1,625,000       | 3 years, due 2028  | 6.750%                         |
| 3,438,000        | 5 years, due 2030  | 6.875%                         |
| 433,000          | 7 years, due 2032  | 7.000%                         |
| 4,704,000        | 10 years, due 2035 | 7.125%                         |

The Notes were offered and sold to eligible investors pursuant to Section 10.1 (L) of the Securities Regulation Code (SRC) and Rules 10.1.3 and 10.1.11 of the 2015 Implementing Rules and Regulations of the SRC. Hence, the offer and sale of the Notes qualified as exempt transactions for which no confirmation of exemption from the registration requirements of the SRC were required to be filed with the Philippine SEC.

- b. On July 28, 2025, the Parent Company redeemed its Series K Bonds, amounting to P5,000,000, upon its maturity, pursuant to the terms and conditions of the bonds. The Series K Bonds formed part of the P40,000,000 Series K-L-M fixed rate bonds issued in July 2022.

The Parent Company used in part the proceeds of the short-term loan availed and cash generated from operations for the redemption.

- c. In 2025, the Parent Company made partial payments amounting to P375,000 of its P10,000,000 term loan, pursuant to the terms and conditions of its facility agreement executed in July 2024 with a local bank.
- d. On May 28, 2025, the Parent Company fully paid the remaining balance amounting to P4,825,000, of its P5,000,000 fixed-rate 4-year term loan availed in May 2021 from a local bank, pursuant to the terms and conditions of the credit facility. The loan was paid using in part the proceeds of a short-term borrowing availed and cash generated from operations.
- e. The amount represents the US\$100,000 (equivalent to P5,451,732, net of transaction costs) availed by the Parent Company on May 19, 2025. This was drawn from a US\$100,000 credit facility, with option to increase up to US\$150,000, executed on May 13, 2025 with a group of foreign banks. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in May 2028. The loan proceeds were used to refinance the US\$100,000 term loan that matured in May 2025.

On July 3, 2025, the Parent Company availed of an additional US\$50,000 (equivalent to P2,755,694, net of transaction costs) from the aforesaid credit facility. The proceeds from the additional loan are intended for general corporate purposes and transaction-related fees, costs, and expenses in relation to the facility.

- f. On May 19, 2025, the Parent Company fully paid the US\$100,000 (equivalent to P5,567,000), 3-year term loan drawn on May 24, 2022, pursuant to the terms and conditions of the facility agreement executed in May 2022 with a group of foreign banks.
- g. The amount represents the US\$100,000 (equivalent to P5,465,688, net of transaction costs) availed by the Parent Company on May 19, 2025. This was drawn from a US\$100,000 credit facility executed on May 9, 2025 with a foreign bank. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in May 2030.

The proceeds of the loan were used for general corporate purposes, including advances for capital expenditures, and payment of transaction-related fees, costs, expenses in relation to the facility.

- h. On February 10, 2025, the Parent Company fully paid the US\$50,000 (equivalent to P2,904,750) 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 generated from operations.
- i. In 2025, LPI made partial payments amounting to P2,508,500 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.
- j. In 2025, MPI made partial payments amounting to P972,558 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 P1,885,376 and P2,031,488 as at September 30, 2025 and December 31, 2024, respectively (see Note 15).

- k. In 2025, SMGP BESS made partial payments amounting to P1,500,000 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 amounting to P5,437,500 and P5,655,000 as at September 30, 2025 and December 31, 2024, respectively (see Note 15).

- l. 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 were used to finance the Mariveles Greenfield Power Plant project.

The loan includes amount payable to BOC amounting to P7,500,000 as at September 30, 2025 and December 31, 2024 (see Note 15).

- m. In 2025, MPCL made principal repayments amounting to P873,400 pursuant to the terms and conditions of its Amended Omnibus Refinancing Agreement (ORA).

The loan includes the P3,160,210 and P3,686,912 amount payable to BOC as at September 30, 2025 and December 31, 2024, respectively (see Note 15).

- n. On April 29, 2025, MPCL made principal repayment of loans from its Omnibus Expansion Facility Agreement (OEFA) amounting US\$16,328 (equivalent to P911,728).

On October 29, 2025, MPCL made additional principal repayment of its OEFA loans amounting US\$17,062.

Unamortized debt issue costs amounted to P2,807,534 and P3,069,044 as at September 30, 2025 and December 31, 2024, respectively. Accrued interest amounted to P1,997,136 and P1,905,165 as at September 30, 2025 and December 31, 2024, respectively. Interest expense amounted to P15,054,375 and P12,020,602 for the periods ended September 30, 2025 and 2024, respectively.

*Valuation Technique for Peso-denominated Bonds and Notes*

The market value was determined using the market comparison technique. The fair values are based on PDEX. The Bonds and Notes are traded in an active market and the quotes reflect the actual transactions in identical instruments.

The fair value of the Bonds and Notes, amounting to P61,966,818 and P57,219,517 as at September 30, 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 September 30, 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:

|                                | <b>September 30,<br/>2025<br/>(Unaudited)</b> | December 31,<br>2024<br>(Audited) |
|--------------------------------|-----------------------------------------------|-----------------------------------|
| Balance at beginning of period | <b>P3,069,044</b>                             | P2,684,515                        |
| Additions                      | <b>460,073</b>                                | 1,250,648                         |
| Capitalized amount             | <b>(240,848)</b>                              | (467,613)                         |
| Amortization                   | <b>(480,735)</b>                              | (398,506)                         |
| Balance at end of period       | <b>P2,807,534</b>                             | P3,069,044                        |

### Repayment Schedule

The annual maturities of the long-term debts as at September 30, 2025 are as follows:

| Year                                  | Gross Amount         |                              |                     | Debt Issue Costs  | Net                 |
|---------------------------------------|----------------------|------------------------------|---------------------|-------------------|---------------------|
|                                       | US Dollar            | Peso Equivalent of US Dollar | Peso                |                   |                     |
| October 1, 2025 to September 30, 2026 | US\$334,125          | P19,444,739                  | P22,157,938         | P464,480          | P41,138,197         |
| October 1, 2026 to September 30, 2027 | 635,700              | 36,995,197                   | 17,219,153          | 812,102           | 53,402,248          |
| October 1, 2027 to September 30, 2028 | 187,275              | 10,898,656                   | 56,203,673          | 657,085           | 66,445,244          |
| October 1, 2028 to September 30, 2029 | 39,060               | 2,273,136                    | 30,759,278          | 239,453           | 32,792,961          |
| October 1, 2029 to September 30, 2030 | 140,845              | 8,196,615                    | 22,623,825          | 281,216           | 30,539,224          |
| October 1, 2030 and thereafter        | 178,868              | 10,409,373                   | 52,743,000          | 353,198           | 62,799,175          |
|                                       | <b>US\$1,515,873</b> | <b>P88,217,716</b>           | <b>P201,706,867</b> | <b>P2,807,534</b> | <b>P287,117,049</b> |

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 September 30, 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<br>2024 | P337,979<br>546,201           | P3,462,920<br>4,388,136        | P85,115<br>51,985               | P8,075,556<br>6,849,349         | On demand or 30 days;<br>non-interest-bearing     | Unsecured;<br>no impairment |
| Entities under Common Control                                 | 2025<br>2024 | 6,408,034<br>7,941,539        | 3,228,960<br>4,606,848         | 1,862,156<br>1,810,683          | 10,172,552<br>11,503,950        | On demand or 30 days;<br>non-interest-bearing     | Unsecured;<br>no impairment |
|                                                               | 2025<br>2024 | -<br>-                        | -<br>-                         | 7,209,751<br>8,645,305          | -<br>-                          | Installment basis up to 2026;<br>interest-bearing | Unsecured;<br>no impairment |
| Associates                                                    | 2025<br>2024 | 2,779,707<br>1,298,826        | -<br>-                         | 11,325,049<br>663,448           | 28,111<br>28,101                | On demand or 30 days;<br>non-interest-bearing     | Unsecured;<br>no impairment |
|                                                               | 2025<br>2024 | -<br>1,608                    | -<br>-                         | -<br>2,129                      | -<br>-                          | 9 years;<br>interest-bearing                      | Unsecured;<br>no impairment |
| Joint Venture                                                 | 2025<br>2024 | 132,629<br>33,598             | 2,174,713<br>1,028,812         | 138,179<br>5,011                | 488,517<br>427,591              | 30 days;<br>non-interest-bearing                  | Unsecured;<br>no impairment |
|                                                               | 2025<br>2024 | 4,455<br>5,990                | -<br>-                         | 174,076<br>180,732              | -<br>-                          | 92 days and 1 year;<br>interest-bearing           | Unsecured;<br>no impairment |
|                                                               | 2025<br>2024 | 44,724<br>74,927              | -<br>-                         | 155,919<br>1,564,475            | -<br>-                          | 10.5 years;<br>interest-bearing                   | Unsecured;<br>no impairment |
| Associate and Joint Ventures of Entities under Common Control | 2025<br>2024 | -<br>-                        | -<br>-                         | 481<br>481                      | 1,157<br>1,157                  | 30 days;<br>non-interest-bearing                  | Unsecured;<br>no impairment |
|                                                               | 2025<br>2024 | -<br>-                        | 803,095<br>952,088             | -<br>-                          | 18,112,350<br>19,014,637        | 7 to 12 years;<br>interest-bearing                | Secured                     |
|                                                               | 2025         | P9,707,528                    | P9,669,688                     | P20,950,726                     | P36,878,243                     |                                                   |                             |
|                                                               | 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 September 30, 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 P7,066,289 and P7,066,765, respectively. The interest expense incurred on these lease liabilities amounted to P720,210 and P109,592 for the periods ended September 30, 2025 and 2024, 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 P17,983,086 and P18,873,400, presented as part of “Long-term debt” account in the consolidated statements of financial position as at September 30, 2025 and December 31, 2024, respectively (see Note 14). These loans are secured by certain property, plant and equipment (see Note 11). The interest expense incurred on the loans amounted to P803,095 and P952,088 for the periods ended September 30, 2025 and 2024, respectively.
- f. The compensation of key management personnel of the Group, by benefit type, are as follows:

|                              | September 30,<br>2025<br>(Unaudited) | December 31,<br>2024<br>(Audited) |
|------------------------------|--------------------------------------|-----------------------------------|
| Short-term employee benefits | P156,545                             | P133,074                          |
| Retirement benefits costs    | 9,995                                | 9,076                             |
|                              | <b>P166,540</b>                      | P142,150                          |

There were no known transactions with parties that fall outside the definition of “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 September 30, 2025 and December 31, 2024 are as follows.

|                                 | <b>September 30, 2025 (Unaudited)</b> |                   | <b>December 31, 2024 (Audited)</b> |               |
|---------------------------------|---------------------------------------|-------------------|------------------------------------|---------------|
|                                 | <b>Number of Shares</b>               | <b>Amount</b>     | <b>Number of Shares</b>            | <b>Amount</b> |
| Authorized – par value of P1.00 | <b>7,800,000,000</b>                  | <b>P7,800,000</b> | 3,774,400,000                      | P3,774,400    |
| Subscribed capital stock:       |                                       |                   |                                    |               |
| Balance at beginning of period  | <b>2,823,604,000</b>                  | <b>P2,823,604</b> | 2,823,604,000                      | P2,823,604    |
| Subscription                    | <b>1,961,889,800</b>                  | <b>1,961,890</b>  | -                                  | -             |
| <b>Issued and outstanding</b>   | <b>4,785,493,800</b>                  | <b>P4,785,494</b> | 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 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 Subscription Agreements covering the aforesaid subscriptions approved by the BOD.

On April 14, 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. The application for the ACS Increase was approved by the Philippine SEC on May 16, 2025.

The subscription amounts were fully paid by SMC to Parent Company on April 7, 2025.

Accordingly, the Parent Company recognized additional paid-in capital (APIC) of P56,813,747, net of share issuance cost paid amounting to P81,057.

### 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 amounting to P88,243), 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 (SGX-ST) on February 20, 2025.

On July 24, 2025, the Parent Company completed the issuance of US\$400,000 SPCS, equivalent to P22,333,675, net of directly attributable transaction costs amounting to P326,325), at an issue price of 100%, with an initial rate of distribution of 8.95% per annum.

The US\$400,000 SPCS consists of the following:

- (i) US\$223,191 (equivalent to P12,461,688, net of directly attributable transaction costs amounting to P182,082) in aggregate principal amount of SPCS (the "Exchange Offers") issued in exchange for the 7.00% SPCS issued on October 21 and December 15, 2020, and 5.70% SPCS issued on January 21, 2020 (collectively, the "Existing Securities"), with a carrying value equivalent to P11,142,783; and
- (ii) US\$176,809 (equivalent to P9,871,987, net of directly attributable transaction costs amounting to P144,243) in aggregate principal amount of new securities (the "Additional New Securities").

The net proceeds from the issuance of the Additional New Securities will be applied to the following: (i) costs and expenses related to the Exchange Offers, including payment of accrued distribution amounts in respect of the Existing Securities accepted for exchange pursuant and subject to, the terms and conditions of the Exchange Offers; (ii) costs and expenses related to the issuance of the Additional New Securities; (iii) purchase, repurchase and/or redemption of all remaining outstanding Existing Securities following the Exchange Offers; and (iv) for pre-development costs of solar and hydropower energy projects, and capital expenditures related to BESS projects.

As a result of the foregoing exchange, the movements in the Existing Securities are as follows:

| Title of Existing Securities                          | Principal of Existing Securities | Accepted Exchange Offers | Remaining Principal of Existing Securities | Amount in Philippine Peso* |
|-------------------------------------------------------|----------------------------------|--------------------------|--------------------------------------------|----------------------------|
| 7.00% SPCS issued on October 21 and December 15, 2020 | US\$193,392                      | (US\$30,277)             | US\$163,115                                | P8,170,848                 |
| 5.70% SPCS issued on January 21, 2020                 | 493,337                          | (192,914)                | 300,423                                    | 15,106,572                 |
|                                                       | <b>US\$686,729</b>               | <b>(US\$223,191)</b>     | <b>US\$463,538</b>                         | <b>P23,277,420</b>         |

\*Net of transaction costs.

The difference between the price and the net carrying value of the Existing Securities accepted pursuant to the Exchange Offers amounted to P1,500,987 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

The US\$400,000 SPCS was listed on the SGX-ST on July 25, 2025.

On August 11, 2025, the Parent Company completed the issuance of US\$115,000 SPCS (equivalent to P6,457,100, net of directly attributable transaction costs amounting to P102,500) at an issue price of 100% plus an amount corresponding to accrued distributions from (and including) July 24, 2025 to (but excluding) August 11, 2025.

The US\$115,000 SPCS is consolidated into and form a single series with the US\$400,000 SPCS issued on July 24, 2025, bringing the total securities to US\$515,000. The US\$400,000 SPCS and US\$115,000 SPCS are identical in all respects, other than with respect to the date of issuance.

The Parent Company intends to apply the net proceeds towards (i) the partial purchase, repurchase and/or redemption of the remaining outstanding SPCS issued in October and December 2020 and in January 2020, and (ii) for pre-development costs of solar and hydropower energy projects and capital expenditures related to BESS projects.

The US\$115,000 SPCS was listed on the SGX-ST on August 12, 2025.

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.

#### Redemption of SPCS

On May 9, 2025, the Parent Company completed the redemption of its US\$113,282 remaining securities, with a net carrying value of P5,627,100, out of the US\$500,000 SPCS issued in November 2019, pursuant to the terms and conditions of the securities. The redemption price is equal to the principal amount of the SPCS. Any accrued but unpaid distributions up to (but excluding) the redemption date was also settled.

The difference between the price paid and the net carrying value amounted to P661,184 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

#### Distributions to SPCS Holders

The Parent Company paid P12,096,613 and P10,319,894 (including the distributions paid relating to the offers and redeemed securities) to the SPCS holders for the period ended September 30, 2025 and 2024, respectively, as distributions in accordance with the terms and conditions of the relevant subscription agreements.

#### Redemption of Redeemable Perpetual Capital Securities (RPCS)

In April 2025, the Parent Company redeemed the following RPCS issued to SMC with a total carrying value of P57,299,318:

| <b>Date of Issuance</b>      | <b>Initial Rate of Distribution</b> | <b>Amount of RPCS Issued</b> | <b>Amount of RPCS Redeemed</b> |
|------------------------------|-------------------------------------|------------------------------|--------------------------------|
| US Dollar-denominated:       |                                     |                              |                                |
| March 10, 2023               | 8.00%                               | US\$500,000                  | US\$500,000                    |
| November 8, 2022             | 6.25%                               | 85,000                       | 6,646                          |
| Philippine Peso-denominated: |                                     |                              |                                |
| July 10, 2023                | 7.50%                               | P5,000,000                   | P5,000,000                     |
| June 13, 2023                | 7.50%                               | 6,760,000                    | 6,760,000                      |
| June 5, 2023                 | 7.50%                               | 5,000,000                    | 5,000,000                      |
| June 1, 2023                 | 7.50%                               | 7,000,000                    | 7,000,000                      |
| May 30, 2023                 | 7.50%                               | 6,000,000                    | 6,000,000                      |

The difference between the price paid and the net carrying value of the securities amounted to P1,557,375 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 distributions to RPCS holders, amounting to P20,042,841 (including distributions in arrears of P14,617,039) and P1,249,765 for the period ended September 30, 2025 and 2024, respectively, in accordance with the terms and conditions of the relevant subscription agreements.

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### 17. Revenues

Revenues consist of:

|                                         |              | For the Periods Ended<br>September 30 |                     |
|-----------------------------------------|--------------|---------------------------------------|---------------------|
|                                         |              | 2025<br>(Unaudited)                   | 2024<br>(Unaudited) |
|                                         | <b>Note</b>  |                                       |                     |
| Sale of power:                          |              |                                       |                     |
| Power generation and trading            |              | <b>P85,159,800</b>                    | P126,376,420        |
| Retail and other power-related services |              | <b>32,692,136</b>                     | 26,626,382          |
| Other services                          |              | <b>943,181</b>                        | 588,755             |
|                                         | <b>5, 15</b> | <b>P118,795,117</b>                   | P153,591,557        |

Revenues from other services mainly pertain to operations and maintenance services rendered (see Note 15).

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### 18. Cost of Power Sold

Cost of power sold consists of:

|                                                  |              | For the Periods Ended<br>September 30 |                     |
|--------------------------------------------------|--------------|---------------------------------------|---------------------|
|                                                  |              | 2025<br>(Unaudited)                   | 2024<br>(Unaudited) |
|                                                  | <b>Note</b>  |                                       |                     |
| Coal, fuel oil and other consumables             | <b>9, 15</b> | <b>P41,933,198</b>                    | P75,642,511         |
| Power purchases                                  |              | <b>18,171,708</b>                     | 22,869,560          |
| Depreciation and amortization                    | <b>11</b>    | <b>10,935,021</b>                     | 9,735,814           |
| Plant operations and maintenance, and other fees |              | <b>5,729,497</b>                      | 4,937,308           |
| Energy fees                                      | <b>6</b>     | <b>1,207,332</b>                      | 969,072             |
|                                                  | <b>5</b>     | <b>P77,976,756</b>                    | P114,154,265        |

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**19. Other Income (Charges) - net**

Other income (charges) consist of:

|                                                | <i>Note</i> | <b>For the Periods Ended<br/>September 30</b> |                             |
|------------------------------------------------|-------------|-----------------------------------------------|-----------------------------|
|                                                |             | <b>2025<br/>(Unaudited)</b>                   | <b>2024<br/>(Unaudited)</b> |
| Gain on fair valuation of investment           | 10          | <b>P21,933,046</b>                            | P -                         |
| Dividend income                                | 10          | <b>501,427</b>                                | -                           |
| Marked-to-market gains (losses) on derivatives | 22          | <b>(55,685)</b>                               | 17,210                      |
| Foreign exchange losses - net                  | 21          | <b>(1,364,018)</b>                            | (1,000,736)                 |
| Miscellaneous income - net                     |             | <b>164,288</b>                                | 451,445                     |
|                                                |             | <b>P21,179,058</b>                            | (P532,081)                  |

Miscellaneous income - net mainly pertains to insurance claims, gain on lease modification, terminal and service fees and sale of scrap.

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**20. Basic and Diluted Earnings (Losses) Per Share**

Basic and diluted earnings (losses) per share are computed as follows:

|                                                                                    | <b>For the Periods Ended<br/>September 30</b> |                             |
|------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------|
|                                                                                    | <b>2025<br/>(Unaudited)</b>                   | <b>2024<br/>(Unaudited)</b> |
| Net income attributable to equity holders of the Parent Company                    | <b>P42,336,654</b>                            | P13,430,414                 |
| Distributions for the period to:                                                   |                                               |                             |
| RPCS holders                                                                       | <b>(7,521,094)</b>                            | (8,292,547)                 |
| SPCS holders                                                                       | <b>(12,305,556)</b>                           | (10,226,737)                |
| Net income (loss) attributable to common shareholders of the Parent Company (a)    | <b>22,510,004</b>                             | (5,088,870)                 |
| Weighted average number of common shares issued and outstanding (in thousands) (b) | <b>4,019,187</b>                              | 2,823,604                   |
| Basic/Diluted Earnings (Losses) Per Share (a/b)                                    | <b>P5.60</b>                                  | (P1.80)                     |

As at September 30, 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 (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 remaining sites of the ~1,000 MW BESS facilities and the 2 x 350 MW Masinloc Power Generation Units 4 and 5, are to commence commercial operations within the next two years (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.

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## 21. Financial Risk and Capital Management Objectives and Policies

### Objectives and Policies

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:

| September 30, 2025 (Unaudited)                                                                                           | Carrying Amount | Contractual Cash Flow | 1 Year or Less | >1 Year - 2 Years | >2 Years - 5 Years | Over 5 Years |
|--------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------|----------------|-------------------|--------------------|--------------|
| <b>Financial Assets</b>                                                                                                  |                 |                       |                |                   |                    |              |
| Cash and cash equivalents                                                                                                | P104,016,684    | P104,016,684          | P104,016,684   | P -               | P -                | P -          |
| Trade and other receivables - net                                                                                        | 102,520,337     | 102,520,337           | 102,520,337    | -                 | -                  | -            |
| Derivative assets not designated as cash flow hedge (included under "Prepaid expenses and other current assets" account) | 38,730          | 38,730                | 38,730         | -                 | -                  | -            |
| Long-term receivables (including current portion)                                                                        | 10,949,379      | 10,949,379            | 6,380,982      | 4,104,808         | -                  | 463,589      |
| Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)      | 17,487,842      | 17,487,842            | 12,412,202     | 3,373,706         | 1,701,924          | 10           |
| <b>Financial Liabilities</b>                                                                                             |                 |                       |                |                   |                    |              |
| Loans payable                                                                                                            | 29,000,000      | 29,161,389            | 29,161,389     | -                 | -                  | -            |
| Accounts payable and accrued expenses                                                                                    | 82,413,696      | 82,413,696            | 82,413,696     | -                 | -                  | -            |
| Long-term debt - net (including current maturities)                                                                      | 287,117,049     | 366,060,280           | 62,214,382     | 72,307,164        | 159,842,108        | 71,696,626   |
| Lease liabilities (including current portion)                                                                            | 22,469,185      | 25,703,365            | 6,191,050      | 6,700,370         | 5,035,455          | 7,776,490    |
| Other noncurrent liabilities                                                                                             | 570,075         | 570,075               | -              | 227,427           | 239,039            | 103,609      |

\*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 |
|---------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------|----------------|-------------------|--------------------|--------------|
| <b>Financial Assets</b>                                                                                                   |                 |                       |                |                   |                    |              |
| 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           |
| <b>Financial Liabilities</b>                                                                                              |                 |                       |                |                   |                    |              |
| 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:

|                                                     |             | <b>September 30,<br/>2025</b> | December 31,<br>2024 |
|-----------------------------------------------------|-------------|-------------------------------|----------------------|
|                                                     | <b>Note</b> | <b>(Unaudited)</b>            | <b>(Audited)</b>     |
| Cash and cash equivalents (excluding cash on hand)  | 7           | <b>P104,014,558</b>           | P67,864,985          |
| Trade and other receivables - net*                  | 8           | <b>102,520,337</b>            | 110,776,695          |
| Derivative assets not designated as cash flow hedge |             | <b>38,730</b>                 | -                    |
| Long-term receivables                               |             | <b>10,949,379</b>             | 14,140,044           |
| Restricted cash                                     |             | <b>17,487,842</b>             | 8,495,006            |
|                                                     |             | <b>P235,010,846</b>           | 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.

| September 30, 2025<br>(Unaudited)                   | Financial Assets at Amortized Cost |                                    |                                | Financial Assets at FVPL | Total        |
|-----------------------------------------------------|------------------------------------|------------------------------------|--------------------------------|--------------------------|--------------|
|                                                     | 12-month ECL                       | Lifetime ECL - not credit impaired | Lifetime ECL - credit impaired |                          |              |
| Cash and cash equivalents (excluding cash on hand)  | P104,014,558                       | P -                                | P -                            | P -                      | P104,014,558 |
| Trade and other receivables                         | -                                  | 102,520,337                        | 4,462,273                      | -                        | 106,982,610  |
| Derivative assets not designated as cash flow hedge | -                                  | -                                  | -                              | 38,730                   | 38,730       |
| Long-term receivables                               | -                                  | 10,949,379                         | -                              | -                        | 10,949,379   |
| Restricted cash                                     | 17,487,842                         | -                                  | -                              | -                        | 17,487,842   |
|                                                     | P121,502,400                       | P113,469,716                       | P4,462,273                     | P38,730                  | P239,473,119 |

| December 31, 2024<br>(Audited)                     | Financial Assets at Amortized Cost |                                    |                                | Total        |
|----------------------------------------------------|------------------------------------|------------------------------------|--------------------------------|--------------|
|                                                    | 12-month ECL                       | Lifetime ECL - not credit impaired | Lifetime ECL - credit impaired |              |
| 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:

|              | September 30, 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      | P55,757,346                    | P5,312,368  | P8,093,938                      | P69,163,652  | P57,027,864                 | P4,845,403  | P1,089,041                      | P62,962,308  |
| Past due:    |                                |             |                                 |              |                             |             |                                 |              |
| 1 - 30 days  | 1,891,739                      | 14,998      | 119,790                         | 2,026,527    | 12,002,438                  | 45,266      | 365,300                         | 12,413,004   |
| 31 - 60 days | 628,474                        | 19,725      | 26,372                          | 674,571      | 2,030,425                   | 15,809      | 81,464                          | 2,127,698    |
| 61 - 90 days | 628,652                        | 7,771       | 43,567                          | 679,990      | 1,042,048                   | 9,942       | 13,071                          | 1,065,061    |
| Over 90 days | 24,080,296                     | 5,530,555   | 4,827,019                       | 34,437,870   | 29,696,037                  | 6,209,073   | 1,170,533                       | 37,075,643   |
|              | P82,986,507                    | P10,885,417 | P13,110,686                     | P106,982,610 | 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 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 33% and 43% of the Group's total revenues for the periods ended September 30, 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:

| September 30, 2025 (Unaudited)                                            | < 1 Year                          | 1-2 Years                         | >2-3 Years                        | >3-4 Years                        | >4-5 Years                        | >5 Years                          | Total        |
|---------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------|
| <b>Fixed Rate</b>                                                         |                                   |                                   |                                   |                                   |                                   |                                   |              |
| Philippine Peso-denominated Interest rate                                 | P20,993,404<br>5.1792% to 8.6228% | P16,054,619<br>7.5758% to 8.6228% | P55,039,139<br>6.6250% to 8.6228% | P29,594,744<br>7.5758% to 8.6228% | P22,041,558<br>6.8750% to 8.5915% | P52,743,000<br>7.0000% to 8.2104% | P196,466,464 |
| Foreign currency-denominated (expressed in Philippine Peso) Interest rate | 1,494,183<br>8.3310%              | 1,563,144<br>8.3310%              | 1,632,107<br>8.3310%              | 1,710,264<br>8.3310%              | 1,788,421<br>8.3310%              | 7,831,814<br>8.3310%              | 16,019,933   |
| <b>Floating Rate</b>                                                      |                                   |                                   |                                   |                                   |                                   |                                   |              |
| Philippine Peso-denominated Interest rate                                 | 1,164,534<br>BVAL + Margin        | 1,164,534<br>BVAL + Margin        | 1,164,534<br>BVAL + Margin        | 1,164,534<br>BVAL + Margin        | 582,267<br>BVAL + Margin          | -                                 | 5,240,403    |
| Foreign currency-denominated (expressed in Philippine Peso) Interest rate | 17,950,556<br>SOFR + Margin       | 35,432,053<br>SOFR + Margin       | 9,266,549<br>SOFR + Margin        | 562,872<br>SOFR + Margin          | 6,408,194<br>SOFR + Margin        | 2,577,559<br>SOFR + Margin        | 72,197,783   |
|                                                                           | P41,602,677                       | P54,214,350                       | P67,102,329                       | P33,032,414                       | P30,820,440                       | P63,152,373                       | P289,924,583 |

| December 31, 2024 (Audited)                                               | < 1 Year                          | 1-2 Years                         | >2-3 Years                        | >3-4 Years                        | >4-5 Years                        | >5 Years                          | Total        |
|---------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------|
| <b>Fixed Rate</b>                                                         |                                   |                                   |                                   |                                   |                                   |                                   |              |
| Philippine Peso-denominated Interest rate                                 | P17,004,744<br>5.0000% to 8.6228% | P22,339,154<br>5.1792% to 8.6228% | P18,370,097<br>6.6250% to 8.6228% | P48,394,411<br>7.1051% to 8.6228% | P26,400,744<br>7.5758% to 8.6228% | P59,538,372<br>7.5758% to 8.2443% | P192,047,522 |
| Foreign currency-denominated (expressed in Philippine Peso) Interest rate | 1,453,182<br>8.3310%              | 1,519,443<br>8.3310%              | 1,587,990<br>8.3310%              | 1,661,106<br>8.3310%              | 1,738,792<br>8.3310%              | 8,673,395<br>8.3310%              | 16,633,908   |
| <b>Floating Rate</b>                                                      |                                   |                                   |                                   |                                   |                                   |                                   |              |
| Philippine Peso-denominated Interest rate                                 | 1,164,534<br>BVAL + Margin        | 1,164,534<br>BVAL + Margin        | 1,164,534<br>BVAL + Margin        | 1,164,534<br>BVAL + Margin        | 1,164,534<br>BVAL + Margin        | 291,134<br>BVAL + Margin          | 6,113,804    |
| Foreign currency-denominated (expressed in Philippine Peso) Interest rate | 9,155,013<br>SOFR + Margin        | 17,853,571<br>SOFR + Margin       | 35,229,629<br>SOFR + Margin       | 546,693<br>SOFR + Margin          | 572,260<br>SOFR + Margin          | 2,854,535<br>SOFR + Margin        | 66,211,701   |
|                                                                           | 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 P580,786 and P723,255 for the period ended September 30, 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:

|                                                              |      | September 30, 2025<br>(Unaudited) |                    | December 31, 2024<br>(Audited) |                    |
|--------------------------------------------------------------|------|-----------------------------------|--------------------|--------------------------------|--------------------|
|                                                              | Note | US Dollar                         | Peso<br>Equivalent | US Dollar                      | Peso<br>Equivalent |
| <b>Assets</b>                                                |      |                                   |                    |                                |                    |
| Cash and cash equivalents                                    | 7    | US\$1,023,854                     | P59,584,218        | US\$168,440                    | P9,743,423         |
| Trade and other receivables                                  | 8    | 196,967                           | 11,462,669         | 198,748                        | 11,496,606         |
| Long-term receivables                                        |      | 34,399                            | 2,001,887          | 33,855                         | 1,958,324          |
|                                                              |      | 1,255,220                         | 73,048,774         | 401,043                        | 23,198,353         |
| <b>Liabilities</b>                                           |      |                                   |                    |                                |                    |
| Loans payable                                                | 12   | -                                 | -                  | 125,000                        | 7,230,625          |
| Accounts payable and accrued expenses                        | 13   | 1,130,685                         | 65,801,317         | 1,288,607                      | 74,539,484         |
| Long-term debt (including current maturities)                | 14   | 1,515,873                         | 88,217,716         | 1,432,200                      | 82,845,609         |
| Lease liabilities (including current portion)                |      | 141,480                           | 8,233,543          | 277,111                        | 16,029,502         |
|                                                              |      | 2,788,038                         | 162,252,576        | 3,122,918                      | 180,645,220        |
| <b>Net Foreign Currency-denominated Monetary Liabilities</b> |      |                                   |                    |                                |                    |
|                                                              |      | US\$1,532,818                     | P89,203,802        | US\$2,721,875                  | P157,446,867       |

The Group reported net losses on foreign exchange amounting to P1,364,018 and P1,000,736 for the periods ended September 30, 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<br>Philippine Peso |
|---------------------------|---------------------------------|
| <b>September 30, 2025</b> | <b>P58.196</b>                  |
| December 31, 2024         | 57.845                          |
| September 30, 2024        | 56.030                          |
| 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):

| September 30, 2025<br>(Unaudited)                | P1 Decrease in the<br>US Dollar Exchange Rate |                     | P1 Increase in the<br>US Dollar Exchange Rate |                     |
|--------------------------------------------------|-----------------------------------------------|---------------------|-----------------------------------------------|---------------------|
|                                                  | Effect on<br>Income<br>before<br>Income Tax   | Effect on<br>Equity | Effect on<br>Income<br>before<br>Income Tax   | Effect on<br>Equity |
| Cash and cash equivalents                        | (P1,016,317)                                  | (P769,775)          | P1,016,317                                    | P769,775            |
| Trade and other receivables                      | (196,967)                                     | (147,725)           | 196,967                                       | 147,725             |
| Long-term receivables                            | (34,399)                                      | (25,799)            | 34,399                                        | 25,799              |
|                                                  | (1,247,683)                                   | (943,299)           | 1,247,683                                     | 943,299             |
| Accounts payable and<br>accrued expenses         | 1,130,531                                     | 848,052             | (1,130,531)                                   | (848,052)           |
| Long-term debt (including<br>current maturities) | 1,515,873                                     | 1,136,904           | (1,515,873)                                   | (1,136,904)         |
| Lease liabilities (including<br>current portion) | 141,480                                       | 106,110             | (141,480)                                     | (106,110)           |
|                                                  | 2,787,884                                     | 2,091,066           | (2,787,884)                                   | (2,091,066)         |
|                                                  | P1,540,201                                    | P1,147,767          | (P1,540,201)                                  | (P1,147,767)        |

| December 31, 2024 (Audited)                      | P1 Decrease in the<br>US Dollar Exchange Rate |                     | P1 Increase in the<br>US Dollar Exchange Rate |                     |
|--------------------------------------------------|-----------------------------------------------|---------------------|-----------------------------------------------|---------------------|
|                                                  | Effect on<br>Income<br>before<br>Income Tax   | Effect on<br>Equity | Effect on<br>Income<br>before<br>Income Tax   | Effect on<br>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<br>accrued expenses         | 1,288,337                                     | 966,523             | (1,288,337)                                   | (966,523)           |
| Long-term debt (including<br>current maturities) | 1,432,200                                     | 1,074,150           | (1,432,200)                                   | (1,074,150)         |
| Lease liabilities (including<br>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, APIC, 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 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:

|                                                                                                                           | September 30, 2025<br>(Unaudited) |              | December 31, 2024<br>(Audited) |              |
|---------------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------|--------------------------------|--------------|
|                                                                                                                           | Carrying<br>Amount                | Fair Value   | Carrying<br>Amount             | Fair Value   |
| <b>Financial Assets</b>                                                                                                   |                                   |              |                                |              |
| Cash and cash equivalents                                                                                                 | P104,016,684                      | P104,016,684 | P67,867,411                    | P67,867,411  |
| Trade and other receivables - net*                                                                                        | 102,520,337                       | 102,520,337  | 110,776,695                    | 110,776,695  |
| Derivative assets not designated as cash flow hedge (included under "Prepaid expenses and other current assets")          | 38,730                            | 38,730       | -                              | -            |
| Financial assets at FVOCI (included under "Investments and advances" account)                                             | 23,826,343                        | 23,826,343   | -                              | -            |
| Long-term receivables (including current portion)                                                                         | 10,949,379                        | 10,949,379   | 14,140,044                     | 14,140,044   |
| Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)       | 17,487,842                        | 17,487,842   | 8,495,006                      | 8,495,006    |
|                                                                                                                           | P258,839,315                      | 258,839,315  | P201,279,156                   | P201,279,156 |
| <b>Financial Liabilities</b>                                                                                              |                                   |              |                                |              |
| Loans payable                                                                                                             | P29,000,000                       | P29,000,000  | P41,350,425                    | P41,350,425  |
| Accounts payable and accrued expenses                                                                                     | 82,413,696                        | 82,413,696   | 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       |
| Long-term debt - net (including current maturities)                                                                       | 287,117,049                       | 303,824,184  | 277,937,891                    | 295,112,421  |
| Lease liabilities (including current portion)                                                                             | 22,469,185                        | 22,469,185   | 31,405,266                     | 31,405,266   |
| Other noncurrent liabilities                                                                                              | 570,075                           | 570,075      | 502,869                        | 502,869      |
|                                                                                                                           | P421,570,005                      | P438,277,140 | 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.

*Financial Assets at FVOCI.* The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market.

*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 4.68% to 8.50% and 5.65% to 6.16% as at September 30, 2025 and December 31, 2024, respectively. Discount rates used for foreign currency-denominated loans range from 3.89% to 4.32% and 4.20% to 5.99% as at September 30, 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\$30,000 and US\$45,000 as at September 30, 2025 and December 31, 2024, respectively. As at September 30, 2025, the positive fair value of these currency forwards included under "Prepaid expenses and other current assets" account amounted to P38,730. On December 31, 2024, the negative fair value of these currency forwards included under "Accounts payable and accrued expenses" account amounted to P13,725 (see Note 13).

The Group recognized marked-to-market gains (losses) from freestanding derivatives amounting to (P55,685) and P17,210 for the periods ended September 30, 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:

|                                                                            | <b>September 30,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024<br/>(Audited)</b> |
|----------------------------------------------------------------------------|-----------------------------------------------|--------------------------------------------|
| Balance at beginning of period                                             | <b>(P13,725)</b>                              | (P13,925)                                  |
| Net change in fair value of derivatives not designated as accounting hedge | <b>(55,685)</b>                               | 104,350                                    |
|                                                                            | <b>(69,410)</b>                               | 90,425                                     |
| Less fair value of settled instruments                                     | <b>(108,140)</b>                              | 104,150                                    |
| Balance at end of period                                                   | <b>P38,730</b>                                | (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.

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## 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, Department of Energy (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 kilowatt hours (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 Philippine Electricity Market Corporation (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 Decision 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 September 30, 2025. SPPC, MPCL and SPI have aggregate outstanding receivables from Meralco estimated at P1,275,985 included under "Trade and other receivables - net" account in the consolidated statements of financial position as at September 30, 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 price (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 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 3<sup>rd</sup> 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 Independent Electricity Market Operator of the Philippines, 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 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 (RTC) of Mandaluyong City (the "RTC Mandaluyong") requesting the RTC Mandaluyong 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 Mandaluyong 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 Mandaluyong 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 continued to file related petitions with the CA and later with the SC assailing the RTC Mandaluyong's order of denial. The SC denied the petition filed by PSALM in a resolution dated August 5, 2019, which became final and executory on the same date.

Despite the pendency of the proceedings, the Ilijan Power Plant was turned over by PSALM to SPPC pursuant to the Ilijan IPPA Agreement and the Deed of Sale executed between PSALM and SPPC on June 3, 2022.

Trial on the merits proceeded until the RTC Mandaluyong rendered a decision in favor of SPPC on June 13, 2025, which was received by SPPC on October 7, 2025. The decision stated that PSALM's termination of the Ilijan IPPA Agreement, drawing of the Performance Bond, and issuing the Cessation Notice were unauthorized and without factual and legal basis, ordered PSALM to among others return to SPPC the amount of the Performance Bond drawn by PSALM, with interests, and dismissed PSALM's counterclaim for lack of merit.

On October 22, 2025, PSALM filed a Motion for Reconsideration of the Decision. SPPC filed its Opposition to the Motion for Reconsideration on October 28, 2025.

*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 Team Philippines Energy Corporation (TPEC) and Team Sual Corporation (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 (the "RTC Pasig") a civil complaint for consignment 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 consignment 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 Consignment 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 consignment 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 consignment 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 (CIC) (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 CA 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.

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.

On July 11, 2025, SPPC received a copy of the CA's Resolution dated June 27, 2025, which among others, partially granted its motions and directed the ERC to act on its motions immediately and without further delay. Pursuant thereto, the ERC directed the parties to submit pertinent documents in support of the June 27, 2023 CA Decision.

On September 2, 2025, SPPC received the Compliance filed by the ERC with the CA. In said Compliance, the ERC submitted its Order in ERC Case No. 2019-081 RC, promulgated on August 22, 2025, which granted SPPC's Motions for Issuance of Writ of Execution (Re: Court of Appeals Joint Decision dated June 27, 2023). The order allowed SPPC to recover from Meralco the price adjustments prayed for in its motions and authorized Meralco to collect the adjustments from its customers over a period of 6 months from the September 2025 customer billing period. As at report date, Meralco has remitted its payment of the price adjustments covering a 2-month period (September and October 2025) to the Parent Company.

Related thereto, pursuant to the June 27, 2023 CA Decision, SPPC issued a Notice of 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 (the "2<sup>nd</sup> SPPC CIC Claim"), 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 2<sup>nd</sup> SPPC CIC Claim is set for clarificatory hearing before the ERC on November 18, 2025.

#### 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.

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.

On July 11, 2025, SPI received a copy of the CA's Resolution dated June 27, 2025, which among others, partially granted its motions and directed the ERC to act on its motions immediately and without further delay. Pursuant thereto, the ERC directed the parties to submit pertinent documents in support of the June 27, 2023 CA Decision.

On September 2, 2025, SPI received the Compliance filed by the ERC with the CA. In said Compliance, the ERC submitted its Order in ERC Case No. 2019-083 RC, promulgated on August 22, 2025, which granted SPI's Motions for Issuance of Writ of Execution (Re: Court of Appeals Joint Decision dated June 27, 2023). The order allowed SPI to recover from Meralco the price adjustments prayed for in its motions and authorized Meralco to collect the adjustments from its customers over a period of 6 months from the September 2025 customer billing period. As at report date, Meralco has remitted its payment of the price adjustments covering a 2-month period (September and October 2025) to SPI.

Related thereto, pursuant to the June 27, 2023 CA Decision, SPI issued a Notice of CIC 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 (the “2nd SPI CIC Claim”), 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 2nd SPI CIC Claim is set for clarificatory hearing before the ERC on November 18, 2025.

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 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 the Reporting Date

i. *Redemption of SPCS by the Parent Company*

On October 17, 2025, the Parent Company completed the redemption of its US\$163,115 remaining securities (with a net carrying value of P8,170,848), out of the US\$750,000 SPCS issued in October and December 2020, and settled the distributions related thereto amounting to US\$5,709, pursuant to the terms and conditions of the securities.

ii. *Additional Purchase of Common Shares of Meralco by the Parent Company*

On various dates, the Parent Company made additional purchases totaling to 1,661,986 common shares of Meralco at P90.00 per share from LBP. With such purchases, a total of 46,596,596 shares of Meralco have been conveyed by LBP to the Parent Company by virtue of the Deed of Absolute Sale of Shares executed by the parties.

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<br>Liabilities | Capital Stock     | APIC                | SPCS                | RPCS                | Total               |
|-------------------------------------------------------------|--------------------|---------------------|----------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Balances as at<br/>January 1, 2025<br/>(Audited)</b>     | <b>P41,350,425</b> | <b>P277,937,891</b> | <b>P31,405,266</b>   | <b>P2,823,604</b> | <b>P48,081,781</b>  | <b>P151,194,865</b> | <b>P145,979,113</b> | <b>P698,772,945</b> |
| <b>Changes from<br/>Financing<br/>Activities</b>            |                    |                     |                      |                   |                     |                     |                     |                     |
| Proceeds from borrowings                                    | 111,000,000        | 33,086,427          | -                    | -                 | -                   | -                   | -                   | 144,086,427         |
| Proceeds from issuance of capital stock                     | -                  | -                   | -                    | 1,961,890         | 56,813,747          | -                   | -                   | 58,775,637          |
| Proceeds from issuance of SPCS                              | -                  | -                   | -                    | -                 | -                   | 21,896,780          | -                   | 21,896,780          |
| Payments for redemption of SPCS                             | -                  | -                   | -                    | -                 | -                   | (6,288,284)         | -                   | (6,288,284)         |
| Payments of lease liabilities                               | -                  | -                   | (8,351,595)          | -                 | -                   | -                   | -                   | (8,351,595)         |
| Payments for redemption of RPCS                             | -                  | -                   | -                    | -                 | -                   | -                   | (58,856,693)        | (58,856,693)        |
| Payments of borrowings                                      | (118,412,300)      | (25,437,936)        | -                    | -                 | -                   | -                   | -                   | (143,850,236)       |
| <b>Total Changes from<br/>Financing<br/>Activities</b>      | <b>(7,412,300)</b> | <b>7,648,491</b>    | <b>(8,351,595)</b>   | <b>1,961,890</b>  | <b>56,813,747</b>   | <b>15,608,496</b>   | <b>(58,856,693)</b> | <b>7,412,036</b>    |
| Effect of changes in foreign exchange rates                 | 61,875             | 809,084             | (45,663)             | -                 | -                   | -                   | -                   | 825,296             |
| Other changes                                               | (5,000,000)        | 721,583             | (538,823)            | -                 | -                   | 2,162,171           | 1,557,375           | (1,097,694)         |
| <b>Balance as at<br/>September 30,<br/>2025 (Unaudited)</b> | <b>P29,000,000</b> | <b>P287,117,049</b> | <b>P22,469,185</b>   | <b>P4,785,494</b> | <b>P104,895,528</b> | <b>P168,965,532</b> | <b>P88,679,795</b>  | <b>P705,912,583</b> |

|                                                                         | Loans<br>Payable | Long-term<br>Debt | Lease<br>Liabilities | SPCS         | RPCS         | Total         |
|-------------------------------------------------------------------------|------------------|-------------------|----------------------|--------------|--------------|---------------|
| Balances as at<br>January 1, 2024 (Audited)                             | P13,736,000      | P258,769,473      | P42,787,300          | P161,767,709 | P102,546,825 | P579,607,307  |
| Changes from Financing<br>Activities                                    |                  |                   |                      |              |              |               |
| Proceeds from borrowings                                                | 100,804,000      | 33,304,000        | -                    | -            | -            | 134,108,000   |
| Proceeds from issuance of<br>RPCS                                       | -                | -                 | -                    | -            | 43,432,288   | 43,432,288    |
| Proceeds from issuance of<br>SPCS, net of exchange and<br>tender offers | -                | -                 | -                    | 11,127,343   | -            | 11,127,343    |
| Payments for redemption of<br>SPCS                                      | -                | -                 | -                    | (45,039,762) | -            | (45,039,762)  |
| Payments of lease liabilities                                           | -                | -                 | (15,667,502)         | -            | -            | (15,667,502)  |
| Payments of borrowings                                                  | (90,516,000)     | (40,367,296)      | -                    | -            | -            | (130,883,296) |
| Total Changes from<br>Financing Activities                              | 10,288,000       | (7,063,296)       | (15,667,502)         | (33,912,419) | 43,432,288   | (2,922,929)   |
| Effect of Changes in Foreign<br>Exchange Rates                          | -                | 726,028           | 381,922              | -            | -            | 1,107,950     |
| Other Changes                                                           | -                | 459,927           | (530,678)            | 10,112,660   | -            | 10,041,909    |
| Balance as at September 30,<br>2024 (Unaudited)                         | P24,024,000      | P252,892,132      | P26,971,042          | P137,967,950 | P145,979,113 | P587,834,237  |

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 P69,220,165 and P109,084,701 as at September 30, 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 HOLDINGS CORP. AND SUBSIDIARIES

### DISCUSSION OF THE GROUP'S FINANCIAL SOUNDNESS INDICATORS

The following are the major performance measures that San Miguel Global Power Holdings Corp. and Subsidiaries (the "Group") use. Analyses are employed by comparisons and measurements based on the financial data as at September 30, 2025 and December 31, 2024 for liquidity, solvency and profitability ratios and for the periods ended September 30, 2025 and 2024 for operating efficiency ratios.

#### LIQUIDITY RATIO

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

| <i>(in Millions Peso)</i>      | <b>September 30, 2025</b> | <b>December 31, 2024</b> |
|--------------------------------|---------------------------|--------------------------|
| <b>(A) Current Assets</b>      | <b>262,320</b>            | 249,639                  |
| <b>(B) Current Liabilities</b> | <b>175,917</b>            | 224,058                  |
| <b>Current Ratio (A) / (B)</b> | <b>1.49</b>               | 1.11                     |

#### SOLVENCY RATIO

$$\text{Net Debt-to-Equity* Ratio} = \frac{\text{Net Debt}}{\text{Total Equity}}$$

#### ***Per relevant Loan Covenants of San Miguel Global Power***

| <i>(in Millions Peso)</i>                 | <b>September 30, 2025</b> | <b>December 31, 2024</b> |
|-------------------------------------------|---------------------------|--------------------------|
| <b>(A) Net Debt <sup>(1)</sup></b>        | <b>136,446</b>            | 219,596                  |
| <b>(B) Total Equity <sup>(2)</sup></b>    | <b>413,240</b>            | 354,566                  |
| <b>Net Debt-to-Equity Ratio (A) / (B)</b> | <b>0.33</b>               | 0.62                     |

*\*All items are net of amounts attributable to ring-fenced subsidiaries*

<sup>(1)</sup> Consolidated net total debt plus total PSALM lease liabilities.

<sup>(2)</sup> Consolidated total equity.

| <b>Asset-to-Equity Ratio</b>           | <b>Total Assets</b>       |                          |                                |                          |
|----------------------------------------|---------------------------|--------------------------|--------------------------------|--------------------------|
|                                        | <b>Total Equity</b>       |                          |                                |                          |
|                                        | <b>Conventional</b>       |                          | <b>Adjusted <sup>(3)</sup></b> |                          |
| <i>(in Millions Peso)</i>              | <b>September 30, 2025</b> | <b>December 31, 2024</b> | <b>September 30, 2025</b>      | <b>December 31, 2024</b> |
| <b>(A) Total Assets</b>                | <b>887,215</b>            | 881,873                  | <b>859,527</b>                 | 853,432                  |
| <b>(B) Total Equity</b>                | <b>426,647</b>            | 359,025                  | <b>426,647</b>                 | 359,025                  |
| <b>Asset-to-Equity Ratio (A) / (B)</b> | <b>2.08</b>               | 2.46                     | <b>2.01</b>                    | 2.38                     |

<sup>(3)</sup> 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 September 30, 2025 and December 31, 2024, the carrying amount of the IPPA power plant asset amounted to P27,688 million and P28,441 million, respectively.

### **PROFITABILITY RATIO**

| <b>Return on Equity</b>              | <b>Net Income</b>         |                          |
|--------------------------------------|---------------------------|--------------------------|
|                                      | <b>Total Equity</b>       |                          |
| <i>(in Millions Peso)</i>            | <b>September 30, 2025</b> | <b>December 31, 2024</b> |
| <b>(A) Net Income <sup>(4)</sup></b> | <b>41,317</b>             | 12,384                   |
| <b>(B) Total Equity</b>              | <b>426,647</b>            | 359,025                  |
| <b>Return on Equity (A) / (B)</b>    | <b>9.7%</b>               | 3.4%                     |

<sup>(4)</sup> Annualized for quarterly reporting.

| <b>Interest Coverage Ratio</b>             | <b>Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)</b> |                          |
|--------------------------------------------|--------------------------------------------------------------------------------|--------------------------|
|                                            | <b>Interest Expense</b>                                                        |                          |
| <i>(in Millions Peso)</i>                  | <b>September 30, 2025</b>                                                      | <b>December 31, 2024</b> |
| <b>(A) EBITDA <sup>(5)</sup></b>           | <b>38,908</b>                                                                  | 37,897                   |
| <b>(B) Interest Expense <sup>(6)</sup></b> | <b>15,556</b>                                                                  | 14,761                   |
| <b>Interest Coverage Ratio (A) / (B)</b>   | <b>2.50</b>                                                                    | 2.57                     |

<sup>(5)</sup> Most recent four quarterly period consolidated EBITDA (gross of PSALM payments and excluding amounts attributable to ring-fenced subsidiaries).

<sup>(6)</sup> Most recent four quarterly period consolidated interest expense (excluding amounts attributable to ring-fenced subsidiaries).

## OPERATING EFFICIENCY

|                                                |          |                                      |             |
|------------------------------------------------|----------|--------------------------------------|-------------|
| <b>Volume Growth (Decline)</b>                 | <b>=</b> | <b>Current Period Offtake Volume</b> | <b>- 1</b>  |
|                                                |          | <b>Prior Period Offtake Volume</b>   |             |
|                                                |          | <b>Periods Ended September 30</b>    |             |
| <i>(in GWh)</i>                                |          | <b>2025</b>                          | <b>2024</b> |
| <b>(A) Current Period Offtake Volume</b>       |          | <b>22,090</b>                        | 27,043      |
| <b>(B) Prior Period Offtake Volume</b>         |          | <b>27,043</b>                        | 17,237      |
| <b>Volume Growth (Decline) [( A / B ) – 1]</b> |          | <b>(18.3%)</b>                       | 56.9%       |

|                                                 |          |                                   |             |
|-------------------------------------------------|----------|-----------------------------------|-------------|
| <b>Revenue Growth (Decline)</b>                 | <b>=</b> | <b>Current Period Revenue</b>     | <b>- 1</b>  |
|                                                 |          | <b>Prior Period Revenue</b>       |             |
|                                                 |          | <b>Periods Ended September 30</b> |             |
| <i>(in Millions Peso)</i>                       |          | <b>2025</b>                       | <b>2024</b> |
| <b>(A) Current Period Revenue</b>               |          | <b>118,795</b>                    | 153,592     |
| <b>(B) Prior Period Revenue</b>                 |          | <b>153,592</b>                    | 125,213     |
| <b>Revenue Growth (Decline) [( A / B ) – 1]</b> |          | <b>(22.7%)</b>                    | 22.7%       |

|                                   |          |                                   |             |
|-----------------------------------|----------|-----------------------------------|-------------|
| <b>Operating Margin</b>           | <b>=</b> | <b>Income from Operations</b>     |             |
|                                   |          | <b>Revenues</b>                   |             |
|                                   |          | <b>Periods Ended September 30</b> |             |
| <i>(in Millions Peso)</i>         |          | <b>2025</b>                       | <b>2024</b> |
| <b>(A) Income from Operations</b> |          | <b>34,834</b>                     | 33,481      |
| <b>(B) Revenues</b>               |          | <b>118,795</b>                    | 153,592     |
| <b>Operating Margin (A) / (B)</b> |          | <b>29.3%</b>                      | 21.8%       |





**San Miguel Global Power  
Holdings Corp.**

40 San Miguel Avenue, Mandaluyong City, Metro Manila

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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”) and its subsidiaries (collectively referred to as the “Group”) as at and for the period ended September 30, 2025 (with comparative figures as at December 31, 2024 and for the period ended September 30, 2024). All necessary adjustments have been made to present fairly the consolidated financial position, financial performance and cash flows of the Group as at September 30, 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 1,320 MW Batangas Combined Cycle Gas Power Plant (BCCPP); and (iii) Ilijan Primeline Industrial Estate Corp. (IPIEC), the owner of the land where EERI’s power plant and facilities and the Batangas LNG Terminal are located.
- Acquisition by CGHI and San Miguel Global Power 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 Battery Energy Storage System (BESS) Projects of the Group**

As at September 30, 2025, about 50% of the Group's ~ 1,000 megawatt hours (MWh) BESS projects are already in operation, providing ancillary services to the National Grid Corporation of the Philippines (NGCP) under a 5-year Ancillary Service Procurement Agreements (ASPA) or selling their spare capacities to the Reserves Market that has been established by the government, through the Independent Electricity Market Operator of the Philippines (IEMOP), to ensure grid stability. The remaining BESS projects in the pipeline are expected to commence commercial operations by 2026 and are expected to participate in any future tender of ancillary services by NGCP or offered to the Reserves Market as the Group sees the country's demand-supply situation remaining relatively tight at least in the near term.

### **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 Subscription Agreements covering the aforesaid subscriptions approved by the BOD.

On April 14, 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. The application for the ACS Increase was approved by the Philippine Securities and Exchange Commission (SEC) on May 16, 2025.

The subscription amounts were fully paid by SMC to San Miguel Global Power on April 7, 2025.

### **Purchase of Common Shares of Meralco by San Miguel Global Power**

By virtue of a Deed of Absolute Sale of Shares which contained the terms and conditions mutually determined by and acceptable to both parties and conformably with the decision of the Court of Appeals, San Miguel Global Power purchased on various dates through the PSE a total of 44,934,610 common shares of Meralco at P90.00 per share from Land Bank of the Philippines (LBP). As at September 30, 2025, the shares were revalued at the fair market value of P530.00 per share and recognized a gain of P19,663 million presented 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 September 30, 2025.

### **Update on Claims for Contract Price Adjustments on Certain “Fixed Price” Power Sales Agreements (PSAs) with Meralco**

On June 27, 2023, the CA’s 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 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. 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. 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.

On July 11, 2025, SPPC and SPI received a copy of the CA’s Resolution dated June 27, 2025, which, among others, partially granted their respective motions and directed the ERC to act on their motions immediately and without further delay. Pursuant thereto, the ERC directed the parties to submit pertinent documents in support of the Joint Decision.

On September 2, 2025, SPPC and SPI received the Compliance filed by the ERC with the CA. In said Compliance, the ERC submitted its Orders in ERC Cases Nos. 2019-081 RC and 2019-083 RC, both promulgated on August 22, 2025, which granted SPPC’s and SPI’s Motions for Issuance of Writ of Execution (Re: CA Joint Decision dated June 27, 2023). The orders allowed SPPC and SPI to recover from Meralco the price adjustments prayed for in their motions and authorized Meralco to collect the adjustments from its customers over a period of 6 months from the September 2025 customer billing period. As at report date, Meralco has remitted its payment of the price adjustments covering a 2-month period (September and October 2025) to SPI and San Miguel Global Power.

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 (the "2<sup>nd</sup> CIC Claims"), 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 2<sup>nd</sup> CIC Claims of SPPC and SPI are set for clarificatory hearing before the ERC on November 18, 2025.

On January 15, 2025, SPPC and San Miguel Global Power executed an agreement wherein SPPC assigned in favor of San Miguel Global Power all 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.

#### **Availments of Long-term Debts**

- Mariveles Power Generation Corp. (MPGC)  
On March 27, 2025, MPGC drew a total of P9,400 million from its Omnibus Loan and Security Agreement (OLSA) executed with various local banks on December 17, 2024. The loan is subject to a fixed interest rate and payable quarterly up to December 2034. The proceeds of the loan were used to finance the Mariveles Greenfield Power Plant project.
- San Miguel Global Power  
On May 19, 2025, San Miguel Global Power availed a US\$100 million term loan from its facility agreement executed on May 9, 2025, with a foreign bank. The loan is subject to floating interest rate and payable in May 2030.

The proceeds from the loan were used for general corporate purposes, including advances for capital expenditures.

On May 19, 2025, San Miguel Global Power availed a US\$100 million term loan from a US\$100 million loan facility, with option to increase up to US\$150 million, executed on May 13, 2025, with a group of foreign banks. The loan is subject to a floating interest rate and payable in May 2028.

The proceeds of the loan were used to refinance the US\$100 million term loan drawn in May 2022.

On July 3, 2025, San Miguel Global Power availed of an additional US\$50 million from the facility agreement executed on May 13, 2025. The proceeds from the additional loan shall be used for general corporate purposes and transaction-related fees, costs and expenses in relation to the facility.

#### **Issuance of P10,200 Million Fixed Rate Notes by San Miguel Global Power**

On August 11, 2025, San Miguel Global Power completed the issuance of Fixed Rate Notes with an aggregate principal amount of P10,200 million (the "Notes") at the issue price of 100% of face value. The Notes were enrolled with the Philippine Dealing & Exchange Corp. on the same day for trading. The proceeds were used to refinance existing obligations of San Miguel Global Power and for general corporate purposes.

Details of the Notes are as follows:

| Principal      | Term               | Interest Rate Per Annum |
|----------------|--------------------|-------------------------|
| P1,625 million | 3 years, due 2028  | 6.750%                  |
| 3,438 million  | 5 years, due 2030  | 6.875%                  |
| 433 million    | 7 years, due 2032  | 7.000%                  |
| 4,704 million  | 10 years, due 2035 | 7.125%                  |

#### **Redemption of Series K Bonds**

On July 28, 2025, San Miguel Global Power redeemed its Series K Bonds, amounting to P5,000 million, upon its maturity, pursuant to the terms and conditions of the bonds. The Series K Bonds formed part of the P40,000 million Series K-L-M fixed rate bonds issued in July 2022. San Miguel Global Power used in part the proceeds of the short-term loan availed and cash generated from operations for the redemption.

#### **Payments of Maturing Term Loans**

In the first three quarters 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 P7,141 million of their scheduled long-term debt principal amortizations pursuant to the terms and conditions of their respective facility agreements. The payments were funded by cash generated from operations.

On February 10, 2025, San Miguel Global Power fully settled its US\$50 million term loan drawn in October 2023 from a foreign bank. The payment was funded by cash generated from operations.

On May 28, 2025, San Miguel Global Power paid in full the balance of its P5,000 million term loan facility entered in May 2021, amounting to P4,825 million. The loan was paid using in part the proceeds of a short-term borrowing availed and cash generated from operations.

#### **Issuance and Redemption of Senior Perpetual Capital Securities (SPCS) by San Miguel Global Power**

- On February 19, 2025, San Miguel Global Power completed the issuance of US\$100 million SPCS (the "Additional US\$100 million SPCS"), at an issue price of 100.503% of principal amount, plus an amount corresponding to accrued distributions from (and including) December 2, 2024 to (but excluding) February 19, 2025. The Additional US\$100 million SPCS was consolidated into and formed a single series with the US\$500 million SPCS issued on December 2, 2024, with an initial rate of distribution of 8.125% per annum, 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, except for the date of issuance and issue price.

The net proceeds will be used for 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 (SGX-ST) on February 20, 2025.

- On May 9, 2025, San Miguel Global Power completed the redemption of the US\$113 million SPCS remaining out of the US\$500 million SPCS issued in November 2019, pursuant to the terms and conditions of the securities. The redemption price is equal to the principal amount of the SPCS. Any accrued but unpaid distributions up to (but excluding) the redemption date was also settled.

- On July 24, 2025, San Miguel Global Power completed the issuance of US\$400 million SPCS, at an issue price of 100%, with an initial rate of distribution of 8.95% per annum. The US\$400 million SPCS consists of US\$223 million in aggregate principal amount of SPCS (the "Exchange Offers") issued in exchange for the 7.00% SPCS issued on October 21 and December 15, 2020, and 5.70% SPCS issued on January 21, 2020 (collectively, the "Existing Securities"), and US\$177 million in aggregate principal amount of new securities (the "Additional New Securities").

The net proceeds from the issuance of the Additional New Securities will be 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 and subject to the terms and conditions of the Exchange Offers; (ii) costs and expenses related to the issuance of the Additional New Securities; (iii) purchase, repurchase and/or redemption of all remaining outstanding Existing Securities following the Exchange Offers; and (iv) for pre-development costs of solar and hydropower energy projects, and capital expenditures related to BESS projects.

The US\$400 million SPCS was listed on the SGX-ST on July 25, 2025.

- On August 11, 2025, San Miguel Global Power completed the issuance of US\$115 million SPCS at an issue price of 100% plus an amount corresponding to accrued distribution from (and including) July 24, 2025 to (but excluding) August 11, 2025.

The US\$115 million SPCS is consolidated into and form a single series with the US\$400 million SPCS issued on July 24, 2025, bringing the total securities to US\$515 million. The US\$400 million SPCS and US\$115 million SPCS are identical in all respects, other than with respect to the date of issuance.

San Miguel Global Power intends to apply the net proceeds towards (i) the partial purchase, repurchase and/or redemption of the remaining outstanding SPCS issued in October and December 2020 and in January 2020, and (ii) for pre-development costs of solar and hydropower energy projects and capital expenditures related to BESS projects.

The US\$115,000 SPCS was listed on the SGX-ST on August 12, 2025.

#### **Redemption of Redeemable Perpetual Capital Securities (RPCS)**

In April 2025, San Miguel Global Power redeemed a portion of its outstanding RPCS issued to SMC with total carrying amount equivalent to P57,300 million and paid distributions amounting to P1,528 million.

#### **Events After the Reporting Date**

- Redemption of SPCS by San Miguel Global Power  
On October 17, 2025, San Miguel Global Power completed the redemption of its US\$163 million remaining SCPS out of the US\$750 million SPCS issued in October and December 2020, and settled the distributions related thereto amounting to US\$5,709, pursuant to the terms and conditions of the securities.
- Additional Purchase of Common Shares of Meralco by San Miguel Global Power  
On various dates, San Miguel Global Power made additional purchases totaling to 1,661,986 common shares of Meralco at P90.00 per share from LBP. With such purchases, a total of 46,596,596 shares of Meralco have been conveyed by LBP to the Parent Company by virtue of the Deed of Absolute Sale of Shares executed by the parties.

## II. FINANCIAL PERFORMANCE

### 2025 vs. 2024

|                                                               | For the Periods Ended<br>September 30 |          | Horizontal Analysis<br>Increase (Decrease) |        | Vertical<br>Analysis |       |
|---------------------------------------------------------------|---------------------------------------|----------|--------------------------------------------|--------|----------------------|-------|
| <i>In Millions</i>                                            | 2025                                  | 2024     | Amount                                     | %      | 2025                 | 2024  |
| Revenues                                                      | <b>P118,795</b>                       | P153,592 | (P34,797)                                  | (23%)  | <b>100%</b>          | 100%  |
| Cost of power sold                                            | <b>77,977</b>                         | 114,154  | (36,177)                                   | (32%)  | <b>66%</b>           | 74%   |
| Gross profit                                                  | <b>40,818</b>                         | 39,438   | 1,380                                      | 3%     | <b>34%</b>           | 26%   |
| Selling and administrative expenses                           | <b>5,984</b>                          | 5,957    | 27                                         | 0%     | <b>5%</b>            | 4%    |
| Income from operations                                        | <b>34,834</b>                         | 33,481   | 1,353                                      | 4%     | <b>29%</b>           | 22%   |
| Interest expense and other financing charges                  | <b>(18,800)</b>                       | (15,084) | 3,716                                      | 25%    | <b>(16%)</b>         | (10%) |
| Interest income                                               | <b>2,737</b>                          | 653      | 2,084                                      | 319%   | <b>2%</b>            | 0%    |
| Equity in net earnings of associates and joint ventures - net | <b>6,677</b>                          | 236      | 6,441                                      | 2,729% | <b>6%</b>            | 0%    |
| Other income (charges) - net                                  | <b>21,179</b>                         | (532)    | 21,711                                     | 4,081% | <b>18%</b>           | 0%    |
| Income before income tax                                      | <b>46,627</b>                         | 18,754   | 27,873                                     | 149%   | <b>39%</b>           | 12%   |
| Income tax expense                                            | <b>4,228</b>                          | 5,289    | (1,061)                                    | (20%)  | <b>3%</b>            | 3%    |
| Net income                                                    | <b>P42,399</b>                        | P13,465  | P28,934                                    | 215%   | <b>36%</b>           | 9%    |

#### **Revenues**

The Group's consolidated revenues for the first three quarters of 2025 amounted to P118,795 million, lower by 23% from the P153,592 million recognized in the same period last year. The decline was due primarily to the aforementioned dilution of its equity interest in 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 bilateral customers as coal fuel prices went down by 22% with GC Newcastle prices declining from an average of US\$134 per metric ton (MT) for the first nine months of 2024 to US\$104/MT for the same period this year. These were compensated by the revenue contributions from the following: (a) the full nine-month operations of the 4 generation units of the 600 MW Mariveles Greenfield Power Plant and the 3 BESS facilities, with a combined capacity of 110 MWh, which started commercial operations in March 2024; (b) additional 5 BESS facilities, with a total capacity of 140 MWh, that began commercial operations in the first half of 2025; and (c) Units 1 and 2 of EERI's BCCPP (with a net capacity of 425 MW each), which is 33% owned by the Group following the aforesaid dilution, that were declared operational on December 26, 2024 and January 7, 2025, respectively.

#### **Costs of Power Sold**

Costs of power sold decreased to P77,977 million for the first three quarters of 2025, which is 32% lower than the P114,154 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 P32,122 million; and (ii) lower generation costs, as global coal prices averaged at US\$104/MT during the period – down from the US\$134/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 nine-month operations of all units of the Mariveles Greenfield Power Plant, incremental depreciation expense from the additional 8 BESS facilities, and the one-month operation of EERI's BCCPP prior to its deconsolidation.

### ***Income from Operations***

Consolidated income from operations of P34,834 million for the first three quarters of 2025 increased by 4% from the same period last year. The increase was mainly driven by: (i) improved margins from contracted capacities with fuel passthrough arrangements for most of its bilateral customers, including PSAs with Meralco, (ii) additional contributions from BESS facilities - through sales in the reserves market and ancillary services rendered for NGCP, and partially offset by (iii) the deconsolidation of the Ilijan Power Plant.

Such consolidated income from operations does not include the share in the net earnings of SPPC and EERI amounting to P5,862 million to date, which the Group continue to recognize from its remaining 33% interests in these gas power generation assets as part of its portfolio even with the aforesaid deconsolidation.

### ***Interest Expense and Other Financing Charges***

Interest expense and other financing charges went up by 25% to P18,800 million for the first three quarters of 2025. This was mainly due 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 the Power Sector Assets and Liabilities Management Corporation (PSALM), with only the Independent Power Producer Administrator (IPPA) Agreement of San Roque Hydropower Inc. (SRHI) outstanding, in view of the full settlement of the finance lease liabilities arising from the Sual IPPA Agreement in October 2024.

### ***Interest Income***

Interest income amounted to P2,737 million for the first three quarters 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 of Associates and Joint Ventures - net***

Equity in net earnings of associates and joint ventures reached P6,677 million in the first three quarters of 2025 from the P236 million 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 P21,179 million for the first three quarters of 2025, a significant turnaround from the P532 million other charges-net registered for the same period last year. This surge was primarily driven by the revaluation gain of P21,933 million recognized from the dilution of equity interests in SPPC, EERI and IPIEC following the completion of the Chromite Transaction, partly offset by the increase in foreign exchange losses recognized mainly on the revaluation of the Group's US Dollar-denominated net monetary liabilities due to the continued depreciation of the Philippine Peso against the US Dollar in 2025.

### ***Income Tax Expense***

Provision for income tax amounted to P4,228 million for the first three quarters of 2025, lower by 20% from the same period last years due to the recognition of higher deferred tax benefits on unrealized foreign exchange losses for the period.

### ***Net Income***

Consequently, the consolidated net income of the Group for the first three quarters of 2025 increased to P42,399 million or by 215%, from P13,465 million reported for the same period last year. Excluding the aforesaid gain of P21,933 million, the net income still rose significantly by 52% to P20,466 million.



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 three quarters of 2025, net generation of 3,357 gigawatt hours (GWh), at 43% net capacity factor rate, was lower by 30% than the same period in 2024 mainly due to the plant's longer outages.

Revenues of P27,724 million fell by 34%, from P42,267 million in 2024. The decrease was mainly due to lower spot sales volume and the decline in bilateral offtake volume as contracts with certain distribution utilities (DUs) expired in December 2024 but was partly replaced by new contracts that took effect only in February 2025 and new contracts that are still awaiting regulatory approvals. Moreover, lower average realization price resulting from: (i) lower fuel tariff as global coal prices fell from an average of US\$134/MT in the first three quarters of 2024 to US\$104/MT for the same period in 2025 and (ii) 34% drop in the average spot selling price from P6.61 per kilowatt hours (kWh) in 2024 to P4.36/kWh in 2025, contributed to the decline in revenues.

Consequently, operating income for the three quarters of 2025 registered at P5,201 million, down from the P9,381 million posted in 2024.

### **b. SPPC, owner of Ilijan Power Plant**

Upon completion of the Chromite Transaction on January 27, 2025, San Miguel Global Power'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 San Miguel Global Power 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 P2,010 million during the period.

### **c. LPI, owner of Limay Greenfield Power Plant**

For the first three quarters of 2025, net generation of the Limay Greenfield Power Plant of 2,353 GWh, at 67% net capacity factor rate, was lower by 19% than the 2,920 GWh registered for the same period in 2024 due to the plant's longer outages. Of the total net generation, 1,037 GWh was dispatched to LPI's power generation customers while the remainder was allocated to its retail electricity supplier (RES) business serving its contestable customers.

On the other hand, total offtake volume has gone up to 1,849 GWh, a 5% increase from same period in 2024 attributable to higher spot sales volume. Likewise, revenues increased from P9,591 million in 2024 to P9,608 million in 2025.

Operating income of P1,678 million for the first three quarters of 2025 was 33% lower than the P2,489 million posted in the same period last year on account of higher costs to supply.

**d. MPI, owner of Davao Greenfield Power Plant**

For the first three quarters of 2025, a total of 1,180 GWh was generated by the Davao Greenfield Power Plant, at a net capacity factor rate of 68%. This was lower by 6% compared to the same period in 2024, owing mainly to lower bilateral nominations. Consequently, total offtake volume decreased by 5% to 1,210 GWh.

Likewise, revenues at P7,078 million dropped by 7% from the previous year driven by lower offtake volume and reduced average realization price resulting from lower fuel tariff following the decline in global coal prices. As a result, operating income dropped by 18% to P1,805 million.

**e. MPCL, owner of Masinloc Power Plant**

The Masinloc Power Plant's operating Units 1, 2, and 3 contributed a total net generation of 4,233 GWh for the first three quarters of 2025 with 4,002 GWh or 95% supplied to power generation customers while the rest was discharged to contestable customers and for its BESS requirements. This was 6% higher, compared to the 3,770 GWh generated from the same period in 2024.

Total offtake volume of 5,309 GWh went up from the same period in 2024 resulting primarily from higher customer nominations. Revenues grew by 13% to P27,076 million and operating income increased by 46% to P5,468 million for the first three quarters 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 three quarters of 2025, net generation of the Mariveles Greenfield Power Plant is registered at 2,777 GWh, at 79% net capacity factor rate. This represents a 27% increase compared to the same period in 2024 primarily driven by higher plant dispatch with Units 1 to 4 declared operational on March 28, 2024, September 26, 2024, October 26, 2024, and January 9, 2025, respectively. Total offtake volume of 2,798 GWh likewise increased by 27% as a result of higher net generation supplied to the spot market, affiliate generators, and Meralco pursuant to the commencement of the 300 MW PSA on June 2, 2025.

As a result, revenues surged to P14,668 million, a 93% increase from the P7,589 million posted in the same period last year. Likewise, operating income significantly improved at P3,730 million, up by 329% from the P869 million for the first three quarters of 2024.

**g. EERI, owner of the new 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 26, 2024 and January 7, 2025, respectively.

As a result of the completion of the Chromite Transaction on January 27, 2025, San Miguel Global Power'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 San Miguel Global Power 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 P3,851 million during the period.

**h. SRHI, IPPA of San Roque Hydroelectric Power Plant**

The San Roque Hydroelectric Power Plant's net generation of 929 GWh for the first three quarters of 2025, at 41% net capacity factor rate, increased by 125% due to longer operating hours attributable mainly to higher water reservoir level. Consequently, total offtake volume of 1,373 GWh increased by 19% compared to the same period in 2024 owing to improved spot sales volume.

Likewise, revenues increased by 9% to P6,566 million, compared to P6,047 million for the same period last year. Additionally, operating income rose significantly to P2,036 million, representing a 199% increase from the same period in 2024, on account of higher offtake volume and lower costs to supply.

**2. RETAIL AND OTHER POWER-RELATED SERVICES**

**a. LPI - RES**

For the first three quarters of 2025, total offtake volume registered at 1,918 GWh, lower by 24% compared to the same period in 2024 at 2,537 GWh due mainly to lower customer nominations. Likewise, revenues decreased by 21% from P15,293 million in 2024 to P12,028 million for the first three quarters of 2025 due to lower offtake volume.

Consequently, operating income for the first three quarters was registered at P1,576 million, 16% lower compared to the P1,886 million posted for the same period in 2024.

**b. MPCL - RES and BESS**

For the first three quarters of 2025, revenues (consisting of revenues from RES contracts and revenues earned from ancillary services contracts and reserves market sales generated from the 30 MWh Masinloc BESS) and operating income amounted to P8,142 million and P1,718 million, an increase of 73% and 120%, respectively, compared to the same period in 2024. The growth was primarily driven by a significant rise in offtake volume supplied under new contracts, as well as the start of operations of the 20 MWh Masinloc BESS Phase II during the period.

**c. SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan, owner of Kabankalan BESS Phase I and II)**

Revenues and operating income increased by 67% and 99% to P981 million and P748 million, respectively, for the first three quarters of 2025 compared to the same period last year due mainly to the commencement of operations of the 10 MWh Kabankalan BESS Phase II that was offered to the reserves market during this period.

**d. SMGP BESS, owner of 13 BESS Facilities with combined installed capacity of 440 MWh**

For the first three quarters of 2025, SMGP BESS generated revenues of P11,565 million, reflecting a 91% increase compared to the same period last year. This growth was primarily driven by the full nine-month operations of the 3 BESS facilities, with a combined capacity of 110 MWh, which commenced operations in March 2024 and the addition of 3 new BESS facilities with an aggregate capacity of 110MWh that began operations in the first half of 2025. Operating income also rose significantly to P8,814 million, up by 121% from P3,991 million in 2024 same period.

**2024 vs. 2023**

|                                                                          | For the Periods Ended<br>September 30 |          | Horizontal Analysis<br>Increase (Decrease) |       | Vertical<br>Analysis |       |
|--------------------------------------------------------------------------|---------------------------------------|----------|--------------------------------------------|-------|----------------------|-------|
| <i>In Millions</i>                                                       | 2024                                  | 2023     | Amount                                     | %     | 2024                 | 2023  |
| Revenues                                                                 | <b>P153,592</b>                       | P125,213 | P28,379                                    | 23%   | <b>100%</b>          | 100%  |
| Cost of power sold                                                       | <b>114,154</b>                        | 97,464   | 16,690                                     | 17%   | <b>74%</b>           | 78%   |
| Gross profit                                                             | <b>39,438</b>                         | 27,749   | 11,689                                     | 42%   | <b>26%</b>           | 22%   |
| Selling and administrative expenses                                      | <b>5,957</b>                          | 4,412    | 1,545                                      | 35%   | <b>4%</b>            | 3%    |
| Income from operations                                                   | <b>33,481</b>                         | 23,337   | 10,144                                     | 43%   | <b>22%</b>           | 19%   |
| Interest expense and other financing charges                             | <b>(15,084)</b>                       | (12,354) | 2,730                                      | 22%   | <b>(10%)</b>         | (10%) |
| Interest income                                                          | <b>653</b>                            | 1,086    | (433)                                      | (40%) | <b>0%</b>            | 1%    |
| Equity in net earnings (losses) of an associate and joint ventures - net | <b>236</b>                            | (95)     | 331                                        | 348%  | <b>0%</b>            | 0%    |
| Other charges - net                                                      | <b>(532)</b>                          | (709)    | 177                                        | 25%   | <b>0%</b>            | (1%)  |
| Income before income tax                                                 | <b>18,754</b>                         | 11,265   | 7,489                                      | 66%   | <b>12%</b>           | 9%    |
| Income tax expense                                                       | <b>5,289</b>                          | 2,177    | 3,112                                      | 143%  | <b>3%</b>            | 2%    |
| Net income                                                               | <b>P13,465</b>                        | P9,088   | P4,377                                     | 48%   | <b>9%</b>            | 7%    |

***Revenues***

The Group's consolidated revenues for the first three quarters of 2024 reached P153,592 million, a 23% increase from P125,213 million recognized in the same period in 2023. This growth was mainly driven by higher offtake volume from the following sources: (i) several contracted capacities from PSAs with Meralco and other DUs secured by the Group, enabling the contracting of the Group's available capacities mainly from the Ilijan Power Plant and the incremental generation from the 600 MW Mariveles Greenfield Power Plant even while most of its units are undergoing testing and commissioning, and (ii) ancillary services rendered in 2024 for NGCP using a total of 10 BESS facilities of SMGP BESS with a combined installed capacity of 330 MWh.

***Cost of Power Sold***

Costs of power sold increased to P114,154 million for the first three quarters of 2024, which is 17% higher than the P97,464 million incurred for the same period in 2023. While global coal prices came down, averaging only US\$134/MT in 2024 compared to US\$185/MT (in GC Newcastle terms) for the same period in 2023, such costs increased due to the following: (i) the resumption of Ilijan Power Plant's operations from June 2023 onwards; (ii) costs of generation of the Mariveles Greenfield Power Plant while most of its units undergo testing and commissioning; (iii) incremental depreciation expense from the 10 BESS facilities that are now in full commercial operations. The increase in costs 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 35% or P1,545 million, from P4,412 million for the first three quarters of 2023 to P5,957 million in 2024 for the same period. The increase was mainly due to incremental operating expenses following the start of commercial operations of the 10 BESS facilities and the Mariveles Greenfield Power Plant, as well as personnel-related expenses necessary for the continuing business expansion of the Group.

***Income from Operations***

As a result, consolidated income from operations of P33,481 million for the first three quarters of 2024 grew by 43% from the same period in 2023. The increase was driven by improved margins as the Group worked out a successful transition to fuel passthrough arrangements for most of its bilateral customers, including the PSA of SPPC with Meralco that was served from the available capacity of the Ilijan Power Plant during the period, 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 P15,084 million for the first three quarters of 2024. This was attributable to the additional P40,000 million term loan drawn in tranches by 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 amounted to P653 million for the first three quarters 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 earnings of an associate and joint ventures registered at P236 million for the first three quarters of 2024, a turnaround from the P95 million loss for the same period in 2023, mainly due to the improvement in the financial performance of AHC.

***Other charges - net***

Other charges amounted to P532 million for the first three quarters of 2024, which decreased by 25% compared to the same period in 2023. This was mainly due to higher miscellaneous income from lease-related transactions and service fees which partly offset the increase in foreign exchange losses recognized on the revaluation of the Group's US Dollar-denominated net monetary liabilities brought by the depreciation of the Philippine Peso against the US Dollar in the first three quarters of 2024.

***Income Tax Expense***

Provision for income tax amounted to P5,289 million for the first three quarters of 2024. The higher number compared to the same period in 2023 was due mainly to the expiration of the income tax holiday of LPI and MPI in May and September 2023, respectively.

***Net Income***

Consequently, the consolidated net income of the Group for the first three quarters of 2024 increased to P13,465 million or by 48%, from P9,088 million reported for the same period in 2023.

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 first three quarters of 2024, net generation of 4,768 GWh, at 60% net capacity factor rate, was lower by 3% than in 2023 same period due mainly to the plant's longer outages.

Revenues of P42,267 million fell by 22%, from P54,245 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\$185/MT in the first three quarters of 2023 to US\$134/MT for the same period of 2024.

Notwithstanding the revenue decline, margins improved due to lower generation costs brought by lower global coal prices. Consequently, operating income for the first three quarters of 2024 rose to P9,381 million, up by 22% from P7,703 million in 2023.

### **b. SPPC, owner of Ilijan Power Plant**

The net generation of Ilijan Power Plant for the first three quarters of 2024 significantly increased to 5,339 GWh, from 1,159 GWh registered in 2023, mainly due to the plant's resumption of operations from June 2023 following the successful supply of re-gasified LNG from the Batangas LNG terminal.

Likewise, total offtake volume of 5,879 GWh for the first three quarters of 2024 was higher compared to the same period in 2023 on account of the increase in Meralco nominations due to the full nine-month 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 P43,522 million for the first three quarters of 2024 from the P25,299 million posted for the same period in 2023.

For the first three quarters of 2024, SPPC recognized an operating income of P7,054 million due mainly to improved margins. This was a complete turnaround from the P71 million operating loss posted for the same period in 2023.

### **c. LPI, owner of Limay Greenfield Power Plant**

For the first three quarters of 2024, net generation of the Limay Greenfield Power Plant registered at 2,920 GWh, at 83% net capacity factor rate. This was a 2% decrease from the same period in 2023 due primarily to higher combined plant outages. Of the plant's net generation, 840 GWh was dispatched to power generation customers while the remainder was supplied to its contestable customers.

For the first three quarters of 2024, total offtake volume of 1,758 GWh went up from same period in 2023 by 6% due to the increase in bilateral sales volume. However, revenues decreased by 6% from P10,235 million in 2023 to P9,591 million in 2024 attributable to lower average realization price with the decline in fuel tariff passed-on to customers as a result of lower global coal prices.

On the other hand, operating income registering at P2,489 million for the first three quarters of 2024 rose by 30% from P1,921 million posted in 2023. The increase was mainly on account of 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 first three quarters of 2024, a total of 1,260 GWh was generated by the Davao Greenfield Power Plant, at a net capacity factor rate of 73%. This is higher by 13% compared to the same period in 2023 owing to the increase in spot nominations. Consequently, total offtake volume increased by 12% to 1,272 GWh.

However, revenues at P7,632 million dropped by 17% compared to previous year due to lower average realization price resulting from lower fuel tariff as global coal prices fell and lower average spot prices. As a result, operating income at P2,202 million declined by 25% compared to same period in 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 4,258 GWh for the first three quarters of 2024 with 3,770 GWh or 89% supplied to power generation customers while the rest was dispatched to RES customers. This was 8% higher, compared to the 3,935 GWh generated from same period in 2023, as a result of lower outage days in 2024.

Total offtake volume of 4,695 GWh went up from same period in 2023 resulting primarily from higher customer nominations and new contracts entered into in 2024. On the other hand, revenues and operating income decreased to P23,883 million and P3,752 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 the first quarter of 2024, all 4 generation units of the Mariveles Greenfield Power Plant were undergoing testing and commissioning with Unit 1 and Unit 2 declared operational with the IEMOP starting on March 28, 2024 and September 26, 2024, respectively. As a result, revenues and operating income registered at P7,589 million and P869 million, respectively, in 2024.

g. **SRHI, IPPA of San Roque Hydroelectric Power Plant**

The San Roque Hydroelectric Power Plant's net generation of 412 GWh for the first three quarters of 2024, at 18% net capacity factor rate, dropped by 41% due to shorter operating hours attributable mainly to lower water reservoir level. Likewise, total offtake volume of 1,159 GWh decreased by 24% compared to the same period in 2023 resulting from lower generation.

Revenues of P6,047 million decreased by 49% compared to the previous year's P11,747 million mainly due to the decline in offtake volume and lower average realization price.

Operating income of P682 million for the first three quarters of 2024 dropped by 79% compared to the same period in 2023. The decline was due to lower margin, resulting from the aforesaid decrease in offtake volume and average realization price.

## 2. RETAIL AND OTHER POWER-RELATED SERVICES

### a. LPI - RES

For the first three quarters of 2024, total offtake volume registered at 2,537 GWh. This increased by 63% compared to the previous year's 1,560 GWh due mainly to higher nominations from customers. Likewise, revenues increased by 38% from P11,121 million in 2023 to P15,293 million for the first three quarters of 2024 due to higher offtake volume.

Consequently, operating income for the first three quarters of 2024 was registered at P1,886 million, 81% higher than the P1,042 million posted for the same period in 2023.

### b. MPCL - RES and BESS

For the first three quarters of 2024, revenues, inclusive of ancillary revenues from the 10 MWh BESS, and operating income decreased to P4,707 million and P781 million, respectively, on account of lower average realization price during the period.

### c. SMGP Kabankalan, owner of Kabankalan I BESS

Revenues of P586 million for the first three quarters of 2024 increased by 57% compared to same period in 2023. Likewise, operating income of P376 million was higher by 126% compared to same period in 2023 on account of higher offtake volume since Kabankalan I BESS underwent repair works in 2023.

### d. SMGP BESS, owner of 10 BESS Facilities with combined installed capacity of 330 MWh

For the first three quarters of 2024, SMGP BESS reported revenues and operating income of P6,041 million and P3,991 million, respectively. Beginning July 2023, the ERC granted provisional authority for the implementation of 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 operational in March 2024.



### III. FINANCIAL POSITION

## 2025 vs. 2024

|                                                                 |                       |                      | Horizontal Analysis<br>Increase (Decrease) |              | Vertical Analysis |             |
|-----------------------------------------------------------------|-----------------------|----------------------|--------------------------------------------|--------------|-------------------|-------------|
|                                                                 | September 30,<br>2025 | December 31,<br>2024 | Amount                                     | %            | 2025              | 2024        |
| <i>In Millions</i>                                              |                       |                      |                                            |              |                   |             |
| Cash and cash equivalents                                       | P104,017              | P67,867              | P36,150                                    | 53%          | 12%               | 8%          |
| Trade and other receivables - net                               | 108,905               | 115,884              | (6,979)                                    | (6%)         | 12%               | 13%         |
| Inventories                                                     | 11,729                | 14,326               | (2,597)                                    | (18%)        | 2%                | 2%          |
| Prepaid expenses and other current assets                       | 37,669                | 51,562               | (13,893)                                   | (27%)        | 4%                | 6%          |
| <b>Total Current Assets</b>                                     | <b>262,320</b>        | <b>249,639</b>       | <b>12,681</b>                              | <b>5%</b>    | <b>30%</b>        | <b>29%</b>  |
| Investments and advances - net                                  | 107,452               | 19,896               | 87,556                                     | 440%         | 12%               | 2%          |
| Property, plant and equipment - net                             | 371,386               | 459,506              | (88,120)                                   | (19%)        | 42%               | 52%         |
| Right-of-use assets - net                                       | 38,521                | 42,123               | (3,602)                                    | (9%)         | 4%                | 5%          |
| Goodwill and other intangible assets - net                      | 70,219                | 71,736               | (1,517)                                    | (2%)         | 8%                | 8%          |
| Deferred income tax assets                                      | 1,385                 | 1,354                | 31                                         | 2%           | 0%                | 0%          |
| Other noncurrent assets                                         | 35,932                | 37,619               | (1,687)                                    | (4%)         | 4%                | 4%          |
| <b>Total Noncurrent Assets</b>                                  | <b>624,895</b>        | <b>632,234</b>       | <b>(7,339)</b>                             | <b>(1%)</b>  | <b>70%</b>        | <b>71%</b>  |
| <b>Total Assets</b>                                             | <b>P887,215</b>       | <b>P881,873</b>      | <b>P5,342</b>                              | <b>1%</b>    | <b>100%</b>       | <b>100%</b> |
| Loans payable                                                   | P29,000               | P41,350              | (P12,350)                                  | (30%)        | 3%                | 5%          |
| Accounts payable and accrued expenses                           | 100,279               | 144,102              | (43,823)                                   | (30%)        | 11%               | 16%         |
| Lease liabilities - current portion                             | 5,359                 | 10,049               | (4,690)                                    | (47%)        | 1%                | 1%          |
| Income tax payable                                              | 141                   | 80                   | 61                                         | 76%          | 0%                | 0%          |
| Current maturities of long-term debt - net of debt issue costs  | 41,138                | 28,477               | 12,661                                     | 44%          | 5%                | 3%          |
| <b>Total Current Liabilities</b>                                | <b>175,917</b>        | <b>224,058</b>       | <b>(48,141)</b>                            | <b>(21%)</b> | <b>20%</b>        | <b>25%</b>  |
| Long-term debt - net of current maturities and debt issue costs | 245,979               | 249,461              | (3,482)                                    | (1%)         | 28%               | 28%         |
| Deferred income tax liabilities                                 | 17,354                | 23,978               | (6,624)                                    | (28%)        | 2%                | 3%          |
| Lease liabilities - net of current portion                      | 17,110                | 21,357               | (4,247)                                    | (20%)        | 2%                | 2%          |
| Other noncurrent liabilities                                    | 4,208                 | 3,994                | 214                                        | 5%           | 0%                | 1%          |
| <b>Total Noncurrent Liabilities</b>                             | <b>284,651</b>        | <b>298,790</b>       | <b>(14,139)</b>                            | <b>(5%)</b>  | <b>32%</b>        | <b>34%</b>  |
| <b>Total Liabilities</b>                                        | <b>460,568</b>        | <b>522,848</b>       | <b>(62,280)</b>                            | <b>(12%)</b> | <b>52%</b>        | <b>59%</b>  |
| <i>Forward</i>                                                  |                       |                      |                                            |              |                   |             |

|                                                                            |                       |                      | Horizontal Analysis<br>Increase (Decrease) |       | Vertical Analysis |      |
|----------------------------------------------------------------------------|-----------------------|----------------------|--------------------------------------------|-------|-------------------|------|
| <i>In Millions</i>                                                         | September 30,<br>2025 | December 31,<br>2024 | Amount                                     | %     | 2025              | 2024 |
| <b>Equity Attributable to<br/>Equity Holders of the<br/>Parent Company</b> |                       |                      |                                            |       |                   |      |
| Capital stock                                                              | <b>P4,785</b>         | P2,824               | P1,961                                     | 69%   | <b>0%</b>         | 0%   |
| Additional paid-in capital                                                 | <b>104,896</b>        | 48,082               | 56,814                                     | 118%  | <b>12%</b>        | 5%   |
| Senior perpetual capital securities                                        | <b>168,966</b>        | 151,195              | 17,771                                     | 12%   | <b>19%</b>        | 17%  |
| Redeemable perpetual capital securities                                    | <b>88,680</b>         | 145,979              | (57,299)                                   | (39%) | <b>10%</b>        | 17%  |
| Equity reserves                                                            | <b>(557)</b>          | (16,385)             | 15,828                                     | 97%   | <b>0%</b>         | (1%) |
| Retained earnings                                                          | <b>58,872</b>         | 26,387               | 32,485                                     | 123%  | <b>7%</b>         | 3%   |
|                                                                            | <b>425,642</b>        | 358,082              | 67,560                                     | 19%   | <b>48%</b>        | 41%  |
| Non-controlling Interests                                                  | <b>1,005</b>          | 943                  | 62                                         | 7%    | <b>0%</b>         | 0%   |
| <b>Total Equity</b>                                                        | <b>426,647</b>        | 359,025              | 67,622                                     | 19%   | <b>48%</b>        | 41%  |
| <b>Total Liabilities and Equity</b>                                        | <b>P887,215</b>       | P881,873             | P5,342                                     | 1%    | <b>100%</b>       | 100% |

The Group's consolidated total assets as at September 30, 2025, amounted to P887,215 million, higher by 1% or P5,342 million than December 31, 2024 balance of P881,873 million. The increase was attributable to the following factors:

- a. Increase in investment and advances by P87,556 million was mainly attributable to the:
  - (i) recognition at fair value of the 33% investments retained in SPPC, EERI, IPIEC;
  - (ii) acquisition of 33% equity interest in LFC; (iii) recognition of share in net earnings of the said entities from February to September 2025; and (iv) acquisition of Meralco shares and its subsequent revaluation.
- b. Increase in cash and cash equivalents by P36,150 million was due mainly to the following:
  - (i) net proceeds from the redemption by the deconsolidated entities of its redeemable preferred shares issued to San Miguel Global Power; (ii) proceeds from SMC's capital infusion in San Miguel Global Power; (iii) proceeds from various Peso and US Dollar-denominated long-term loans drawn by San Miguel Global Power and by MPGC; (iv) cash generated from operations; (v) proceeds from various short-term loans availed by SPI and by San Miguel Global Power; (vi) net proceeds from various issuances of SPCS during the period; and (vii) cash dividends from Meralco. These were partly offset by the: (i) redemptions of various perpetual capital securities in April and May 2025; (ii) capital expenditures for the Group's ongoing projects; (iii) distributions paid to the holders of perpetual capital securities; (iv) payments of maturing term loans of the Group and redemption of Series K Bonds by San Miguel Global Power; (v) payments for acquisitions of equity interests in LFC and the Meralco shares; and (vi) lease payments of SPI and SRHI to PSALM.
- c. Decrease in property, plant and equipment by P88,120 million as a result of the deconsolidation of SPPC and EERI's property, plant and equipment, partly offset by additional capital expenditures for the Group's ongoing projects.
- d. Decrease in prepaid expenses and other current assets by P13,893 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.

- e. Decrease in trade and other receivables by P6,979 million was mainly attributable to the deconsolidation of SPPC and EERI's receivables, partly offset by higher trade receivables of MPGC from revenues generated by its 4 units and of SMGP BESS and SMGP Kabankalan from ancillary and reserves market revenues during the period.
- f. Decrease in right-of-use assets by P3,602 million was mainly attributable to amortizations during the period and reclassification to investment property account of certain land that are subleased for the Group's solar projects.
- g. Decrease in inventories by P2,597 million was mainly attributable to the deconsolidation of SPPC and EERI's LNG and spare parts inventories and lower inventory levels of fuel and spare parts.

The Group's consolidated total liabilities as at September 30, 2025, amounted to P460,568 million, 12% or P62,280 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 P43,823 million was mainly attributable to the deconsolidation of SPPC and EERI, payments made to suppliers and contractors and partly offset by additional payables to contractors relating to the Group's ongoing construction projects.
- b. Decrease in loans payable by P12,350 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. This was partly offset by various short-term loans drawn by SPI and San Miguel Global Power during the period.
- c. Decrease in lease liabilities (including current and noncurrent portions) by P8,937 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.
- d. Decrease in deferred income tax liabilities by P6,624 million was mainly attributable to the deconsolidation of SPPC, partly offset by additional deferred income tax expense recognized on temporary differences relating to lease liabilities during the period.
- e. Increase in long-term debt-net of debt issue costs (including current and noncurrent portions) by P9,179 million was attributable to the following: (i) additional loan drawn in March by MPGC from its credit facility executed in December 2024; (ii) various USD and Peso-denominated term loans availed by San Miguel Global Power in 2025; (iii) amortization of debt issue costs during the period; (iv) unrealized foreign exchange loss recognized on the revaluation of US Dollar-denominated loans; partly offset by the (v) payments of maturing long-term loans of San Miguel Global Power, LPI, MPI, MPCL and SMGP BESS, and (vi) redemption of Series K Bonds in July 2025.
- f. Increase in other non-current liabilities by P214 million was mainly due to additional customers' deposits and retirement benefits liabilities.
- g. Increase in income tax payable by P61 million was mainly attributable to the additional payable arising from higher taxable income for the third quarter of 2025.

The Group's consolidated total equity as at September 30, 2025 amounted to P426,647 million, higher by 19% or P67,622 million than the December 31, 2024 balance of P359,025 million. The increase is accounted for as follows:

- a. Increase in total paid-in capital by P58,775 million (consisting of capital stock and additional paid-in capital) was due to additional capital infusions from SMC during the period.
- b. Increase in retained earnings by P32,485 million was mainly attributable to the net income for the first three quarters of 2025, and net gain from redemptions by SPPC, EERI and IPIEC of their respective preferred shares issued to San Miguel Global Power. These were partly offset by the distributions to perpetual capital security holders.
- c. Increase in SPCS by P17,771 million as a result of various issuances, net of exchange offers, in February, July, and August 2025, partly offset by redemption completed in May 2025.
- d. Increase in equity reserves by P15,828 million was mainly attributable to the cumulative gain on fair valuation of investments in equity instruments (Meralco shares) and partly offset by the difference between the price paid and net carrying value of redeemed and exchanged perpetual capital securities during the period.
- e. Increase in non-controlling interests by P62 million pertains to the non-controlling interest's share in the net income of MPGC from the full nine-month operations of the Mariveles Greenfield Power Plant in 2025.
- f. Decrease in RPCS by P57,299 million was due to San Miguel Global Power's redemption of RPCS issued to SMC in April 2025.

## 2024 vs. 2023

| <i>In Millions</i>                                              | September 30,<br>2024 | December 31,<br>2023 | Horizontal Analysis<br>Increase (Decrease) |       | Vertical Analysis |      |
|-----------------------------------------------------------------|-----------------------|----------------------|--------------------------------------------|-------|-------------------|------|
|                                                                 |                       |                      | Amount                                     | %     | 2024              | 2023 |
| Cash and cash equivalents                                       | <b>P33,348</b>        | P31,659              | P1,689                                     | 5%    | <b>4%</b>         | 4%   |
| Trade and other receivables - net                               | <b>113,190</b>        | 116,976              | (3,786)                                    | (3%)  | <b>14%</b>        | 15%  |
| Inventories                                                     | <b>14,758</b>         | 16,841               | (2,083)                                    | (12%) | <b>1%</b>         | 2%   |
| Prepaid expenses and other current assets                       | <b>54,112</b>         | 48,522               | 5,590                                      | 12%   | <b>7%</b>         | 6%   |
| <b>Total Current Assets</b>                                     | <b>215,408</b>        | 213,998              | 1,410                                      | 1%    | <b>26%</b>        | 27%  |
| Investments and advances - net                                  | <b>13,880</b>         | 10,953               | 2,927                                      | 27%   | <b>2%</b>         | 1%   |
| Property, plant and equipment - net                             | <b>384,667</b>        | 339,225              | 45,442                                     | 13%   | <b>47%</b>        | 44%  |
| Right-of-use assets - net                                       | <b>101,517</b>        | 104,975              | (3,458)                                    | (3%)  | <b>12%</b>        | 13%  |
| Goodwill and other intangible assets - net                      | <b>71,669</b>         | 71,712               | (43)                                       | 0%    | <b>9%</b>         | 9%   |
| Deferred income tax assets                                      | <b>1,138</b>          | 974                  | 164                                        | 17%   | <b>0%</b>         | 0%   |
| Other noncurrent assets                                         | <b>36,235</b>         | 43,098               | (6,863)                                    | (16%) | <b>4%</b>         | 6%   |
| <b>Total Noncurrent Assets</b>                                  | <b>609,106</b>        | 570,937              | 38,169                                     | 7%    | <b>74%</b>        | 73%  |
| <b>Total Assets</b>                                             | <b>P824,514</b>       | P784,935             | P39,579                                    | 5%    | <b>100%</b>       | 100% |
| Loans payable                                                   | <b>P24,024</b>        | P13,736              | P10,288                                    | 75%   | <b>3%</b>         | 2%   |
| Accounts payable and accrued expenses                           | <b>133,779</b>        | 97,633               | 36,146                                     | 37%   | <b>16%</b>        | 12%  |
| Lease liabilities - current portion                             | <b>4,939</b>          | 17,645               | (12,706)                                   | (72%) | <b>1%</b>         | 2%   |
| Income tax payable                                              | <b>211</b>            | 222                  | (11)                                       | (5%)  | <b>0%</b>         | 0%   |
| Current maturities of long-term debt - net of debt issue costs  | <b>40,107</b>         | 54,125               | (14,018)                                   | (26%) | <b>5%</b>         | 7%   |
| <b>Total Current Liabilities</b>                                | <b>203,060</b>        | 183,361              | 19,699                                     | 11%   | <b>25%</b>        | 23%  |
| Long-term debt - net of current maturities and debt issue costs | <b>212,785</b>        | 204,644              | 8,141                                      | 4%    | <b>26%</b>        | 26%  |
| Deferred income tax liabilities                                 | <b>24,426</b>         | 21,285               | 3,141                                      | 15%   | <b>3%</b>         | 3%   |
| Lease liabilities - net of current portion                      | <b>22,032</b>         | 25,142               | (3,110)                                    | (12%) | <b>2%</b>         | 3%   |
| Other noncurrent liabilities                                    | <b>7,318</b>          | 7,030                | 288                                        | 4%    | <b>1%</b>         | 1%   |
| <b>Total Noncurrent Liabilities</b>                             | <b>266,561</b>        | 258,101              | 8,460                                      | 3%    | <b>32%</b>        | 33%  |
| <b>Total Liabilities</b>                                        | <b>469,621</b>        | 441,462              | 28,159                                     | 6%    | <b>57%</b>        | 56%  |

Forward

|                                                             |               |              | Horizontal Analysis |        | Vertical Analysis |      |
|-------------------------------------------------------------|---------------|--------------|---------------------|--------|-------------------|------|
|                                                             | September 30, | December 31, | Increase (Decrease) |        |                   |      |
| 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%     | 6%                | 6%   |
| Senior perpetual capital securities                         | 137,968       | 161,768      | (23,800)            | (15%)  | 17%               | 21%  |
| Redeemable perpetual capital securities                     | 145,979       | 102,547      | 43,432              | 42%    | 18%               | 13%  |
| Equity reserves                                             | (13,128)      | (3,020)      | (10,108)            | (335%) | (2%)              | 0%   |
| Retained earnings                                           | 32,228        | 30,367       | 1,861               | 6%     | 4%                | 4%   |
|                                                             | 353,953       | 342,568      | 11,385              | 3%     | 43%               | 44%  |
| Non-controlling Interests                                   | 940           | 905          | 35                  | 4%     | 0%                | 0%   |
| Total Equity                                                | 354,893       | 343,473      | 11,420              | 3%     | 43%               | 44%  |
| Total Liabilities and Equity                                | P824,514      | P784,935     | P39,579             | 5%     | 100%              | 100% |

The Group's consolidated total assets as at September 30, 2024, amounted to P824,514 million, higher by 5% or P39,579 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 P45,442 million as a result of the ongoing construction of the Group's ongoing projects.
- b. Increase in prepaid expenses and other current assets by P5,590 million was mainly attributable to (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.
- c. Increase in investment and advances by P2,927 million was mainly attributable to the additional deposits made by San Miguel Global Power to landholding companies and share in higher net earnings of AHC.
- d. Increase in cash and cash equivalents by P1,689 million was due mainly to the net proceeds from the (i) issuance of various perpetual capital securities by San Miguel Global Power, net of exchange and tender offers; (ii) additional term loans drawn by SMGP BESS from its credit facility and secured by San Miguel Global Power; (iii) various short term loans availed by San Miguel Global Power, SPPC and MPGC; and (iv) cash generated from operations. These were partly offset by (i) capital expenditures for the Group's ongoing projects; (ii) redemption of SPCS in April 2024; (iii) payments of maturing long term loans of San Miguel Global Power, LPI, MPI, MPCL and SMGP BESS; (iv) redemption of Series I fixed rate bonds in April 2024; (v) lease payments of the IPPAs to PSALM; and (vi) distributions paid to the holders of perpetual capital securities.
- e. Increase in deferred income tax assets by P164 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.
- f. Decrease in other noncurrent assets by P6,863 million was attributable primarily to the reclassification to property, plant and equipment account of advances to suppliers and contractors applied to progress billings for the Group's ongoing projects.
- g. Decrease in inventories by P2,083 million was attributable primarily to higher consumption of LNG, spare parts and coal inventories for the Ilijan and coal-fired power plants which exceeded purchases in 2024.

The Group's consolidated total liabilities as at September 30, 2024, amounted to P469,621 million, 6% or P28,159 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 P36,146 million was mainly attributable to higher trade payables mainly for the acquisition of LNG and coal fuel inventories and power purchases and additional payables to contractors.
- b. Increase in loans payable by P10,288 million was due to additional short-term loans drawn by San Miguel Global Power, SPPC, and MPGC from local banks in 2024.
- c. Increase in deferred income tax liabilities by P3,141 million was mainly attributable to (i) additional provision for deferred income tax expense arising 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.
- d. Decrease in lease liabilities (including current and noncurrent portions) by P15,816 million was mainly on account of (i) lease payments made by the IPPA entities to PSALM, partly offset by the (ii) foreign exchange losses recognized on the revaluation of US Dollar-denominated lease liabilities in 2024.
- e. Decrease in long-term debt - net of debt issue costs (including current and noncurrent portions) by P5,877 million was attributable to the: (i) payments of maturing long-term loans of San Miguel Global Power, LPI, MPI, MPCL and SMGP BESS; (ii) redemption of Series I fixed rate bonds in April 2024; partly offset by (iii) the P12,000 million drawn by SMGP BESS from its P40,000 million credit facility; (iv) San Miguel Global Power's availment of P10,000 million term loan in July 2024; (v) unrealized foreign exchange losses recognized on the revaluation of US Dollar-denominated loans; and (vi) amortization of debt issue costs.
- f. Decrease in income tax payable by P11 million was mainly attributable to lower income tax expense for the third quarter of 2024.

The Group's consolidated total equity as at September 30, 2024 amounted to P354,893 million, higher by 3% or P11,420 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.
- a. Increase in retained earnings by P1,861 million was mainly attributable to the net income for the first three quarters of 2024 and partly offset by the distributions to perpetual capital security holders.
- b. Decrease in SPCS by P23,800 million was mainly attributable to the redemption of the US\$783 million SPCS in April 2024, partly offset by the issuance of US\$211 SPCS, net of exchange offers (US\$532 million) and tender offers (US\$157 million) in September 2024.
- c. Decrease in equity reserves by P10,108 million was mainly attributable to the difference between the price paid and net carrying value of the redeemed, exchanged and repurchased SPCS in 2024.

#### IV. CASH FLOW

##### SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

| <i>(in Millions)</i>                                      | For the Periods Ended<br>September 30 |          |
|-----------------------------------------------------------|---------------------------------------|----------|
|                                                           | 2025                                  | 2024     |
| Net cash flows provided by operating activities           | <b>P26,573</b>                        | P43,181  |
| Net cash flows provided by (used in) investing activities | <b>33,462</b>                         | (26,940) |
| Net cash flows used in financing activities               | <b>(24,735)</b>                       | (14,492) |

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:

| <i>(in Millions)</i>                           | For the Periods Ended<br>September 30 |          |
|------------------------------------------------|---------------------------------------|----------|
|                                                | 2025                                  | 2024     |
| Proceeds from redemption of preferred shares   | <b>P78,717</b>                        | P -      |
| Dividends received                             | <b>501</b>                            | -        |
| Decrease (increase) in other noncurrent assets | <b>(1)</b>                            | 3,320    |
| Additions to intangible assets                 | <b>(13)</b>                           | (43)     |
| Advances paid to suppliers and contractors     | <b>(2,366)</b>                        | (592)    |
| Cash of deconsolidated subsidiaries            | <b>(5,678)</b>                        | -        |
| Additions to property, plant and equipment     | <b>(17,507)</b>                       | (26,932) |
| Additions to investments and advances, net     | <b>(20,191)</b>                       | (2,693)  |

Net cash flows used in financing activities are as follows:

| <i>(in Millions)</i>                                                     | For the Periods Ended<br>September 30 |          |
|--------------------------------------------------------------------------|---------------------------------------|----------|
|                                                                          | 2025                                  | 2024     |
| Proceeds from short-term borrowings                                      | <b>P111,000</b>                       | P100,804 |
| Proceeds from issuance of capital stock                                  | <b>58,776</b>                         | -        |
| Proceeds from long-term debts                                            | <b>33,086</b>                         | 33,304   |
| Proceeds from the issuance of SPCS, net of<br>exchange and tender offers | <b>21,897</b>                         | 11,127   |
| Proceeds from the issuance of RPCS                                       | <b>-</b>                              | 43,432   |
| Payments of share issuance costs                                         | <b>(8)</b>                            | -        |
| Payments for redemption of SPCS                                          | <b>(6,288)</b>                        | (45,039) |
| Payments of lease liabilities                                            | <b>(8,351)</b>                        | (15,667) |
| Distributions paid to SPCS holders                                       | <b>(12,097)</b>                       | (10,320) |
| Distributions paid to RPCS holders                                       | <b>(20,043)</b>                       | (1,250)  |
| Payments of long-term debts                                              | <b>(25,438)</b>                       | (40,367) |
| Payments for redemption of RPCS                                          | <b>(58,857)</b>                       | -        |
| Payments of short-term borrowings                                        | <b>(118,412)</b>                      | (90,516) |

The effect of exchange rate changes on cash and cash equivalents amounted to P850 million and (P60 million) on September 30, 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

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

| <i>(in Millions Peso)</i>      | <b>September 30, 2025</b> | <b>December 31, 2024</b> |
|--------------------------------|---------------------------|--------------------------|
| <b>(A) Current Assets</b>      | <b>262,320</b>            | 249,639                  |
| <b>(B) Current Liabilities</b> | <b>175,917</b>            | 224,058                  |
| <b>Current Ratio (A) / (B)</b> | <b>1.49</b>               | 1.11                     |

### SOLVENCY RATIO

$$\text{Net Debt-to-Equity* Ratio} = \frac{\text{Net Debt}}{\text{Total Equity}}$$

#### ***Per relevant Loan Covenants of San Miguel Global Power***

| <i>(in Millions Peso)</i>                 | <b>September 30, 2025</b> | <b>December 31, 2024</b> |
|-------------------------------------------|---------------------------|--------------------------|
| <b>(A) Net Debt <sup>(1)</sup></b>        | <b>136,446</b>            | 219,596                  |
| <b>(B) Total Equity <sup>(2)</sup></b>    | <b>413,240</b>            | 354,566                  |
| <b>Net Debt-to-Equity Ratio (A) / (B)</b> | <b>0.33</b>               | 0.62                     |

*\*All items are net of amounts attributable to ring-fenced subsidiaries*

<sup>(1)</sup> Consolidated net total debt plus total PSALM lease liabilities.

<sup>(2)</sup> Consolidated total equity.

| <b>Asset-to-Equity Ratio</b>           | <b>= <math>\frac{\text{Total Assets}}{\text{Total Equity}}</math></b> |                          |                                |                          |
|----------------------------------------|-----------------------------------------------------------------------|--------------------------|--------------------------------|--------------------------|
|                                        | <b>Conventional</b>                                                   |                          | <b>Adjusted <sup>(3)</sup></b> |                          |
| <i>(in Millions Peso)</i>              | <b>September 30, 2025</b>                                             | <b>December 31, 2024</b> | <b>September 30, 2025</b>      | <b>December 31, 2024</b> |
| <b>(A) Total Assets <sup>(3)</sup></b> | <b>887,215</b>                                                        | 881,873                  | <b>859,527</b>                 | 853,432                  |
| <b>(B) Total Equity</b>                | <b>426,647</b>                                                        | 359,025                  | <b>426,647</b>                 | 359,025                  |
| <b>Asset-to-Equity Ratio (A) / (B)</b> | <b>2.08</b>                                                           | 2.46                     | <b>2.01</b>                    | 2.38                     |

<sup>(3)</sup> 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 September 30, 2025 and December 31, 2024, the carrying amount of the IPPA power plant asset amounted to P27,688 million and P28,441 million, respectively.

### **PROFITABILITY RATIO**

| <b>Return on Equity</b>              | <b>= <math>\frac{\text{Net Income}}{\text{Total Equity}}</math></b> |                          |
|--------------------------------------|---------------------------------------------------------------------|--------------------------|
|                                      |                                                                     |                          |
| <i>(in Millions Peso)</i>            | <b>September 30, 2025</b>                                           | <b>December 31, 2024</b> |
| <b>(A) Net Income <sup>(4)</sup></b> | <b>41,317</b>                                                       | 12,384                   |
| <b>(B) Total Equity</b>              | <b>426,647</b>                                                      | 359,025                  |
| <b>Return on Equity (A) / (B)</b>    | <b>9.7%</b>                                                         | 3.4%                     |

<sup>(4)</sup> Annualized for quarterly reporting.

| <b>Interest Coverage Ratio</b>             | <b>= <math>\frac{\text{Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)}}{\text{Interest Expense}}</math></b> |                          |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
|                                            |                                                                                                                                      |                          |
| <i>(in Millions Peso)</i>                  | <b>September 30, 2025</b>                                                                                                            | <b>December 31, 2024</b> |
| <b>(A) EBITDA <sup>(5)</sup></b>           | <b>38,908</b>                                                                                                                        | 37,897                   |
| <b>(B) Interest Expense <sup>(6)</sup></b> | <b>15,556</b>                                                                                                                        | 14,761                   |
| <b>Interest Coverage Ratio (A) / (B)</b>   | <b>2.50</b>                                                                                                                          | 2.57                     |

<sup>(5)</sup> Most recent four quarterly period consolidated EBITDA (gross of PSALM payments and excluding amounts attributable to ring-fenced subsidiaries).

<sup>(6)</sup> Most recent four quarterly period consolidated interest expense (excluding amounts attributable to ring-fenced subsidiaries).

## **OPERATING EFFICIENCY**

$$\text{Volume Growth (Decline)} = \frac{\text{Current Period Offtake Volume}}{\text{Prior Period Offtake Volume}} - 1$$

|                                                | <b>Periods Ended September 30</b> |               |
|------------------------------------------------|-----------------------------------|---------------|
|                                                | <b>2025</b>                       | <b>2024</b>   |
| <i>(in GWh)</i>                                |                                   |               |
| <b>(A) Current Period Offtake Volume</b>       | <b>22,090</b>                     | <b>27,043</b> |
| <b>(B) Prior Period Offtake Volume</b>         | <b>27,043</b>                     | <b>17,237</b> |
| <b>Volume Growth (Decline) [( A / B ) – 1]</b> | <b>(18.3%)</b>                    | <b>56.9%</b>  |

$$\text{Revenue Growth (Decline)} = \frac{\text{Current Period Revenue}}{\text{Prior Period Revenue}} - 1$$

|                                                 | <b>Periods Ended September 30</b> |                |
|-------------------------------------------------|-----------------------------------|----------------|
|                                                 | <b>2025</b>                       | <b>2024</b>    |
| <i>(in Millions Peso)</i>                       |                                   |                |
| <b>(A) Current Period Revenue</b>               | <b>118,795</b>                    | <b>153,592</b> |
| <b>(B) Prior Period Revenue</b>                 | <b>153,592</b>                    | <b>125,213</b> |
| <b>Revenue Growth (Decline) [( A / B ) – 1]</b> | <b>(22.7%)</b>                    | <b>22.7%</b>   |

$$\text{Operating Margin} = \frac{\text{Income from Operations}}{\text{Revenues}}$$

|                                   | <b>Periods Ended September 30</b> |                |
|-----------------------------------|-----------------------------------|----------------|
|                                   | <b>2025</b>                       | <b>2024</b>    |
| <i>(in Millions Peso)</i>         |                                   |                |
| <b>(A) Income from Operations</b> | <b>34,834</b>                     | <b>33,481</b>  |
| <b>(B) Revenues</b>               | <b>118,795</b>                    | <b>153,592</b> |
| <b>Operating Margin (A) / (B)</b> | <b>29.3%</b>                      | <b>21.8%</b>   |

## VI. OTHER MATTERS

### a. Commitments

The outstanding purchase commitments of the Group amounted to P69,220 million and P109,085 million as at September 30, 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 cyclicity 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.

**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.**  
(Formerly SMC Global Power Holdings Corp.)

**AND SUBSIDIARIES**  
**PRINCIPAL PROPERTIES**

**AS OF DECEMBER 31, 2024**

|   | Company Name / Subsidiary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Address                                                                                                                                                                                                        | Rented / Owned                                                                              | Condition                                            | Monthly Rental<br>(In PHP, Unless<br>Otherwise<br>Indicated)                                | Expiry of Lease<br>Contract                                                    | Terms of Renewal / Options                                                                                                                                                                                                                                                                                          |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|------------------------------------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | <b>SUAL POWER INC. (formerly San Miguel Energy Corporation)</b><br>1200 MW Sual Coal-Fired Thermal Power Plant<br>Land (where the 1200 MW Sual Coal-Fired Power Plant and related facilities are situated)                                                                                                                                                                                                                                                                                                                                                                                                         | Brgy. Pangascasan, Sual, Pangasinan<br>Brgy. Pangascasan, Sual, Pangasinan                                                                                                                                     | Owned<br>Rented                                                                             | Good<br>Good                                         | Initial Tranche -<br>277,048,301<br>Final Payment prior<br>to March 2025 -<br>6,482,841,411 | October 25, 2049                                                               | Renewable for another 25 years or the remaining corporate life of the Lessor if its original corporate life is extended, whichever is shorter, upon mutual written agreement of both parties. With assignable option to purchase upon issuance by the Lessor of an Option Existence Notice.                         |
| 2 | <b>SOUTH PREMIERE POWER CORP. (SPPC)</b><br>1200 MW Ilijan Natural Gas Combined Cycle Power Plant<br>Land (where the 1200 MW Ilijan Natural Gas Combined Cycle Power Plant and related facilities are situated)<br>Natural Gas Receiving Facility (NGRF) and the land where it is situated                                                                                                                                                                                                                                                                                                                         | Brgy. Pangascasan, Sual, Pangasinan<br>Brgy. Ilijan, Batangas City, Batangas<br>Brgy. Ilijan, Batangas City, Batangas                                                                                          | Owned<br>Owned<br>Owned<br>Rented <sup>(a)</sup>                                            | Good<br>Good<br>Good<br>Good                         | \$11,483,761.89<br>(one time payment)                                                       | April 4, 2047                                                                  | Renewable for another 25 years or the remaining corporate life of the Lessor if its original corporate life is extended, whichever is shorter, upon mutual written agreement of both parties. With assignable option to purchase upon issuance by the Lessor of an Option Existence Notice.                         |
| 3 | <b>SAN ROQUE HYDROPOWER INC. (formerly Strategic Power Devt. Corp.)</b><br>345 MW San Roque Multi-Purpose Hydroelectric Power Plant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Brgy. San Roque, San Manuel, Pangasinan                                                                                                                                                                        | IPPA with Power<br>Sector Assets and<br>Liabilities<br>Management<br>Corporation<br>(PSALM) | Good                                                 |                                                                                             |                                                                                |                                                                                                                                                                                                                                                                                                                     |
| 4 | <b>LIMAY POWER INC. (formerly SMC Consolidated Power Corporation, hereinafter referred to as "LP") <sup>(a)</sup></b><br>Phase I - 2 X 150 MW Coal-Fired Power Plant (Units 1 and 2)<br>Phase II - 2 X 150 MW Coal-Fired Power Plant (Units 3 and 4)<br>Land - Site 1 (where a portion of the Phase I power plant and related facilities are situated)<br>Land - Site 2 (where a portion of the Phase II power plant and related facilities are situated)<br>Land (Ash Dump Facility)<br>Offshore/Freshore Land<br>Land - Site 3 (where a portion of the Phase II power plant and related facilities are situated) | Brgy. Lamao, Limay, Bataan<br>Brgy. Lamao, Limay, Bataan<br>Brgy. Lamao, Limay, Bataan<br>Brgy. Lamao, Limay, Bataan<br>Brgy. Lamao, Limay, Bataan<br>Brgy. Lamao, Limay, Bataan<br>Brgy. Lamao, Limay, Bataan | Owned<br>Owned<br>Rented<br>Rented<br>Rented<br>Rented<br>Rented                            | Good<br>Good<br>Good<br>Good<br>Good<br>Good<br>Good | 1,825,710.00<br>91,035.79<br>2,104,553.99<br>2,034,084.17<br>527,615.89                     | November 2040<br>December 2040<br>November 2040<br>December 2042<br>March 2042 | Renewable for another 25 years at the option of the Lessee<br>Renewable for another 25 years at the option of the Lessee<br>Renewable for another 25 years at the option of the Lessee<br>Renewable for another 25 years at the option of the Lessor<br>Renewable for another 25 years to be agreed by both parties |

|   | Company Name / Subsidiary                                                                                                                                                                                                                                                                                                                      | Address                                                                                                                                                                | Rented / Owned                            | Condition                                                            | Monthly Rental<br>(In PhP, Unless<br>Otherwise<br>Indicated) | Expiry of Lease<br>Contract    | Terms of Renewal / Options                                                                                               |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| 5 | <b>MALITA POWER INC. (formerly San Miguel Consolidated Power Corporation, hereinafter referred to as "MPCL")</b> <sup>(a)</sup><br>2 X 150 MW Coal-Fired Power Plant (Units 1 and 2)<br>5 X 1.6 MW Diesel Generator Set<br>Land (where Units 1 and 2 power plant and related facilities are situated)<br>Offshore/Foreshore Land               | Brig. Culaman, Malita, Davao Occidental<br>Brig. Sangali, Zamboanga, Philippines<br>Brig. Culaman, Malita, Davao Occidental<br>Brig. Culaman, Malita, Davao Occidental | Owned<br>Owned<br>Owned<br>Rented         | Good<br>Good<br>Good<br>Good                                         | 55,300.51<br>558,354.47                                      | February 2043<br>February 2043 | Renewable for another 25 years at the option of the Lessor<br>Renewable for another 25 years at the option of the Lessor |
|   | Offshore/Foreshore Land                                                                                                                                                                                                                                                                                                                        | Brig. Culaman, Malita, Davao Occidental                                                                                                                                | Rented                                    | Good                                                                 |                                                              |                                | Renewable for another 25 years at the option of the Lessor                                                               |
|   | Offshore/Foreshore Land                                                                                                                                                                                                                                                                                                                        | Brig. Culaman, Malita, Davao Occidental                                                                                                                                | Rented                                    | Good                                                                 |                                                              |                                | Renewable for another 25 years at the option of the Lessor                                                               |
|   | 1 X T12500 60HZ Mobile Gas Turbine Generator                                                                                                                                                                                                                                                                                                   | Brig. Sangali, Zamboanga, Philippines                                                                                                                                  | Owned                                     | Ongoing construction<br>Good                                         |                                                              |                                | Renewable for another 25 years at the option of the Lessor                                                               |
|   | Offshore/Foreshore Land                                                                                                                                                                                                                                                                                                                        | Brig. Culaman, Malita, Davao Occidental                                                                                                                                | Rented                                    | Good                                                                 | 387,903.40                                                   | February 2048                  | Renewable for another 25 years at the option of the Lessor                                                               |
|   | Offshore/Foreshore Land                                                                                                                                                                                                                                                                                                                        | Brig. Culaman, Malita, Davao Occidental                                                                                                                                | Rented                                    | Good                                                                 | 570,000.00                                                   | May 2048                       | Renewable for another 25 years at the option of the Lessor                                                               |
|   | Offshore/Foreshore Land                                                                                                                                                                                                                                                                                                                        | Brig. Culaman, Malita, Davao Occidental                                                                                                                                | Rented                                    | Good                                                                 | 754,780.02                                                   | May 2048                       | Renewable for another 25 years at the option of the Lessor                                                               |
| 6 | <b>GRAND PLANTERS INTERNATIONAL, INC.</b><br>Land - Site 1 (where a portion of the LPI Phase I and II power plants and related facilities are situated) <sup>(b)</sup><br>Land - Site 1 (where the 50 MW Lamao battery energy storage system [BESS] facility of SMGP BESS Power Inc. is situated) <sup>(c)</sup><br>Land - Site 2<br>Land      | Brig. Lamao, Limay, Bataan<br>Brig. Lamao, Limay, Bataan<br>Brig. Alangan, Limay, Bataan<br>No. 169 E. Delos Santos Avenue, Mandaluyong City                           | Owned<br>Owned<br>Owned<br>Rented         | Good<br>Good<br>Good<br>Good                                         |                                                              | March 22, 2036                 | Renewable                                                                                                                |
|   | Land                                                                                                                                                                                                                                                                                                                                           | Brig. Bisan, Mariveles, Bataan                                                                                                                                         | Owned                                     | Good                                                                 |                                                              |                                |                                                                                                                          |
|   | Land                                                                                                                                                                                                                                                                                                                                           | Brig. Batangas II, Mariveles, Bataan                                                                                                                                   | Owned                                     | Good                                                                 |                                                              |                                |                                                                                                                          |
|   | Land                                                                                                                                                                                                                                                                                                                                           | Brig. Alon, Mariveles, Bataan                                                                                                                                          | Owned                                     | Good                                                                 |                                                              |                                |                                                                                                                          |
| 7 | <b>MASINLOC POWER CO. LTD. (formerly Masinloc Power Partners Co. Ltd., hereinafter referred to as "MPCL")</b> <sup>(d)</sup><br>344 MW coal-fired power plant (Unit 1)<br>344 MW coal-fired power plant (Unit 2)<br>335 MW coal-fired power plant (Unit 3)<br>350 MW coal-fired power plant (Unit 4)<br>350 MW coal-fired power plant (Unit 5) | Brig. Bani, Masinloc, Zambales<br>Brig. Bani, Masinloc, Zambales<br>Brig. Bani, Masinloc, Zambales<br>Brig. Bani, Masinloc, Zambales<br>Brig. Bani, Masinloc, Zambales | Owned<br>Owned<br>Owned<br>Owned<br>Owned | Good<br>Good<br>Good<br>Ongoing construction<br>Ongoing construction |                                                              |                                |                                                                                                                          |
|   | 10 MW battery energy storage system (Phase 1)<br>20 MW battery energy storage system (Phase 2)                                                                                                                                                                                                                                                 | Brig. Bani, Masinloc, Zambales<br>Brig. Bani, Masinloc, Zambales                                                                                                       | Owned<br>Owned                            | Good<br>Substantially complete                                       |                                                              |                                |                                                                                                                          |
|   | Land (where a portion of Unit 3, and Units 4, 5 power plants and related facilities are situated)                                                                                                                                                                                                                                              | Brig. Bani, Masinloc, Zambales                                                                                                                                         | Rented                                    | Good                                                                 | US\$3,966.43                                                 | April 2028                     | With assignable option to purchase                                                                                       |
| 8 | <b>ALPHA WATER REALTY SERVICES CORPORATION</b> <sup>(a)</sup><br>Land (where Units 1, 2, 3, 4 and 5 power plant and related facilities, and the 10 MW and 20 MW BESS projects of MPCL are situated)<br>Land (where the transmission line of Units 4 and 5 of MPCL is situated)                                                                 | Brig. Bani, Masinloc, Zambales<br>Brig. Bani, Masinloc, Zambales                                                                                                       | Owned<br>Owned                            | Good<br>Good                                                         |                                                              |                                |                                                                                                                          |

|    | Company Name / Subsidiary                                                                                                                          | Address                                                                                                                                   | Rented / Owned                 | Condition                                     | Monthly Rental<br>(in PHP, Unless<br>Otherwise<br>Indicated) | Expiry of Lease<br>Contract | Terms of Renewal / Options                      |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-----------------------------------------------|--------------------------------------------------------------|-----------------------------|-------------------------------------------------|
| 9  | SMGP KABANKALAN POWER CO. LTD. (formerly SMCGP Philippines Energy Storage Co. Ltd.)<br>Land (where the 20 MW and 10 MW BESS projects are situated) | Brgy. Binicuil, Kabankalan, Negros Occidental                                                                                             | Owned                          | Good                                          |                                                              |                             |                                                 |
|    | 20 MW BESS (Phase 1)                                                                                                                               | Brgy. Binicuil, Kabankalan, Negros Occidental                                                                                             | Owned                          | Good                                          |                                                              |                             |                                                 |
|    | 10 MW BESS (Phase 2)                                                                                                                               | Brgy. Binicuil, Kabankalan, Negros Occidental                                                                                             | Owned                          | Substantially complete                        |                                                              |                             |                                                 |
| 10 | MARIVELES POWER GENERATION CORPORATION <sup>(6)</sup><br>Units 1, 2 and 3 Coal-Fired Power Plant<br>Unit 4 Coal-Fired Power Plant                  | Sitio Lusong, Brgy. Bataan, Mariveles, Bataan<br>Sitio Lusong, Brgy. Bataan, Mariveles, Bataan                                            | Owned<br>Owned                 | Good<br>Substantially Complete                |                                                              |                             |                                                 |
|    | Land (where the 4 x 150 MW coal-fired power plant project is situated)                                                                             | Sitio Lusong, Brgy. Bataan, Mariveles, Bataan                                                                                             | Rented                         | Good                                          | 4,998,827.10                                                 | May 31, 2044                | Renewable upon mutual agreement by both parties |
|    | Land (where the transmission network project is situated)                                                                                          | Sitio Lusong, Brgy. Bataan, Mariveles, Bataan                                                                                             | Rented                         | Good                                          | 998,805.01                                                   | June 11, 2044               | Renewable upon mutual agreement by both parties |
|    | Land (for transmission line)                                                                                                                       | Brigys, Malaya and Maligaya, Mariveles Bataan                                                                                             | Rented                         | Good                                          | 33,528,000<br>(one time payment)                             | October 31, 2046            | Renewable upon mutual agreement by both parties |
|    | Land (for transmission line)                                                                                                                       | Brgy. Bataan, Mariveles, Bataan                                                                                                           | Owned                          | Good                                          |                                                              |                             |                                                 |
| 11 | TOPGEN ENERGY DEVELOPMENT INC.<br>Land (where the 10 MW Tagum BESS project of SMGP BESS is situated) <sup>(6)</sup>                                | Brgy. Magdum Tagum City, Davao del Norte                                                                                                  | Owned                          | Good                                          |                                                              |                             |                                                 |
|    | Land                                                                                                                                               | Barrio Centro Occidental, Polangui, Albay                                                                                                 | Owned                          | Good                                          |                                                              |                             |                                                 |
|    | Land                                                                                                                                               | Brgy. Penafraancia, Daraga, Albay                                                                                                         | Owned                          | Good                                          |                                                              |                             |                                                 |
|    | Land                                                                                                                                               | Sia, Maria, Davao del Sur                                                                                                                 | Owned                          | Good                                          |                                                              |                             |                                                 |
|    | Land                                                                                                                                               | Culanan, Malita, Davao del Sur                                                                                                            | Owned                          | Good                                          |                                                              |                             |                                                 |
|    | Land                                                                                                                                               | Lais, Malita, Davao del Sur                                                                                                               | Owned                          | Good                                          |                                                              |                             |                                                 |
|    | Land                                                                                                                                               | Lais, Malita, Davao Occidental                                                                                                            | Owned                          | Good                                          |                                                              |                             |                                                 |
|    | Land                                                                                                                                               | Sulop, Davao del Sur                                                                                                                      | Owned                          | Good                                          |                                                              |                             |                                                 |
| 12 | SMGP BESS POWER INC. (formerly Universal Power Solutions, Inc., hereinafter referred to as "SMGP BESS") <sup>(6)</sup><br>20 MW Malita BESS        | Brgy. Culanan, Malita, Davao Occidental                                                                                                   | Land - Rented;<br>BESS - Owned | Land - Good;<br>BESS - Good                   | 50,610.65                                                    | May 31, 2038                | Renewable upon mutual agreement by both parties |
|    | 50 MW Linao BESS                                                                                                                                   | Brgy. Linao, Linao, Bataan                                                                                                                | Land - Rented;<br>BESS - Owned | Land - Good;<br>BESS - Good                   | 118,800.00                                                   | April 1, 2035               | Renewable upon mutual agreement by both parties |
|    | 40 MW Bataan Combined Cycle Power Plant BESS                                                                                                       | Brgy. Luz, Linao, Bataan                                                                                                                  | Land - Rented;<br>BESS - Owned | Land - Good;<br>BESS - Good                   | 215,804.45                                                   | April 15, 2045              | Renewable upon mutual agreement by both parties |
|    | 20 MW Jasaan BESS                                                                                                                                  | Jasaan, Misamis Oriental                                                                                                                  | Land - Rented;<br>BESS - Owned | Land - Good;<br>BESS - Good                   | 300,000.00                                                   | April 15, 2045              | Renewable upon mutual agreement by both parties |
|    | 20 MW Toledo BESS                                                                                                                                  | Calong-calong and Talevera, Toledo City, Cebu                                                                                             | Land - Rented;<br>BESS - Owned | Land - Good;<br>BESS - Good                   | 110,000.00                                                   | April 15, 2045              | Renewable upon mutual agreement by both parties |
|    | 20 MW Villanueva BESS                                                                                                                              | Brigys, Sta. Ana, Tagoloan and San Martin, Villanueva, Phividec Industrial Estate of Misamis Oriental - Special Economic Zone (PIEMO-SEZ) | Land - Rented;<br>BESS - Owned | Land - Good;<br>BESS - Substantially complete | 342,368.34                                                   | June 4, 2045                | Renewable upon mutual agreement by both parties |
|    | 20 MW Tabango BESS                                                                                                                                 | Brgy. Tugas, Tabango, Leyte                                                                                                               | Land - Rented;<br>BESS - Owned | Land - Good;<br>BESS - Ongoing Construction   | 4,326.85                                                     | March 1, 2036               | Renewable upon mutual agreement by both parties |

| Company Name / Subsidiary                                                                                                                    | Address                                                                      | Rented / Owned                 | Condition                                     | Monthly Rental<br>(in PHP, Unless<br>Otherwise<br>Indicated) | Expiry of Lease<br>Contract | Terms of Renewal / Options                      |
|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------|-----------------------------------------------|--------------------------------------------------------------|-----------------------------|-------------------------------------------------|
| Land - for the underground facility interconnecting the 20MW Tabango BESS to National Grid Corporation of the Philippines transmission lines | Barrio Tabango, San Isidro, Leyte                                            | Rented                         | Good                                          | 95,250.23                                                    | September 26, 2032          | Renewable upon mutual agreement by both parties |
| 50 MW Mexico BESS                                                                                                                            | Brig. San Jose Matulid, Mexico, Pampanga                                     | Land - Rented;<br>BESS - Owned | Land - Good;<br>BESS - Ongoing Construction   | 246,233.32                                                   | June 30, 2035               | Renewable upon mutual agreement by both parties |
| 20 MW Mexico-2 BESS                                                                                                                          | Brig. San Jose Matulid, Mexico, Pampanga                                     | Land - Rented;<br>BESS - Owned | Land - Good;<br>BESS - Ongoing Construction   | 372,023.81                                                   | June 3, 2036                | Renewable upon mutual agreement by both parties |
| 20 MW Maco BESS                                                                                                                              | Brigys. Durian and Concepcion, Maco, Compostela Valley, Davao del Norte      | Land - Rented;<br>BESS - Owned | Land - Good;<br>BESS - Good                   | 163,629.48                                                   | April 15, 2035              | Renewable upon mutual agreement by both parties |
| 40 MW Gamu BESS                                                                                                                              | Brig. Lenzon, Gamu, Isabela                                                  | Land - Rented;<br>BESS - Owned | Land - Good;<br>BESS - Substantially complete | 49,282.37                                                    | June 30, 2035               | Renewable upon mutual agreement by both parties |
| 40 MW Magapit BESS                                                                                                                           | Brig. Magapit, La-Ho, Cagayan                                                | Land - Rented;<br>BESS - Owned | Land - Good;<br>BESS - Substantially complete | 276,692.95                                                   | July 31, 2035               | Renewable upon mutual agreement by both parties |
| 20 MW Ubay BESS                                                                                                                              | Brig. Imelda, Ubay, Bohol                                                    | Land - Rented;<br>BESS - Owned | Land - Good;<br>BESS - Good                   | 54,871.57                                                    | May 3, 2035                 | Renewable upon mutual agreement by both parties |
| 50 MW San Manuel BESS                                                                                                                        | Brig. Sto. Domingo, San Manuel, Pangasinan                                   | Land - Rented;<br>BESS - Owned | Land - Good;<br>BESS - Good                   | 62,718.88                                                    | April 1, 2025               | Renewable upon mutual agreement by both parties |
| 50 MW Concepcion BESS                                                                                                                        | Brig. Sia Rosa, Concepcion, Tarlac                                           | Land - Rented;<br>BESS - Owned | Land - Good;<br>BESS - Good                   | 152,597.23                                                   | April 1, 2035               | Renewable upon mutual agreement by both parties |
| 40 MW Ormoc BESS                                                                                                                             | Brig. Dolores, Ormoc City, Leyte                                             | Land - Rented;<br>BESS - Owned | Land - Good;<br>BESS - Good                   | 303,408.95                                                   | March 1, 2036               | Renewable upon mutual agreement by both parties |
| 50 MW Lumban BESS                                                                                                                            | Brig. Halang & Lewin, Lumban, Laguna                                         | Land - Rented;<br>BESS - Owned | Land - Good;<br>BESS - Ongoing Construction   | 22,319.07                                                    | May 31, 2037                | Renewable upon mutual agreement by both parties |
| 10 MW Tagum BESS                                                                                                                             | Brig. Magdum Tagum City, Davao del Norte                                     | Land - Rented;<br>BESS - Owned | Land - Good;<br>BESS - Ongoing Construction   | 139,643.52                                                   | May 31, 2037                | Renewable upon mutual agreement by both parties |
| 80 MW Mariveles BESS                                                                                                                         | Mariveles, Bataan                                                            | Land - Rented;<br>BESS - Owned | Land - Good;<br>BESS - Ongoing Construction   | 202,935.63                                                   | March 21, 2037              | Renewable upon mutual agreement by both parties |
| 13 EXCELLENT ENERGY RESOURCES INC. (EERI)                                                                                                    | Barangays Ilijan and Dela Paz, Batangas                                      | Owned                          | Good                                          | 402,058.17                                                   | March 21, 2037              | Renewable upon mutual agreement by both parties |
| Unit 1 Batangas Combined Cycle Power Plant (BCCPP)                                                                                           | Barangays Ilijan and Dela Paz, Batangas                                      | Owned                          | Ongoing Construction                          | 400,000.00                                                   | February 1, 2044            | Renewable upon mutual agreement by both parties |
| Units 2 and 3 BCCPP                                                                                                                          | Barangay Dela Paz, Batangas                                                  | Owned                          | Good                                          |                                                              |                             |                                                 |
| Land to be used as water source for BCCPP                                                                                                    |                                                                              |                                |                                               |                                                              |                             |                                                 |
| 14 SAN MIGUEL GLOBAL POWER HOLDINGS CORP. (formerly SMC Global Power Holdings Corp.)                                                         |                                                                              |                                |                                               |                                                              |                             |                                                 |
| C5 Office Space                                                                                                                              | 100 E. Rodriguez Jr. Avenue (C-5 Road) Brig. Ugong, Pasig City, Metro Manila | Rented                         | Good                                          | 6,022,794.33                                                 | March 14, 2026              | Renewable upon mutual agreement by both parties |
| 15 MULTIVENTURES INVESTMENT HOLDINGS, INC.                                                                                                   |                                                                              |                                |                                               |                                                              |                             |                                                 |
| Land                                                                                                                                         | Termita, Naic and Maragondon, Cavite                                         | Owned                          | Good                                          |                                                              |                             |                                                 |



|    | Company Name / Subsidiary                                                                                                                                                                               | Address                                  | Rented / Owned | Condition | Monthly Rental<br>(in Php, Unless<br>Otherwise<br>Indicated) | Expiry of Lease<br>Contract | Terms of Renewal / Options                                           |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|----------------|-----------|--------------------------------------------------------------|-----------------------------|----------------------------------------------------------------------|
| 16 | <b>SMC GLOBAL LIGHT AND POWER CORP.</b><br>Land (for planned Solar Power Project)                                                                                                                       | Barangay San Luis, Cauayan City, Isabela | Rented         | Good      | 4,200,000.00                                                 | March 14, 2047              | Renewable for another 25 years upon mutual agreement of both parties |
|    | Land (for planned Solar Power Project)                                                                                                                                                                  | Barangay Lucanin, Mariveles, Bataan      | Rented         | Good      | 12,442,259.11                                                | January 13, 2047            | Renewable upon mutual agreement by both parties                      |
| 17 | <b>ILIJAN PRIMELINE INDUSTRIAL ESTATE CORP.</b><br>Land (a portion of which are used (i) for the BCCPP and related facilities of EERI and (ii) for the Liquefied Natural Gas Terminal of a third party) | Barangays Ilijan and Dela Paz, Batangas  | Owned          | Good      |                                                              |                             |                                                                      |
| 18 | <b>SMC POWERGEN INC.</b><br>Land (where the 20 MW Ubay BESS facility of SMGP BESS is situated) <sup>(a)</sup>                                                                                           | Brgy. Imelda, Ubay, Bohol                | Owned          | Good      |                                                              |                             |                                                                      |
| 19 | <b>BLUE EAGLE STAR CORP.</b><br>Land                                                                                                                                                                    | Maragondon and Nalc, Cavite              | Owned          | Good      |                                                              |                             |                                                                      |

**Notes:**

<sup>(a)</sup> In January 2024, SPPC has fully paid the land purchase price net of unused rentals to PSALM.

**All owned properties are free of liens and encumbrances, except for the following:**

- <sup>(a)</sup> The Power Plant, including all related facilities therein, and the leasehold rights for the leased land are mortgaged in favor of the lenders to secure the loan obligation of LPI.
- <sup>(a)</sup> The Power Plant, including all related facilities therein, and the leasehold rights for the leased land are mortgaged in favor of the lenders to secure the loan obligation of MPI.
- <sup>(a)</sup> The Power Plant, including all related facilities therein, and the land are mortgaged in favor of the lenders to secure the loan obligation of MPCL.
- <sup>(a)</sup> The Power Plant, including all related facilities therein, and the leasehold rights for the leased land are mortgaged in favor of the lenders to secure the loan obligation of MPGC.
- <sup>(a)</sup> The BESS, including all related facilities therein, and the leasehold rights for the leased land are mortgaged in favor of the lenders to secure the loan obligation of SMGP BESS.

### LIST OF PERMITS

**I. SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** *(formerly known as SM Global Power Holdings Corp.)*

|    | Name of Permit / License                | Issuing Agency | Issue Date  | Expiry Date |
|----|-----------------------------------------|----------------|-------------|-------------|
| 1  | Certificate of Incorporation            | SEC            | 23-Jan-08   | N/A         |
| 2  | Amended Articles of Incorporation       | SEC            | 15-Oct-10   | N/A         |
| 3  | Amended Articles of Incorporation       | SEC            | 22-Mar-23   | N/A         |
| 4  | Amended By-Laws                         | SEC            | 22-Mar-23   | N/A         |
| 5  | Amended Articles of Incorporation       | SEC            | 16-May-25   | N/A         |
| 6  | Certificate of Registration             | BIR            | 24-Jan-08   | N/A         |
| 7  | Business Permit (Pasig)                 | LGU            | 23-Jan 2026 | Provisional |
| 8  | Business Permit (Mandaluyong)           | LGU            | 23-Jan 2026 | 31-Dec-2026 |
| 9  | Certificate of Registration as Employer | SSS            | 01-Sep-11   | N/A         |
| 10 | Clearance Certificate                   | PAGIBIG        | 04-Apr-18   | N/A         |

**II. LIMAY POWER INC.** *(formerly known as SMC Consolidated Power Corporation)*

|   | Name of Permit / License                               | Issuing Agency | Issue Date | Expiry Date |
|---|--------------------------------------------------------|----------------|------------|-------------|
| 1 | Certificate of Incorporation                           | SEC            | 19-Aug-11  | N/A         |
| 2 | Amended Articles of Incorporation                      | SEC            | 07-Feb-23  | N/A         |
| 3 | Amended By-Laws                                        | SEC            | 07-Jan-23  | N/A         |
| 4 | Provisional Authority to Operate - Extension           | ERC            | 23-May-25  | 22-May-26   |
| 5 | Certificate of Registration – Phase 1                  | BOI            | 20-Sep-13  | N/A         |
| 6 | Certificate of Registration – Phase 2                  | BOI            | 20-Sep-16  | N/A         |
| 7 | Foreshore Lease Contract - 465k sqm                    | DENR           | 13-Dec-17  | 12-Dec-42   |
| 8 | Environmental Compliance Certificate (ECC) Power Plant | DENR EMB       | 17-Sep-13  | N/A         |

|    |                                                      |          |                           |           |
|----|------------------------------------------------------|----------|---------------------------|-----------|
| 9  | ECC Power Plant Amendment                            | DENR EMB | 04-May-16<br>(As Amended) | N/A       |
| 10 | ECC Power Plant Amendment                            |          | 04-Sep-23<br>(Amended)    | N/A       |
| 11 | ECC Ash Storage Facility                             | DENR-EMB | 05-Feb-16                 | N/A       |
| 12 | ECC Ash Storage Facility                             |          | 02-Aug-23<br>(Amended)    | N/A       |
| 13 | Discharge Permit – Cooling Phase 1                   | DENR EMB | 08-Oct-25                 | 08-Oct-26 |
| 14 | Discharge Permit – Cooling Phase 2                   | DENR EMB | 01-Sep-25                 | 01-Sep-26 |
| 15 | Discharge Permit – Industrial Phase 1                | DENR EMB | 08-Oct-25                 | 08-Oct-26 |
| 16 | Discharge Permit – Industrial Phase 2                | DENR EMB | 26-Dec-25                 | 26-Dec-26 |
| 17 | Hazardous Wastes Generator ID                        | DENR EMB | 12-Sep-20                 | N/A       |
| 18 | Hazardous Wastes Generator ID (Ash Storage Facility) | DENR EMB | 18-Jan-22                 | N/A       |
| 19 | ECC Substation & Transmission Line Project           | DENR-EMB | 07-Aug-15                 | N/A       |
| 20 | Permit to Operate PP1                                | DENR-EMB | 15-Mar-22                 | 15-Mar-27 |
| 21 | Permit to Operate PP2                                | DENR-EMB | 15-Mar-22                 | 15-Mar-27 |
| 22 | Permit to Operate Ash Storage Facility               | DENR-EMB | 15-Mar-21                 | 15-Mar-26 |
| 23 | Transmission Service Agreement                       | NGCP     | 02-Jun-25                 | 25-May-35 |
| 24 | Metering Service Agreement                           | NGCP     | 02-Jun-25                 | 25-May-35 |
| 25 | Connection Agreement                                 | NGCP     | 02-Jun-25                 | 25-May-35 |
| 26 | Water Permit for Deepwell 1, 2, 3                    | NWRB     | 28-Feb-18                 | N/A       |
| 27 | Water Permit for Seawater - Phase 1                  | NWRB     | 25-Aug-17                 | N/A       |
| 28 | Water Permit for Seawater – Phase 2                  | NWRB     | 21-Jun-22                 | N/A       |
| 29 | DOLE Certificate of Registration (Rule 1020)         | DOLE     | 09-Mar-23                 | N/A       |
| 30 | Business Permit 2026 (Limay)                         | LGU      | 30-Jan-26                 | 31-Dec-26 |
| 31 | Barangay Business Clearance (Lamao)                  | LGU      | 30-Jan-26                 | 31-Dec-26 |
| 32 | Sanitary Permit (Limay)                              | LGU      | 03-Feb-26                 | 31-Dec-26 |
| 33 | Mayor's Permit (Mandaluyong)                         | LGU      | 23-Jan-26                 | 31-Dec-26 |
| 34 | Certificate of Non-Overlap                           | NCIP     | 27-Aug-15                 | N/A       |
| 35 | Certificate of Non-Overlap Phase 2                   | NCIP     | 14-Dec-17                 | N/A       |

|    |                                                 |          |           |           |
|----|-------------------------------------------------|----------|-----------|-----------|
| 36 | Certificate of Registration                     | BIR      | 28-Sep-11 | N/A       |
| 37 | Certificate of Registration                     | BOC      | 15-Apr-25 | 15-Apr-26 |
| 38 | Certificate of Registration as Employer         | SSS      | 06-Aug-24 | N/A       |
| 39 | Certificate of Employer's Registration          | PAGIBIG  | 04-Sep-24 | N/A       |
| 40 | Fire Safety Inspection Certificate              | BFP      | 29-Oct-25 | 02-Nov-26 |
| 41 | Certificate of Registration - Permit to Operate | PPA      | 15-Mar-22 | 14-Mar-27 |
| 42 | Various Permit to Operate                       | DOLE     | 03-Apr-25 | 02-Apr-26 |
| 43 | Wastewater Discharge Permit – ASF               | DENR-EMB | 12-Jan-26 | 12-Jan-27 |
| 44 | Retail Electricity Supplier License             | ERC      | 13-Dec-23 | 29-Sep-28 |
| 45 | Certificate of Occupancy                        | LGU      | 21-Dec-17 | N/A       |
| 46 | Zoning Clearance                                | LGU      | 21-Jul-17 | N/A       |
| 47 | Locational Clearance – Phase 1                  | LGU      | 01-Sep-14 | N/A       |
| 48 | Locational Clearance – Phase 2                  | LGU      | 30-Aug-17 | N/A       |



**III. MASINLOC POWER CO. LTD.** *(formerly known as Masinloc Power Partners Co. Ltd.)*

|    | <b>Name of Permit / License</b>                                                    | <b>Issuing Agency</b> | <b>Issue Date</b> | <b>Expiry Date</b> |
|----|------------------------------------------------------------------------------------|-----------------------|-------------------|--------------------|
| 1  | SEC Certificate of Registration of Amended Articles of Partnership                 | SEC                   | 25-Jun-07         | N/A                |
| 2  | Amended Articles of Limited Partnership                                            | SEC                   | 06-Nov-24         | N/A                |
| 3  | Provisional Authority to Operate Unit 1, 2, 3 and Emergency Diesel Engine Gen Unit | ERC                   | 19-Feb-25         | 18-Feb-26          |
| 4  | Certificate of Registration for Unit 1 & 2                                         | BOI                   | 03-Mar-08         | N/A                |
| 5  | Certificate of Registration for Unit 3                                             | BOI                   | 12-Oct-12         | N/A                |
| 6  | Certificate of Registration for Unit 4                                             | BOI                   | 23-Feb-21         | N/A                |
| 7  | Certificate of Registration for Unit 5                                             | BOI                   | 23-Feb-21         | N/A                |
| 8  | Certificate of Registration (BESS I)                                               | BOI                   | 15-Jan-16         | N/A                |
| 9  | Certificate of Registration (BESS II)                                              | BOI                   | 01-Oct-20         | N/A                |
| 10 | Certificate of Registration as Importer                                            | BOC                   | 07-May-25         | 07-May-26          |
| 11 | Certificate of Accreditation as Importer                                           | BOC                   | 07-May-25         | 07-May-26          |
| 12 | Special Use Agreement in Protected Areas (SAPA) (U1 U2 U3)                         | DENR                  | 23-Mar-10         | 22-Mar-35          |
| 13 | SAPA Amendment 2014                                                                | DENR                  | 13-May-14         | 22-Mar-35          |
| 14 | SAPA No. 2010-01 (Jetties; Intake-Discharge Pipeline)                              | DENR                  | 23-Mar-10         | 22-Mar-35          |
| 15 | Permit to Operate Pollution Source (U1 U2 U3)                                      | DENR                  | 15-Nov- 24        | 15-Mar-27          |
| 16 | Environmental Compliance Certificate (Power Plant Expansion U4 U5)                 | DENR-EMB              | 13-Apr-21         | N/A                |
| 17 | Environmental Compliance Certificate (BESS)                                        | DENR-EMB              | 05-Oct-15         | N/A                |

|    | <b>Name of Permit / License</b>           | <b>Issuing Agency</b> | <b>Issue Date</b> | <b>Expiry Date</b> |
|----|-------------------------------------------|-----------------------|-------------------|--------------------|
| 18 | ECC Amendment (BESS)                      | DENR-EMB              | 07-Oct-19         | N/A                |
| 19 | Wastewater Discharge Permit               | DENR-EMB              | 02-Sep-25         | 01-Sep-26          |
| 20 | Business Permit                           | LGU Mandaluyong       | 15-Jan-2026       | 31-Dec-26          |
| 21 | Business Permit                           | LGU Masinloc          | 21-Jan-2026       | 31-Dec-26          |
| 22 | Water Permit 02422 (Oyon Bay)             | NWRB                  | 25-Aug-17         | N/A                |
| 23 | Water Permit 16070 (Deepwell)             | NWRB                  | 14-Apr-98         | N/A                |
| 24 | Water Permit 16071 (Deepwell)             | NWRB                  | 14-Apr-98         | N/A                |
| 25 | Water Permit 16087 (Lauis River)          | NWRB                  | 10-Feb-98         | N/A                |
| 26 | Water Permit 021749 (Oyon Bay)            | NWRB                  | 25-May-09         | N/A                |
| 27 | BIR Certificate of Registration           | BIR                   | 25-Jun-07         | N/A                |
| 28 | DOLE - OSH Certificate of Registration    | DOLE                  | 04-Sep-09         | N/A                |
| 29 | Transmission Service Agreement            | NGCP                  | 26-Oct-16         | 25-Oct-26          |
| 30 | Metering Service Agreement                | NGCP                  | 26-Oct-16         | 25-Oct-26          |
| 31 | Connection Agreement                      | NGCP                  | 26-Oct-16         | 25-Oct-26          |
| 32 | Retail Electricity Supplier License       | ERC                   | 13-Dec-23         | 13-Dec-28          |
| 33 | Certificate of Compliance (BESS 1 BESS 2) | ERC                   | 19-Feb-25         | N/A                |

**IV. MALITA POWER INC.** *(formerly known as San Miguel Consolidated Power Corporation)*

|     | <b>Name of Permit / License</b>                                   | <b>Issuing Agency</b> | <b>Issue Date</b>                                                 | <b>Expiry Date</b>     |
|-----|-------------------------------------------------------------------|-----------------------|-------------------------------------------------------------------|------------------------|
| 1   | Certificate of Incorporation                                      | SEC                   | 26-Aug-11                                                         | N/A                    |
| 2.1 | Amended Articles of Incorporation                                 | SEC                   | 09-Mar-23                                                         | N/A                    |
| 2.2 | Amended Articles of Incorporation                                 | SEC                   | 09-10-24                                                          | N/A                    |
| 3   | Certificate of Registration                                       | BOI                   | 24-Jun-13                                                         | N/A                    |
| 4   | Certificate of Non-Overlap                                        | NCIP                  | 17-Oct-16                                                         | N/A                    |
| 5   | Foreshore Lease Contract (20,000 sqm)                             | DENR                  | 3-Oct-18                                                          | 02-Oct-43              |
| 6   | Foreshore Lease Contract (40,000 sqm)                             | DENR                  | 5-May-23                                                          | 5-May-48               |
| 7   | Miscellaneous Lease Contract (48,779 sqm)                         | DENR                  | 3-Oct-18                                                          | 02-Oct-43              |
| 8   | Miscellaneous Lease Contract (18,784 sqm)                         | DENR                  | 8-Feb-23                                                          | 8-Feb-48               |
| 9   | Miscellaneous Lease Contract (41,025 sqm)                         | DENR                  | 5-May-23                                                          | 5-May-48               |
| 10  | Permit to Operate Air Pollution Control Device                    | DENR                  | 6-Oct-24                                                          | 12-Oct-29              |
| 11  | Environmental Compliance Certificate                              | DENR-EMB              | 18-Jun-13                                                         | N/A                    |
| 12  | Business Permit (Malita)                                          | LGU                   | 28-Jan-26                                                         | 31-Dec-26              |
| 13  | Mayor's Permit (Malita)                                           | LGU                   | 15-Jan-26                                                         | 31-Dec-26              |
| 14  | Certificate of Employer's Registration                            | PAGIBIG               | 8-Nov. 23                                                         | N/A                    |
| 15  | Certificate of Registration                                       | BIR                   | 29-Sep-11                                                         | N/A                    |
| 16  | Certificate of Registration                                       | BOC                   | 26-May-25                                                         | 26-May-26              |
| 17  | Employer Registration                                             | SSS                   | 01-Feb-16                                                         | N/A                    |
| 18  | Discharge Permit                                                  | DENR EMB              | 22-Jun-24 – Wastewater<br>29-Aug-24 – Leachate<br>Treatment Plant | 22-Jun-29<br>29-Aug-29 |
| 19  | Hazardous Waste Generator ID                                      | DENR EMB              | 02-Aug-23                                                         | N/A                    |
| 20  | Permit to Operate Air Pollution Source & Controlled Installations | DENR-EMB              | 12-Jul-25                                                         | 12-Oct-29              |
| 21  | Various Permit to Operate                                         | DOLE                  | 18-Jul-25                                                         | 18-Jul-26              |
| 22  | Transmission Service Agreement                                    | NGCP                  | 25-Jul-25                                                         | 25-May-35              |
| 23  | Metering Service Agreement                                        | NGCP                  | 25-Jul-25                                                         | 25-May-35              |



|    |                                                                                                             |      |                                                  |           |
|----|-------------------------------------------------------------------------------------------------------------|------|--------------------------------------------------|-----------|
| 24 | Connection Agreement                                                                                        | NGCP | 25-Jul-25                                        | 25-May-35 |
| 25 | Memorandum of Agreement (MOA) for the Operations and Maintenance (O&M) of the Point-to-Point (P2P) facility | NGCP | 25-May-25                                        | 25-May-30 |
| 26 | Water Permit                                                                                                | NWRB | 24-Aug-15 - River water<br>25-Aug-17 - Sea Water | N/A       |
| 27 | DOLE Certificate of Registration (Rule 1020)                                                                | DOLE | 20-Jul-23                                        | N/A       |
| 28 | Provisional Authority to Operate Units 1 & 2                                                                | ERC  | 5-Oct-25                                         | 4-Oct-26  |
| 29 | Retail Electricity Supplier License                                                                         | ERC  | 12-Aug-25                                        | 12-Aug-30 |

## V. MARIVELES POWER GENERATION CORPORATION

|    | Name of Permit / License                                                                     | Issuing Agency            | Issue Date | Expiry Date |
|----|----------------------------------------------------------------------------------------------|---------------------------|------------|-------------|
| 1  | Certificate of Incorporation                                                                 | SEC                       | 22-Jan-15  | N/A         |
| 2  | Certificate of Registration                                                                  | AFAB                      | 13-Dec-21  | N/A         |
| 3  | Certificate of Compliance (COC)                                                              | ERC                       | 17-Jun-25  | N/A         |
| 4  | Certification (Cargo Vessels)                                                                | OTS                       | 03-Nov-23  | 03-Nov-28   |
| 5  | Chainsaw (SN 373549855) Certificate of Registration                                          | DENR (CENRO Bagac)        | 20-May-25  | 19-May-27   |
| 6  | Chainsaw (SN 447038364) Certificate of Registration                                          | DENR (CENRO Bagac)        | 20-May-25  | 19-May-27   |
| 7  | Phase 1 Environmental Compliance Certificate (ECC)                                           | DENR-EMB (Central Office) | 17-Jun-19  | N/A         |
| 8  | Final Certificate of Approval to Connect (FCATC) - Unit 1                                    | NGCP                      | 20-Sept-23 | N/A         |
| 9  | Final Certificate of Approval to Connect (FCATC) - Unit 2                                    | NGCP                      | 18-Apr-24  | N/A         |
| 10 | Final Certificate of Approval to Connect (FCATC) - Unit 3                                    | NGCP                      | 02-Jul-24  | N/A         |
| 11 | Final Certificate of Approval to Connect (FCATC) - Unit 4                                    | NGCP                      | 18-Oct-24  | N/A         |
| 12 | Fire Safety Inspection Clearance (for Storage of Flammable and Combustible Liquids/Material) | AFAB                      | 19-Jan-26  | 31-Dec-26   |



|    |                                                                                                         |                       |           |           |
|----|---------------------------------------------------------------------------------------------------------|-----------------------|-----------|-----------|
| 13 | Foreshore Lease Contract (FLC)                                                                          | AFAB                  | 01-Oct-18 | 30-Sep-43 |
| 14 | Hazardous Waste Generator Registration Certificate                                                      | DENR-EMB (Region III) | 04-May-22 | N/A       |
| 15 | License to Handle Controlled Precursors and Essential Chemicals (CPECS) - P3<br>(for Hydrochloric Acid) | PDEA                  | 13-Aug-25 | 15-Jun-26 |
| 16 | Miscellaneous Lease Contract (MLC)                                                                      | AFAB                  | 29-Nov-21 | 28-Nov-46 |
| 17 | Occupancy Permit (Coal Handling System)                                                                 | AFAB                  | 21-Feb-24 | N/A       |
| 18 | Occupancy Permit (Unit 1 and BOP)                                                                       | AFAB                  | 18-Oct-22 | N/A       |
| 19 | Occupancy Permit (Unit 3)                                                                               | AFAB                  | 21-Feb-24 | N/A       |
| 20 | Occupancy Permit (Unit 4)                                                                               | AFAB                  | 08-Nov-24 | N/A       |
| 21 | Occupancy Permit (Unit 2)                                                                               | AFAB                  | 08-May-23 | N/A       |
| 22 | Permit to Operate for Air Pollution Source and Control Installation (Boiler 1 and EDG 1)                | DENR-EMB (Region III) | 04-Sep-24 | 06-Jun-29 |
| 23 | Permit to Operate for Air Pollution Source and Control Installation (Boiler 2)                          | DENR-EMB (Region III) | 08-Apr-25 | 08-Apr-26 |
| 24 | Permit to Operate for Air Pollution Source and Control Installation (Boiler 3 and EDG 2)                | DENR-EMB (Region III) | 22-Aug-24 | 22-May-29 |
| 25 | Permit to Operate for Air Pollution Source and Control Installation (Boiler 4)                          | DENR-EMB (Region III) | 28-Oct-24 | 28-Oct-29 |
| 26 | Permit to Operate for Air Pollution Source and Control Installation (Non-Fuel Burning)                  | DENR-EMB (Region III) | 26-Feb-24 | 26-Feb-29 |
| 27 | Permit to Operate/Certificate of Registration (Pier and Jetty)                                          | AFAB                  | 31-Mar-23 | 30-Sep-43 |
| 28 | Seawater Cooling System Discharge Permit                                                                | DENR-EMB (Region III) | 27-Nov-25 | 27-Nov-26 |
| 29 | Wastewater Treatment Discharge Permit                                                                   | DENR-EMB (Region III) | 25-Sep-25 | 25-Sep-26 |
| 30 | Water Permit (Lusong River)                                                                             | NWRB                  | 11-Feb-22 | N/A       |
| 31 | Water Permit (Shallow Well 1)                                                                           | AFAB                  | 16-Oct-25 | 23-Oct-26 |
| 32 | Water Permit (Shallow Well 2)                                                                           | AFAB                  | 16-Oct-25 | 23-Oct-26 |
| 33 | Water Permit (Shallow Well 3)                                                                           | AFAB                  | 16-Oct-25 | 23-Oct-26 |
| 34 | Water Permit (Shallow Well 4)                                                                           | AFAB                  | 16-Oct-25 | 23-Oct-26 |
| 35 | Water Permit (Shallow Well 5)                                                                           | AFAB                  | 16-Oct-25 | 23-Oct-26 |

|    |                                                                  |      |           |           |
|----|------------------------------------------------------------------|------|-----------|-----------|
| 36 | Water Permit (West Philippine Sea)                               | NWRB | 18-May-22 | N/A       |
| 37 | Occupancy Permit (Administration Building)                       | AFAB | 13-Nov-25 | N/A       |
| 38 | Occupancy Permit (Warehouse Building)                            | AFAB | 13-Nov-25 | N/A       |
| 39 | Permit to Operate (Admin. and Warehouse Building)                | AFAB | 10-Oct-25 | 10-Oct-26 |
| 40 | Occupancy Permit (Canteen Building)                              | AFAB | 30-May-25 | N/A       |
| 41 | Occupancy Permit (6.6 kV Power Center)                           | AFAB | 21-May-25 | N/A       |
| 42 | Permit to Operate (6.6 kV Power Center)                          | AFAB | 08-May-25 | 08-May-26 |
| 43 | Occupancy Permit (Materials Recovery Facility)                   | AFAB | 16-Oct-25 | N/A       |
| 44 | Permit to Operate (Materials Recovery Facility)                  | AFAB | 12-Sep-25 | 12-Sep-26 |
| 45 | Fire Safety Inspection Certificate (Warehouse Building)          | AFAB | 13-Oct-25 | 31-Dec-26 |
| 46 | Fire Safety Inspection Certificate (Administration Building)     | AFAB | 13-Nov-25 | 31-Dec-26 |
| 47 | Fire Safety Inspection Certificate (Materials Recovery Facility) | AFAB | 02-Oct-25 | 31-Dec-26 |
| 48 | Amended Articles of Incorporation                                | SEC  | 21-Jul-25 | N/A       |

**VI. SUAL POWER INC.** *(formerly San Miguel Energy Corporation)*

|    | <b>Name of Permit / License</b>   | <b>Issuing Agency</b> | <b>Issue Date</b> | <b>Expiry Date</b> |
|----|-----------------------------------|-----------------------|-------------------|--------------------|
| 1  | Certificate of Incorporation      | SEC                   | 30-May-03         | N/A                |
| 2  | Amended Articles of Incorporation | SEC                   | 05-Jan-15         | N/A                |
| 3. | Amended Articles of Incorporation | SEC                   | 26-Jul-19         | N/A                |
| 4. | Amended Articles of Incorporation | SEC                   | 01-Apr-22         | N/A                |
| 5. | Amended Articles of Incorporation | SEC                   | 09-Mar-23         | N/A                |
| 6. | Amended By-Laws                   | SEC                   | 09-Mar23          | N/a                |
| 7. | Certificate of Registration       | BIR                   | 14-Jun-23         | N/A                |



|     |                                                                        |            |                                                                    |           |
|-----|------------------------------------------------------------------------|------------|--------------------------------------------------------------------|-----------|
| 8.  | Certificate of Registration                                            | BOC        | 22-01-26                                                           | 22-01-27  |
| 9.  | Certificate of Registration                                            | DOLE       | 19-Nov-24                                                          | N/A       |
| 10. | Certificate of Registration                                            | Philhealth | 7-Sep-23                                                           | N/A       |
| 11. | PCL Exemption (800 NTU)                                                | DENR-EMB   | 24-Jul-25                                                          | N/A       |
| 12. | Provisional Business Permit (Pasig)                                    | LGU        | 21-01-26                                                           | 07-Mar-26 |
| 13. | Business Permit (Sual)                                                 | LGU        | On-going renewal                                                   |           |
| 14. | Permit to Operate-Air Pollution Source and Control Installations       | DENR-EMB   | 23-Jul-25                                                          | 23-Jul-30 |
| 15. | Wastewater Discharge Permit-Attenuation Pond 2                         | DENR-EMB   | 05-Aug-25                                                          | 5-Jun-29  |
| 16. | Wastewater Discharge Permit-Sanitary Landfill to Leachate Pond         | DENR-EMB   | 01-Aug-25                                                          | 01-Nov-29 |
| 17. | Wastewater Discharge Permit- Reverse Osmosis Plant-Brine Reject        | DENR-EMB   | 10-Jul-25                                                          | 10-Apr-30 |
| 18. | Wastewater Discharge Permit- Condenser Cooling Waste Disposal Facility | DENR-EMB   | 14-Jan-25                                                          | 14-Oct-29 |
| 19. | Wastewater Discharge Permit-Attenuation Pond 1                         | DENR-EMB   | 08-Jan-25                                                          | 08-Nov-29 |
| 20. | Environmental Compliance Certificate – 2 <sup>nd</sup> Amendment       | DENR-EMB   | 31-Oct-24                                                          | 31-Dec-36 |
| 21. | Certificate of Non-Overlap                                             | NCIP       | 23-Jun-25                                                          | N/A       |
| 22. | Metering Service Agreement and Connection Service Agreement with NGCP  | NGCP       | 26-Dec-24                                                          | 25-Oct-34 |
| 23. | Fire Safety Inspection Certificate                                     | BFP        | 18-Dec-25                                                          | 23-Dec-26 |
| 24. | Wastewater Discharge Permit – Sewage Treatment Plant                   | DENR-EMB   | 10-Oct-24<br>(On-going transfer from Team Sual Corporation to SPI) | 23-Oct-29 |
| 25. | Environmental Compliance Certificate – Main Plant                      | DENR-EMB   | 22-Oct-25                                                          | N/A       |
| 26. | Environmental Compliance Certificate – Sanitary Landfill               | DENR-EMB   | 31-Oct-24                                                          | 31-Dec-36 |
| 27. | Hazardous Waste Generation ID                                          | DENR-EMB   | 12-Jan-26                                                          | N/A       |
| 28. | Coal Jetty Permit to Operate                                           | PPA        | 22-Feb-23                                                          | 21-Feb-28 |
| 29. | Statement of Compliance Certificate                                    | OTS        | 26-Feb-25                                                          | 12-Aug-28 |

|     |                                                                                    |      |           |           |
|-----|------------------------------------------------------------------------------------|------|-----------|-----------|
| 30. | License to Handle Controlled Precursors and Essential Chemicals                    | PDEA | 15-Jan-26 | 18-Dec-27 |
| 31. | License to Possess Explosive/s Ingredients/Controlled Chemicals Purchasers License | PNP  | 09-Jan-26 | 08-Jan-27 |
| 32. | Provisional Authority to Operate U1&U2                                             | ERC  | 02-Jun-25 | 01-Jun-26 |

**VII. SAN ROQUE HYDROPOWER INC.** (formerly, Strategic Power Devt. Corp.)

|   | Name of Permit / License                              | Issuing Agency | Issue Date | Expiry Date |
|---|-------------------------------------------------------|----------------|------------|-------------|
| 1 | Certificate of Incorporation (Big Bucks Realty Corp.) | SEC            | 30-Oct-03  | N/A         |
| 2 | Amended Articles of Incorporation and Amended By-Laws | SEC            | 31-Mar-23  | N/A         |
| 3 | Business Permit (San Manuel, Pangasinan)              | LGU            | 22-Jan-26  | 31-Dec-26   |
| 4 | Certificate of Registration                           | BIR            | 14-Jun-23  | N/A         |
| 5 | Provisional Authority to Operate                      | ERC            | 28-Aug-25  | 15-Sep-26   |

**VIII. SMGP BESS POWER INC.** (formerly, Universal Power Solutions Inc.) (SBPI)

|    | Name of Permit / License                      | Issuing Agency | Issue Date | Expiry Date |
|----|-----------------------------------------------|----------------|------------|-------------|
| 1  | Certificate of Incorporation                  | SEC            | 19-Feb-13  | N/A         |
| 2  | Amended Articles of Incorporation             | SEC            | 24-Sep-19  | N/A         |
| 3  | Certificate of Compliance (COC) - Toledo BESS | ERC            | 05-Sep-25  | N/A         |
| 4  | COC - Malita BESS                             | ERC            | 24-Feb-25  | N/A         |
| 5  | PAO – Limay BESS                              | ERC            | 16-Jul-25  | 15-Jul-26   |
| 6  | PAO - Concepcion BESS                         | ERC            | 21-Apr-25  | 20-Apr-26   |
| 7  | PAO - Gamu BESS                               | ERC            | 22-May-25  | 21-May-26   |
| 8  | PAO - Jasaan BESS                             | ERC            | 7-Apr-25   | 06-Apr-26   |
| 9  | PAO - Lamao BESS                              | ERC            | 16-Jul-25  | 15-Jul-26   |
| 10 | PAO - Lumban BESS                             | ERC            | 4-Jun-25   | 03-Jun-26   |
| 11 | PAO - Maco BESS                               | ERC            | 01-Jul-25  | 30-Jun-26   |
| 12 | PAO - Ormoc BESS                              | ERC            | 07-Apr-25  | 06-Apr-26   |

|    |                                                                  |              |           |           |
|----|------------------------------------------------------------------|--------------|-----------|-----------|
| 13 | PAO - San Manuel BESS                                            | ERC          | 30-Jul-25 | 29-Jul-26 |
| 14 | PAO - Ubay BESS                                                  | ERC          | 08-Oct-25 | 07-Oct-26 |
| 15 | PAO - Villanueva BESS                                            | ERC          | 29-Oct-25 | 28-Oct-26 |
| 16 | Environmental Compliance Certificate (ECC) -<br>Concepcion R-HUB | DENR-<br>EMB | 30-Jan-20 | N/A       |
| 17 | ECC - Daraga R-HUB                                               | DENR-<br>EMB | 07-Jul-21 | N/A       |
| 18 | ECC - Dingle R-HUB                                               | DENR-<br>EMB | 22-Mar-22 | N/A       |
| 19 | ECC - Gamu R-HUB                                                 | DENR-<br>EMB | 09-Mar-20 | N/A       |
| 20 | ECC - Jasaan R-HUB                                               | DENR-<br>EMB | 17-Jun-20 | N/A       |
| 21 | ECC - Limay 2 R-HUB (BCCPP)                                      | DENR-<br>EMB | 15-May-20 | N/A       |
| 22 | ECC - Limay R-HUB (Lamao)                                        | DENR-<br>EMB | 26-Sep-19 | N/A       |
| 23 | ECC - Lumban 2 R-HUB                                             | DENR-<br>EMB | 18-Feb-21 | N/A       |
| 24 | ECC - Lumban R-HUB                                               | DENR-<br>EMB | 27-May-20 | N/A       |
| 25 | ECC - M. Parang R-HUB                                            | DENR-<br>EMB | 07-Sep-21 | N/A       |
| 26 | ECC - Maco R-HUB                                                 | DENR-<br>EMB | 27-Aug-19 | N/A       |
| 27 | ECC - Magapit R-HUB                                              | DENR-<br>EMB | 09-Oct-19 | N/A       |
| 28 | ECC - Malita R-HUB                                               | DENR-<br>EMB | 15-Aug-19 | N/A       |
| 29 | ECC - Mexico 2 R-HUB                                             | DENR-<br>EMB | 20-Oct-21 | N/A       |
| 30 | ECC - Mexico R-HUB                                               | DENR-<br>EMB | 03-Mar-20 | N/A       |
| 31 | ECC - Navotas R-HUB                                              | DENR-<br>EMB | 04-Mar-20 | N/A       |



|    |                                     |              |           |     |
|----|-------------------------------------|--------------|-----------|-----|
| 32 | ECC - Ormoc R-HUB                   | DENR-<br>EMB | 03-Jul-20 | N/A |
| 33 | ECC - San Manuel R-HUB              | DENR-<br>EMB | 11-Nov-20 | N/A |
| 34 | ECC - Tabango R-HUB                 | DENR-<br>EMB | 06-Nov-19 | N/A |
| 35 | ECC - Tagum R-HUB                   | DENR-<br>EMB | 19-Jan-21 | N/A |
| 36 | ECC - Toledo R-HUB                  | DENR-<br>EMB | 28-Sep-20 | N/A |
| 37 | ECC - Ubay R-HUB                    | DENR-<br>EMB | 15-Oct-19 | N/A |
| 38 | ECC - Villanueva R-HUB              | DENR-<br>EMB | 07-Mar-20 | N/A |
| 38 | Amended ECC - Concepcion R-HUB      | DENR-<br>EMB | 18-Dec-23 | N/A |
| 40 | Amended ECC - Gamu R-HUB            | DENR-<br>EMB | 20-Feb-24 | N/A |
| 41 | Amended ECC - Jasaan R-HUB          | DENR-<br>EMB | 29-Nov-23 | N/A |
| 42 | Amended ECC - Limay 2 R-HUB (BCCPP) | DENR-<br>EMB | 22-Dec-23 | N/A |
| 43 | Amended ECC - Limay R-HUB (Lamao)   | DENR-<br>EMB | 18-Dec-23 | N/A |
| 44 | Amended ECC - Lumban R-HUB          | DENR-<br>EMB | 16-Jun-25 | N/A |
| 45 | Amended ECC - Maco R-HUB            | DENR-<br>EMB | 04-Dec-23 | N/A |
| 46 | Amended ECC - Magapit R-HUB         | DENR-<br>EMB | 19-Feb-24 | N/A |
| 47 | Amended ECC - Malita R-HUB          | DENR-<br>EMB | 04-Dec-23 | N/A |
| 48 | Amended ECC - Mexico 2 R-HUB        | DENR-<br>EMB | 18-Dec-23 | N/A |
| 49 | Amended ECC - Mexico R-HUB          | DENR-<br>EMB | 18-Dec-23 | N/A |

|    |                                                        |          |           |     |
|----|--------------------------------------------------------|----------|-----------|-----|
| 50 | Amended ECC - Ormoc R-HUB                              | DENR-EMB | 24-Jan-24 | N/A |
| 51 | Amended ECC - San Manuel R-HUB                         | DENR-EMB | 23-Nov-23 | N/A |
| 52 | Amended ECC - Tabango R-HUB                            | DENR-EMB | 24-Jan-24 | N/A |
| 53 | Amended ECC - Tagum R-HUB                              | DENR-EMB | 04-Dec-23 | N/A |
| 54 | Amended ECC - Toledo R-HUB                             | DENR-EMB | 16-Feb-24 | N/A |
| 55 | Amended ECC - Ubay R-HUB                               | DENR-EMB | 01-Oct-24 | N/A |
| 56 | Amended ECC - Villanueva R-HUB                         | DENR-EMB | 29-Nov-23 | N/A |
| 57 | Certificate of Registration – Angat R-HUB              | BOI      | 09-Mar-21 | N/A |
| 58 | Certificate of Registration – Bacnotan R-HUB           | BOI      | 09-Mar-21 | N/A |
| 59 | Certificate of Registration – Bauang R-HUB             | BOI      | 17-Apr-20 | N/A |
| 60 | Certificate of Registration – Bayombong R-HUB          | BOI      | 09-Mar-21 | N/A |
| 61 | Certificate of Registration – Bolo R-HUB               | BOI      | 09-Mar-21 | N/A |
| 62 | Certificate of Registration – Cabanatuan R-HUB         | BOI      | 17-Apr-20 | N/A |
| 63 | Certificate of Registration – Calamba R-HUB            | BOI      | 09-Mar-21 | N/A |
| 64 | Certificate of Registration – Calbayog R-HUB           | BOI      | 09-Mar-21 | N/A |
| 65 | Certificate of Registration – Compostela R-HUB         | BOI      | 29-Nov-19 | N/A |
| 66 | Certificate of Registration – Concepcion Phase 1 R-HUB | BOI      | 29-Nov-19 | N/A |
| 67 | Certificate of Registration – Concepcion Phase 2 R-HUB | BOI      | 28-Aug-20 | N/A |
| 68 | Certificate of Registration – Daraga R-HUB             | BOI      | 29-Nov-19 | N/A |
| 69 | Certificate of Registration – Dasmarinas R-HUB         | BOI      | 17-Apr-20 | N/A |
| 70 | Certificate of Registration – Dingle R-HUB             | BOI      | 29-Nov-19 | N/A |
| 71 | Certificate of Registration – General Santos R-HUB     | BOI      | 17-Apr-20 | N/A |
| 72 | Certificate of Registration – Gumaca R-HUB             | BOI      | 09-Mar-21 | N/A |

|    |                                                        |     |           |     |
|----|--------------------------------------------------------|-----|-----------|-----|
| 73 | Certificate of Registration – Hermosa R-HUB            | BOI | 17-Apr-20 | N/A |
| 74 | Certificate of Registration – Ilijan R-HUB             | BOI | 17-Apr-20 | N/A |
| 75 | Certificate of Registration – Jasaan R-HUB             | BOI | 17-Apr-20 | N/A |
| 76 | Certificate of Registration – La Trinidad R-HUB        | BOI | 09-Mar-21 | N/A |
| 77 | Certificate of Registration – Labrador R-HUB           | BOI | 17-Apr-20 | N/A |
| 78 | Certificate of Registration – Lamao R-HUB              | BOI | 29-Nov-19 | N/A |
| 79 | Certificate of Registration – Lamao Phase 2 R-HUB      | BOI | 28-Aug-20 | N/A |
| 80 | Certificate of Registration – Laoag R-HUB              | BOI | 17-Apr-20 | N/A |
| 81 | Certificate of Registration – Limay Phase 1 R-HUB      | BOI | 17-Apr-20 | N/A |
| 82 | Certificate of Registration – Limay Phase 2 R-HUB      | BOI | 28-Aug-20 | N/A |
| 83 | Certificate of Registration – Lobo R-HUB               | BOI | 09-Mar-21 | N/A |
| 84 | Certificate of Registration – Maco R-HUB               | BOI | 29-Nov-19 | N/A |
| 85 | Certificate of Registration – Mactan R-HUB             | BOI | 17-Apr-20 | N/A |
| 86 | Certificate of Registration – Mahabang Parang R-HUB    | BOI | 17-Apr-20 | N/A |
| 87 | Certificate of Registration – Malita R-HUB             | BOI | 29-Nov-19 | N/A |
| 88 | Certificate of Registration – Maramag R-HUB            | BOI | 17-Apr-20 | N/A |
| 89 | Certificate of Registration – Nabas R-HUB              | BOI | 17-Apr-20 | N/A |
| 90 | Certificate of Registration – Naga R-HUB               | BOI | 09-Mar-21 | N/A |
| 91 | Certificate of Registration – Navotas R-HUB            | BOI | 17-Apr-20 | N/A |
| 92 | Certificate of Registration – Pagbilao R-HUB           | BOI | 17-Apr-20 | N/A |
| 93 | Certificate of Registration – Placer R-HUB             | BOI | 17-Apr-20 | N/A |
| 94 | Certificate of Registration – Samboan R-HUB            | BOI | 29-Nov-19 | N/A |
| 95 | Certificate of Registration – San Carlos R-HUB         | BOI | 17-Apr-20 | N/A |
| 96 | Certificate of Registration – San Jose R-HUB           | BOI | 09-Mar-21 | N/A |
| 97 | Certificate of Registration – San Manuel Phase 1 R-HUB | BOI | 29-Nov-19 | N/A |
| 98 | Certificate of Registration – San Manuel Phase 2 R-HUB | BOI | 28-Aug-20 | N/A |



|     |                                                        |     |           |     |
|-----|--------------------------------------------------------|-----|-----------|-----|
| 99  | Certificate of Registration – San Rafael Phase 1 R-HUB | BOI | 29-Nov-19 | N/A |
| 100 | Certificate of Registration – San Rafael Phase 2 R-HUB | BOI | 28-Aug-20 | N/A |
| 101 | Certificate of Registration – Sual R-HUB               | BOI | 17-Apr-20 | N/A |
| 102 | Certificate of Registration – Subic R-HUB              | BOI | 09-Mar-21 | N/A |
| 103 | Certificate of Registration – Tagoloan Phase 1 R-HUB   | BOI | 29-Nov-19 | N/A |
| 104 | Certificate of Registration – Tagoloan Phase 2 R-HUB   | BOI | 28-Aug-20 | N/A |
| 105 | Certificate of Registration – Tagum R-HUB              | BOI | 09-Mar-21 | N/A |
| 106 | Certificate of Registration – Toledo Phase 1 R-HUB     | BOI | 29-Nov-19 | N/A |
| 107 | Certificate of Registration – Toledo Phase 2 R-HUB     | BOI | 28-Aug-20 | N/A |
| 108 | Certificate of Registration – Tuguegarao R-HUB         | BOI | 09-Mar-21 | N/A |
| 109 | Certificate of Registration – Urdaneta R-HUB           | BOI | 17-Apr-20 | N/A |
| 110 | Certificate of Registration - Ubay BESS Phase 1        | BOI | 17-Apr-20 | N/A |
| 111 | Certificate of Registration - Ubay BESS Phase 2        | BOI | 28-Aug-20 | N/A |
| 112 | Certificate of Registration - Ormoc BESS (Phase 1)     | BOI | 29-Nov-19 | N/A |
| 113 | Certificate of Registration - Ormoc BESS (Phase 2)     | BOI | 28-Aug-20 | N/A |
| 114 | Certificate of Registration - Gamu BESS Phase 1        | BOI | 29-Nov-19 | N/A |
| 115 | Certificate of Registration - Gamu BESS Phase 2        | BOI | 28-Aug-20 | N/A |
| 116 | Certificate of Registration - Mexico Phase 1           | BOI | 17-Apr-20 | N/A |
| 117 | Certificate of Registration - Mexico Phase 2           | BOI | 28-Aug-20 | N/A |
| 118 | Certificate of Registration - Magapit Phase 1          | BOI | 29-Nov-19 | N/A |
| 119 | Certificate of Registration - Magapit Phase 2          | BOI | 28-Aug-20 | N/A |
| 120 | Certificate of Registration - Lumban (Phase 1)         | BOI | 29-Nov-19 | N/A |
| 121 | Certificate of Registration - Lumban (Phase 2)         | BOI | 28-Aug-20 | N/A |
| 122 | Certificate of Registration - Tabango BESS Phase 1     | BOI | 29-Nov-19 | N/A |
| 123 | Certificate of Registration - Tabango BESS Phase 2     | BOI | 28-Aug-20 | N/A |
| 124 | Certificate of Registration - Tagum BESS               | BOI | 09-Mar-21 | N/A |
| 125 | Point-to-Point Decision - Concepcion BESS              | ERC | 10-Jun-22 | N/A |

|     |                                           |               |           |           |
|-----|-------------------------------------------|---------------|-----------|-----------|
| 126 | Point-to-Point Decision - Jasaan BESS     | ERC           | 08-Feb-23 | N/A       |
| 127 | Point-to-Point Decision - Lamac BESS      | ERC           | 09-Feb-22 | N/A       |
| 128 | Point-to-Point Decision - Limay 2 BESS    | ERC           | 3-Apr-25  | N/A       |
| 129 | Point-to-Point Decision - Lumban BESS     | ERC           | 28-May-25 | N/A       |
| 130 | Point-to-Point Decision - Maco BESS       | ERC           | 12-May-22 | N/A       |
| 131 | Point-to-Point Decision - Malita BESS     | ERC           | 09-Dec-21 | N/A       |
| 132 | Point-to-Point Decision - Ormoc BESS      | ERC           | 23-Apr-25 | N/A       |
| 133 | Point-to-Point Decision - San Manuel BESS | ERC           | 16-Feb-21 | N/A       |
| 134 | Point-to-Point Decision - Toledo BESS     | ERC           | 16-Feb-22 | N/A       |
| 135 | Point-to-Point Decision - Ubay BESS       | ERC           | 08-Apr-22 | N/A       |
| 136 | Point-to-Point Decision - Villanueva BESS | ERC           | 16-Mar-22 | N/A       |
| 137 | Business/Mayor's Permit - Concepcion BESS | Municipal LGU | 14-Jan-26 | 31-Dec-26 |
| 138 | Business/Mayor's Permit - Gamu BESS       | Municipal LGU | 22-Jan-26 | 31-Dec-26 |
| 139 | Business/Mayor's Permit - Jasaan BESS     | Municipal LGU | 22-Jan-26 | 31-Dec-26 |
| 140 | Business/Mayor's Permit - Lamac BESS      | Municipal LGU | 30-Jan-26 | 31-Dec-26 |
| 141 | Business/Mayor's Permit - Limay BESS      | Municipal LGU | 30-Jan-26 | 31-Dec-26 |
| 142 | Business/Mayor's Permit - Maco BESS       | Municipal LGU | 29-Jan-26 | 31-Dec-26 |
| 143 | Business/Mayor's Permit - Malita BESS     | Municipal LGU | 29-Jan-26 | 31-Dec-26 |
| 144 | Business/Mayor's Permit - Tabango BESS    | Municipal LGU | 28-Jan-26 | 31-Dec-26 |
| 145 | Business/Mayor's Permit - Tagum BESS      | City LGU      | 29-Jan-26 | 31-Dec-26 |
| 146 | Business/Mayor's Permit - Ubay BESS       | Municipal LGU | 23-Jan-26 | 31-Dec-26 |
| 147 | Business/Mayor's Permit - Toledo BESS     | City LGU      | 28-Jan-26 | 31-Dec-26 |
| 148 | Business/Mayor's Permit - Lumban BESS     | Municipal LGU | 23-Jan-26 | 31-Dec-26 |



|     |                                                  |               |            |           |
|-----|--------------------------------------------------|---------------|------------|-----------|
| 149 | Business/Mayor's Permit - Magapit BESS           | Municipal LGU | 21-Jan-26  | 31-Dec-26 |
| 150 | Business/Mayor's Permit - Ormoc BESS             | City LGU      | 22-Jan-26  | 31-Dec-26 |
| 151 | Certificate of Non-Overlap - Concepcion BESS     | NCIP          | 27-Oct-20  | N/A       |
| 152 | Certificate of Non-Overlap - Dingle BESS         | NCIP          | 22-Sep-22  | N/A       |
| 153 | Certificate of Non-Overlap - Gamu BESS           | NCIP          | 17-Mar-22  | N/A       |
| 154 | Certificate of Non-Overlap - Jasaan BESS         | NCIP          | 29-Aug-23  | N/A       |
| 155 | Certificate of Non-Overlap - Lamao BESS          | NCIP          | 28-Feb-24  | N/A       |
| 156 | Certificate of Non-Overlap - Limay BESS          | NCIP          | 27-Oct-20  | N/A       |
| 157 | Certificate of Non-Overlap - Lumban BESS         | NCIP          | 04-Apr-23  | N/A       |
| 158 | Certificate of Non-Overlap - Maco BESS           | NCIP          | 04-Sep-23  | N/A       |
| 159 | Certificate of Non-Overlap - Magapit BESS        | NCIP          | 26-Jul-22  | N/A       |
| 160 | Certificate of Non-Overlap - Malita BESS         | NCIP          | 04-Sep-23  | N/A       |
| 161 | Certificate of Non-Overlap - Mexico 1 and 2 BESS | NCIP          | 27-Oct-20  | N/A       |
| 162 | Certificate of Non-Overlap - Mexico 2 BESS       | NCIP          | 10-Jun-22  | N/A       |
| 163 | Certificate of Non-Overlap - San Manuel BESS     | NCIP          | 05/16/2022 | N/A       |
| 164 | Certificate of Non-Overlap - Tabango BESS        | NCIP          | 05-Oct-22  | N/A       |
| 165 | Certificate of Non-Overlap - Tagum BESS          | NCIP          | 04-Sep-23  | N/A       |
| 166 | Certificate of Non-Overlap - Ubay BESS           | NCIP          | 07-Nov-22  | N/A       |
| 167 | Certificate of Non-Overlap -Ormoc BESS           | NCIP          | 05-Oct-22  | N/A       |
| 168 | Certificate of Non-Overlap -Toledo BESS          | NCIP          | 23-Sep-22  | N/A       |
| 169 | Certificate of Non-Overlap -Mahabang Parang BESS | NCIP          | 04-Apr-23  | N/A       |
| 170 | Certificate of Non-Overlap -Daraga BESS          | NCIP          | 28-Mar-22  | N/A       |
| 171 | Fire Safety Inspection Certificate - Gamu BESS   | BFP           | 3-Jul-25   | 30-Jun-26 |
| 172 | Fire Safety Inspection Certificate - Jasaan BESS | BFP           | 07-Apr-25  | 07-Apr-26 |
| 173 | Fire Safety Inspection Certificate - Lamao BESS  | BFP           | 02-Sep-25  | 02-Sep-26 |
| 174 | Fire Safety Inspection Certificate - Limay BESS  | BFP           | 23-Jul-25  | 23-Jul-26 |
| 175 | Fire Safety Inspection Certificate - Maco BESS   | BFP           | 10-Jul-25  | 13-Jun-26 |

|     |                                                      |     |            |           |
|-----|------------------------------------------------------|-----|------------|-----------|
| 176 | Fire Safety Inspection Certificate - Malita BESS     | BFP | 15-Dec-25  | 15-Dec-26 |
| 175 | Fire Safety Inspection Certificate - Tabango BESS    | BFP | 10-Apr-25  | 10-Apr-26 |
| 178 | Fire Safety Inspection Certificate - Ubay BESS       | BFP | 29-Oct-25  | 29-Oct-26 |
| 179 | Fire Safety Inspection Certificate -Ormoc BESS       | BFP | 13-Jun-25  | 13-Jun-26 |
| 180 | Fire Safety Inspection Certificate – Concepcion BESS | BFP | 5-Feb-26   | N/A       |
| 181 | Fire Safety Inspection Certificate – Toledo BESS     | BFP | 30-Dec-25  | N/A       |
| 182 | Fire Safety Inspection Certificate – Mexico 1 BESS   | BFP | 14-Nov-25  | N/A       |
| 183 | Certificate of Occupancy – Concepcion BESS           | LGU | 06-Jul-22  | N/A       |
| 184 | Certificate of Occupancy – Ubay BESS                 | LGU | 06-Jul-22  | N/A       |
| 185 | Certificate of Occupancy – Ormoc BESS                | LGU | 04-Aug-22  | N/A       |
| 186 | Certificate of Occupancy –Jasaan BESS                | LGU | 09-Jun--22 | N/A       |
| 187 | Certificate of Occupancy –Tagum BESS                 | LGU | 23-Feb-24  | N/A       |
| 188 | Certificate of Occupancy –Villanueva BESS            | LGU | 05-Jun-23  | N/A       |
| 189 | Certificate of Occupancy –Gamau BESS                 | LGU | 25-Oct-22  | N/A       |
| 190 | Certificate of Occupancy –Lamao BESS                 | LGU | 10-Jan-23  | N/A       |
| 191 | Certificate of Occupancy –Limay BESS                 | LGU | 28-Dec-21  | N/A       |
| 191 | Certificate of Occupancy –Lumban BESS                | LGU | 08-Jul-24  | N/A       |
| 193 | Certificate of Occupancy –Maco BESS                  | LGU | 21-Feb-20  | N/A       |
| 194 | Certificate of Occupancy –Magapit BESS               | LGU | 14-Sep-22  | N/A       |
| 195 | Certificate of Occupancy –Malita BESS                | LGU | 17-Aug-21  | N/A       |
| 196 | Certificate of Occupancy –Mexico 1 BESS              | LGU | 23-Oct-23  | N/A       |
| 197 | Certificate of Occupancy –San Manuel BESS            | LGU | 15-Dec-21  | N/A       |
| 198 | Certificate of Occupancy –Tabango BESS               | LGU | 05-Apr-22  | N/A       |
| 199 | Certificate of Occupancy –Toledo BESS                | LGU | 10-Jun-21  | N/A       |
| 200 | Point-to-Point Decision - Limay BESS                 | ERC | 23-Apr-25  | N/A       |