C O V E R S H E E T

C S 2 0 0 8 0 1 0 9 9

S. E. C. Registration Number

S A N M I G U E L G L O B A L

P O W E R H O L D I N G S C O R P .

(Company's Full Name)

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 (N C R)

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

Julie Ann B. Domino-Pablo
Contact Person

(02) 5317-1000
Company Telephone Number

1 2 | 3 1
Month | Day
Fiscal Year

SEC Form 17-A
(31 December 2024)
FORM TYPE

0 6 | 1st Tues
Month | Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic | Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

- - - - - - - - - - - - - - - - - -

S T A M P S

- - - - - - - - - - - - - - - - - -

Remarks = Pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 177
OF THE REVISED CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2024**

2. SEC 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. SEC Use Only)
Industry Classification Code:

7. **40 San Miguel Avenue, Wack-Wack Greenhills,**
City of Mandaluyong, Second District,
National Capital Region (NCR)
Address of issuer's principal office

1550
Postal Code

8. **(632) 5317-1000**
Issuer's telephone number, including area code

9. **5th Floor, C5 Office Building Complex,**
#100 E. Rodriguez Jr. Ave., C5 Road, Bo. Ugong,
Pasig City 1604, Metro Manila
Former name, former address and former fiscal year, if changed since last report

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

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

Note: These outstanding Fixed Rate Bonds are included in the Consolidated Total Liabilities declared below.

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

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 therein.
N/A

12. Check whether the issuer:
    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 25 and 177 of the Revised Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

    Yes [**√**] No [ ]

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

    Yes [**√**] No [ ]

13. The aggregate market value of the voting stock held by non-affiliates of the Company as of December 31, 2024: **N/A**

DOCUMENTS INCORPORATED BY REFERENCE

14. The following documents are attached and incorporated by reference.
    None

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business.

Company Overview

San Miguel Global Power Holdings Corp. (the "San Miguel Global Power" or "Company") is a wholly-owned subsidiary of San Miguel Corporation ("SMC"), one of the largest and most diversified conglomerates in the Philippines, founded in 1890, that is listed in the Philippine Stock Exchange ("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.

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

SMC entered the power industry in 2009 following the acquisition of rights to administer the output produced by Independent Power Producers ("IPPs") in privatization auctions conducted by the Government through the Power Sector Assets and Liabilities Management Corporation ("PSALM"). The following companies under the SMC group became the Independent Power Producer Administrator ("IPPA") of the following plants: (1) Sual Power Inc. ("SPI") became the IPPA for the Sual Power Plant, a coal-fired thermal power plant located in Sual, Pangasinan, in November 2009; (2) San Roque Hydropower Inc. ("SRHI") became the IPPA for the San Roque Power Plant, a hydroelectric power plant located in San Manuel, Pangasinan, in January 2010; and (3) South Premiere Power Corp. ("SPPC") became the IPPA for the Ilijan Power Plant, a natural gas-fired combined cycle power plant located in Ilijan, Batangas, in June 2010. The Ilijan Power Plant was turned over to SPPC by PSALM in June 2022 while the Sual Power Plant was turned over by PSALM to SPI in October 2024 both in accordance with the terms of their respective IPPA Agreements (the Sual Power Plant, Ilijan Power Plant and San Roque Power Plant are collectively referred to as the "IPPA Power Plants" to the extent applicable prior to the turnover of the power plants by PSALM to San Miguel Global Power).

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

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

Building on its experience as an IPPA since SMC's transfer of interests in SPI, SRHI and SPPC, San Miguel Global Power embarked on the development of its own greenfield power projects. In 2013, San Miguel Global Power initiated two greenfield power projects, namely, the construction of the 2 x 150 MW Davao Greenfield Power Plant which is owned by Malita Power Inc. ("MPI"), its wholly-owned subsidiary, and the 4 x 150 MW Limay Greenfield Power Plant which is owned by Limay Power Inc. ("LPI"), another wholly-owned subsidiary.

Units 1, 2, 3 and 4 of the Limay Greenfield Power Plant commenced commercial operations in May 2017, September 2017, March 2018 and July 2019, respectively, while Units 1 and 2 of the Davao Greenfield Power Plant commenced commercial operations in July 2017 and February 2018, respectively.

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

In March 2018, San Miguel Global Power completed the acquisition of 51% and 49% equity interests in SMCGP Masin Pte. Ltd. ("SMCGP Masin", formerly Masin AES Pte. Ltd.) from AES Phil Investment Pte. Ltd. ("AES Phil") and Gen Plus B.V., respectively. SMCGP Masin indirectly owned, through its subsidiaries, at the time of such acquisition, Masinloc Power Co. Ltd. ("MPCL") and SMGP Kabankalan Power Co. Ltd. ("SMGP Kabankalan"), (SMCGP Masin and its subsidiaries are collectively referred to as the "Masinloc Group"). 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 35.285 MWh Battery Energy Storage System ("BESS") project (the "Masinloc BESS"), all located in Masinloc, Zambales, while SMGP Kabankalan holds the 30 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 National Grid Corporation of the Philippines ("NGCP") with a term of five years which commenced in January 2022.

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

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

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

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

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

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

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

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

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

For reference, the Group Structure of San Miguel Global Power as of December 31, 2024, is attached hereto as **Annex “C-1”**.

Business of Issuer

Principal Products and Services

San Miguel Global Power 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 San Miguel Global Power allow it to manage costs and offer more competitive baseload power rates. In addition, San Miguel Global Power 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 December 31, 2024, the major power assets of San Miguel Global Power consist of (i) the San Roque Power Plant representing 6% of San Miguel Global Power’s capacity and administered by SRHI as the IPPA thereof; (ii) the AHEPP, through AHC, which represents 2% of San Miguel Global Power’s capacity, (iii) the power plants owned by San Miguel Global Power, particularly the Ilijan Power Plant of SPPC which represents 20% of San Miguel Global Power’s capacity, the Limay Greenfield Power Plant of LPI which represents 10% of San Miguel Global Power’s capacity, the Davao Greenfield Power Plant of MPI which represents 5% of San Miguel Global Power’s capacity, the Sual Power Plant of SPI which represents 21% of San Miguel Global Power’s capacity, the Masinloc Power Plant (with the Masinloc BESS) which represents 17% of San Miguel Global Power’s capacity and the Mariveles Greenfield Power Plant of MPGC which represents 9% of San Miguel Global Power’s capacity; and (iv) the operating BESS facilities of San Miguel Global Power, located in different parts of the country, which represents 6% of San Miguel Global Power’s capacity.

The IPPA Power Plants have an average age of 21 years. In terms of installed capacity in the Philippines, the Sual Power Plant is the largest coal-fired power plant. The Ilijan Power Plant, which used to be the subject of the Ilijan IPPA Agreement, is the largest natural gas power plant.

Power generated by the Sual Power Plant, Ilijan Power Plant, Limay Greenfield Power Plant, Davao Greenfield Power Plant, and Masinloc 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 AHEPP is used as peaking supply and mostly sold through the WESM or as replacement power to affiliates.

San Miguel Global Power also owns several BESS facilities in Luzon, Visayas and Mindanao which provide regulating and contingency reserve to the NGCP – the 10 MWh Masinloc BESS of MPCL and several BESS sites of SMGP BESS with a total capacity of 340 MWh were contracted by NGCP after MPCL and SMGP BESS were declared as winning bidders in the competitive selection processes ("CSPs") conducted by NGCP in 2023 and 2024 for its ancillary services requirement. Out of the 340 MWh, 230 MWh commenced operations in 2023 and 110 MWh commenced operations in March 2024 following the provisional authority granted by the ERC on the relevant ASPAs. The 20 MWh (Phase 1) of Kabankalan BESS in Negros Occidental also has an existing ASPA with NGCP. As of December 31, 2024, San Miguel Global Power has a total of 360 MWh contracted capacities for its BESS projects, which includes 20 MWh of existing BESS capacities.

Most of the power plants of San Miguel Global Power have offtake agreements which provide San Miguel Global Power, 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, San Miguel Global Power 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 San Miguel Global Power to pass through these costs to its offtakers. In addition, San Miguel Global Power's diversified portfolio of baseload and peaking power plants helps mitigate market risks through long-term, intercompany, replacement power contracts.

If the generation output available to the subsidiaries of San Miguel Global Power from its plants exceeds the amount deliverable under their offtake agreements, such subsidiaries of San Miguel Global Power may offer the excess power for sale through the WESM at the market clearing price. For the year ended December 31, 2024, sales volume through bilateral offtake agreements compared to sales through the WESM for the Sual Power Plant, San Roque Power Plant, Limay Greenfield Power Plant, and Masinloc Power Plant were 70% to 30%, 71% to 29%, 88% to 12% and 87% to 13%, respectively.

The power generation capacity of the San Roque Power Plant and the AHEPP at any given time depends on the water levels in the reservoir and downstream irrigation requirements. As such, these plants sell the majority of their generated capacity to the WESM at the prevailing spot prices. The San Roque Power Plant and the main units of the AHEPP are operated as peaking units. Available water is used to generate power during peak hours when prices are higher.

In the years ended December 31, 2022, 2023 and 2024, approximately 90%, 86% and 82%, respectively, of total consolidated sales revenue from San Miguel Global Power were sold to customers pursuant to offtake agreements. In the years ended December 31, 2022, 2023 and 2024, approximately 91%, 86% and 81% respectively, of consolidated volume of power sold by San Miguel Global Power are to customers pursuant to offtake agreements. Sales to Meralco accounted for approximately 46%, 41% and 40% of the total consolidated sales volume of San Miguel Global Power for the years ended December 31, 2022, 2023 and 2024, respectively. Sales through the WESM accounted for approximately 9%, 14% and 19% of San Miguel Global Power's total consolidated sales volume for the years ended December 31, 2022, 2023 and 2024, respectively.

Power Generation Business

A. Sual Power Plant

i. Background

The Sual Power Plant is a 2 x 647 MW coal-fired thermal power plant, using high efficiency low emission technologies ("HELE Technologies"), 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 Energy Conversion Agreement ("Sual ECA") with National Power Corporation ("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 IPPA Agreement with PSALM ("Sual IPPA Agreement").

ii. Turnover

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.

iii. 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 Power Supply Contracts ("PSCs") covering 125 MW. The supply agreement pursuant to 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. This PSA expired on December 25, 2024. On January 27, 2025, SPI executed a power supply agreement ("PSA") with Meralco for the supply of 200 MW capacity for one year, which has yet to be approved by the ERC.

iv. Operations Review

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

	Year ended December 31,		
	2022	**2023**	**2024**
Actual Energy Generated (GWh)	6,374	5,957	5,787
Electricity sold (GWh):	8,532	9,496	9,104
of which: bilateral offtake agreements	7,566	8,228	6,413
of which: WESM sales	967	1,268	2,691
Average realized electricity prices(₱/MWh):			
for electricity sold under bilateral offtake agreements . .	8,699	6,719	6,232
for electricity sold on WESM	8,835	8,641	6,086
Net Capacity Factor (%)	62	57	55
Availability Factor (%)	85	89	93
Reliability Factor (%)	97	99	99
Average Net Dependable Capacity (MW)	1,000	1,000	1,195
Net Heat Rate (Kilo-Calorie/Kilowatt hour or "Kcal/KWh").	2,519	2,542	2,557

v. Fuel Supply

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

	Year ended December 31,		
	2022	**2023**	**2024**
Metric tons (thousands)	2,609	2,467	2,432
Average calorific value (kcal/kg)	6,138	6,069	6,032
(in millions ₱)	47,812	28,441	19,443

SPI has existing coal supply agreements with Vitol Asia Pte. Ltd. ("Vitol"), Aegis, MSA, Agnico, RWOOD and Asian Trade Commodities Pte. Ltd. ("ATC") until December 31, 2025, to ensure a steady supply of coal for SPI. Further, negotiations with the existing suppliers are regularly done 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.

vi. 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 San Miguel Global Power, 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.

vii. 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 National Transmission Corporation ("TransCo") and operated and maintained by its concessionaire, NGCP.

B. San Roque Power Plant

i. Background

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 Power Purchase Agreement ("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 San Miguel Global Power, 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.

ii. San Roque IPPA

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 successor-in-interest of the Consortium. SRPC is owned by Marubeni Corporation and Kansai Electric Power Company Ltd.

The San Roque Power Plant is a peaking plant. Under the terms of the San Roque PPA, power and energy are delivered to SRHI 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.

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.

iii. 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 San Miguel Global Power. On October 23, 2020, SRHI and Clark Electric Distribution Corporation executed a 25 MW PSA for five years beginning December 26, 2020, which is subject to ERC final approval. In the meantime, SRHI received a letter from the ERC allowing the parties to implement the contracted rates under the PSA. In a CSP conducted by Meralco for RE 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 to commence in 2025.

iv. Operations Review

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

	Year ended December 31,		
	2022	**2023**	**2024**
Actual Energy Generated (GWh)	619	874	848
Electricity sold (GWh):	918	1,920	1,765
of which: bilateral offtake agreements	654	1,571	1,245
of which: WESM sales	264	349	520
Average realized electricity prices(₱/MWh):			
for electricity sold under bilateral offtake agreement .	8,362	11,706	3,737
for electricity sold on WESM	9,548	2,170	5,304
Net Capacity Factor (%)	20	29	28
Availability Factor (%)	97	95	89
Reliability Factor (%)	100	100	97
Average Net Dependable Capacity (MW)	318	373	340

v. Water Rights

The generated output energy of the San Roque Power Plant is limited by the "Irrigation Diversion Requirements" set by the National Irrigation Administration ("NIA") of the Philippines.

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 National Water Resources Board ("NWRB").

vi. Operations and Maintenance

SRPC is responsible for the operations and maintenance of the San Roque Power Plant for 25 years effective May 1, 2003. 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 December 31, 2024, 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.

vii. 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.

C. Limay Greenfield Power Plant

i. Background

The Limay Greenfield Power Plant owned by San Miguel Global Power through its subsidiary, LPI, is a 4 x 150 MW circulating fluidized bed coal-fired power plant ("CFB") 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 and True North Manufacturing Services Corporation. In June 2017, LPI acquired all of 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.

ii. 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. In a CSP conducted by Meralco on February 26, 2024, Limay Power Inc. emerged as the winning bidder for the former's 400 MW power requirement which supply commenced in August 2024 and ended in February 2025. LPI was granted a RES license which is valid until September 29, 2028. The RES license gave LPI the ability to directly contract with contestable customers.

iii. Operations Review

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

	Year ended December 31,		
	2022	**2023**	**2024**
Actual Energy Generated (GWh)	4,144	3,976	3,879
Electricity sold (GWh):	4,356	4,281	6,543
of which: bilateral offtake agreements	4,245	3,924	5,740
of which: WESM sales	111	357	803
Average realized electricity prices(₱/MWh):			
for electricity sold under bilateral offtake agreements . .	8,583	6,564	5,723
for electricity sold on WESM	7,631	5,573	4,441
Net Capacity Factor (%)	88	85	82
Availability Factor (%)	91	91	90
Reliability Factor (%)	98	97	95
Average Net Dependable Capacity (MW)	528	536	489
Net Heat Rate (Kilo-Calorie/Kilowatt hour or "Kcal/KWh").	2,761	2,726	2,747

iv. Fuel Supply

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

	Year ended December 31,		
	2022	**2023**	**2024**
Metric tons (thousands)	2,546	2,532	2,549
Average calorific value (kcal/kg)	4,376	4,298	4,232
(in millions ₱)	19,614	13,730	10,508

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.

v. Operations and Maintenance

LPDSI is responsible for the operation and maintenance of the Limay Greenfield Power Plant.

vi. 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.

D. Davao Greenfield Power Plant

i. Background

The Davao Greenfield Power Plant owned by San Miguel Global Power through its subsidiary, MPI, is a 2 x 150 MW CFB coal-fired power plant 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 and True North Manufacturing Services Corporation.

ii. Power Offtakers

The Davao Greenfield Power Plant are substantially contracted to various distribution utilities, electric cooperatives and RES under short to long-term offtake agreements.

iii. Operations Review

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

	Year ended December 31,		
	2022	**2023**	**2024**
Actual Energy Generated (GWh)	1,586	1,557	1,561
Electricity sold (GWh):	1,958	1,581	1,583
of which: bilateral offtake agreements	1,958	1,100	930
of which: WESM sales	–	481	653
Average realized electricity prices(₱/MWh):			
for electricity sold under bilateral offtake agreements . .	9,234	8,492	7,262
for electricity sold on WESM	–	5,188	4,555
Net Capacity Factor (%)	69	67	67
Availability Factor (%)	93	97	78
Reliability Factor (%)	99	100	87
Average Net Dependable Capacity (MW)	264	264	227
Net Heat Rate (Kilo-Calorie/Kilowatt hour or “Kcal/KWh”).	2,895	2,916	2,846

iv. Fuel Supply

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

	Year ended December 31,		
	2022	**2023**	**2024**
Metric tons (thousands)	1,061	1,096	1,187
Average calorific value (kcal/kg)	4,332	4,146	3,752
(in millions ₱)	7,215	5,513	4,196

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 a supply contract with a local supplier.

v. Operations and Maintenance

VisMin Power Dynamics Services Inc., another wholly-owned subsidiary of San Miguel Global Power, is responsible for the operation and maintenance of the Davao Greenfield Power Plant.

vi. 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.

E. Mariveles Greenfield Power Plant

i. Background

The Mariveles Greenfield Power Plant owned by San Miguel Global Power through its subsidiary, MPGC, is a 4 x 150 MW CFB coal-fired power plant located in Mariveles, Bataan which commenced construction in 2019. Unit 1, Unit 2, Unit 3 and Unit 4 of the Mariveles Greenfield Power Plant commenced operations on March 28, 2024, September 26, 2024, October 26, 2024 and January 9, 2025, respectively.

The EPC contractor of the Mariveles Greenfield Power Plant is Formosa Heavy Industries Corp. LPDSI, a wholly-owned subsidiary of San Miguel Global Power, is responsible for the operation and maintenance of the Mariveles Greenfield Power Plant.

ii. Power Offtakers

The capacity of the Mariveles Greenfield Power Plant is contracted to Meralco for 300 MW for a period of 15 years and MPGC intends to participate in future CSP of Meralco and other distribution utilities and electric cooperatives for the remaining uncontracted capacity.

iii. Operations Review

As Unit 1, Unit 2, Unit 3 and Unit 4 of the Mariveles Greenfield Power Plant commenced operations on March 28, 2024, September 26, 2024, October 26, 2024 and January 9, 2025, respectively, there is no available summary of operating statistics for the period in review.

iv. 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 a supply contract with a local supplier.

v. 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.

F. Ilijan Power Plant

i. Background

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 KEPCO Ilijan Corporation ("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 an IPPA Agreement with PSALM ("Ilijan IPPA Agreement").

As an IPPA, San Miguel Global Power, 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 records attribute to SPPC a capacity of 1,200 MW for the Ilijan Power Plant. Accordingly, for purposes of this report, the contracted capacity of the Ilijan Power Plant is referred to as 1,200 MW.

During the term of the Ilijan ECA and the Ilijan IPPA Agreement, NPC/PSALM remained responsible for securing the natural gas and diesel fuel supply to the Ilijan Power Plant and was required to deliver and supply to KEILCO the fuel necessary to operate the Ilijan Power Plant. NPC/PSALM supplied natural gas to the Ilijan Power Plant from the Malampaya gas field in Palawan ("Malampaya") under a gas supply agreement with Shell Exploration Philippines BV ("Malampaya GSPA"). The Ilijan Power Plant can also run on diesel oil stored onsite when natural gas is unavailable, subject to certain technical and regulatory limitations.

Under the Ilijan ECA, KEILCO was required to operate the Ilijan Power Plant pursuant to certain operating criteria and guidelines, governing the output of 1,200 MW guaranteed contracted capacity, baseload operation, and spinning reserve capability and was responsible, at its own cost, for the management, operation, maintenance, including the supply of consumables and spare parts, and the repair of the Ilijan Power Plant.

ii. Turnover

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.

iii. Power Offtakers

The capacity of the Ilijan Power Plant is contracted to Meralco under a long-term PSA. As a result of the CSPs conducted by Meralco in 2019, the Ilijan Power Plant was awarded two offtake contracts by Meralco 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 has been assigned by SPPC to SPI effective January 19, 2024.

As a result of the termination of the 670 MW Meralco PSC, SPPC and Meralco executed two separate emergency PSAs in 2023, each dated March 23, 2023, for the supply of 300 MW from March 26, 2023, which increased to 480 MW from April 1, 2023, and dated August 7, 2023, for the supply of 330 MW both with terms expiring on March 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. Pending implementation of the 1,200 MW PSC, Meralco and SPPC executed an emergency power supply agreement for the supply by SPPC of 1,200 MW (net) to Meralco starting March 26, 2024 until June 2024.

iv. Operations Review

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

	Year ended December 31,		
	2022	**2023**	**2024**
Actual Energy Generated (GWh)	2,681	2,512	6,765
Electricity sold (GWh):	6,128	5,822	7,627
of which: bilateral offtake agreements	5,867	5,402	7,398
of which: WESM sales	261	420	229
Average realized electricity prices(₱/MWh):			
for electricity sold under bilateral offtake.	4,705	7,227	7,676
for electricity sold on WESM	5,538	6,081	4,456
Net Capacity Factor (%)	26	24	64
Availability Factor (%)	98	82	96
Reliability Factor (%)	100	99	99
Average Net Dependable Capacity (MW)	1,168	979	1,200
Net Heat Rate (Kilo-Joule/KWh)	6,978	7,600	8,088

v. Fuel Supply

During the term of the Ilijan IPPA Agreement, NPC was responsible for securing the natural gas and diesel fuel supply to the Ilijan Power Plant. Pursuant to a fuel supply and management agreement among Shell Philippines Exploration B.V., Occidental Philippines, Inc. and NPC, NPC supplied natural gas to the Ilijan Power Plant through a 480 km undersea pipeline from the Camago-Malampaya field in Palawan to the Shell Refinery in Tabangao. From there, the natural gas was transported through a 16-inch-diameter onshore pipeline running 15 km to the Ilijan Power Plant.

As early as March 2021, the NPC 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 GSPA also expired on the same date and PSALM was no longer required to supply fuel to the Ilijan Power Plant upon turnover of the same to SPPC.

Prior to the expiration of the Ilijan IPPA Agreement, SPPC executed a fuel supply agreement for imported liquified natural gas ("LNG") from an international supplier and contracted Linseed Field Corporation ("LFC"), the developer of an integrated liquefied natural gas ("LNG") import terminal at Barangay Ilijan, Batangas City, adjacent to the Ilijan Plant, and designed to utilize onshore regasification and storage facilities supplemented with a floating storage unit (the "Batangas LNG Terminal"), through a terminal use agreement ("TUA"), 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 ("Trafigura"), and Shell Eastern Trading (Pte) Ltd.

The Batangas LNG Terminal started servicing the Ilijan Power Plant in May 2023.

vi. Operations and Maintenance

Upon turnover, LPDSI became responsible for the operation and maintenance of the Ilijan Power Plant.

Each of the generating units of the Ilijan Power Plant historically has been, and is expected to continue to be, shut down for routine preventive maintenance for approximately 26 days per calendar year and it is also expected that the Ilijan Power Plant 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.

vii. 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.

viii. Chromite Agreements

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

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

G. Masinloc Power Plant and Masinloc BESS

i. Background

The Masinloc Power Plant 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 35.285 MWh Masinloc BESS (Phase 1 and 2).

The Masinloc Power Plant and Masinloc BESS (Phase 1) were acquired by San Miguel Global Power 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.

ii. 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 most recent CSP conducted by Meralco on August 28, 2024, MPCL emerged as the lowest bidder 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 and has a full fuel pass-through scheme.

iii. Operations Review

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

	Year ended December 31,		
	2022	**2023**	**2024**
Actual Energy Generated (GWh)	6,086	5,407	5,804
Electricity sold (GWh)*:	7,949	6,301	7,388
of which: bilateral offtake agreements	7,230	5,805	6,432
of which: WESM sales	719	496	956
Average realized electricity prices(₱/MWh)*:			
for electricity sold under bilateral offtake agreements . .	8,749	6,542	5,379
for electricity sold on WESM	7,538	5,929	4,264
Net Capacity Factor (%)	75	65	70
Availability Factor (%)	94	85	91
Reliability Factor (%)	87	82	89
Average Net Dependable Capacity (MW)	924	950	950
Net Heat Rate (Kilo-Calorie/Kilowatt hour or "Kcal/KWh").	2,537	2,454	2,458

*Note: *Includes data relating to the Masinloc BESS*

iv. Fuel Supply

The table below sets forth certain information regarding the supply of coal to the Masinloc Power Plant as of the periods indicated.

	Year ended December 31,		
	2022	**2023**	**2024**
Metric tons (thousands)	2,919	2,599	2,763
Average calorific value (kcal/kg)	5,346	5,123	5,176
(in millions ₱)	39,524	20,581	16,936

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, Vitol, RWOOD, ATC 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.

v. Operations and Maintenance

LPDSI is responsible for the operation and maintenance of the Masinloc Power Plant and the Masinloc BESS effective June 1, 2019.

vi. 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.

H. Angat Hydroelectric Power Plant ("AHEPP")

i. Background

The AHEPP is an operating hydroelectric power plant located at the Angat reservoir in San Lorenzo, Norzagaray, Bulacan, approximately 58 km northeast of Metro Manila. The AHEPP 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. Main units 1 and 2 together with auxiliary units 1 and 2 were commissioned in 1967. Main units 3 and 4 were commissioned in 1968 and auxiliary unit 3 was commissioned in 1978. Auxiliary unit 3 was manufactured by Allis-Chalmer and Ebara and all the other units were manufactured by Toshiba Corporation of Japan. All units are run by 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 (ROM) Agreement for auxiliary units 4 and 5 with combined capacity of 28 MW, owned by the Metropolitan and Waterworks Sewerage System (MWSS) and located at the AHEPP. Under the Agreement, AHC will rehabilitate auxiliary units 4 and 5 and thereafter operate and maintain the same for twenty-three (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 second quarter of 2025 after which the operation period will commence.

ii. Fuel Supply and Water Rights

The AHEPP 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 AHEPP 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.

iii. 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. The 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 San Miguel Global Power, and continues to explore options to contract this capacity.

iv. Operations Review

The table below is a summary of operating statistics of the AHEPP for the periods indicated.

	For the year ended December 31,		
	2022	2023	2024
Net Capacity Factor (%)	10	12	18
Availability Factor (%)	51	44	52
Reliability Factor (%)	98	100	99
Average Net Dependable Capacity (MW)	95	91	107

v. Operations and Maintenance

AHC undertakes the operation and maintenance of AHEPP. The operations and maintenance team consist of the local technical team who have been operating the AHEPP, 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 to support the operation and maintenance requirements of AHC.

Retail Services

Retail Electric Supply

San Miguel Global Power 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 San Miguel Global Power, through LPI and MPCL, have a term of five years each and are valid until September 29, 2028.

The RES licenses allow the relevant subsidiary of San Miguel Global Power to enter into retail supply contracts (“RSCs”) with contestable customers and expand its customer base. As of December 2024, LPI and MPCL supply an equivalent of 673 MW to various facilities of SMC subsidiaries and other contestable customers. Based on data obtained from the ERC, San Miguel Global Power believes that it is a major player in the RES markets where it operates, supplying over 140 contestable customers as of December 2024. San Miguel Global Power currently holds a direct market share of 16% of the contestable customer market, with Aboitiz, Meralco (RES), Ayala and the FGen group holding 28%, 28%, 8% and 4%, respectively, based on the Competitive Retail Electricity Market Report from the ERC as of July 2024.

.

New Products

Expansion Projects

San Miguel Global Power, through its subsidiary MPGC, developed and constructed a 4 x 150 MW CFB coal-fired power plant and associated facilities in Mariveles, Bataan using HELE Technologies with an installed capacity of 600 MW and net load of 528 MW. 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.

San Miguel Global Power, through MPCL, intends to further expand the Masinloc Power Plant by constructing additional units utilizing supercritical pulverized coal ("PC") technology (Units 4 and 5) with a planned gross installed capacity of 350 MW each (with a Pmin of 2 x 87.5 MW) and net load of 630 MW. San Miguel Global Power 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 between 2025 and 2026. As of February 2025, overall project completion of Unit 4 and Unit 5 are 86% and 75%, respectively.

In addition, and as part of San Miguel Global Power's diversification of its power portfolio away from traditional coal technologies, San Miguel Global Power, through its subsidiary EERI, is constructing the 1,320 MW (with a Pmin of 3 x 195 MW) BCC Power Plant in Barangays Ilijan and Dela Paz Proper, Batangas with a net load of 1,275 MW. The BCC Power Plant will utilize regasified LNG. The EPC contract with Black & Veatch and other local contractors for this project was signed in December 2021 and is targeted for completion in the second quarter of 2025. Unit 1 and Unit 2 of the BCC Power Plant are completed and are awaiting the ERC's issuance of Provisional Authority to Operate while Unit 3 is 99.9% completed as of February 28, 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 competitive selection process conducted by Meralco on January 5, 2024, for its 1,800 MW power requirements. Supply to Meralco as already commenced under this PSA on December 29, 2024 for Unit 1 and January 7, 2025 for Unit 2.

San Miguel Global Power, through its subsidiary, SMCGP Transpower Pte. Ltd. ("Transpower"), executed a terminal use agreement ("TUA") for the use of the Batangas LNG Terminal for its LNG power plants in Batangas. On May 26, 2023, SPPC entered into a Novation Agreement with Transpower for the transfer and assignment to SPPC of all the rights and obligations held by Transpower under the TUA. An Amendment Agreement was entered into in October 2024 to include EERI as a party to the TUA who shall have the same rights, obligations, and liabilities granted to SPPC under the TUA. San Miguel Global Power has commenced retrofitting activities for the Ilijan Power Plant to improve efficiency and reliability after it was turned over to SPPC in June 2022 pursuant to the Ilijan PPA.

San Miguel Global Power also intends to construct and develop small-scale LNG units in strategic locations in Mindanao consisting of 50 MW to 100 MW, to boost rural electrification. San Miguel Global Power is evaluating the timing on progressing the project depending on market conditions, the general state of the Philippine economy and demand, among others.

In line with its decision to significantly reduce its carbon footprint and transition to cleaner sources of energy, San Miguel Global Power, 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 1,300 MWp across various sites in Luzon including in the provinces of Bataan, Bulacan and Isabela by 2028. The second phase of the planned solar projects is expected to have an aggregate initial capacity of 1,100 MWp by 2039 across Pagbilao, Bohol, and various locations in Mindanao, including Davao. The target completion of these solar power projects is between 2028 and 2039.

The proposed solar projects will be situated in areas with moderate to high photovoltaic potential using N-type solar panels supplied by Trina Solar Co. Ltd and LONGi Green Energy Technology Co. Ltd., with inverters from ABB / Sungrow Renewable Energy Investment Pte. Ltd. In February 2022, SGLPC entered into Solar Energy Operating Contracts (130.005 MWdc) for a solar project located in Bataan (the "Bataan Solar Project") and thereafter, obtained a Certificate of Registration from the Department of Energy ("DOE") as an RE developer for the Bataan Solar Project. The lease agreement for the property in Bataan where the solar project will be located has been executed. Currently, the Bataan Solar Project already secured its System Impact Studies ("SIS") and Facilities Studies ("FS") approval from the NGCP. The generation output of the proposed solar power projects is intended to be offered to various contestable customers.

San Miguel Global Power continues to participate in the government-mandated CSPs for PSAs with distribution utilities and negotiate for RSCs with contestable customers for these expansion plans.

On June 28, 2024, SGLPC signed an investment and shareholders agreement with Citicore Renewable Energy Corporation for the 153.5 MW solar power plant to be constructed in Barangay Lucanin, Mariveles, Province of Bataan, that is expected to be completed in 2026. The solar power plant shall 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 San Miguel Global Power or any of its affiliates under long-term energy supply contracts.

In line with San Miguel Global Power's commitment to the diversification of its power generation portfolio through the development of solar-based power projects, San Miguel Global Power will handle pre-development activities and land acquisition and will lease the sites to third-party owner of plants. San Miguel Global Power entities will also be offtakers for a minimum fixed period of 20 years.

San Miguel Global Power, through its subsidiaries SMGP BESS, MPCL and SMGP Kabankalan, is undertaking the expansion of its portfolio of BESS projects by ~1,000 MWh. Of these ~1,000 MWh BESS projects, 630 MWh across 18 sites attained substantial completion as of December 2024, including the 30 MWh Kabankalan (Phase 1 and 2) and 20 MWh Masinloc (Phase 2). Three BESS facilities with a combined capacity of 120 MWh located in the provinces of Tarlac, Leyte and Misamis Oriental commenced operations in March 2024 while a total of 30 MWh across two sites are expected to be substantially completed in 2025. One of the BESS projects was inaugurated on March 31, 2023, in Limay, Bataan. San Miguel Global Power has also entered into EPC contracts with ATE Energy and targets to complete the 320 MWh BESS project in Mariveles in 2025.

Competition

Based on the total installed generating capacities in the ERC Resolution on Grid Market Share Limitation, San Miguel Global Power believes that its combined installed capacity comprises approximately 22% of the National grid, 28% of the Luzon grid and 9% of the Mindanao grid, in each case, as of December 31, 2024. Market share is computed by dividing the installed generating capacity of San Miguel Global Power with the installed generating capacity of Luzon grid, Mindanao grid or National grid (19,419,592 kW, 4,292,586 kW and 27,096,046 kW, respectively based on data provided under the ERC Resolution on Grid Market Share Limitation). Its main competitors are the Aboitiz Group, which holds interests in Aboitiz Power Corporation and Hedcor, Inc., among others, ACEN Corporation and First Gen Corporation.

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 San Miguel Global Power, giving them the ability to respond to operational, technological, financial and other challenges more quickly than San Miguel Global Power. These competitors may therefore be more successful than San Miguel Global Power 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 RE sources less competitive against other solutions including conventional generation. San Miguel Global Power may therefore be unable to meet the competitive challenges it will face.

As a result of increased competition, San Miguel Global Power 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 San Miguel Global Power. To the extent that distribution utilities or industrial offtakers agree to purchase from other generation companies instead of purchasing from San Miguel Global Power, or San Miguel Global Power is unable to participate or otherwise successfully compete in bids for supply contracts, the ability of San Miguel Global Power to increase its sales and sell additional electricity to distribution utilities or industrial offtakers through its generation facilities would be adversely affected.

Notwithstanding the foregoing, San Miguel Global Power manages a large, reliable and diverse portfolio of power plants that allows it to supply at competitive rates and terms. Further, San Miguel Global Power has an experienced sales and marketing team that actively markets to its existing and new financially capable prospective customers and intends to continuously participate in CSPs to be conducted by NGCP and distribution utilities. In addition, San Miguel Global Power maintains good working relationships with its offtakers and has cultivated a long history of reliability and good customer service.

Customers

San Miguel Global Power, 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.

	Year ended December 31,					
Customers	**2022**		**2023**		**2024**	
	Volume Sold (GWh)	**Revenue (in millions ₱)**	**Volume Sold (GWh)**	**Revenue (in millions ₱)**	**Volume Sold (GWh)**	**Revenue (in millions ₱)**
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
Total Major Customers	15,058	103,706	14,096	94,474	21,715	127,698
Others[1]	12,344	117,683	11,109	75,116	14,849	77,393
Total Sales	**27,402**	**221,389**	**25,205**	**169,590**	**36,564**	**205,091**

(1) Includes non-Meralco distribution utilities, electric cooperatives, retail electricity suppliers, directly connected customers, contestable customers, sales to distribution customers, sales to related parties and to NGCP for ancillary services.

Transactions with and/or Dependence on Related Parties

San Miguel Global Power, its subsidiaries, associates and joint ventures, and their respective shareholders, 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 considered as arms-length. 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. Please see Note 19, Related Party Disclosures, of the Audited Consolidated Financial Statements attached hereto as **Annex "B"**.

Patents, trademarks, licenses, franchises

The ERC has issued in favor of San Miguel Global Power the following relevant licenses for the operation of its power plants:

Power Plant		Certificate of Compliance (COC) License No.
1	**Davao Greenfield Power Plant**	COC No. 17-09-M-00135M for the Davao Greenfield Power Plant expired on October 4, 2021, but was extended through Provisional Authorities to Operate (PAO) issued by the ERC in its letters dated

		October 28, 2021, and 11 October 2022, for a validity period ending on October 4, 2023. The PAO has been further extended until October 4, 2025, pursuant to Resolution No. 17 Series of 2023, otherwise known as the "2023 Revised Rules for the Issuance of Certificates of Compliance for Generation Facilities".
2	**Limay Greenfield Power Plant**	COC No. 15-10-M-13789L for Limay Greenfield Power Plant expired on March 8, 2022. A PAO was subsequently issued by the ERC, which expired on March 8, 2023. The PAO has been extended until March 8, 2024, pursuant to Resolution No. 17 Series of 2023, otherwise known as the "2023 Revised Rules for the Issuance of Certificates of Compliance for Generation Facilities". The extension was confirmed by the ERC in its letter dated December 18, 2023, to LPI. Further extension of the PAO is pending evaluation by the ERC.
3	**Masinloc Power Plant**	The PAO issued by the ERC on March 3, 2025, for the Masinloc Plant is valid until February 18, 2026.
4	**Ilijan Power Plant**	PAO for the Ilijan Power Plant issued by the ERC under the name of KEILCO expired on October 25, 2022. SPPC applied for the renewal and transfer of the PAO to SPPC. In its letter dated October 9, 2024, the ERC granted a new PAO to SPPC valid from October 26, 2024 to October 25, 2025.
5	**Mariveles Power Plant**	The PAO issued by the ERC dated 23 December 2024 for Mariveles Plant Unit 4 with consolidation with the previous PAO issued by the ERC for Mariveles Plant Units 1-3, had a validity of up to February 25, 2025. Further extension of the PAO is pending evaluation by the ERC.

The COC of Sual Power Plant and San Roque Power Plant is not included in the table as these were issued in favor of the respective IPPs of the IPPA Power Plants. SPI's application for the amendment of the PAO of the Sual Power Plant to reflect SPI as the new owner thereof is still pending before the ERC.

For its retail supply business, the following subsidiaries of San Miguel Global Power have been issued RES licenses by the ERC with details below:

	Subsidiary RES Holder	RES License No.	Term
1	**LPI**	RES-08-2016007	August 24, 2016, to August 24, 2021 and extended until September 29, 2028
2	**MPCL (Coal)**	RES-07-2016-006	August 2, 2016, to August 1, 2021, and extended until September 29, 2028

For the operation of the Corporation's BESS Projects, the ERC also issued the following licenses:

BESS Facility		Certificate of Compliance (COC) License No.
1	**Toledo BESS**	The PAO for Toledo's Battery Energy Storage System with a capacity of 23.743 MW located in Brgy. Calong-calong, Toledo City, Cebu is valid for a period of one (1) year from January 28, 2024 to January 27, 2025. The extension of the PAO is pending evaluation by the ERC.
2	**Malita BESS**	A COC for Malita's Battery Energy Storage System dated February 24, 2025 was issued by the ERC.

3	**Ormoc BESS**	The PAO for Ormoc's Battery Energy Storage System with a capacity of 47.486 MW located in Brgy. Milagro, Ormoc City, Leyte is valid for a period of one (1) year from February 23, 2024 to February 22, 2025. The possible conversion of the PAO into a COC is pending evaluation by the ERC. The extension of the PAO is pending evaluation by the ERC.
4	**Jasaan BESS**	The PAO for Jasaan's Battery Energy Storage System with a capacity of 22.830 MW located in Brgy. Aplaya, Jasaan, Misamis Oriental is valid for a period of one (1) year from February 23, 2024 to February 22, 2025. The extension of the PAO is pending evaluation by the ERC.
5	**Concepcion BESS**	The PAO for Concepcion's Battery Energy Storage System with a capacity of 72.281 MW located in Brgy. Sta. Rosa, Concepcion, Tarlac is valid for a period of one (1) year from February 23, 2024 to February 22, 2025. The extension of the PAO is pending evaluation by the ERC.
6	**Masinloc BESS**	A COC dated February 19, 2025 for Masinloc (Phase 1 and Phase 2) Battery Energy Storage System with a combined capacity of 35.285 MWh was issued by the ERC.
7	**Magapit BESS**	Magapit's application for its PAO is pending evaluation by the ERC.
8	**Gamu BESS**	Gamu's application for its PAO is pending evaluation by the ERC.
9	**Kabankalan BESS**	The PAO issued by the ERC dated December 9, 2024 for the Kabankalan BESS (Phase 1 and Phase 2) with a combined capacity of 33.785 MWh is valid from November 29, 2024 to November 28, 2025.
10	**Villanueva BESS**	The PAO issued by the ERC dated September 30, 2024 for the Villanueva BESS is valid from September 5, 2024 to September 4, 2025.
12	**Ubay BESS**	The PAO issued by the ERC dated October 15, 2024 for the Ubay BESS is valid from October 8, 2024 to October 7, 2025.
13	**San Manuel BESS**	The PAO issued by the ERC dated July 16, 2024 for the San Manuel BESS is valid from July 16, 2024 to July 15, 2025.
14	**Maco BESS**	The PAO issued by the ERC dated July 16, 2024 for the Maco BESS is valid from July 16, 2024 to July 15, 2025.
15	**BCCPP BESS**	The PAO issued by the ERC dated July 16, 2024 for the BCCPP BESS is valid from July 16, 2024 to July 15, 2025.
16	**Lamao BESS**	The PAO issued by the ERC dated July 16, 2024 for the Lamao BESS is valid from July 16, 2024 to July 15, 2025.

Government Regulation and Approval Process

The business of San Miguel Global Power is subject to extensive government regulation, particularly for its greenfield power plants and retail supply business. Moreover, as San Miguel Global Power expands its BESS capabilities and projects, it will be subject to applicable regulations under ancillary services and energy storage systems. To conduct its businesses, San Miguel Global Power and its subsidiaries must obtain various licenses, permits and approvals. Even when San Miguel Global Power 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.

As of date, San Miguel Global Power has been compliant with and continues to perform its obligations under applicable laws and regulations relevant to its businesses. Further, San Miguel Global Power and its subsidiaries are in constant consultation with relevant government agencies and other approving bodies to ensure that all requirements, permits and approvals are anticipated and obtained in a timely manner. San Miguel Global Power and its subsidiaries also maintain a strong compliance culture and have processes in place in order to manage adherence to laws and regulations.

Energy Regulatory Commission

As set forth in the Electric Power Industry Reform Act of 2001 ("EPIRA"), power generation is not considered a public utility operation but is affected with public interest. 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 COC or PAO from the ERC to operate facilities used in the generation of electricity. A COC shall remain valid, unless otherwise suspended, revoked, or annulled by the ERC after due notice and hearing while a PAO is only valid for a period of one year. If a generator company cannot comply with all COC requirements, it may apply for a PAO with the ERC. The ERC may issue a PAO in lieu of the COC, pending the completion of COC requirements. One of the requirements for the issuance of a COC is compliance with the public offering requirement under Section 43 of the EPIRA and ERC Resolution No. 9, Series of 2011, as amended by ERC Resolution No. 4, Series of 2019, entitled "A Resolution Amending Resolution No. 9, Series of 2011 Requiring Generation Companies and Distribution Utilities which are not Publicly Listed to Offer and Sell to the Public a Portion of not less than fifteen percent (15%) of their Common Shares of Stock pursuant to Section 43 (t) of Republic Act No. 9136 And Rule 3, Section 4 (m) of its Implementing Rules and Regulations (IRR)", which is the subject of a pending rule-making petition before the ERC.

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 Philippine Grid Code ("Grid Code") and Philippine Distribution Code promulgated by the ERC. In this connection, the ERC has issued guidelines (as amended) setting the minimum financial capability standards for generation companies. Under the guidelines (as amended), 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 1.25 times throughout the validity of its COC. For COC applications, the guidelines require the submission to the ERC of, among other things, a schedule of liabilities, a five-year financial plan, documentation on financial track record, and other such information or documents that the ERC may require. For the duration of the COC, the guidelines also require a generation company to annually 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 Retail Competition and Open Access ("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) however to be able to participate in the RCOA, a generation company must first secure a Retail Electricity Supplier's License from 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 the 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 ("LGUs") and the relevant regional development council where the power plant will be located.

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 Open Access Transmission Services ("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 Department Circular No. 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.

The Company, through SMGP BESS and MPCL, participated in the competitive selection process conducted by the NGCP in 2023 for its ancillary service requirements and were able to secure ASPAs with a total capacity of 330 MWh for Masinloc BESS and several BESS facilities of SMGP BESS in Luzon, Visayas and Mindanao.

San Miguel Global Power also intends to offer its remaining BESS facilities to NGCP and will participate in the next CSP that will be conducted by NGCP for the procurement of ancillary services.

Philippine Downstream Natural Gas Regulations

On November 28, 2017, DOE issued Department Circular No. 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.

On February 1, 2019, the DOE issued Department Circular No. 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. DC2024-01-007, 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 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.

Philippine Natural Gas Industry Development Act

On January 8, 2025, Republic Act No. 12120, otherwise known as the “Philippine Natural Gas Industry Development Act” (“RA 12120”), was signed into law to promote natural gas as a safe, efficient, and cost-effective source of energy and as an indispensable contributor to energy security with the establishment of the PDNGI. The policies of the Philippine government sought to be achieved with the implementation of RA 12120 include: (a) the development of natural gas as a reliable fuel for power plants capable of addressing the peaking, mid-merit, and baseload demand of the country to help achieve energy security, while progressively transitioning to RE sources; (b) the promotion of the conversion of existing fossil fuel-operated equipment and facilities to natural gas use; and (c) the promotion of natural gas as an energy fuel, with the potential to meet the increasing local demand for fuel, and develop the Philippines as a Liquefied Natural Gas (“LNG”) trading and transshipment hub within the Asia-Pacific Region.

The DOE was designated as the lead agency to determine the need for and regulate the development of aggregation (i.e., the procurement of indigenous natural gas, combining it with imported LNG, and selling the aggregated gas to gas buyers in the Philippines or abroad) in the Philippines. In addition, the DOE has been authorized to evaluate, approve, and issue the permits necessary for the siting, construction, operation and maintenance, expansion, modification, rehabilitation, decommissioning, and abandonment of any PDNGI facility or activity.

RA 12120 provides for, among others, the licensing and permitting requirements for (a) entities owning and/or operating PDNGI facilities and (b) entities intending to abandon or decommission any portion of the PDNGI facilities. In addition, the law provides that entity is allowed to have an interest in the ownership of upstream and downstream natural gas facilities as well as the supply and aggregation of natural gas to gas buyers, subject to the restrictions provided in the Philippine Competition Act.

Under RA 12120, power produced from indigenous natural gas shall have priority over other conventional energy sources and its procurement and utilization, including without limitation, gas-fired power plants shall be prioritized over natural gas. Further, the law provides that the purchase and sale of indigenous natural gas, aggregated gas, and power generated by generation facilities using indigenous natural gas and aggregated gas shall be exempt from VAT; however, VAT exemption for aggregated gas is only to the extent of the amount of indigenous natural gas attributed to be in it.

Renewable Energy Regulations

Republic Act No. 9513 or the Renewable Energy Act of 2008 (“RE Act”) aims to promote development and commercialization of renewable and environment-friendly energy resources such as biomass, solar, wind, hydro, geothermal, and ocean energy resources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce dependence on fossil fuels and minimize exposure to price fluctuations in international markets. To facilitate the development of the RE, the RE Act provides for various tax incentives which may be enjoyed by RE generators.

The RE Act establishes the framework for the accelerated development and advancement of RE resources as well as the development of a strategic program to increase its utilization. The RE Act defines RE 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 RE technologies.

The DOE is the lead agency mandated to implement the provisions of the law.

On October 1, 2019, the DOE issued Department Circular No. DC 2019-10-0013 which provided the omnibus guidelines governing the award and administration of RE contracts ("RE Contracts") and the registration of RE developers. DC 2019-10-0013 became effective on November 22, 2019. DC 2019-10-0013 harmonized and enhanced the then existing guidelines and procedures governing the transparent and competitive system of awarding RE contracts and registration of RE projects.

On December 24, 2021, DOE issued Department Circular No. DC2021-12-0042 which prescribed amendments to the rules and regulations implementing the RE Act. Among the amendments introduced is the requirement for registered RE 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.

On June 4, 2024, the DOE issued Department Circular No. DC2024-06-0018 which set forth the revised omnibus guidelines governing the award and administration of RE Contracts and the registration of RE developers (the "Revised Omnibus Guidelines"). The Revised Omnibus Guidelines integrates issuances and recent policies of the DOE for an effective and efficient award and administration of RE Contracts and the registration of RE developers. Under the Revised Omnibus Guidelines, RE Contracts (i.e., service agreements between the government and an RE developer which grant to the developer the exclusive right to explore, develop, or utilize the RE resource within a particular area) shall be awarded through two methods: (i) open and competitive selection process; or (ii) 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) RE operating contracts (i.e., service agreements for the development and/or utilization of RE 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 RE resource.

A DOE certificate of registration is issued to RE developers holding valid RE service or operating contracts upon application with the DOE.

Renewable Portfolio Standards and Requirements

Under the RE Act, Renewable Portfolio Standards ("RPS") refers to a market-based policy that requires electricity suppliers to source an agreed portion of their energy supply from eligible RE resources. The mandated participants to the annual RPS 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.

The RE Act also created the Renewable Energy Market which shall serve as a sub-market of the WESM where the trading of RE Certificates may be made. The term RE Certificate refers to a certificate issued by the RE Registrar to electric power industry participants showing the energy sourced, produced, and sold or used. RE Certificates may be credited against the compliance of the obligations under the RPS.

Department Circular No. DC2017-12-0015, which prescribes the rules and guidelines governing RPS for on-grid areas (the "RPS On-Grid Rules"), provides that the RE share of electricity coming from RE resources in the energy mix should be based on the aspirational target of 35% in the generation mix expressed in MWh by 2030 with a goal of 50% by 2040 as outlined in the National Renewable Energy Program, subject to regular review and assessment by the DOE. Non-compliance with the RPS 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. On May 23, 2023, the DOE issued Department Circular No. DC2023-05-0015, prescribing amendments to the RPS On-Grid Rules. The amendments introduced by Department Circular No. DC2023-05-0015 include, among others, the clarification on the prescribed parameters for calculating the minimum RPS requirement for each mandated participant, clarification on RPS compliance mechanisms, and new guideline on the issuance of RE Certificates.

DOE Circular No. DC2020-07-0017 was also issued to provide mandated participants with more avenues for compliance with their RPS requirements, by providing the framework for green energy auction. There are 2 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 RE projects already covered by RE 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, RE 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 RE supply through the green energy auction shall be considered as having complied with the competitive selection process requirements.

DOE Circular No. DC2021-11-0036 or the Revised Green Energy Auction Program ("Revised GEAP Rules") came into effect on December 5, 2021. The Revised GEAP Rules intends to facilitate the growth of RE as a primary source of energy in the Philippines. The same sets the rules for the procurement of RE supply by distribution utilities and RES from eligible RE suppliers through a competitive process, together with long-term contracts.

Under the Revised GEAP Rules, the determination of eligible RE suppliers shall be through the Green Energy Auction ("GEA") that shall be administered by the Green Energy Auction Committee ("GEAC"). Any of the following new existing capacities (which refer to RPS eligible facilities as defined in the RPS On-Grid Rules) may be offered for bidding: (i) RE facilities that were built and will be built after the RE Act; (ii) RE facilities that were built and commercially operating prior to the effectivity of the RE Act but have undergone an expansion or an upgrading of projects, of which additional capacities may be offered; (iii) geothermal and impounding hydropower facilities; and (iv) other emerging RE technologies that may be included in the GEAP and the feed-in tariff.

An offer of supply to the GEA must come from DOE registered RE facilities and requires that such facility must be free from any supply contract with distribution utilities or other offtakers at the time of agreed delivery dates.

Green Energy Option Program

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." The resolution was issued pursuant to DOE Department Circular No. 2018-07-0019 and 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"). GEOP provides end-users the option to choose RE resources as their sources of energy. The GEOP allows eligible end-users to directly contract with an RE 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 Energy Safety, Health and Environment Rules and Regulations

The DOE issued Department Circular No. DC2012-11-0009 or the Renewable Energy Safety, Health, and Environment Rules and Regulations of 2012 ("RESHERR"). The RESHERR applies to all employers, employees, contractors and other entities engaged in RE operations to ensure adequate safety and protection against hazards to health, life and property as well as pollution of air, land and water from RE operations. Under the RESHERR, all RE facilities are required, upon commencement of its operations, to organize a Safety, Health, and Environment Committee. In addition, the RESHERR establishes the minimum occupational safety and health requirements for RE facilities, for the safety of all workers and employees.

Regulations relating to energy projects of national significance

On June 28, 2017, President Duterte issued Executive Order ("EO") No. 30, series of 2017 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"). On April 25, 2018, the DOE issued Department Circular No. 2018-04-0013, setting for the implementing rules and regulations of EO No. 30.

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, EPNS are 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, which pertains to the potential of the project to promote greater access to energy and energy supply security of the country.

(c) Significant consequential economic impact, which pertains to the potential of the project to generate employment and increased revenue for the government.

(d) Significant potential contribution to the country's balance of payment, which pertains to the inflow of foreign investment capital.

(e) Significant impact on the environment, which pertains to the project's sustainability with minimal adverse environmental effects.

(f) Significant complex technical processes and/or engineering designs, which pertains to whether the project involves newly-developed or pioneering energy systems and/or technologies.

(g) Significant infrastructure requirement, which pertains to the project's 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 No. 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 EO 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 Board of Investments (BOI)

Under EO 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 EO 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 EO 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 Republic Act No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises Act ("CREATE") Law, as amended by 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 incentives granted in their certificate of registration or certificate of registration and tax exemption, and 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 CREATE Law shall be allowed to continue with the availment of the income tax holiday for the remaining period of the income tax holiday as specified in the terms and conditions of their registration, provided that for those that have been granted the income tax holiday but have not yet availed of the incentive upon the effectivity of CREATE Law, they 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 CREATE Law and that are entitled to the five percent (5%) tax on gross income earned after the income tax holiday shall be allowed to avail of the five percent (5%) tax on gross income earned incentive including all corresponding exemptions from national taxes, local taxes, and local fees and charges until December 31, 2034;
iii. registered business enterprises currently availing of the five percent (5%) tax on gross income earned granted prior to the effectivity of the CREATE Law shall be allowed to continue availing of the said tax incentive at the rate of five percent (5%), including all corresponding

exemptions from national taxes, local taxes, and local fees and charges until December 31, 2034; and

iv. registered business enterprises availing of duty exemption on importation under Section 294 (d), VAT exemption on importation, and VAT zero-rating on local purchases under Section 294 (e) prior to the effectivity of the CREATE Law shall be allowed to continue availing of the said tax incentives until December 31, 2034. Registered export enterprises shall continue to avail of the said incentives thereafter, in accordance with Title IV of the Tax Code, the provisions of the Customs Modernization and Tariff Act, as amended, and other applicable laws.

Philippine Competition Act

On July 21, 2015, the President of the Philippines signed into law Republic Act No. 10667 or the Philippine Competition Act ("PCA"), 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 PCC also has issued the "Guidelines on the Computation of Merger Notification Thresholds", which provides the method for calculating the aggregate value of assets and gross revenues from sales for the purposes of determining whether a proposed merger or acquisition is notifiable to the PCC.

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. 01-2024, effective March 1, 2024, the threshold for the Size of Party/Person was increased to ₱7,800,000,000.00, and the threshold for the Size of Transaction was increased to ₱3,200,000,000.00.

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 ₱50,000,000.000 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 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.

Occupational Safety and Health Standards Law

As provided under Article 168 of Presidential Decree No. 442, the Occupational Safety and Health Standards (as Revised 1989) was formulated by the DOLE. Subsequently, in an effort to emphasize and strengthen compliance with such standards, Republic Act No. 11058 or the Occupational Safety and Health Standards Law ("OSH") was signed into law in August 2018.

The OSH mandates that every employer, contractor, subcontractor, and any person who manages, controls, or supervises the work being undertaken is required, among others, to: (i) furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers; (ii) give complete job safety instructions orientation to all the workers; (iii) require workers to undergo a mandatory eight hour safety and health seminar; (iv) inform the workers of the hazards associated with their work, health risks involved, or to which they are exposed to, preventive measures to eliminate or minimize the risks, and steps to be taken in cases of emergency; and (v) provide for measures to deal with emergencies and accidents including first-aid arrangements. Notably, the OSH mandates that the employer shall appoint/employ a Safety Officer whose qualifications and duties are provided by the said law.

Department Order No. 198, series of 2018 (D.O. 198) was issued by the DOLE to implement the OSH. The said Department Order classifies establishments as low, medium or high risk, and depending on the number of employees per establishment, provides for the corresponding requirements and provisions required of each employer, such as number of safety officers, occupational health officers and provision for health equipment and facilities. Under the DOLE Labor Advisory No. 04, series of 2019 (Guide for Compliance of Establishments to D.O. 198), the establishment concerned shall be responsible for determining its own level of classification (low, medium, or high risk) based on Hazards Identification and Risk Assessment Control conducted by the company.

The employer, project owner, contractor or subcontractor, if any, and any person who manages, controls or supervises the work being undertaken shall be jointly and solidarily liable for compliance with occupational safety and health standards, including the penalties imposed for any violations thereof.

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 ("PhilHealth"), 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 and shall be granted immediate eligibility and access to preventive, promotive, curative, rehabilitative, and applicative care for medical, dental, mental, and emergency health services.

Membership is classified into two types: (i) direct contributors; and (ii) 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, took effect on February 23, 2019 upon completion of its publication in Manila Bulletin and the Business Mirror on the said date.

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 removal of 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, however, such requirement shall be required for any increase in authorized capital stock of a corporation; (iv) stockholders may now vote in absentia; (v) incorporators now include any person, partnership, association or corporation; (vi) material contracts between the corporation and its own directors, trustees, officers, or their spouses and relatives within the 4th civil degree of consanguinity or affinity must be approved by at least 2/3s of the entire membership of the board, with at least a majority of the independent directors voting to approve the same; and (vii) an expansion of the powers of the SEC to prosecute and investigate offenses under the Revised Corporation Code.

Foreign Investments Act of 1991, as amended ("FIA")

The FIA liberalized the entry of foreign investment into the Philippines. Under the FIA, in domestic market enterprises, foreigners can own as much as 100% equity 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 RE power plants.

The Department of Justice ("DOJ") opined that the exploration, development and utilization of solar, wind, hydro and ocean or tidal energy sources is not subject to the 40% foreign equity limitation and thus, may be wholly-owned by foreign nationals. In DOJ Opinion No. 21, Series of 2022 dated September 29, 2022, the DOJ opined that solar, wind, hydro and ocean or tidal energy sources are inexhaustible and, therefore, not within the ambit of the term "natural resources" in Article XII, Section 2 of the Philippine Constitution. As a result of the DOJ's opinion, the DOE issued DOE Department Circular No. DC2022-11-0034 on November 15, 2022, which amended the IRR of the Renewable Energy Act (Rep. Act No. 9513) to align with opinion of the DOJ.

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. Through the case entitled 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 SC 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.

EISS Law

The Philippine Environmental Impact Statement System ("EISS Law") was established by Presidential Decree No. 1586 and is implemented by the Department of Environment and Natural Resources ("DENR"). The EISS Law 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 Environmental Compliance Certificate ("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 ("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 ("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 are also required to establish an Environmental Monitoring Fund ("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.

Other Environmental Laws

Other regulatory environmental laws and regulations applicable to the businesses of San Miguel Global Power 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.

Research and Development

San Miguel Global Power 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 and Visayas grids, as well as the eventual interconnectivity and implementation of WESM in Mindanao. In addition, San Miguel Global Power seeks to maintain the cost competitiveness of these new projects by exploring new technologies and strategically locating them in high demand areas and in areas with the closest proximity to the grid.

San Miguel Global Power is considering further expansion of its power portfolio through new greenfield power plants nationwide over the next few years in line with the growth in market demand. San Miguel Global Power is confident that the experience it gained from building its greenfield power plants will enable it to build new cost competitive plants. In addition to power generation assets, San Miguel Global Power has invested in battery technology to add to the existing 10 MWh Masinloc BESS and the 30 MWh Kabankalan BESS, of which Phase 1 (20 MWh) commenced commercial operations in January 2022. Of the ~1,000 MWh BESS projects, 630 MWh across 18 sites attained substantial completion as of December 2024, including the 30 MWh Kabankalan (Phase 1 and 2) and 20 MWh Masinloc (Phase 2). A total of 30 MWh across 2 sites are expected to be substantially completed in 2025. San Miguel Global Power also actively seeks to identify and pursue RE investments such as hydroelectric power and solar power projects, subject to the outcome of viability and feasibility analyses. Currently, San Miguel Global Power, through its wholly-owned subsidiary, 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 1,300 MWp across various sites in Luzon including in the provinces of Bataan, Bulacan and Isabela by 2028. The second phase of the planned solar projects is expected to have an aggregate initial capacity of 1,100 MWp by 2039 across Pagbilao, Bohol, and various locations in Mindanao, including

Davao. San Miguel Global Power targets the completion of these solar power projects between 2028 and 2039. This is in line with San Miguel Global Power's objective to operate in an environmentally-responsible manner, and to reduce its carbon footprint and transition to cleaner sources of energy while taking into consideration energy security and affordability for its consumers.

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, San Miguel Global Power 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 7-9 magnitude earthquakes (Seismic Zone 4) and super typhoons (i.e., wind speeds up to 270 kph).

San Miguel Global Power, through its relevant subsidiaries, complies for its company-owned generation plants, and it believes that SRPC, the IPP for 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 San Miguel Global Power's active certifications:

Standard	Description	Facility/ Location	Initial Application	Recertification	Validity
ISO 9001:2015	Quality Management Systems	Limay Power Plant	2018	2024	2027
ISO 45001:2018	Occupational Health & Safety Management System	Limay Power Plant	2018	2024	2027
ISO 14001:2015	Environmental Management Systems	Limay Power Plant	2018	2024	2027
ISO 9001:2015	Quality Management Systems	Malita Power Plant	2016	2024	2026
ISO 45001:2018	Occupational Health & Safety Management System	Malita Power Plant	2016	2024	2026
ISO 14001:2015	Environmental Management Systems	Malita Power Plant	2016	2024	2026
ISO 22301: 2019	Business Continuity Management Systems	Malita Power Plant	2019	2024	2027
ISO 50001:2018	Energy Management Systems	Malita Power Plant	2018	Ongoing application	
ISO 55001:2014	Asset Management System	Malita Power Plant	2019	Ongoing application	
ISO 9001:2015	Quality Management Systems	Mariveles Power Plant	2024	N/A	2027

ISO 45001:2018	Occupational Health & Safety Management System	Mariveles Power Plant	2024	N/A	2027
ISO 14001:2015	Environmental Management Systems	Mariveles Power Plant	2024	N/A	2027
ISO 45001:2018	Occupational Health & Safety Management System	Masinloc Power Plant	2019	2023	2026
ISO 14001:2015	Environmental Management Systems	Masinloc Power Plant	2014	2023	2026
ISO 55001:2014	Asset Management System	Masinloc Power Plant	2018	Ongoing application	
ISO 9001:2015	Quality Management Systems	Sual Power Plant	2004	Ongoing application	
ISO 45001:2018	Occupational Health & Safety Management System	Sual Power Plant	2008	Ongoing application	
ISO 14001:2015	Environmental Management Systems	Sual Power Plant	2021	Ongoing application	
ISO 9001:2015	Quality Management Systems	Ilijan Power Plant	Ongoing application		
ISO 45001:2018	Occupational Health & Safety Management System	Ilijan Power Plant	Ongoing application		
ISO 14001:2015	Environmental Management Systems	Ilijan Power Plant	Ongoing application		

For each of its greenfield power plants, San Miguel Global Power will comply with all applicable safety, health and environmental laws and regulations, including securing the necessary ECC in accordance with Philippine law.

San Miguel Global Power 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. San Miguel Global Power 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 calorific value 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, San Miguel Global Power'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:

- CFB technology (used in San Miguel Global Power's greenfield power plants: Limay Greenfield Power Plant, Davao Greenfield Power Plant and Mariveles Greenfield Power Plant) operate the boilers at relatively lower pressure and temperatures (below 800 degrees centigrade) compared to 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 San Miguel Global Power'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"), San Miguel Global Power 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, San Miguel Global Power 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.

- San Miguel Global Power 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, San Miguel Global Power 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.

San Miguel Global Power 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.

San Miguel Global Power 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 San Miguel Global Power have maintained levels of emission lower than the standards set by the DENR. The following table sets forth the level of NOx, SOx and PM emissions of the power plants owned and operated by San Miguel Global Power, as well as the applicable emission control standards, for the year ended December 31, 2024:

	NOx		SO_x		PM	
Power Plant	**Emission level**	**DENR Standard**	**Emission level**	**DENR Standard**	**Emission level**	**DENR Standard**
	(ppm)		**(ppm)**		**(Mg/Nm³)**	
Sual Power Plant*	159.9	732.0	270.5	524.0	18.1	200.0
Masinloc Power Plant	158.6	732.0	361.4	524.0	70.5	200.0
Limay Greenfield Power Plant	63.0	487.0	84.7	245.0	5.7	150.0
Davao Greenfield Power Plant................	59.5	487.0	155.4	245.0	11.4	150.0

* Operated under the Sual IPPA Agreement until its expiration on October 25, 2024

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 San Miguel Global Power may give rise to liabilities to the government and to local government units where such facilities are located, or to third parties. In addition, San Miguel Global Power 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 San Miguel Global Power 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 San Miguel Global Power.

On an annual basis, operating expenses incurred by the San Miguel Global Power to comply with environmental laws are not significant or material relative to the Group's total cost and revenues.

Employees

As of December 31, 2024, San Miguel Global Power and its subsidiaries have 2,485 regular employees, of which 97 are executives and managers and 282 are supervisors. All employees are based in the Philippines.

Since 2008, employees of San Miguel Global Power have not been members of any labor union. San Miguel Global Power has not experienced any work stoppages and considers its relationship with its employees to be good. Consistent with the goal of San Miguel Global Power to be one of the Philippines' preferred employers, San Miguel Global Power has adopted a rewards and recognition policy that is competitive with industry standards in the Philippines. In addition to the statutory benefits, San Miguel Global Power 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 San Miguel Global Power. Performance is reviewed annually and employees are rewarded based on the attainment of pre-defined objectives. San Miguel Global Power also has programs for its employees' professional and personal development.

With the ensuing 12 months, San Miguel Global Power may require additional hiring of employees to support its business expansion, the number of which cannot be determined.

Risks Relating to San Miguel Global Power

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 WESM, the start of the RCOA, the implementation of mandatory CSP for distribution utilities, the implementation of the green energy option, which allows contestable customers to directly contract with an RE supplier, the implementation of the Renewable Portfolio Standards ("RPS"), which mandates electricity suppliers to source an agreed portion of their energy supply from eligible 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 San Miguel Global Power, giving them the ability to respond to operational, technological, financial and other challenges more quickly than San Miguel Global Power. These competitors may therefore be more successful than San Miguel Global Power 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 RE sources less competitive against other solutions including conventional generation. San Miguel Global Power may therefore be unable to meet the competitive challenges it will face.

As a result of increased competition, San Miguel Global Power 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 San Miguel Global Power. To the extent that distribution utilities or industrial offtakers agree to purchase from other generation companies instead of purchasing from San Miguel Global Power, or San Miguel Global Power is unable to participate or otherwise successfully compete in bids for supply contracts, the ability of San Miguel Global Power 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

San Miguel Global Power 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 San Miguel Global Power is subject to factors, many of which are outside of the control of San Miguel Global Power. 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 San Miguel Global Power 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 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 could adversely affect San Miguel Global Power's ability to access the liquidity needed to maintain its business and pursue its growth plans.

Other factors affecting the ability of San Miguel Global Power 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 San Miguel Global Power with existing debt covenants, which include debt to equity ratio and debt service coverage ratio covenants; and (iii) the ability of San Miguel Global Power to service new debt. The inability of San Miguel Global Power 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 San Miguel Global Power.

In addition, San Miguel Global Power has significant long-term debt, finance lease obligations, and perpetual capital securities.

There is no assurance that San Miguel Global Power 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 San Miguel Global Power, 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 San Miguel Global Power 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 Retail Electricity Supplier ("RES") licenses

San Miguel Global Power requires 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 DC2015-06-0010 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 and Prescribing the Requirements and Conditions Therefore" (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 SC, acting on a petition filed by certain entities, issued a temporary restraining order ("TRO") 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 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 its electricity supply requirements from ERC-licensed/authorized suppliers. In light of the TRO issued by the SC, 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 (the "2011 RES Licensing Rules").

On March 2, 2021, the SC 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 (the "SC RES Decision"). As a result, the temporary restraining order issued by the SC 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 SC also directed the ERC to promulgate the supporting guidelines to DC 2017-12-0013 and DC 2017-12-0014.

San Miguel Global Power has two RES licenses issued to its subsidiaries LPI and MPCL, which have a term of five years each and are both valid until September 29, 2028.The ability of San Miguel Global Power 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 2011 ERC Resolution, and the RES licenses issued and renewed by the ERC on such basis, are questioned.

Such limitation on the ability of San Miguel Global Power to directly contract with contestable customers could have a material adverse effect on the business, financial condition and results of operations of San Miguel Global Power.

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. San Miguel Global Power, through its subsidiaries, is responsible, at the cost of the latter, for supplying the fuel requirement of the Sual Power Plant, Ilijan Power Plant, Masinloc Power Plant, Limay Greenfield Power Plant, Davao Greenfield Power Plant and Mariveles Greenfield Power Plant. San Miguel Global Power, 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 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, the recent geopolitical tensions and uncertainties caused by events such as the Israeli-Palestinian conflict, the Russian invasion of Ukraine, 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 San Miguel Global Power'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 San Miguel Global Power, through its subsidiaries, will be able to purchase all of its required fuel supplies from its regular suppliers that produce fuel of acceptable and known quality. Consequently, San Miguel Global Power 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. San Miguel Global Power believes that it is well placed to secure access to alternative sources of fuel, and has executed a binding agreement covering the use of the Batangas LNG Terminal, which is composed of onshore regasification units and onshore and offshore storage technologies, currently under construction and undergoing commissioning in Ilijan, Batangas and which is expected to allow San Miguel Global Power to receive, store, and process LNG from the global market. Alternatively, the Ilijan Power Plant may also be reconfigured to be a diesel or an LNG-type facility in the future. The Batangas LNG terminal commenced supplying imported LNG during its commissioning on May 31, 2023 through LNG supply contracts that San Miguel Global Power entered into with reputable suppliers including Vitol, Trafigura and Shell Eastern Trading (Pte) Ltd. However, there can be no assurance that San Miguel Global Power will be able to access the natural gas it requires for its operations. For example, as a temporary measure to address the immediate fuel needs of the Ilijan Power Plant, SPPC executed a gas supply and purchase agreement with the Philippine National Oil Company ("PNOC") on June 23, 2022, for the supply of Malampaya banked gas to the Ilijan Power Plant. However, the contract was not implemented by PNOC.

San Miguel Global Power has invested in 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 San Miguel Global Power will be able to obtain the quality of coal in such quantities that it requires for its operations.

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 San Miguel Global Power's coal supply, the ban did not adversely impact plant operations. San Miguel Global Power 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 and Bayan. Coal inventory levels during the period runs 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. San Miguel Global Power 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 San Miguel Global Power's fuel supply. Following recent developments and easing of the coal export ban, San Miguel Global Power has received certain Indonesian coal shipments from its suppliers to date. San Miguel Global Power 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 San Miguel Global Power, 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 San Miguel Global Power.

San Miguel Global Power, through its subsidiaries, has fuel supply agreements with reputable and reliable international coal suppliers, such as but not limited to, Vitol and Bayan, for its power plants. The diversity of coal suppliers of San Miguel Global Power provides assurance of fuel supply limiting any issues with any specific region or supplier. SPPC has entered and intends to also enter into various supply agreements with international suppliers for the supply of LNG for the Ilijan Power Plant.

San Miguel Global Power also believes that the size and diversity of the fuel supply of its power portfolio reduces the exposure of San Miguel Global Power 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.

Reliance on Independent Power Producer ("IPP") 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 San Miguel Global Power 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 ECA for the San Roque Power Plant contains bonus and penalty provisions, and San Miguel Global Power 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 such IPP to properly operate and/or adequately maintain the San Roque Power Plant could have a material adverse effect on the business, financial condition and results of operations of San Miguel Global Power.

In addition, if SRHI fails to deliver electricity beyond contractually agreed periods due to the failure of the IPP to operate and maintain the San Roque Power Plant, the counterparties of San Miguel Global Power in its PSCs may have a right to terminate those contracts for outages beyond applicable outage allowances in the PSCs, 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 San Miguel Global Power.

San Miguel Global Power leverages on the strengths and track record of its world-class IPP partners in operating its existing power portfolio while monitoring their adherence to the minimum operating protocols specified in the IPPA and ECAs in line with international best practices.

Market limitations under the EPIRA

Based on the total installed generating capacities reported in the ERC Resolution on Grid Market Share Limitation, San Miguel Global Power believes that its combined installed capacity comprises approximately 22% of the National grid, 28% of the Luzon grid and 9% of the Mindanao grid, in each case, as of December 31, 2024. Market share is computed by dividing the installed generating capacity of San Miguel Global Power with the installed generating capacity of Luzon grid, Mindanao grid or National grid (19,419,592 kW, 4,292,586 kW and 27,096,046 kW, respectively, based on data provided under the ERC Resolution on Grid Market Share Limitation). The EPIRA limits the market share of a participant to 30% per grid and 25% of the National grid by installed capacity. Even though San Miguel Global Power is currently within its market share cap (taking into account the greenfield power plants and expansion projects under construction), 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 San Miguel Global Power.

Development of greenfield power projects and expansion projects of existing plants involves substantial risks

The development of greenfield power projects and expansion projects of existing power plants involves substantial risks that could give rise to delays, cost overruns, or unsatisfactory construction or development of the projects. Such risks include the inability to secure adequate financing, inability to negotiate acceptable offtake agreements, delays in the receipt of the relevant permits to complete a project and other project risks that can arise from various sources such as poor project planning, execution and contractor/subcontractor issues and unforeseen engineering and environmental problems, among others.

Any such delays, cost overruns, unsatisfactory construction or development and other issues may negatively impact the project which could have a material adverse effect on the business, financial condition, results of operations and future growth prospects of San Miguel Global Power including revenue loss resulting from delay in commercial operations.

Project risks could emanate from various sources such as poor project planning, execution and contractor/subcontractor issues. If not addressed in a timely manner, these issues may negatively impact the project which would ultimately affect San Miguel Global Power's financial condition and results of operations, such as revenue loss resulting from delay in commercial operations.

Further, any delay in the receipt of the relevant permits will also delay the completion of a project. Any of these project risks could have a material adverse effect on the business, financial condition, results of operations, and future growth prospects of San Miguel Global Power.

To manage these risks, San Miguel Global Power has strong credit lines to avail external financing and sufficient internally generated funds to finance its projects. Also, San Miguel Global Power intends to enter into offtake agreements with various distribution utilities and industrial users to be able to substantially contract the projects' commercial capacity.

San Miguel Global Power has contracted world-class and industry-leading EPC contractors to construct its projects. Under the EPC contracts, San Miguel Global Power will be indemnified in the event of delay and/or default of the EPC contractor. To ensure timely delivery and performance, the EPC contracts provide for a schedule of payments of the contract price based on agreed milestones. San Miguel Global Power checks on the accomplishments of the EPC contractor prior to the release of the corresponding payment per milestone.

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 San Miguel Global Power, 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 San Miguel Global Power.

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 ("CA") a Petition for Review of these orders. On the other hand, MPCL filed its Petition for Review with the CA on December 12, 2014. After consolidating the cases, the CA, 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 CA affirmed this decision in its March 29, 2019 Omnibus Resolution. The ERC appealed the decision and resolution of the CA, 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 SC 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 ₱2,322 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 San Miguel Global Power subsidiaries.

The strategy of San Miguel Global Power is to source majority of its revenues from bilateral offtake agreements. This ensures cash flows while minimizing the exposure of San Miguel Global Power to any unfavorable fluctuations in WESM prices. Revenue from bilateral contracts with offtakers contributed 90%, 86% and 82% of total revenue for the years ended December 31, 2022, 2023 and 2024, respectively.

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

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

San Miguel Global Power 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 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 December 31, 2024, the PSAs of EERI and SPPC have already commenced supply while the PSA of MPGC is pending ERC approval.

In another CSP conducted by Meralco on February 26, 2024, Limay Power Inc. 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 another CSP conducted by Meralco for RE 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 to commence in 2025. On August 21, 2024, SRHI entered into a PSA with Meralco. As of December 31, 2024, implementation of this PSA is pending ERC approval.

In the most recent 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 and has a full fuel pass-through scheme. As of December 31, 2024, implementation of this PSA is pending ERC approval.

When the current offtake agreements with Meralco expire and as San Miguel Global Power's greenfield power plants come online, there is no assurance that San Miguel Global Power, 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). 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 San Miguel Global Power.

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 San Miguel Global Power 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, 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 10 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 (the "290 MW PSA"). 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 10 years from December 26, 2019. The three contracts were executed between Meralco and the relevant IPPAs ("the 2019 Meralco PSCs").

The 2019 Meralco PSCs 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 PSCs 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. The said motions were denied by the ERC on September 29, 2022. On June 27, 2023, the CA released its Joint Decision on the separate petitions of SPI and SPPC for certiorari, which effectively annulled and set aside the previous Orders of the ERC denying their joint petitions with Meralco for a tariff increase to allow the recovery of incremental power supply costs due to "Change in Circumstances" and the eventual termination of the PSAs with Meralco. Following the release of the CA's joint decision, SPI and SPPC firmed up the termination of their respective PSAs with Meralco effective October 4, 2022, without prejudice to additional claims on incremental power supply costs due to "Change in Circumstances" beyond the period covered by the said petitions. SPPC ceased the supply under its PSA on December 7, 2022 while SPI ceased to supply nominations on its PSA on July 24, 2023. The 290 MW PSA was subsequently assigned by SPPC to SPI in January 2024 but the term of this power supply agreement expired on December 25, 2024.

The business, cash flows, earnings, results of operations and financial condition of San Miguel Global Power could be materially and adversely affected if San Miguel Global Power 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 San Miguel Global

Power is unable to find new customers to replace Meralco and other offtakers, or if the relevant regulatory approvals are not released on time.

San Miguel Global Power manages a large, reliable and diverse portfolio of power plants that allows it to supply at competitive rates and terms. Further, San Miguel Global Power has an experienced sales and marketing team that actively markets to its existing and new financially capable prospective customers and intends to continuously participate in CSPs to be conducted by distribution utilities. In addition, San Miguel Global Power maintains good working relationships with its offtakers and has cultivated a long history of reliability and good customer service.

Administration of the output of San Miguel Global Power'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 San Miguel Global Power 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 the 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 San Miguel Global Power from its power generation assets. While the San Roque IPPA Agreement of SRHI provides 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 San Miguel Global Power.

San Miguel Global Power leverages on the strengths and track record of its partners in operating its existing power portfolio by monitoring their adherence to the minimum operating protocols specified in their respective IPPA Agreements or operations and maintenance agreements in line with international best practices.

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 San Miguel Global Power's power plants or that the preventive measures taken by San Miguel Global Power 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 San Miguel Global Power's insurance policies. San Miguel Global

Power's income and cash flows 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 San Miguel Global Power's ability to sell power and San Miguel Global Power's results of operations could suffer. For example, from September 16, 2020 to May 12, 2021, the Sual Power Plant Unit 2 experienced an outage due to major turbine repairs to improve its reliability moving forward. In the event of a service disruption, San Miguel Global Power would typically seek to purchase replacement power, which may be at a significantly greater cost than power generated by it or than it is able to recover. San Miguel Global Power 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 San Miguel Global Power's control, and their occurrences could have a material adverse effect on San Miguel Global Power'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. San Miguel Global Power 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, SPPC, 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, 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, MPI, or MPCL may invest to address such losses.

In addition, there is no assurance that San Miguel Global Power will be able to renew these policies on similar or otherwise acceptable terms, or at all, or that San Miguel Global Power will not experience a material increase in the premiums payable under its insurance policies. If one or more of San Miguel Global Power'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 SRPC, as the IPP, and cannot directly enforce the San Roque PPA against SRPC. Failure by SRPC to comply with its obligations under the San Roque PPA 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 San Roque IPPA Agreement arising from any breach, by SRPC, of its obligations under San Roque PPA must be claimed by SRHI against PSALM through specified claim mechanisms. The San Roque 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 SRPC of its corresponding claim. Accordingly, SRHI bears the risks associated with the lack of direct recourse against SRPC, 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 San Miguel Global Power.

Foreign exchange risk

While most of the offtake agreements of San Miguel Global Power allow adjustments for foreign exchange rate fluctuations, San Miguel Global Power is subject to foreign exchange risk. A substantial amount of revenue from sales of power by San Miguel Global Power is denominated in Philippine Pesos, while a portion of its expenses and obligations are denominated in U.S. dollars and San Miguel Global Power 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 Pesos. The proportion of U.S. dollars to Pesos payable under the San Roque IPPA Agreement is approximately 50% at the exchange rates prevailing as of the dates of the said agreement. San Miguel Global Power, through its subsidiaries, also purchases coal as fuel for the Sual Power Plant and its greenfield power projects using U.S. dollars. In addition, a significant portion of the capital expenditures required for its greenfield power projects are denominated in U.S. dollars.

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

San Miguel Global Power 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. San Miguel Global Power has entered into derivative contracts covering its net foreign currency denominated monetary liabilities. As a general policy, San Miguel Global Power may hedge up to 50% of its exposure and subject to management approval, for more than 50% of its exposure if necessary. Less than 10% of the consolidated net foreign currency-denominated monetary liabilities of San Miguel Global Power has been hedged as of December 31, 2024 through financial hedging arrangements with counterparty institutions. San Miguel Global Power 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 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 San Miguel Global Power.

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 NIA.

The facilities of AHEPP 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 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 AHEPP is used for the following purposes: (i) the water outflow of the three auxiliary units of 6 MW capacity each flows to the Ipo Dam and is conveyed by MWSS to Metro Manila for domestic use; and (ii) the water outflow of the four main units of 50 MW capacity each 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 AHEPP are able to generate. This could reduce the revenues from the sale of power from the San Roque Power Plant and the AHEPP, which could have a material adverse effect on San Miguel Global Power’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 AHEPP, which may cause release of water using the spillway.

San Miguel Global Power, through its subsidiaries, actively manages the water supply of the hydro power plants to optimize generation while ensuring that the irrigation supply requirements are met in coordination with the relevant government agencies.

Challenges in successfully implementing its growth strategy

Implementing the growth strategy of San Miguel Global Power 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 RE market.

For example, on March 1, 2024, MGen and Therma NatGas Power, Inc. (a subsidiary of Aboitiz Power Corporation), through their joint venture entity, Chromite Gas, entered into binding agreements with San Miguel Global Power and its relevant subsidiaries to jointly invest for a 67% equity interest in each of the following San Miguel Global Power 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. where the BCC Power Plant, the Batangas LNG Terminal and their respective related facilities are located. On May 17, 2024, Top Frontier Investment Holdings, Inc., the ultimate parent company of San Miguel Global Power, filed with the Philippine Competition Commission the relevant notification forms in relation to the joint investment by San Miguel Global Power and Chromite Gas. On December 23, 2024, the Philippine Competition Commission announced its decision to approve the transactions and the parties completed the transactions on January 27, 2025. Following the completion of this transaction, San Miguel Global Power’s direct interest and corresponding cash flows associated with the Ilijan Power Plant, BCC Power Plant and related facilities and assets will decrease. The impact on San Miguel Global Power 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 San Miguel Global Power’s business, financial condition, results of operations and prospects.

The success in implementing the strategy of San Miguel Global Power 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 RE 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, San Miguel Global Power enters into additional potential investments and acquisitions. For example, on June 28, 2024, SGLPC signed an investment and shareholders agreement with Citicore Renewable Energy Corporation for the 153.5 MW solar power plant to be constructed in Barangay Lucanin, Mariveles, Province of Bataan, that is expected to be completed in 2026. 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, San Miguel Global Power 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, San Miguel Global Power may consider alternative technologies for planned power projects that will improve efficiencies and lower emissions.

The growth strategy of San Miguel Global Power 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 San Miguel Global Power, reduce its profitability and adversely affect its results of operations and financial condition.

To manage these risks, San Miguel Global Power: (i) maintains a highly experienced management team composed of experts with extensive knowledge of the Philippine power industry; (ii) has in place a system of financial prudence and corporate governance; and (iii) strengthens the competencies of its employees specifically those in the succession pipeline of key personnel, provides training to prepare employees to take on higher responsibilities, and pursues strategic hiring for identified critical positions.

San Miguel Global Power also undertakes prudent review and due diligence and evaluates the viability of any acquisition or investment. In addition, San Miguel Global Power is guided by metrics when assessing possible investments, which include, but are not limited to, financial returns and possible synergies, with an overall objective of maximizing returns.

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.

San Miguel Global Power and its subsidiaries are in constant consultation and communication with NGCP and other relevant government institutions to address the transmission infrastructure requirements of San Miguel Global Power 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 San Miguel Global Power to supply electricity from the San Roque Power Plant of SRHI and its operating and planned greenfield power projects, as well as the ability of San Miguel Global Power to increase its geographical reach, will be adversely affected. This could have a material adverse effect on the business and revenue growth of San Miguel Global Power 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 the CREATE Law which introduced reforms to the corporate income tax and incentives systems. Effective July 1, 2020, the corporate income tax rate on domestic corporations has been reduced from 30% to 25%, while domestic corporations with net taxable income not exceeding ₱5 million and total assets (excluding land on which the corporation's office, plant, and equipment are situated) not exceeding ₱100 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 shall be 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 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 law shall be allowed to continue to avail of such tax incentive for 10 years.

Registered subsidiaries of San Miguel Global Power 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 income tax holidays (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.

As of December 31, 2024, certain subsidiaries of San Miguel Global Power, namely, MPCL for the Masinloc Power Plant and Masinloc BESS, EERI for the BCC Power Plant, SMGP Kabankalan for the Kabankalan BESS, SMGP BESS for the various BESS projects and SGLPC for the solar power projects were registered with the BOI as new operators with pioneer status and non-pioneer status, as applicable, for its greenfield projects. BOI-registered entities are 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 San Miguel Global Power 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 San Miguel Global Power, could have a material adverse effect on the business, financial condition and results of operations of San Miguel Global Power. 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 San Miguel Global Power's business, financial condition, and results of operations.

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 fifteen (15) days after its publication. The CREATE MORE Act, among others, introduces 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., 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 five percent (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.

Interest rate risk

While San Miguel Global Power 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 an adverse effect on its business, financial condition and results of operations.

Regulatory risks

The business of San Miguel Global Power is subject to extensive government regulation, particularly for its greenfield power plants and retail supply business. Moreover, as San Miguel Global Power expands its BESS capabilities and projects, it will be subject to applicable regulations under ancillary services and energy storage systems. To conduct its businesses, San Miguel Global Power and its subsidiaries must obtain various licenses, permits and approvals. Even when San Miguel Global Power 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, 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 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 (San Miguel Global Power's planned Masinloc Power Plant Units 4 and 5 expansion project and the Mariveles Greenfield Power Plant have 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 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 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 San Miguel Global Power'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 San Miguel Global Power and its subsidiaries. Failure to comply with relevant laws and regulations may result in monetary penalties or administrative or legal proceedings against San Miguel Global Power or its subsidiaries, which may cause or result in the termination or suspension of the licenses or operation of their facilities.

San Miguel Global Power and its subsidiaries have incurred, and expect to continue to incur, operating costs to comply with such laws and regulations. In addition, San Miguel Global Power 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 San Miguel Global Power believes that it has, at all relevant times, materially complied with all applicable laws, rules and regulations, there can be no assurance that San Miguel Global Power 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 San Miguel Global Power 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 RE resources and undertake CSP in sourcing RE. While activities related to sourcing RE are presently favored by certain public policies, these policies can be altered or reversed, which could reduce or slow demand for RE 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 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 RE. 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 San Miguel Global Power to stranded-asset risk (i.e., hazard of an asset suffering from an unanticipated write-down, devaluation, or conversion to liability).

San Miguel Global Power has been compliant with and continues to perform its obligations under applicable laws and regulations relevant to its businesses. If San Miguel Global Power and its subsidiaries fail to comply with all applicable regulations or if the regulations governing its business or their implementation change, San Miguel Global Power 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.

San Miguel Global Power and its subsidiaries are in constant consultation with relevant government agencies and other approving bodies to ensure that all requirements, permits and approvals are anticipated and obtained in a timely manner. San Miguel Global Power and its subsidiaries maintain a strong compliance culture and have processes in place in order to manage adherence to laws and regulations.

With respect to the ongoing trend and shift towards renewables, San Miguel Global Power believes that, given the various uncertainties on future sources of reliable and cost-effective energy, its existing power asset portfolio and pipeline of power plant projects are well suited and readily available to contract, at viable terms, a significant portion of the continuously increasing demand whether from the captured or the contestable markets. Nevertheless, San Miguel Global Power continues to pursue a diversified power portfolio which includes RE plants and is confident that it can leverage on its existing network of partners should the need arise to source energy from eligible RE sources.

It is also unlikely for the power generation assets of San Miguel Global Power to be stranded because a substantial portion of its existing capacity are contracted to qualified offtakers on a long-term basis. Moreover, in view of the ongoing market liberalization of the local power industry, San Miguel Global Power has open access to potential offtakers whether from the captured or contestable markets as long as it remains competitive in its pricing and quality of service.

Equally important is San Miguel Global Power’s constant vigilance and awareness of the carbon footprint and potential environmental hazards associated with fossil fuel-fired power plants and how this may influence certain offtakers willingness to purchase power from such facilities. As such, San Miguel Global Power closely supervises and controls the operations of its power generation assets to ensure that emissions are well below international and local environmental compliance standards. For example, the Limay Greenfield Power Plant and Davao Greenfield Power Plant of San Miguel Global Power uses the CFB technology in addition to other facilities such as fine coal grinders, limestone injections, and electrostatic precipitators, to transform coal into a fuel source that is relatively low in pollutant emissions.

Climate change policies

San Miguel Global Power 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 San Miguel Global Power'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.

In addition, technological developments may increase the competitiveness of alternative energy sources, such as RE, 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 RE 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 San Miguel Global Power's operations.

As a result of the above, San Miguel Global Power'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 San Miguel Global Power

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 San Miguel Global Power.

Sales to distribution utilities account for the majority of the consolidated sales volume of San Miguel Global Power for the year ended December 31, 2024. While rates charged by San Miguel Global Power 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 San Miguel Global Power 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 San Miguel Global Power 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, San Miguel Global Power and other generation companies are parties to a petition filed in the SC 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 CA, 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.

In May 2019, the SC 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. DC2015-06-0008 mandating all distribution utilities to undergo CSP in securing PSAs.

In its decision, the SC, 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 SC 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. San Miguel Global Power intends to participate in the power supply requirements of Meralco for which bidding is expected over the next few years. In the CSP conducted by Meralco on January 5, 2024 for its 1,800 MW power requirement, MPGC was declared winning bidder for the supply of 300 MW for a period of 15 years. MPGC and Meralco executed a PSA for said supply on February 5, 2024.

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 DOE Circular No. 2018-02-0003 (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, San Miguel Global Power, 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 December 31, 2024, some of the motions for reconsideration filed by the subsidiaries of San Miguel Global Power and its respective counterparty distribution utilities were decided against San Miguel Global Power. 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 San Miguel Global Power have filed their respective Petitions for Review with Prayer for the Urgent Issuance of a TRO in response to the decisions not in favor of San Miguel Global Power. These cases remain pending as of December 31, 2024.

The ERC in the exercise of its regulatory powers may also impose fines, penalties, or sanctions on San Miguel Global Power 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 San Miguel Global Power.

San Miguel Global Power continues to engage in comprehensive discussions and maintains good working relationship with the ERC to obtain proper resolution of its pending applications for tariff approval.

Trading on the WESM is affected by market volatility

While the subsidiaries of San Miguel Global Power 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 San Miguel Global Power 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 San Miguel Global Power have done, this also caps a supplier's ability to take advantage of price spikes caused by temporary market shortages.

As of December 31, 2024, 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 ₱6,245 per MWh for as long as cumulative spot prices breach a certain threshold. Prices are automatically capped at ₱6,245 per MWh for hours where the average price for the last 72-hours exceeds ₱9,000 per MWh.

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

Majority of the capacity of the subsidiaries of San Miguel Global Power is contracted through PSAs with various offtakers. In addition, San Miguel Global Power continues to engage in comprehensive discussions and maintains good working relationship with the PEMC to align its trading strategies with reasonable and acceptable standards and best practices.

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

San Miguel Global Power 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 San Miguel Global Power 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 San Miguel Global Power 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 San Miguel Global Power 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 San Miguel Global Power and its subsidiaries to comply with laws and regulations may also be deemed insufficient by governmental authorities. If San Miguel Global Power and/or its subsidiaries fail to comply, or are deemed to be non-compliant with any applicable laws or regulations, San Miguel Global Power 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 San Miguel Global Power 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 San Miguel Global Power 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 San Miguel Global Power and its subsidiaries.

There can be no assurance that San Miguel Global Power 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 San Miguel Global Power 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 San Miguel Global Power and its subsidiaries.

San Miguel Global Power and its subsidiaries are in constant consultation with relevant government agencies and other approving bodies to ensure that all requirements, permits and approvals are anticipated and obtained in a timely manner. The relevant compliance officers of San Miguel Global Power and its subsidiaries monitor, review, evaluate, and ensure compliance by each of San Miguel Global Power and its subsidiaries with the rules and regulations and all governance issuances of regulatory agencies. Such compliance officers also identify, monitor, and control compliance risks and possible areas of compliance issues. Further, San Miguel Global Power and its subsidiaries maintain a strong compliance culture and has processes in place in order to manage adherence to laws and regulations.

Please refer to Note 29 of the Notes to the Audited Consolidated Financial Statements attached hereto as **Annex "B"** for the discussion of the San Miguel Global Power and its subsidiaries' Financial Risk and Capital Management Objectives and Policies.

Legal and other proceedings arising out of its operations.

San Miguel Global Power 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 subcontractors, suppliers and government agencies, including those matters discussed in "Item 3 - 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. 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. 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 San Miguel Global Power. San Miguel Global Power 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 PSCs with Meralco for a period of six months. After this request was denied by the ERC, SPI and SPPC filed separate petitions with the CA which annulled and set aside the ERC Orders denying their request. The decision of the CA was upheld by the SC in its Resolution dated April 3, 2024 and an entry of judgement has already been issued for this case.[1] In such cases, the business, financial condition, results of operations and cash flows of San Miguel Global Power could be materially and adversely affected.

Item 2. Properties

A summary of information on the principal properties of San Miguel Global Power and its subsidiaries and their conditions thereof as of December 31, 2024, is attached hereto as **Annex "D"**. Except for the properties of LPI, MPI and MPCL as provided in Annex "D", San Miguel Global Power and its significant subsidiaries have no principal properties that are subject to a lien or mortgage. There are no imminent acquisitions of any material property that cannot be funded by working capital of San Miguel Global Power and its subsidiaries.

For additional information on the properties of San Miguel Global Power and its subsidiaries, please refer to Note 12, Property, Plant and Equipment, of the Audited Consolidated Financial Statements attached hereto as **Annex "B"**.

[1] This is further discussed under Item 3. Legal Proceedings.

Item 3. Legal Proceedings

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 ₱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 Billion, 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 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/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 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 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 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"*), 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 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 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 at December 31, 2024. SPPC, MPCL and SPI have aggregate outstanding receivables from Meralco estimated at ₱1,276 million.

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 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 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 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 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 "*Temporary Restraining Order*

(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 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 ₱2,322 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 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 Supreme Court praying for the reversal and nullification of the 2017 CA Decision and the 2018 CA Resolution but was denied by the Supreme Court 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 Supreme Court 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.

Complaints for estafa and corruption against PSALM officers

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 ("R.A. 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 Million. 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.

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 Sual Corporation ("Team Sual"), 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 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.

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 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 Power 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 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 TeaM Sual 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, TEAM 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 ₱491 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. To date, 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 (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 six (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 Petition

On November 10, 2022, SPPC filed with the CA a Petition for Certiorari under Rule 65 with Application for the Issuance of a Temporary Restraining Order ("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 ₱50 million (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 NASECOR 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 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. 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 under 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 Supreme Court with finality. The motion remains pending to date with the ERC.

SPI 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 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 CA 17th Division which was subsequently transferred to the CA 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 28 December 2023 denying the separate Motions for Reconsideration filed by NASECOR 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 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 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 under the SPI PSA, 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 Supreme Court 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%, SPPC assigned in favor of San Miguel Global Power 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 San Miguel Global Power assumed all obligations of SPPC in relation to the cases involving the Temporary Restraining Order (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

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of the stockholders of SMC Global Power during the fourth quarter of 2024.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market Price and Dividends on Common Equity and Related Stockholder Matters

Market Information

The Company has an authorized capital stock of ₱3,774,400,000.00 comprised of 3,774,400,000 common shares with par value of ₱1.00 per share, following the increase in authorized capital stock from ₱2,000,000,000.00 comprised of 2,000,000,000 common shares, as approved by the SEC on October 24, 2023. As of April 7, 2025, the Company has issued and outstanding 3,774,400,000 common shares, after SMC (the parent company of the Company) subscribed to the remaining 950,796,000 shares of the Company out of the latter's unissued capital stock on March 6, 2025 which was fully paid on April 7, 2025.

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

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

The ACS increase will be taken up in the Special Meeting of the Stockholders of the Company scheduled on April 14, 2025. Once approved, the Company will file the application for the ACS Increase and the Amendment to Seventh Article with the SEC.

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

Stockholders

As of December 31, 2024, the Company has eight (8) stockholders, composed of one (1) corporation and seven (7) individuals with at least five hundred 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 stock of San Miguel Global Power:

Name of Stockholder	Class of Securities	Number of Shares	% of Outstanding Shares
San Miguel Corporation	Common	2,823,600,500	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
Total	Common	2,823,604,000	100%

Dividend Policy

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

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.

Distributions to Senior Perpetual Capital Securities (SPCS) Holders

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

Distributions to Redeemable Perpetual Capital Securities (RPCS) Holders

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

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

San Miguel Global Power has not sold unregistered or exempt securities nor has it issued securities constituting an exempt transaction, except the following SPCS issued and listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"):

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

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

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

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

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

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

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

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

Item 6. Management's Discussion and Analysis or Plan of Operation.

(A) Management Discussion and Analysis

The information required by Item 6 (A) may be found on **Annex "A"** hereto.

(B) Information on Independent Accountant and Other Related Matters

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

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.

R.G. Manabat & Co. 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, ₱7.3 million and ₱8.8 million in 2024, 2023 and 2022, respectively. Said fees include compensation for audit services, tax advisory and other related services such as review and agreed-upon procedures. There were no fees paid for accounting, compliance, and planning services. There were no other fees paid to the independent auditors other than for the above-described services.

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

Item 7. Financial Statements

The Audited Consolidated Financial Statements and Statement of Management's Responsibility are attached as **Annex "B"** with the Supplementary Schedules attached as **Annex "C"** hereto. The auditors' professional tax receipt, name of certifying partner and address are attached as **Annex "B-1"** hereto.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

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

As of December 31, 2024, the composition of the Board of Directors of the Company is as follows:

Name	Age	Citizenship Position	Position	Year
Ramon S. Ang	70	Filipino	Director / Chairman	2010
John Paul L. Ang	44	Filipino	Director / Vice Chairman	2021
Aurora T. Calderon	70	Filipino	Director	2010
Virgilio S. Jacinto	68	Filipino	Director	2011
Jack G. Arroyo, Jr.	66	Filipino	Independent Director	2011
Consuelo M. Ynares-Santiago	85	Filipino	Independent Director	2011
Josefina Guevara-Salonga	82	Filipino	Independent Director	2017

As of December 31, 2024, the following are the executive officers of the Company:

Name	Age	Citizenship	Position	Year Position was Assumed
Ramon S. Ang	70	Filipino	Chairman & Chief Executive Officer and President & Chief Operating Officer	2010 & 2017
John Paul L. Ang	44	Filipino	Vice Chairman	2021
Virgilio S. Jacinto	68	Filipino	Corporate Secretary and Compliance Officer	2010 & 2011
Elenita D. Go	64	Filipino	General Manager	2011
Paul Bernard D. Causon	46	Filipino	Vice President and Chief Finance Officer	2018 & 2017
Ramon U. Agay	67	Filipino	Assistant Vice President and Comptroller	2015 & 2011
Irene M. Cipriano	50	Filipino	Assistant Corporate Secretary	2010

Name	Age	Citizenship	Position	Year Position was Assumed
Reynaldo S. Matillano	64	Filipino	Internal Audit Manager	2017
Maria Floreselda S. Abalos-Sampaga	59	Filipino	Data Protection Officer	2019
Jeciel B. Campos	66	Filipino	Assistant Vice President and Sales & Marketing Manager	2018
Jose Ferlino P. Raymundo	65	Filipino	Assistant Vice President and Energy Sourcing & Trading Manager	2018
Danilo T. Tolarba	56	Filipino	Assistant Vice President and Human Resources Group Manager	2018
Julie Ann B. Domino-Pablo	43	Filipino	Assistant Vice President and General Counsel	2020
Gonzalo B. Julian, Jr.	57	Filipino	Assistant Vice President, Sales and Marketing Manager-RES, and Head of the Battery Business	2020

The business experience for the past five years of each of the directors and executive officers are set forth below.

Ramon S. Ang is the incumbent Chairman of the Board and Chief Executive Officer of San Miguel Global Power since August 31, 2010, and concurrently, the President and Chief Operating Officer of the Company since April 30, 2017. He is also the Chairman and the Chief Executive Officer of San Miguel Corporation since June 11, 2024. Prior thereto, he was President and CEO from November 2, 2021 until June 11, 2024, the Vice Chairman from January 28, 1999 until June 11, 2024, and the President and Chief Operating Officer since March 6, 2002 to November 2, 2021. He has been a member of the Board of Directors of the San Miguel Corporation for twenty six (26) years since 1999. He is the Chairman and President of several subsidiaries of San Miguel Global Power 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 San Miguel Brewery Hong Kong Limited (listed in the Hong Kong Stock Exchange), Petron Malaysia Refining & Marketing Bhd (a company publicly listed in Malaysia), and San Miguel Food and Beverage, Inc. He is the Chairman of the Board of San Miguel Brewery Inc., San Miguel Foods, Inc., San Miguel Yamamura Packaging Corporation, San Miguel Equity Investments Inc., Sea Refinery Corporation, Clariden Holdings, Inc., Anchor Insurance Brokerage Corporation, and Philippine Diamond Hotel & Resort, Inc. He is the Vice-Chairman of Northern Cement Corporation; the Chairman and President of San Miguel Properties, Inc., San Miguel Holdings Corp., San Miguel Aerocity Inc., SMC SLEX, Inc. and Privado Holdings, Corp; and President and Chief Executive Officer of New NAIA Infra Corp. He is the Chairman of the Board and Chief Executive Officer of SMC Asia Car Distributors Corp. He is also the sole director and shareholder of Master Year Limited. He formerly held the following positions: Chairman of the Board of Liberty Telecoms Holdings, Inc. and Cyber Bay Corporation; President and Chief Operating Officer of PAL Holdings, Inc. and Philippine Airlines, Inc.; Director of Air Philippines Corporation; and Vice Chairman of the Board and Director of Manila Electric Company. Mr. Ang holds directorships in various domestic and international subsidiaries of SMC in the last five years. He has a Bachelor of Science degree in Mechanical Engineering from Far Eastern University. Mr. Ang has attended various trainings and seminars on Corporate Governance in the past five years, the most recent of which is the corporate governance training seminar conducted by Center for Global Best Practices on November 15, 2024.

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

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

Virgilio S. Jacinto is the Corporate Secretary of San Miguel Global Power since August 31, 2010, a Director, and its Compliance Officer since September 2, 2011. He is also a member of the Corporate Governance Committee of San Miguel Global Power. He is the Senior Vice-President, General Counsel, Corporate Secretary and Compliance Officer of SMC (since October 2010). He is also the Corporate Secretary and Compliance Officer of Top Frontier Investment Holdings, Inc., and Ginebra San Miguel, Inc. He is a Director of Petron Corporation and is a Director and Corporate Secretary of various domestic and international subsidiaries and affiliates of SMC. He was formerly the Vice President and First Deputy General Counsel of SMC. He was a Director and Corporate Secretary of United Coconut Planters Bank, and a Partner at Villareal Law Offices. Atty. Jacinto is an Associate Professor at the University of the Philippines, College of Law. He obtained his law degree from the University of the Philippines *cum laude* where he was the class salutatorian and placed sixth in the 1981 bar examinations. He holds a Masters of Laws degree from Harvard Law School. He holds directorships in various domestic and international subsidiaries of SMC. On September 26, 2024, he attended a corporate governance training seminar conducted by SGV & Co.

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

Consuelo M. Ynares-Santiago is an Independent Director of San Miguel Global Power since September 2, 2011. She is also the Chairperson of the Corporate Governance Committee, and a member of the Audit and Risk Oversight Committee and Related Party Transaction Committee of San Miguel Global Power. She is also an Independent Director of Top Frontier Investment Holdings, Inc., SMC SLEX Inc. (formerly, South Luzon Tollway Corporation), Anchor Insurance Brokerage Corporation, Phoenix Petroleum Phil. Inc., South Premiere Power Corp., Excellent Energy Resources Inc. and Linseed Field Corporation. 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 attended a corporate governance training seminar conducted by Risk, Opportunities, Assessment and Management (ROAM), Inc. on October 25, 2024.

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

Elenita D. Go is the General Manager of San Miguel Global Power since December 14, 2011. She joined San Miguel Global Power in June 2011 as Head of its Sales and Trading Group. She is currently the General Manager of several subsidiaries of the Company, including SPI, SRHI, LPI, and MPI, and is the Chairman in other subsidiaries of San Miguel Global Power. She is also the President of SMGCP Philippines Power Foundation Inc., the Managing Partner and Chief Executive Officer of MPCL and SMGP Kabankalan, and the Chief Operating Officer of MPGC. Previously, she was a Director of Manila Electric Company and Head of the Corporate Procurement Unit of SMC. She graduated with a degree in Bachelor of Science in Electrical Engineering from Mapua Institute of Technology. On November 15, 2024, she attended a corporate governance training seminar conducted by Center for Global Best Practices.

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

Ramon U. Agay is the Comptroller of San Miguel Global Power since September 2, 2011, and was appointed Assistant Vice President on March 25, 2015. He is also the Finance Manager of the various subsidiaries of San Miguel Global Power, such as SPI, SRHI, LPI, MPI, and SMGP Bess, and the Treasurer of Mantech Power Dynamics

Services Inc., Safetech Power Services Corp. and several other subsidiaries of San Miguel Global Power. He is the Executive Vice President and Treasurer of Alpha Water and the Comptroller of MPGC. He had previously held finance positions in SMC and its subsidiaries. He obtained a degree in Bachelor of Science in Commerce, major in Accounting from San Sebastian College. On November 15, 2024, he attended a corporate governance training seminar conducted by Center for Global Best Practices.

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

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

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

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

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

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

Julie Ann B. Domino-Pablo is the Assistant Vice President and General Counsel of San Miguel Global Power effective July 1, 2020, after having served as its Legal Officer since 2014. She is also the Corporate Secretary of various subsidiaries of San Miguel Global Power. She was admitted to the Philippine Bar and the New York State Bar in 2009 and is a Certified Public Accountant. Prior to San Miguel Global Power, Atty. Domino-Pablo was the

Chief-of-Staff of the Office of the President & CEO and the concurrent Corporate Planning Department Manager of PSALM Corporation and a consultant to the Office of the General Counsel of the Asian Development Bank. She also worked for Picazo Buyco Tan Fider & Santos Law Offices until 2010 and for Sycip Gorres Velayo & Co. as an auditor until 2004. She obtained her Masters of Law degree from the University of Pennsylvania Law School and completed the Wharton Business and Law Certificate Program at the Wharton School of Business in 2013. She attended a corporate governance training seminar conducted by Risk, Opportunities, Assessment and Management (ROAM), Inc. on October 25, 2024.

Gonzalo B. Julian, Jr. is the Assistant Vice President, the Sales and Marketing Manager - RES, and the Head of the Battery Business of San Miguel Global Power effective March 1, 2020. Prior to the acquisition of MPCL and other entities of the Masinloc Group, he was the Managing Partner and CEO of MPCL and the Assistant Vice President - Commercial of SMCGP Philippines Inc. He was also a member of the Board of Directors of the Grid Management Committee of the Philippines in 2019 representing the Large Generating Companies sector and has held various positions therein from 2014 to 2019, including Chairman of the Grid Code Compliance Subcommittee and Vice Chairman of Grid Reliability Subcommittee, among others. Mr. Julian was also the Energy Manager of Holcim Philippines, Inc. and the representative of Holcim Philippines, Inc. in the Board of Directors of Trans-Asia Power Generation Corp. in 2012. He also worked in the Asset Management and Planning Division of Meralco from 1989 to 2008. He is a licensed electrical engineer, a graduate of the Mapua Institute of Technology and a holder of Master of Science in Electrical Engineering Degree (Major in Power Systems) from the University of the Philippines. At present, he is completing his Doctor of Philosophy in Electrical and Electronics Engineering Degree in the University of the Philippines. He attended a corporate governance training seminar conducted by Risk, Opportunities, Assessment and Management (ROAM), Inc. on October 25, 2024.

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

Involvement of Directors and Officers in Certain Legal Proceedings

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

Meeting Attendance

The directors' attendance in meetings of the Board Committees, the Board of Directors, and stockholders for 2024 is set out in the attached as **Annex "F"**.

Item 10. Executive Compensation

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

Name	Year	Salary (in millions)	Bonus (in millions)
Total compensation of the Chief Executive Officer, President and Chief Operating Officer and Senior Executive Officers[1]	2025 (estimated)	₱91.2	₱24.8
	2024	₱83.7	₱18.3
	2023	₱79.5	₱16.3
All other Officers and Directors as a group unnamed	2025 (estimated)	₱68.8	₱29.2
	2024	₱62.8	₱23.9
	2023	₱53.7	₱27.1

[1] The Chief Executive Officer, President & Chief Operating Officer, and Senior Executive Officers of the Company for 2022 to 2024 are Ramon S. Ang, Elenita D. Go, Paul Bernard D. Causon and Ramon U. Agay.

Standard Arrangements

The Amended 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 ₱40,000.00, ₱45,000.00, and ₱20,000.00.00 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 ₱600,000.00 for their attendance in the board meetings, annual stockholders' meeting, and board committee meetings in 2024.

The Amended By-Laws of the Company further provides that a director shall not be precluded from serving the Company in any other capacity as an officer, agent or otherwise, and receiving compensation therefore. Other than the aforesaid per diem allowance, 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.

Item 11. Security Ownership of Certain Beneficial Owners and Management

(A) ***Security Ownership of Certain Record and Beneficial Owners of More Than 5% of the Voting Securities of the Company as of December 31, 2024***

Title of Class	Name 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)	% of Total Outstanding Shares
Common	San Miguel Corporation (Parent Company)	San Miguel Corporation (SMC)	Filipino	2,823,600,500	100%
Common	Ramon S. Ang (Director)	Nominee-director of SMC in the Board	Filipino	500	nil
Common	John Paul L. Ang (Director)	Nominee-director of SMC in the Board	Filipino	500	nil
Common	Aurora T. Calderon (Director)	Nominee-director of SMC in the Board	Filipino	500	nil
Common	Virgilio S. Jacinto (Director)	Nominee-director of SMC in the Board	Filipino	500	nil
	Total:			**2,823,602,500**	

(B) ***Security Ownership of Directors and Executive Officers of the Company as of December 31, 2024***

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Position	Name of Beneficial Owner and Relationship with Record Owner	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 Guevara-Salonga	Independent Director	Josefina Guevara-Salonga	Filipino	500	nil

(C) ***Voting Trust Holders of 5% or More***

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

(D) ***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.

Item 12. Certain Relationships and Related Transactions

The Company, in the ordinary course of business, has entered into transactions with stockholders, affiliates and other related parties principally consisting of advances and reimbursement of expenses, construction contracts, and development, management, underwriting, marketing, leasing and administrative service agreements. Sale and purchase of goods and services to and from related parties are made on an arm's length basis and at current market prices at the time of the transactions.

Except for the transactions discussed in Note 19 ("Related Party Disclosures") to the accompanying financial statements, there were no other material related party transactions during the last three financial years, nor are there any material transactions currently proposed between San Miguel Global Power and any: (i) director or executive officer, direct or indirect owner of 10% or more of the outstanding shares in San Miguel Global Power; (ii) close family member of such director, executive officer or owner; (iii) associates of San Miguel Global Power; (iv) enterprises controlling, controlled by or under common control with San Miguel Global Power; or (v) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any director, executive officer or owner of 10% or more of the outstanding shares in San Miguel Global Power or any close family member of such director, executive officer, or owner.

See Note 19, Related Party Disclosures, of the Notes to the Audited Consolidated Financial Statements.

Parent Company

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

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

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

The duty to conduct the evaluation by San Miguel Global Power to measure and determine the level of compliance of the Board of Directors and top-level management with the 3rd Amended Manual is vested by the Board of Directors on the Compliance Officer. The Compliance Officer is mandated to monitor compliance by all concerned with the provisions and requirements of the 3rd Amended Manual. Pursuant to the 3rd Amended Manual and the respective Board Committee Charters of San Miguel Global Power, the Board of Directors and the Board Committees must also assess their respective performances through self-rating forms duly approved by the Board and the Board Committees, with the end in view of ensuring that its performance accords with best practices and meets its objectives thereunder. The performance of the Board Committees, the Board of Directors, and Management for 2024 were assessed through self-rating forms approved by the Board during its meeting held on March 6, 2025 and accomplished by the Board Committees, the Board of Directors, and Management. The results of the 2024 Performance Assessments will be validated by the Compliance Officer and the Corporate Governance Committee and will be presented to the Board of Directors in its upcoming Board Meeting on May 13, 2025. The details of the foregoing matters, as well as all other disclosures made by the Company pursuant to relevant rules and regulation of the SEC are posted in the Company's website www.smcglobalpower.com.ph.

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

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

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

PART V – EXHIBITS AND SCHEDULES
17-C

Item 14. Exhibits and Reports on SEC Form

(a) Exhibits

The 2024 Audited Consolidated Financial Statements are attached as **Annex "B"** and the Supplementary Schedules required under the Revised Securities Regulation Code (SRC) Rule 68, Annex 68-J (with the covering external auditor's report thereon, including the Reconciliation Retained earnings Available for Dividend Declaration and Map of the Conglomerate to which the Company belongs) and the Schedule on Aging of Receivables are attached as **Annex "C"** hereto. The other Schedules as indicated in the Index to Schedules are either not applicable to the Company and its subsidiaries or require no answer.

The following supplementary information required by the SEC under the Revised SRC Rule 68, are annexed to this report as follows:

(i) Map of the Conglomerate (**Annex "C-1"**);
(ii) Supplementary Schedules of Annex 68-J (**Annex "C-2"**);
(iii) San Miguel Global Power and Subsidiaries Financial Soundness Indicators (**Annex "C-3"**);
(iv) Schedule on Aging of Trade and Other Receivables (**Annex "C-4"**); and
(v) San Miguel Global Power's Reconciliation of Retained Earnings Available for Dividend Declaration (**Annex "C-5"**)

(b) Reports on Form 17-C

A summary list of the reports on Form 17-C filed during year 2024 is attached as **Annex "E"**.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on APR 15 2025 2025.

RAMON S. ANG
Chairman of the Board
& Chief Executive Officer and
President & Chief Operating Officer

PAUL BERNARD D. CAUSON
Chief Finance Officer

RAMON U. AGAY
Comptroller

VIRGILIO S. JACINTO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this April 15, 2025 at Pasig City, the following persons with their Competent IDs, as follows:

NAME	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Ramon S. Ang	P2247867B	May 22, 2019	DFA Manila
Paul Bernard D. Causon	P8120059A	July 27, 2018	DFA NCR East
Ramon U. Agay	P2129014A	March 4, 2017	DFA NCR East
Virgilio S. Jacinto	P3157226B	September 12, 2019	DFA NCR East

Doc. No.: 373;
Page No.: 76;
Book No.: III;
Series of 2025.

MARILEN S. VIZCO-ADRIANO
NOTARY PUBLIC
ROLL NO. 52532
PASIG CITY, PHILIPPINES

MARILEN S. VIZCO-ADRIANO
Appointment No. 285 (2024-2025)
Notary Public for Pasig City
Until December 31, 2025
5th Floor, C5 Office Building Complex,
#100 E. Rodriguez Jr. Ave., C5 Road,
Bo. Ugong, Pasig City 1604, Metro Manila
Roll No. 52532
PTR No. 3006694; January 3, 2025 / Pasig City
IBP Lifetime Membership No. 09353 / Quezon City Chapter
MCLE Compliance No. VIII – 0016432; Valid until April 14, 2028

ANNEX "A"

San Miguel Global Power

Giving You the Power to Celebrate Life

San Miguel Global Power Holdings Corp.

40 San Miguel Avenue, Mandaluyong City, Metro Manila

(02) 5317 1000

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE

INTRODUCTION

This discussion summarizes the significant factors affecting the consolidated financial performance, financial position and cash flows of San Miguel Global Power Holdings Corp.[1] ("San Miguel Global Power" or "Parent Company") and its subsidiaries (collectively referred to as the "Group") for the three-year period ended December 31, 2024. The following discussion should be read in conjunction with the attached audited consolidated statements of financial position of the Group as at December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2024. All necessary adjustments to present fairly the Group's consolidated financial position as at December 31, 2024 and the financial performance and cash flows for the year ended December 31, 2024, and for all the other periods presented, have been made.

The financial information appearing in this report is presented in Philippine Peso, which is the functional currency of the Parent Company. All financial information is rounded off to the nearest million (P000,000), except when otherwise indicated.

I. FINANCIAL PERFORMANCE

Comparisons of key financial performance for the last three years are summarized in the following table:

	Years Ended December 31		
(In Millions)	**2024**	2023	2022
Revenues	**P205,091**	P169,590	P221,389
Cost of power sold	**(154,684)**	(130,992)	(198,371)
Selling and administrative expenses	**(9,950)**	(6,072)	(5,563)
Other operating income	**-**	-	11,431
Income from operations	**40,457**	32,526	28,886
Interest expense and other financing charges	**(20,691)**	(18,478)	(18,288)
Interest income	**833**	749	1,211
Equity in net earnings (losses) of an associate and joint ventures - net	**506**	(272)	(400)
Other income (charges) - net	**(3,505)**	538	(7,240)
Income before income tax	**17,600**	15,063	4,169
Income tax expense	**(5,216)**	(5,160)	(1,035)
Net income	**12,384**	9,903	3,134

[1] On March 22, 2023, the Philippine Securities and Exchange Commission (SEC) approved the change in the corporate name of "SMC Global Power Holdings Corp." to "San Miguel Global Power Holdings Corp.".

2024 vs. 2023

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Millions	**2024**	2023	Amount	%	**2024**	2023
Revenues	**P205,091**	P169,590	P35,501	21%	**100%**	100%
Cost of power sold	**(154,684)**	(130,992)	23,692	18%	**(75%)**	(77%)
Gross profit	**50,407**	38,598	11,809	31%	**25%**	23%
Selling and administrative expenses	**(9,950)**	(6,072)	3,878	64%	**(5%)**	(4%)
Income from operations	**40,457**	32,526	7,931	24%	**20%**	19%
Interest expense and other financing charges	**(20,691)**	(18,478)	2,213	12%	**(10%)**	(11%)
Interest income	**833**	749	84	11%	**1%**	1%
Equity in net earnings (losses) of an associate and joint ventures - net	**506**	(272)	778	286%	**0%**	0%
Other income (charges) - net	**(3,505)**	538	(4,043)	(751%)	**(2%)**	0%
Income before income tax	**17,600**	15,063	2,537	17%	**9%**	9%
Income tax expense	**5,216**	5,160	56	1%	**3%**	3%
Net income	**P12,384**	P9,903	P2,481	25%	**6%**	6%

Revenues

The Group's consolidated revenues in 2024 reached P205,091 million, an increase of 21% from last year's P169,590 million, as offtake volumes rose by 45% to 36,564 gigawatt hours (GWh). Revenue growth was driven by: (i) new power supply agreements (PSAs) from Manila Electric Company (Meralco) and other distribution utilities (DUs), with fuel passthrough arrangements, which contracted most of the Group's available capacities, (ii) new retail electricity supply (RES) customers for Limay Power Plant, and (iii) additional revenues from ancillary services rendered for National Grid Corporation of the Philippines (NGCP) and offered to reserve market through its battery energy storage system (BESS) facilities. Moreover, the Group increased its power generation output by 32% from last year due primarily to the full-year operation of the 1,200 megawatts (MW) Ilijan Power Plant in 2024, which resumed operations in July 2023 when the adjacent liquefied natural gas (LNG) terminal (the "Batangas LNG Terminal") went into testing and commissioning, and the incremental generation from the 4 x 150 MW Mariveles Greenfield Power Plant, with 3 out of 4 units being declared as operational on March 28, 2024, September 26, 2024 and October 26, 2024, respectively, after undergoing testing and commissioning.

Cost of Power Sold

Cost of power sold increased to P154,684 million in 2024, which is 18% higher than the P130,992 million incurred in 2023. While coal global prices came down, averaging only US$135.26 per metric ton (MT) in 2024 compared to US$172.79/MT (in GC Newcastle terms) last year, such costs increased due to the following: (i) the resumption of Ilijan Power Plant's operations from July 2023 onwards, (ii) generation costs of the Mariveles Greenfield Power Plant incurred during its testing and commissioning and eventual start of commercial operations of its 3 units in 2024, and (iii) incremental depreciation expense from the 10 BESS facilities that are now in full commercial operations. The increase in cost of power sold was mitigated by fuel passthrough arrangements under most of the Group's PSAs and Retail Supply Contracts (RSCs) with its customers.

Selling and Administrative Expenses
Selling and administrative expenses increased by 64% or P3,878 million, from P6,072 million in 2023 to P9,950 million in 2024. The increase was mainly due to: (i) incremental operating expenses following the start of commercial operations of 10 BESS facilities and Mariveles Greenfield Power Plant, along with the turnover of the Sual Power Plant to Sual Power Inc. (SPI)[2] in October 2024, following the end of its Independent Power Producer Administration (IPPA) Agreement with Power Sector Assets and Liabilities Management Corporation (PSALM), (ii) higher personnel-related expenses necessary for the continuing business expansion of the Group, and (iii) additional allowance for probable losses recognized on trade receivables.

Income from Operations
The foregoing developments translated to a significant growth in the consolidated operating income by 24% to P40,457 million in 2024.

Interest Expense and Other Financing Charges
Interest expense and other financing charges went up to P20,691 million in 2024. This was attributable to the additional P40,000 million term loan, drawn in tranches in October 2023 and March 2024 by SMGP BESS Power Inc.[3] (SMGP BESS), and the pervasive increase in global and local interest rates which affected primarily the new and outstanding debts of the Group, but was partly mitigated by lower interest expense on the declining principal balances of the Group's finance lease liabilities owed to PSALM arising from the IPPA Agreements, such as primarily on the Sual Power Plant which was settled in October 2024.

Interest Income
Interest income increased by 11% to P833 million in 2024 due to higher balance of short-term placements of the Group compared to last year.

Equity in Net Earnings (Losses) of an Associate and Joint Ventures - net
Equity in net earnings of an associate and joint ventures registered at P506 million in 2024, a turnaround from the P272 million loss in 2023, mainly due to the improvement in the financial performance of Angat Hydropower Corporation (AHC).

Other income (charges) - net
Other charges amounted to P3,505 million in 2024, a complete turnaround from the P538 million other income in 2023. This was mainly due to the foreign exchange losses recognized on the revaluation of the Group's US Dollar-denominated net monetary liabilities brought by the significant depreciation of the Philippine Peso against the US Dollar in 2024, which is in stark contrast to the appreciation of the Philippine Peso against the US Dollar in 2023.

Income Tax Expense
Provision for income tax amounted to P5,216 million in 2024. The slight increase was mainly due to the expiration of the income tax holiday of Limay Power Inc.[4] (LPI) and Malita Power Inc.[5] (MPI) in May and September 2023, respectively, offset by the provision for deferred tax benefit on foreign exchange losses of Masinloc Power Co. Ltd. [6] (MPCL) and Mariveles Power Generation Corporation (MPGC).

---

[2] On March 9, 2023, the Philippine SEC approved the change in the corporate name of "San Miguel Energy Corporation" to "Sual Power Inc.".
[3] On November 3, 2023, the Philippine SEC approved the change in the corporate name of "Universal Power Solutions, Inc." to "SMGP BESS Power Inc.".
[4] On February 7, 2023, the Philippine SEC approved the change in the corporate name of "SMC Consolidated Power Corporation" to "Limay Power Inc.".
[5] On March 9, 2023, the Philippine SEC approved the change in the corporate name of "San Miguel Consolidated Power Corporation" to "Malita Power Inc.".
[6] On November 13, 2023, the Philippine SEC approved the change in the corporate name of "Masinloc Power Partners Co. Ltd." to "Masinloc Power Co. Ltd.".

Net Income
Consequently, the consolidated net income of the Group for the year 2024 increased to P12,384 million or by 25%, from P9,903 million reported in 2023. Excluding the significant effect of the net foreign exchange losses/gains - net of tax recognized, consolidated net income would have been P15,369 million, up by 72% from last year.

The following are the highlights of the performance of the individual operating business per segment:

1. **POWER GENERATION**

   a. **SPI, owner of Sual Power Plant (upon expiration of the IPPA Agreement with PSALM and turnover by PSALM of the Sual Power Plant to SPI in October 2024)**

   For the year 2024, net generation of 5,787 GWh, at 55% net capacity factor rate, was lower by 3% than in 2023 due mainly to the plant's longer outages.

   Revenues of P56,344 million fell by 15%, from P66,238 million in 2023. The decrease was mainly due to lower average realization price resulting from lower fuel tariff as global coal prices fell from an average of US$172.79/MT in 2023 vs US$135.26/MT in 2024, and the 4% decline in offtake volumes.

   Notwithstanding the decline in revenues, margins improved due mainly to lower generation costs brought by lower global coal prices. Consequently, operating income in 2024 rose to P13,373 million, up by 22% from P10,906 million in 2023.

   b. **SPPC, owner of Ilijan Power Plant**

   The net generation of Ilijan Power Plant for the year 2024 increased to 6,765 GWh compared to last year, mainly due to the plant's full-year operation in 2024 which resumed in July 2023 following the successful supply of regasified LNG from the Batangas LNG Terminal.

   Likewise, total offtake volumes rose to 7,627 GWh on account of the increase in Meralco nominations resulting from the full-year impact of its PSAs with Meralco. Said bilateral contracts have fuel passthrough arrangements that translated to a higher average realization rate. Consequently, revenues increased to P57,809 million for the year 2024 from the P41,596 million posted in 2023.

   For the year 2024, SPPC recognized an operating income of P4,195 million due mainly to improved margins. This was higher than the P1,238 million posted in 2023.

   c. **LPI, owner of Limay Greenfield Power Plant**

   For the year 2024, the net generation of the Limay Greenfield Power Plant registered at 3,879 GWh, at 82% net capacity factor rate. This was a 2% decrease from the same period last year due primarily to higher combined plant outages. Of the plant's registered net generation, 1,541 GWh was dispatched to power generation customers while the remainder was supplied to its RES customers.

   For the year 2024, total offtake volumes of 3,311 GWh grew by 61% due to the increase in bilateral sales volume. Likewise, revenues increased by 34% from P13,024 million in 2023 to P17,447 million in 2024 attributable to higher offtake volumes.

Operating income registering at P4,751 million in 2024 rose by 39% from P3,415 million posted in 2023. The increase was on account of higher offtake volumes and improved margins resulting from lower generation costs brought by the decline in global coal prices.

d. **MPI, owner of Davao Greenfield Power Plant**

For the year 2024, the plant generated a total of 1,561 GWh at a net capacity factor rate of 67%. The net generation and total offtake volumes were at par to last year's level.

Nevertheless, revenues at P9,726 million dropped by 18% compared to 2023 due to lower average realization price for bilateral sales volumes, resulting from lower fuel tariff as global coal prices fell, and lower average spot prices. As a result, operating income at P2,836 million declined by 24% compared to last year.

e. **MPCL, owner of Masinloc Power Plant**

The Masinloc Power Plant's operating Units 1, 2, and 3 contributed a total net generation of 5,804 GWh in 2024 with 5,182 GWh or 89% supplied to power generation customers while the rest was dispatched to RES customers. This was 7% higher, compared to the 5,407 GWh generated in 2023, as a result of lower outage days in 2024.

Total offtake volumes of 6,393 GWh went up from 2023 resulting primarily from higher customer nominations and new contracts entered into during the year. On the other hand, revenues and operating income decreased to P31,891 million and P4,360 million, respectively, on account of lower average realization price due to the decline in fuel tariff passed on to bilateral customers as global coal prices fell as well as the decline in spot prices in 2024.

f. **MPGC, owner of Mariveles Greenfield Power Plant**

For most part of 2024, all 4 units of the Mariveles Greenfield Power Plant underwent the necessary testing and commissioning, with Units 1, 2 and 3 declared as operational with the Independent Electricity Market Operator of the Philippines (IEMOP) starting March 28, September 26, and October 26, 2024, respectively. MPGC reported revenues and operating income of P11,047 million and P1,157 million, respectively, in 2024.

g. **San Roque Hydropower Inc.[7] (SRHI, IPPA of San Roque Hydroelectric Power Plant)**

The San Roque Hydroelectric Power Plant's net generation of 848 GWh in 2024, at 28% net capacity factor rate, dropped by 3% due to shorter operating hours attributable mainly to lower water reservoir level. The lower generation contributed to the decline in total offtake volumes by 8% to 1,765 GWh.

Revenues of P8,311 million decreased by 40% compared to last year due mainly to the decline in offtake volumes and lower average realization price.

Consequently, operating income of P1,292 million in 2024 dropped by 66% compared to last year.

---

[7] On March 31, 2023, the Philippine SEC approved the change in the corporate name of "Strategic Power Devt. Corp." to "San Roque Hydropower Inc.".

2. **RETAIL AND OTHER POWER-RELATED SERVICES**

a. **LPI - RES**

For the year 2024, total offtake volumes registered at 3,232 GWh. This increased by 45% compared to last year's 2,230 GWh due mainly to higher customer nominations with new RES customers contracted during the year. As a result, revenues increased by 29% from P14,749 million in 2023 to P19,026 million in 2024.

On the other hand, operating income registered at P738 million, 37% lower than the P1,180 million posted last year due primarily to lower average realization price in 2024.

b. **MPCL - RES and BESS**

Revenues, inclusive of ancillary revenues from the 10 megawatt hours (MWh) BESS, increased to P6,780 million due to new contestable customers contracted during the year. However, operating income dropped to P986 million on account of lower average realization price in 2024.

c. **SMGP Kabankalan Power Co. Ltd.[8] (SMGP Kabankalan; owner of Kabankalan I BESS)**

Revenues of P746 million for the year 2024 increased by 18% compared to last year. Likewise, the operating income of P455 million was higher by 20% compared to the operating income reported in 2023 due to higher offtake volumes as Kabankalan I BESS underwent repair works in 2023.

d. **SMGP BESS (owner of 10 BESS Facilities with a combined installed capacity of 330 MWh)**

For the year 2024, SMGP BESS reported revenues and operating income of P8,711 million and P5,901 million, respectively. Beginning in July 2023, the Energy Regulatory Commission (ERC) granted provisional authority for the implementation of the Ancillary Service Procurement Agreements (ASPA) between NGCP and SMGP BESS with 7 BESS facilities, with a combined installed capacity of 220 MWh, commencing commercial operations on various dates during the second semester of 2023. Another 3 BESS facilities, with a combined installed capacity of 110 MWh, were declared as operational in March 2024.

---

[8] On September 21, 2023, the Philippine SEC approved the change in the corporate name of "SMCGP Philippines Energy Storage Co. Ltd." to "SMGP Kabankalan Power Co. Ltd.".

2023 vs. 2022

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Millions	**2023**	2022	Amount	%	**2023**	2022
Revenues	**P169,590**	P221,389	(P51,799)	(23%)	**100%**	100%
Cost of power sold	**(130,992)**	(198,371)	(67,379)	(34%)	**(77%)**	(90%)
Gross profit	**38,598**	23,018	15,580	68%	**23%**	10%
Selling and administrative expenses	**(6,072)**	(5,563)	509	9%	**(4%)**	(3%)
Other operating income	**-**	11,431	(11,431)	(100%)	**0%**	5%
Income from operations	**32,526**	28,886	3,640	13%	**19%**	12%
Interest expense and other financing charges	**(18,478)**	(18,288)	190	1%	**(11%)**	(8%)
Interest income	**749**	1,211	(462)	(38%)	**1%**	1%
Equity in net losses of an associate and joint ventures - net	**(272)**	(400)	128	32%	**0%**	0%
Other income (charges) - net	**538**	(7,240)	7,778	107%	**0%**	(3%)
Income before income tax	**15,063**	4,169	10,894	261%	**9%**	2%
Income tax expense	**5,160**	1,035	4,125	399%	**3%**	1%
Net income	**P9,903**	P3,134	P6,769	216%	**6%**	1%

Revenues
The Group's consolidated revenues for the year 2023 amounted to P169,590 million, down by 23% from P221,389 million in 2022. The decrease driven by a decline in the fuel tariffs for the Group's bilateral customers as coal prices fell in 2023 - averaging only US$172.79/MT in 2023 compared to US$360.19/MT in 2022, in terms of GC Newcastle indexed prices. Revenues were also adversely affected by lower offtake volumes which declined by 8% in 2023 to 25,205 GWh following the suspension and eventual termination of the Group's 670 MW PSA with Meralco as allowed by a favorable decision from the higher court. The Group, however, has been able to secure several emergency power supply agreements (EPSA) from Meralco and other DUs that allowed the contracting of its available capacities, and the resumption of operations of the Ilijan Power Plant using commercial LNG on a fuel passthrough basis.

The decline in revenues was partially mitigated by additional revenues from ancillary services rendered by the 7 BESS facilities of SMGP BESS for NGCP, with a combined capacity of 220 MWh, which commenced commercial operations in the second semester of 2023.

Cost of Power Sold
Cost of power sold decreased to P130,992 million in 2023, which is 34% lower than the P198,371 million incurred in 2022. The decrease was mainly attributable to lower fuel costs as international coal prices went down by an average of 52% in terms of GC Newcastle indexed prices. Moreover, the Group was able to substantially reduce its exposure to power purchases in the Philippine Wholesale Electricity Spot Market (WESM) to supplement its required generation output following the suspension and eventual termination of the obligation to deliver the 670 MW contract capacity with Meralco as allowed by a favorable decision from the higher court.

Selling and Administrative Expenses
Selling and administrative expenses increased by 9% or P509 million, from P5,563 million in 2022 to P6,072 million in 2023. The increase was mainly due to: (i) higher taxes and licenses pertaining to documentary stamp taxes from various transactions of San Miguel Global Power, and local business taxes of SPI, LPI, MPI, SRHI and MPCL, and (ii) higher personnel-related expenses of the Group driven by its continuing business expansion.

Other Operating Income
In 2022, the Group recognized gains from the sale of real properties, previously acquired as potential project sites for its several power plant expansion projects, pursuant to the Group's normal course of business and consistent with its asset optimization strategies.

Income from Operations
Consolidated income from operations of P32,526 million was higher by 13% compared to 2022 owing to improved margins on contracted volumes, as the Group worked out a transition to fuel passthrough arrangements for most of its bilateral customers and following the significant reduction in its exposure to unplanned power purchases from the WESM market with the suspension and eventual termination of its 670 MW PSA with Meralco as allowed by the higher court.

Interest Expense and Other Financing Charges
Interest expense and other financing charges went up slightly to P18,478 million in 2023. This was due to the pervasive increase in global and local interest rates which affected primarily the new debt raised by the Group, but was partly mitigated by the declining principal balances of its finance lease liabilities owed to PSALM arising from IPPA Agreements, such as on the Ilijan Power Plant and Sual Power Plant, which were fully settled in June 2022 and in October 2024, respectively.

Interest Income
Interest income amounted to P749 million in 2023. The lower number compared to 2022 was due primarily to lower average interest rate and shorter placement periods as funds were utilized to defray capital expenditures for ongoing construction projects.

Equity in Net Losses of an Associate and Joint Ventures - net
Equity in net losses of an associate and joint ventures registered at P272 million loss in 2023, down from the P400 million loss in 2022, mainly due to the improvement in the financial performance of AHC with better hydrological conditions seen in 2023.

Other Income (Charges) - net
Other income amounted to P538 million in 2023, a complete turnaround from the P7,240 million other charges in 2022. This was mainly due to the net foreign exchange gain recognized on the revaluation of the Group's US Dollar-denominated net monetary liabilities, with the appreciation of the Philippine Peso against the US Dollar in 2023 versus the significant depreciation of the Philippine Peso against the US Dollar in 2022.

Income Tax Expense
Provision for income tax amounted to P5,160 million in 2023. The higher number compared to 2022 was due mainly to: (i) higher deferred tax expense recognized by SPI and SRHI on its lease-related temporary differences, and (ii) higher provision for deferred tax benefit on net operating loss carryover recognized by SPPC and SPI in 2022.

Net Income
Consequently, the consolidated net income of the Group surged to P9,903 million from P3,134 million reported in 2022 which was burdened with significant net unrealized foreign exchange losses.

The following are the highlights of the performance of the individual operating business per segment:

1. **POWER GENERATION**

   a. **SPI (IPPA of Sual Power Plant)**
   For the year 2023, net generation of 5,957 GWh, at 57% net capacity factor rate, was lower by 7% compared to 2022 due mainly to longer outages during the year. On the other hand, offtake volumes were up by 11% as a result of higher replacement power sold to affiliate power plants, primarily Ilijan which was contracted to supply the 810 MW emergency power to Meralco.

   Revenues of P66,238 million decreased by 13% compared to P75,817 million reported revenues in 2022 due mainly to lower average realization price resulting from lower fuel tariff as global coal prices fell from an average of US$360.19/MT in 2022 to an average of just US$172.79/MT in 2023. Despite the decrease in revenues, operating income increased by 105% from P5,308 million in 2022 to P10,906 million in 2023 due to improved margins as Sual transitioned most of its pool of bilateral contracts to having fuel passthrough arrangements.

   b. **SRHI (IPPA of San Roque Power Plant)**
   The San Roque Power Plant's net generation of 874 GWh for the year 2023, at 29% net capacity factor rate, increased by 41% due to longer operating hours with higher water inflows resulting from high water reservoir level. Likewise, total offtake volumes of 1,920 GWh increased by 109% compared to 2022 due to a new bilateral contract which took effect in March 2022, the supply of which was partly sourced from affiliate generators.

   Revenues of P13,876 million were up by 31% compared to P10,579 million in 2022 due mainly to higher offtake volumes, partly offset by lower average realization price.

   However, operating income of P3,842 million in 2023 dropped by 25% compared to 2022 due to lower margin owing to the aforesaid decline in the average realization price.

   c. **SPPC, owner of Ilijan Power Plant**
   The net generation of Ilijan Power Plant for the year 2023 decreased by 6% due primarily to the plant’s extended outage since its turnover from PSALM in June 2022 up to May 2023 while it underwent retrofitting works to improve its fuel efficiency and reliability, and as it awaited the substantial completion of the adjacent full-scale Batangas LNG Terminal that has been tolled on a long-term basis to receive, store and regasify LNG fuel for the Ilijan Power Plant. The said terminal started supplying LNG fuel to the Ilijan Power Plant in the latter part of May 2023.

   Likewise, total offtake volumes of 5,822 GWh for the year 2023 decreased by 5% compared to 2022 due to the suspension and eventual termination of the obligation to supply the 670 MW PSA with Meralco, which was partially offset by the 480 MW and 330 MW EPSAs which took effect in April and September 2023, respectively.

   Revenues of P41,596 million for the year 2023 improved by 43% compared to the revenues reported in 2022 mainly on account of higher average realization price.

For the year 2023, SPPC recognized an operating income of P1,238 million, a complete turnaround from the P13,042 million operating loss in 2022. This was mainly due to higher revenues from bilateral contracts and lower cost to supply.

d. **LPI, owner of Limay Greenfield Power Plant**
The net generation of the Limay Greenfield Power Plant of 3,976 GWh in 2023, at 85% net capacity factor rate, was slightly lower by 4% than the registered net generation in 2022 at 4,144 GWh. LPI dispatched 1,862 GWh of the plant's net generation to its power generation customers while the rest was dispatched to its RES customers.

Total offtake volumes of 2,051 GWh went up from 2022 by 11% due to the increase in spot and replacement power sales volume. However, revenues decreased by 9% from P14,239 million in 2022 to P13,024 million in 2023 attributable to lower average realization price with the decline in fuel tariff passed-on to customers as a result of lower global coal prices.

Operating income registering at P3,415 million in 2023 was 47% higher than the P2,329 million posted in 2022 on account of higher offtake volumes.

e. **MPI, owner of Davao Greenfield Power Plant**
For the year 2023, a total of 1,557 GWh was generated by the plant, at a capacity factor rate of 67%, slightly lower than 2022 by 2% due to the decrease in bilateral nominations.

On the other hand, revenues at P11,840 million dropped by 35% compared to 2022 due to lower bilateral offtake volumes, on account of the aforesaid decline in bilateral nominations, as well as lower average realization price resulting from lower fuel tariff as global coal prices fell. As a result, operating income at P3,729 million was down by 45% compared to 2022.

f. **MPCL, owner of Masinloc Power Plant**
The Masinloc Power Plant's operating Units 1, 2, and 3 contributed a total net generation of 5,407 GWh for the year 2023 with 5,056 GWh or 94% supplied to power generation customers while the rest was discharged to RES customers. This was 11% lower, compared to the 6,086 GWh generated from 2022, as a result of higher outage days attributed to the scheduled preventive maintenance of the 3 units and the turbine retrofit of Unit 1.

Total offtake volumes of 5,529 GWh and revenues of P34,300 million fell from 2022 resulting primarily from lower customer nominations and spot sales volume. Operating income decreased to P5,648 million on account of lower offtake volumes coupled with lower average realization price due to the decline in fuel tariff passed on to bilateral customers as global coal prices fell.

2. **RETAIL AND OTHER POWER-RELATED SERVICES**

a. **LPI - RES**
For the year 2023, total offtake volumes registered at 2,230 GWh. Total offtake volumes declined by 11% compared to 2,509 GWh in 2022 due to contracts that have expired or have been disconnected. Likewise, revenues went down by 36% from P23,045 million in 2022 to P14,749 million in 2023 due to lower offtake volumes and lower average realization price with the decline in global coal prices.

Consequently, operating income of P1,180 million for the year 2023 was down compared to the P3,490 million posted in 2022.

b. **MPCL, RES and BESS**
Revenues, inclusive of ancillary revenues from the 10 MWh BESS, and operating income decreased to P6,382 million and P1,074 million, respectively, due to lower customer requirements and expiration of contracts in 2023.

c. **SMGP Kabankalan, owner of Kabankalan I BESS**
Revenues of P634 million for the year 2023 decreased by 26% compared to 2022 on account of longer forced outages, from April 18 to August 25, 2023, resulting from the equipment breakdown and completion of repair works. Consequently, operating income of P378 million was lower by 14% compared to the P438 million registered in 2022.

d. **SMGP BESS, owner of various BESS Sites**
Beginning July 2023, the ERC granted provisional authority for the implementation of ASPA between NGCP and SMGP BESS with 7 BESS facilities which commenced commercial operations on various dates during the second semester of 2023. SMGP BESS reported revenues and operating income of P2,208 million and P1,391 million in 2023, respectively.

II. FINANCIAL POSITION

A. MAJOR DEVELOPMENTS IN 2024

UPDATE ON BESS PROJECTS OF THE GROUP

As at December 31, 2024, about ~ 40% of the Group's 1,000 MWh BESS projects are already in operation, rendering ancillary services to NGCP under 5-year ASPAs or selling their spare capacities to the Reserves Market that has been established by the government, through IEMOP, to ensure grid stability. The remaining BESS projects in the pipeline are expected to commence commercial operations by the second half of 2025 and are expected to participate in any future tender of ancillary services by NGCP or to sell their available capacities in the Reserves Market as the Group sees the country's demand-supply situation remaining relatively tight at least in the near term.

UPDATE ON CLAIMS FOR CONTRACT PRICE ADJUSTMENTS ON CERTAIN "FIXED PRICE" PSAs WITH MERALCO

On June 27, 2023, the Court of Appeals (CA) released its joint decision on the separate petitions of SPI and SPPC for certiorari (the "Joint Decision"), which effectively annulled and set aside the previous Orders of the ERC denying their joint petitions with Meralco for tariff adjustments on certain "fixed price" PSAs allowing the recovery of incremental power supply costs due to *Changes in Circumstances* (CIC) and the eventual termination of these PSAs. Following the release of the CA's Joint Decision, SPI and SPPC confirmed the termination of the PSAs, but without prejudice to additional claims on incremental power supply costs incurred beyond the period covered by the said petitions arising from the same CIC during the continued implementation of the PSAs by SPPC and SPI pending issuance of the Temporary Restraining Order and the Joint Decision by the CA. SPPC ceased the supply under its PSA only on December 7, 2022, after the issuance of the Temporary Restraining Order by the CA, while SPI ceased to supply nominations on its PSA on July 24, 2023. On December 28, 2023, the CA issued a decision denying the Motions for Reconsideration filed by the ERC and intervenors on its Joint Decision, which was received by the external counsel of SPI and SPPC on January 16, 2024.

The ERC then filed a Petition for Review on Certiorari with the Supreme Court ("SC"), a copy of which was received by the SPI and SPPC on March 6, 2024. On April 3, 2024, the SC issued a Resolution denying the ERC's Petition for Review on Certiorari "for failure of petitioner [ERC] to sufficiently show that the CA committed any reversible error in the challenged Joint Decision".

The SC in its Resolution dated July 10, 2024 also denied with finality the ERC's Motion for Reconsideration of the SC's Resolution dated April 3, 2024 and the ERC's prayer for the issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction and directed the immediate issuance of an entry of judgment. An Entry of Judgment has already been issued for this case. SPI and SPPC thereafter respectively filed on October 10, 2024, a Motion for Issuance of the Writ of Execution before the ERC praying for the ERC to issue a Writ of Execution enforcing the Joint Decision. The Motion remains pending with the ERC to date. Consequently, SPPC and SPI filed separate Motions to Resolve (re: Motion for Issuance of Writ of Execution) with the ERC on February 6, 2025. SPPC and SPI also filed with the CA on March 11, 2025, separate Motions to Direct the Court of Origin to Issue Writ of Execution. to compel the ERC to issue writs of execution on the Joint Decision.

Related thereto, pursuant to the Joint Decision, SPPC and SPI respectively issued Notices of *Change in Circumstances* (CIC) on August 18, 2023, informing Meralco of their requests for price adjustments for the period May 26, 2022 to December 6, 2022 for SPPC, and for the period June 2022 to July 2023 for SPI, and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under their respective PSAs, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco separately acknowledged SPPC's and SPI's rights to the additional adjustment in the Contract Price as a result of the CIC under the respective PSAs, and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPPC and SPI separately filed a Motion for Price Adjustment with the ERC, for their respective CIC claims covering the aforesaid periods pursuant to their respective PSAs, with their claims anchored on essentially the same legal bases established or ruled on by the CA in its Joint Decision and confirmed by the SC with finality. The motions remain pending to date with the ERC.

On January 15, 2025, SPPC and the San Miguel Global Power executed an agreement wherein SPPC assigned in favor of the San Miguel Global Power all of its rights of action under the above claims for price adjustments from Meralco, in contemplation of the imminent dilution of San Miguel Global Power's equity interest in SPPC from 100% to 33%.

JOINT AGREEMENT WITH CITICORE RENEWABLE ENERGY CORPORATION (CREC) ON THE GROUP'S SOLAR PROJECTS

On June 28, 2024, San Miguel Global Power through its subsidiary, SMC Global Light and Power Corp., signed an agreement with CREC for a 153.5 MW peak solar power plant to be constructed in Barangay Lucanin, Mariveles, Province of Bataan, that is expected to be completed in 2026. The solar power plant is to be located in a property with an area of approximately 158 hectares owned by an affiliate of San Miguel Global Power. Upon commencement of operations, all capacity to be generated by the solar power plant shall be supplied to the Group or any of its affiliates under long-term energy supply contracts.

TURNOVER OF THE SUAL POWER PLANT

On October 11, 2024, SPI executed a Land Lease Agreement with PSALM for the parcels of land where the Sual Power Plant is located. On October 24, 2024, SPI and PSALM executed a Deed of Sale for the transfer of control and ownership of the Sual Power Plant to SPI following the end of its IPPA Agreement. The Sual Power Plant was turned over by PSALM to SPI on October 25, 2024.

LONG-TERM DEBTS

Availment of Term Loans

- SMGP BESS

  On March 25, 2024, SMGP BESS drew the second tranche amounting to P12,000 million from its P40,000 million Omnibus Loan and Security Agreement (OLSA) executed on October 23, 2023 with various local banks. The loan is subject to a fixed interest rate and will mature in October 2033.

  The proceeds were used (i) for the purchase of outstanding perpetual securities issued to San Miguel Corporation (SMC) and reimbursement or repayment of reimbursable advances from San Miguel Global Power, (ii) to fund the initial amount required to be deposited into the Debt Service Reserve Account, (iii) to fund the cost and expenses in relation to the design, construction, and operation of the BESS project, and (iv) for payment of transaction costs.

- San Miguel Global Power

  On July 19, 2024, San Miguel Global Power availed of a P10,000 million term loan from a facility agreement executed on July 17, 2024, with a local bank. The loan is subject to a fixed interest rate and will mature in June 2029.

  The proceeds of the loan, net of transaction-related fees and costs of the facility, were used for refinancing of an existing loan.

  On September 9, 2024, San Miguel Global Power availed of a US$200 million term loan (equivalent to P11,010 million, net of transaction costs) from a US$200 million loan facility, with option to increase up to US$300 million, executed on August 30, 2024, with a foreign bank. The loan is subject to a floating interest rate based on Secured Overnight Financing Rate (SOFR) plus margin and will mature in August 2027.

  On October 9, 2024, San Miguel Global Power availed of an additional US$100 million (equivalent to P5,558 million, net of transaction costs) from the facility agreement executed on August 30, 2024.

  The proceeds of the loans were used to refinance the US$200 million and US$100 million term loans which matured on September 9, 2024 and October 10, 2024, respectively.

- MPGC

  On December 27, 2024, MPGC availed of Tranches A and B, amounting to P20,000 million and P12,500 million, respectively, from its OLSA executed on December 17, 2024, with various local banks. The loan is subject to a fixed interest rate and payable quarterly up to December 2034.

  The proceeds from the loan were used to finance the Mariveles Greenfield Power Plant project.

Payments of Maturing Long-term Debts
For the year 2024, LPI, MPI, MPCL, San Miguel Global Power, and SMGP BESS paid a total of P8,765 million of their scheduled long-term debt principal amortizations pursuant to the terms and conditions of their respective facility agreements.

On April 26, 2024, San Miguel Global Power fully paid the P14,100 million balance of its P15,000 million fixed rate 7-year term loan availed in April 2017 from a local bank upon its maturity pursuant to the terms and conditions of the credit facility.

On September 9 and October 10, 2024, San Miguel Global Power settled its US$200 million and US$100 million term loans drawn on January 21, 2022 and March 16, 2023, respectively, from facility agreements executed with foreign banks.

Redemption of Series I and Series E Bonds by San Miguel Global Power
On April 24 and December 23, 2024, San Miguel Global Power redeemed upon maturity its Series I and Series E Bonds, amounting to P9,232 million and P6,478 million, respectively. The Series I Bonds formed part of the P30,000 million Series H-I-J fixed rate bonds issued in April 2019, while Series E Bonds formed part of the P20,000 million Series D-E-F fixed rate bonds issued in December 2017.

The redemption was funded through short-term loan availed by San Miguel Global Power in April 2024 and cash generated from operations.

PERPETUAL CAPITAL SECURITIES

Issuance of US$800 million Redeemable Perpetual Capital Securities (RPCS)
On April 19, 2024, San Miguel Global Power issued US$800 million (equivalent to P43,432 million, net of directly attributable transaction costs) RPCS to a third party at an issue price of 100%, with a prescribed initial distribution rate per annum, payable pursuant to the terms of the agreement.

Issuances of Senior Perpetual Capital Securities (SPCS), Partly Applied for Exchange and Tender Offers
On September 12, 2024, San Miguel Global Power issued US$800 million SPCS (equivalent to P44,300 million, net of transaction costs amounting to P660 million, the "Securities"), at an issue price of 100%, with an initial distribution rate of 8.75% per annum, payable pursuant to the terms of the agreement. On the same day, the Securities were used in part for the exchange of certain existing SPCS amounting to US$531.94 million (with a carrying value of P25,801 million) and the repurchase of certain existing SPCS amounting to US$157.38 million (with a carrying value of P7,679 million) (the “Tender Offers”) pursuant to the Exchange Offers and Tender Offers that were announced on the Singapore Exchange Securities Trading Limited (SGX-ST) website on August 27, 2024.

On September 30, 2024, San Miguel Global Power issued another US$100 million SPCS (P5,549 million, net of transaction costs amounting to P54 million, the "Additional Securities"), at an issue price of 100% plus an amount corresponding to accrued distribution from and including September 12, 2024 to, but excluding, September 30, 2024. The Additional Securities are consolidated into and form a single series with the Securities issued on September 12, 2024, bringing the total securities to US$900 million. The Additional Securities are identical in all respects with the Securities, other than with respect to the date of issuance and issue price.

On December 2, 2024, San Miguel Global Power issued US$500 million SPCS (P28,882 million, net of transaction costs amounting to P445 million), at an issue price of 100%, with an initial distribution rate of 8.125% per annum, payable pursuant to the terms of the agreement. On the same day, the US$500 million SPCS were used in part for the exchange of certain existing SPCS amounting to US$273.93 million (with a carrying value of P13,402 million) and the repurchase of certain existing SPCS amounting to US$46.10 million (with a carrying value of P2,236 million) pursuant to the Exchange Offers and Tender Offers that were announced on the SGX-ST website on November 26, 2024.

The US$800,000, US$100,000 and US$500,000 SPCS (collectively, the “New Securities”) were listed on the SGX-ST on September 13, October 1 and December 3, 2024, respectively.

The remaining proceeds from the New Securities were used for the payment of: (i) costs and expenses related to the issuances of the New Securities, (ii) accrued distributions in respect of the existing securities that were accepted for exchange and repurchase, and (iii) for pre-development costs of solar energy projects and BESS projects.

Redemption of SPCS
On April 23, 2024, San Miguel Global Power completed the redemption of its US$783 million remaining securities out of the US$800 million SPCS issued in April and July 2019, pursuant to the terms and conditions of the securities. The redemption price includes the principal amount and any accrued but unpaid distributions up to (but excluding) the step-up date.

The US$783 million SPCS was redeemed using in part the proceeds from the issuance of RPCS and cash generated from operations.

B. MAJOR DEVELOPMENTS IN 2023

LONG TERM DEBTS

Availment of Term Loans

- San Miguel Global Power

  On March 16, 2023, San Miguel Global Power availed of a US$100 million term loan from a facility agreement executed on March 10, 2023, with a foreign bank. The loan is subject to a floating interest rate plus margin and will mature in September 2024.

  The proceeds of the loan, net of transaction-related fees and costs of the facility, were used for general corporate purposes, as well as for various capital expenditures and debt refinancing.

  On June 15 and August 8, 2023, San Miguel Global Power drew P5,000 million and P2,500 million, respectively, from a P10,000 million Corporate Notes Facility Agreement executed on June 9, 2023. The loan is subject to a fixed interest rate and will mature in June 2028.

  The proceeds of the loan were used to (a) partially refinance maturing debt obligations, (b) fund general corporate purposes, including investments in LNG and BESS, and (c) cover transaction-related costs, fees and expenses.

  On October 31, 2023, San Miguel Global Power availed of a US$50 million term loan from a Facility Agreement executed on October 24, 2023 with a foreign bank. The loan is subject to a floating interest rate plus margin and will mature in April 2025.

  The proceeds of the loan were used to (a) refinance the US$50 million 3-year term loan drawn in April 2021 which matured in October 2023, and (b) payment of transaction related fees, cost and expenses in relation to the Facility Agreement.

- SMGP BESS

  On October 27, 2023, SMGP BESS drew the first tranche amounting to P28,000 million from the P40,000 million OLSA executed on October 23, 2023 with various local banks. The loan is subject to a fixed interest rate and will mature in October 2033.

  The proceeds from the first tranche were used (i) for the purchase of outstanding perpetual securities issued to SMC and reimbursement or repayment of reimbursable advances from San Miguel Global Power, (ii) for payment of interest during construction, (iii) to fund the costs and expenses in relation to the design, construction and the operation of the BESS projects, and (iv) for payment of transaction costs.

Amendment of MPCL's Omnibus Refinancing Agreement (ORA)

On January 17, 2023, MPCL agreed with local bank lenders to amend its ORA, with an outstanding obligation amounting to US$149 million as at the agreement date, into a Philippine Peso-denominated loan pegged at P8,155 million, subject to floating interest rate with maturities up to January 2030. MPCL holds a one-time right to convert the loan into a fixed interest rate borrowing on the second anniversary as allowed under the terms of the agreement.

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

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Millions	**2024**	2023	Amount	%	**2024**	2023
Cash and cash equivalents	**P67,867**	P31,659	P36,208	114%	**8%**	4%
Trade and other receivables - net	**115,884**	116,976	(1,092)	(1%)	**13%**	15%
Inventories	**14,326**	16,841	(2,515)	(15%)	**2%**	2%
Prepaid expenses and other current assets	**51,562**	48,522	3,040	6%	**6%**	6%
Total Current Assets	**249,639**	213,998	35,641	17%	**29%**	27%
Investments and advances - net	**19,896**	10,953	8,943	82%	**2%**	1%
Property, plant and equipment - net	**459,506**	339,225	120,281	35%	**52%**	44%
Right-of-use assets - net	**42,123**	104,975	(62,852)	(60%)	**4%**	13%
Goodwill and other intangible assets - net	**71,736**	71,712	24	0%	**8%**	9%
Deferred income tax assets	**1,354**	974	380	39%	**0%**	0%
Other noncurrent assets	**37,619**	43,098	(5,479)	(13%)	**4%**	6%
Total Noncurrent Assets	**632,234**	570,937	61,297	11%	**71%**	73%
Total Assets	**P881,873**	P784,935	P96,938	12%	**100%**	100%
Loans payable	**P41,350**	P13,736	P27,614	201%	**5%**	2%
Accounts payable and accrued expenses	**144,102**	97,633	46,469	48%	**16%**	12%
Lease liabilities - current portion	**10,049**	17,645	(7,596)	(43%)	**1%**	2%
Income tax payable	**80**	222	(142)	(64%)	**0%**	0%
Current maturities of long-term debt - net of debt issue costs	**28,477**	54,125	(25,648)	(47%)	**3%**	7%
Total Current Liabilities	**224,058**	183,361	40,697	22%	**25%**	23%
Long-term debt - net of current maturities and debt issue costs	**249,461**	204,644	44,817	22%	**28%**	26%
Deferred income tax liabilities	**23,978**	21,285	2,693	13%	**3%**	3%
Lease liabilities - net of current portion	**21,357**	25,142	(3,785)	(15%)	**2%**	3%
Other noncurrent liabilities	**3,994**	7,030	(3,036)	(43%)	**1%**	1%
Total Noncurrent Liabilities	**298,790**	258,101	40,689	16%	**34%**	33%
Total Liabilities	**522,848**	441,462	81,386	18%	**59%**	56%

Forward

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Millions	**2024**	2023	Amount	%	**2024**	2023
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	**P2,824**	P2,824	P -	0%	**0%**	0%
Additional paid-in capital	**48,082**	48,082	-	0%	**5%**	6%
Senior perpetual capital securities	**151,195**	161,768	(10,573)	(7%)	**17%**	21%
Redeemable perpetual capital securities	**145,979**	102,547	43,432	42%	**17%**	13%
Equity reserves	**(16,385)**	(3,020)	(13,365)	(443%)	**(1%)**	0%
Retained earnings	**26,387**	30,367	(3,980)	(13%)	**3%**	4%
	358,082	342,568	15,514	5%	**41%**	44%
Non-controlling Interests	**943**	905	38	4%	**0%**	0%
Total Equity	**359,025**	343,473	15,552	5%	**41%**	44%
Total Liabilities and Equity	**P881,873**	P784,935	P96,938	12%	**100%**	100%

The Group's consolidated total assets as at December 31, 2024, amounted to P881,873 million, higher by 12% or P96,938 million than the December 31, 2023 balance of P784,935 million. The increase was attributable to the following factors:

a. Increase in property, plant and equipment by P120,281 million as a result of the ongoing construction of the Masinloc Power Plant Units 4 and 5, BESS projects, Mariveles Greenfield Power Plant, BCCPP project, additional construction works and improvements for Limay and Davao Greenfield Power Plants, and rehabilitation of the Ilijan Power Plant.

b. Increase in cash and cash equivalents by P36,208 million was due mainly to (i) P32,500 million and P12,000 million term loans drawn by MPGC and SMGP BESS, respectively, from their OLSA and P10,000 million drawn by San Miguel Global Power, (ii) short-term loans availed by San Miguel Global Power, SPPC, and MPGC, (iii) issuances of perpetual capital securities by San Miguel Global Power and (v) cash generated from operations. These were partly offset by the (i) capital expenditures for Masinloc Power Plant Units 4 and 5, BESS projects, Mariveles Greenfield Power Plant, BCCPP project, major repair and additional construction works for Limay and Davao Greenfield Power Plants, solar projects, and rehabilitation of the Ilijan Power Plant, (ii) payments of maturing long-term borrowings of LPI, MPI, MPCL, SMGP BESS and San Miguel Global Power, (iii) finance lease payments of SPI and SRHI to PSALM, and (iv) distributions paid to the holders of perpetual capital securities.

c. Increase in investment and advances by P8,943 million was mainly attributable to the additional deposits which will be applied against future stock subscriptions by San Miguel Global Power to certain companies and share in the net earnings of AHC.

d. Increase in prepaid expenses and other current assets by P3,040 million was mainly attributable to the (i) the additional advances paid to suppliers for the procurement of coal and LNG; and (ii) higher restricted cash set aside by SMGP BESS, LPI and MPI for its debt servicing requirements.

e. Increase in deferred income tax assets by P380 million was primarily due to the deferred income tax benefit recognized by the Group on unrealized foreign exchange losses from the revaluation of its US Dollar-denominated net monetary liabilities.

f. Decrease in right-of-use assets - net by P62,852 million was mainly due to the (i) reclassifications to property, plant and equipment account following the turnover of the Sual Power Plant to SPI and portion of land previously leased from PSALM and subsequently acquired by SPPC in 2024, and (ii) amortization for the year. These were partly offset by the recognition of additional right-of-use assets for the leased land, where the Sual Power Plant is situated, from PSALM.

g. Decrease in other noncurrent assets by P5,479 million was mainly attributable to the reclassification to property, plant and equipment account of advances to suppliers and contractors that were applied to progress billings for the Group's ongoing construction projects.

h. Decrease in inventories by P2,515 million was primarily attributable to higher consumption of LNG and coal inventories for the Ilijan and coal-fired power plants which exceeded purchases during the year.

The Group's consolidated total liabilities as at December 31, 2024, amounted to P522,848 million, 18% or P81,386 million higher than the December 31, 2023 balance of P441,462 million. The major items accounting for the increase are as follows:

a. Increase in accounts payable and accrued expenses by P46,469 million was mainly attributable to additional payables to contractors relating to the Group's ongoing construction projects, and higher trade payables mainly for the acquisition of LNG, coal and fuel inventories and power purchases.

b. Increase in loans payable by P27,614 million was mainly attributable to the short-term loans availed by San Miguel Global Power, SPPC, and MPGC from various local financial institutions during the year.

c. Increase in long-term debt - net of debt issue costs (including current and noncurrent portions) by P19,169 million was attributable to the: (i) P32,500 million and P12,000 million term loans drawn by MPGC and SMGP BESS, respectively (ii) San Miguel Global Power's availment of P10,000 million term loan in July 2024, (iii) unrealized foreign exchange losses recognized on the revaluation of the Group's US Dollar-denominated loans, (iv) amortization of debt issue costs, partly offset by the (v) redemption by San Miguel Global Power of its Series I and Series E bonds in April and December 2024, respectively, and (vi) settlement of maturing loans of San Miguel Global Power, LPI, MPI, MPCL and SMGP BESS.

d. Increase in deferred income tax liabilities by P2,693 million was due to (i) the additional provision for deferred income tax expense on temporary differences arising mainly from lease-related expenses of SPI, and (ii) SPPC's application of its available net operating loss carry over benefits to its income tax due.

e. Decrease in lease liabilities (including current and noncurrent portions) by P11,381 million was mainly on account of (i) finance lease payments made by SPI and SRHI to PSALM, partly offset by the (ii) unrealized foreign exchange losses recognized on the revaluation of US Dollar-denominated lease liabilities.

f. Decrease in other noncurrent liabilities by P3,036 million was attributable mainly to the settlement of US Dollar-denominated payables to contractors relating to the Group's ongoing construction projects.

g. Decrease in income tax payable by P142 million was mainly attributable to lower taxable income for the year.

The Group's consolidated total equity as at December 31, 2024, amounted to P359,025 million, higher by 5% or P15,552 million than the December 31, 2023 balance of P343,473 million. The increase is accounted for as follows:

a. Increase in RPCS by P43,432 million was mainly attributable to the issuance of the US$800 million RPCS in April 2024.

b. Decrease in equity reserves by P13,365 was mainly attributable to the difference between the price paid and net carrying value of the redeemed, exchanged and repurchased SPCS during the year.

c. Decrease in SPCS by P10,573 million was mainly attributable to the redemption of the US$783 million SPCS in April 2024, partly offset by various issuances of SPCS, net of exchange offers and tender offers, in September and December 2024.

d. Decrease in retained earnings by P3,980 was mainly attributable to the distributions to SPCS and RPCS holders and partly offset by the net income for the year.

2023 vs. 2022

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Millions	**2023**	2022	Amount	%	**2023**	2022
Cash and cash equivalents	**P31,659**	P22,726	P8,933	39%	**4%**	3%
Trade and other receivables - net	**116,976**	105,940	11,036	10%	**15%**	15%
Inventories	**16,841**	16,822	19	0%	**2%**	2%
Prepaid expenses and other current assets	**48,522**	43,293	5,229	12%	**6%**	6%
Total Current Assets	**213,998**	188,781	25,217	13%	**27%**	26%
Investments and advances - net	**10,953**	7,855	3,098	39%	**1%**	1%
Property, plant and equipment - net	**339,225**	304,412	34,813	11%	**44%**	43%
Right-of-use assets - net	**104,975**	106,610	(1,635)	(2%)	**13%**	15%
Goodwill and other intangible assets - net	**71,712**	71,765	(53)	0%	**9%**	10%
Deferred income tax assets	**974**	2,280	(1,306)	(57%)	**0%**	0%
Other noncurrent assets	**43,098**	35,812	7,286	20%	**6%**	5%
Total Noncurrent Assets	**570,937**	528,734	42,203	8%	**73%**	74%
Total Assets	**P784,935**	P717,515	P67,420	9%	**100%**	100%
Loans payable	**P13,736**	P21,000	(P7,624)	(35%)	**2%**	3%
Accounts payable and accrued expenses	**97,633**	84,447	13,186	16%	**12%**	12%
Lease liabilities - current portion	**17,645**	19,185	(1,540)	(8%)	**2%**	2%
Income tax payable	**222**	326	(104)	(32%)	**0%**	0%
Current maturities of long-term debt - net of debt issue costs	**54,125**	63,722	(9,597)	(15%)	**7%**	9%
Total Current Liabilities	**183,361**	188,680	(5,319)	(3%)	**23%**	26%
Long-term debt - net of current maturities and debt issue costs	**204,644**	208,431	(3,787)	(2%)	**26%**	29%
Deferred income tax liabilities	**21,285**	19,364	1,921	10%	**3%**	3%
Lease liabilities - net of current portion	**25,142**	40,773	(15,631)	(38%)	**3%**	6%
Other noncurrent liabilities	**7,030**	7,950	(920)	(12%)	**1%**	1%
Total Noncurrent Liabilities	**258,101**	276,518	(18,417)	(7%)	**33%**	39%
Total Liabilities	**441,462**	465,198	(23,736)	(5%)	**56%**	65%

Forward

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Millions	**2023**	2022	Amount	%	**2023**	2022
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	**P2,824**	P1,250	P1,574	126%	**0%**	0%
Additional paid-in capital	**48,082**	2,490	45,592	1831%	6%	0%
Senior perpetual capital securities	**161,768**	161,768	-	0%	**21%**	23%
Redeemable perpetual capital securities	**102,547**	51,934	50,613	97%	**13%**	7%
Equity reserves	**(3,020)**	(1,559)	(1,461)	(94%)	**0%**	0%
Retained earnings	**30,367**	35,526	(5,159)	(15%)	**4%**	5%
	342,568	251,409	91,159	36%	**44%**	35%
Non-controlling Interests	**905**	908	(3)	0%	**0%**	0%
Total Equity	**343,473**	252,317	91,156	36%	**44%**	35%
Total Liabilities and Equity	**P784,935**	P717,515	P67,420	9%	**100%**	100%

The Group's consolidated total assets as at December 31, 2023, amounted to P784,935 million, higher by 9% or P67,420 million than the December 31, 2022 balance of P717,515 million. The increase was attributable to the following factors:

a. Increase in property, plant and equipment by P34,813 million as a result of the ongoing construction of the Masinloc Power Plant Units 4 and 5, BCCPP project, Mariveles Greenfield Power Plant, rehabilitation of the Ilijan Power Plant, BESS projects, and major repair and additional construction works for Limay and Davao Greenfield Power Plants.

b. Increase in trade and other receivables by P11,036 million was mainly attributable to (i) SPPC's recognition of trade receivables in relation to its 480 MW and 330 MW EPSAs starting April 2023 and September 2023, respectively, (ii) SMGP BESS' receivables from NGCP for ancillary services rendered by the 7 BESS facilities which commenced commercial operations in the second semester of 2023, and (iii) higher trade receivables of SPI.

c. Increase in cash and cash equivalents by P8,933 million was due mainly to (i) proceeds from the issuances of Philippine Peso and US Dollar-denominated RPCS by San Miguel Global Power and SMGP BESS, (ii) net proceeds from various term loans drawn by San Miguel Global Power in 2023, (iii) proceeds from the aforesaid capital infusions of SMC. These were partly offset by (i) payments of maturing short-term and long-term loans of San Miguel Global Power, MPI, LPI and MPCL, (ii) redemption of Series B and Series G fixed rate bonds in July and August 2023, respectively, (iii) capital expenditures for Masinloc Power Plant Units 4 and 5, BCCPP project, Mariveles Greenfield Power Plant, BESS projects and Ilijan Power Plant, (iv) purchase of RPCS issued by SMGP BESS in October 2023, (v) finance lease payments of SPI and SRHI to PSALM, and (vi) distributions paid to the holders of perpetual capital securities.

d. Increase in other noncurrent assets by P7,286 million was mainly attributable to (i) net additional advances to suppliers/contractors for power-related projects of the Group, (ii) additional investment properties recognized following the acquisition of IPIEC and Blue Eagle Star Corp. in April and December 2023, respectively, and (iii) additional restricted cash set aside by MPCL and LPI for its debt servicing requirements.

e. Increase in prepaid expenses and other current assets by P5,229 million was mainly attributable to the (i) additional input taxes relating to ongoing construction projects and power purchases, (ii) additional advances paid to suppliers relating to LNG and spare parts deliveries of Ilijan Power Plant and Davao Greenfield Power Plant, and (iii) additional prepayment of taxes recognized, net of amortizations of real property and business taxes for 2023.

f. Increase in investment and advances by P3,098 million was mainly attributable to the additional deposits made by SPI and San Miguel Global Power to landholding companies net of share in lower net losses of AHC.

g. Decrease in deferred income tax assets by P1,306 million was attributable to lower provision for income tax benefits recognized on unrealized foreign exchange losses and net operation loss carryover in 2023 compared to 2022.

The Group's consolidated total liabilities as at December 31, 2023, amounted to P441,462 million, 5% or P23,736 million lower than the December 31, 2022 balance of P465,198 million. The major items accounting for the decrease are as follows:

a. Decrease in lease liabilities (including current and noncurrent portions) by P17,171 million was mainly on account of lease payments made by the IPPA entities to PSALM and the foreign exchange gain recognized on US Dollar-denominated lease liabilities resulting from the appreciation of the Philippine Peso in 2023.

b. Decrease in long-term debt - net of debt issue costs (including current and noncurrent portions) by P13,384 million was attributable to the: (i) redemption by San Miguel Global Power of its Series B and Series G fixed rate bonds in July and August 2023, respectively, (ii) settlement of long-term debts of San Miguel Global Power, MPI, LPI and MPCL, and (iii) the effect of unrealized foreign exchange gain recognized on the revaluation of US Dollar-denominated loans, which were partly offset by (iv) San Miguel Global Power's availment of various term loans in 2023, and (v) amortization of debt issue costs.

c. Decrease in loans payable by P7,624 million was mainly attributable to the net effect of the full settlement by San Miguel Global Power of its P16,000 million short-term loan which matured in June 2023, and availment of an P8,750 million short-term loan in 2023.

d. Decrease in other noncurrent liabilities by P920 million was attributable mainly to the settlement of US Dollar-denominated payables to contractors relating to the Group's ongoing construction projects.

e. Decrease in income tax payable by P104 million was mainly attributable to (i) lower taxable income in 2023 of MPI and MPCL, partly offset by the (ii) income tax payable recognized by landholding subsidiaries on the second tranche of the installment sales of properties.

f. Increase in accounts payable and accrued expenses by P13,186 million was mainly attributable to higher payables for the acquisition of LNG and fuel supplies, energy fees, power purchases, and capital expenditures.

g. Increase in deferred income tax liabilities by P1,921 million was due to (i) the provision for deferred income tax expense on temporary differences arising mainly from lease-related expenses of SRHI and SPI. This was partly offset by the recognition of additional income tax benefit on net operating loss carryover in 2023.

The Group's consolidated total equity as at December 31, 2023, amounted to P343,473 million, higher by 36% or P91,156 million than the December 31, 2022 balance of P252,317 million. The increase is accounted for as follows:

a. Increase in RPCS by P50,613 million was mainly attributable to the RPCS issued by San Miguel Global Power to SMC. The proceeds of which were used for general corporate purposes, including capital expenditures, and refinancing of maturing obligations.

b. Increase in capital stock and additional paid-in capital by a total of P47,166 million was due to the additional capital infusions of SMC through several subscriptions to San Miguel Global Power's common shares in 2023.

c. Decrease in retained earnings by P5,159 million was mainly attributable to distributions paid to perpetual capital securities holders, partly offset by the net income recognized in 2023.

d. Decrease in equity reserves by P1,461 million mainly pertains to the RPCS issued to SMC that was purchased back by SMGP BESS in October 2023.

III. CASH FLOW

SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

(in Millions)	December 31		
	2024	2023	2022
Net cash flows provided by (used in) operating activities	**P54,333**	P16,252	(P22,858)
Net cash flows used in investing activities	**(46,252)**	(49,955)	(56,658)
Net cash flows provided by financing activities	**28,335**	42,302	33,797

Net cash flows from operations basically consists of income for the year and changes in certain liabilities and others.

Net cash flows used in investing activities are as follows:

(in Millions)	December 31		
	2024	2023	2022
Cash from newly acquired subsidiaries, net	**P -**	P121	(P12)
Proceeds from disposal of subsidiaries, net of cash disposed of	**-**	-	494
Proceeds from sale of properties	**-**	-	1,187
Additions to intangible assets	**(140)**	(57)	(254)
Increase in other noncurrent assets	**(897)**	(2,351)	(3,645)
Advances paid to suppliers and contractors	**(1,689)**	(7,307)	(5,013)
Additions to investments and advances	**(8,433)**	(4,182)	(939)
Additions to property, plant and equipment	**(35,093)**	(36,179)	(48,476)

Net cash flows provided by financing activities are as follows:

(in Millions)	December 31		
	2024	2023	2022
Proceeds from short-term borrowings	**P165,147**	P95,322	P51,182
Proceeds from long-term debts	**71,506**	51,978	72,312
Proceeds from issuance of RPCS	**43,432**	70,833	19,182
Proceeds from issuance of SPCS, net of exchange and tender offers	**21,040**	-	-
Proceeds from issuance of capital stock	**-**	47,165	-
Proceeds from collection of subscription receivable	**-**	-	188
Payments for the purchase of RPCS	**-**	(21,669)	-
Payments of share issuance costs	**(388)**	(29)	(210)
Distributions paid to RPCS holder	**(2,552)**	-	(1,617)
Distributions paid to SPCS holders	**(13,385)**	(15,035)	(15,362)
Payments of lease liabilities	**(18,298)**	(19,315)	(24,220)
Payments for the redemption/repurchase of SPCS	**(45,040)**	-	(4,703)
Payments of long-term debts	**(55,615)**	(64,362)	(30,582)
Payments of short-term borrowings	**(137,512)**	(102,586)	(32,373)

The effect of exchange rate changes on cash and cash equivalents amounted to (P208 million), P334 million and P755 million in 2024, 2023 and 2022, respectively.

IV. ADDITIONAL INFORMATION ON UNAPPROPRIATED RETAINED EARNINGS

The consolidated unappropriated retained earnings of the Group include the accumulated earnings in subsidiaries, net of equity in net losses of an associate and joint ventures, not available for declaration as dividends until declared by the respective investees.

V. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year. Please refer to Item I "Financial Performance" and Item II "Financial Position" of the Management's Discussion and Analysis for the discussion of certain Key Performance Indicators.

LIQUIDITY RATIO

$$\textbf{Current Ratio} = \frac{\textbf{Current Assets}}{\textbf{Current Liabilities}}$$

	Conventional		***Adjusted*** [1]	
(in Millions Peso)	**December 2024**	December 2023	**December 2024**	December 2023
(A) Current Assets	**249,639**	213,998	**249,639**	213,998
(B) Current Liabilities	**224,058**	183,361	**220,621**	165,870
Current Ratio (A) / (B)	**1.11**	1.17	**1.13**	1.29

(1) Current portion of lease liabilities, in relation to the IPPA Agreements with PSALM, are excluded from the total current liabilities as these current obligations on lease are pass-through charges billable to customers. As at December 31, 2024 and 2023, current portion of lease liabilities to PSALM amounted to P3,437 and P17,491 million, respectively.

SOLVENCY RATIO

$$\textbf{Net Debt-to-Equity* Ratio} = \frac{\textbf{Net Debt}}{\textbf{Total Equity}}$$

Per relevant Loan Covenants of San Miguel Global Power

(in Millions Peso)	**December 2024**	December 2023
(A) Net Debt [2]	**219,596**	225,585
(B) Total Equity [3]	**354,566**	343,034
Net Debt-to-Equity Ratio (A) / (B)	**0.62**	0.66

**All items are net of amounts attributable to ring-fenced subsidiaries.*

(2) Consolidated net total debt plus total PSALM lease liabilities.
(3) Consolidated total equity.

Asset-to-Equity Ratio = **Total Assets** / **Total Equity**

(in Millions Peso)	Conventional		Adjusted [4]	
	December 2024	December 2023	**December 2024**	December 2023
(A) Total Assets	**881,873**	784,935	**853,432**	689,390
(B) Total Equity	**359,025**	343,473	**359,025**	343,473
Asset-to-Equity Ratio (A) / (B)	**2.46**	2.29	**2.38**	2.01

(4) Net carrying amount of the IPPA power plants, in relation to the IPPA Agreements with PSALM, was omitted in total assets as these power plant assets were capitalized with corresponding lease liabilities. As at December 31, 2024 and 2023, the net carrying amount of the IPPA power plant assets amounted to P28,441 million and P95,545 million, respectively.

PROFITABILTY RATIO

Return on Equity = **Net Income** / **Total Equity**

(in Millions Peso)	**December 2024**	December 2023
(A) Net Income	**12,384**	9,903
(B) Total Equity	**359,025**	343,473
Return on Equity (A) / (B)	**3.4%**	2.9%

Interest Coverage Ratio = **Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)** / **Interest Expense**

Per relevant Loan Covenants of San Miguel Global Power

(in Millions Peso)	**December 2024**	December 2023
(A) EBITDA [5]	**37,897**	34,511
(B) Interest Expense [6]	**14,761**	13,575
Interest Coverage Ratio (A) / (B)	**2.57**	2.54

(5) Full-year consolidated EBITDA (gross of PSALM payments and excluding amounts attributable to ring-fenced subsidiaries).

(6) Full-year consolidated interest expense (excluding amounts attributable to ring-fenced subsidiaries).

OPERATING EFFICIENCY

$$\text{Volume Growth (Decline)} = \frac{\text{Current Period Offtake Volume}}{\text{Prior Period Offtake Volume}} - 1$$

	Years Ended December 31	
(in GWh)	**2024**	2023
(A) Current Period Offtake Volume	**36,564**	25,205
(B) Prior Period Offtake Volume	**25,205**	27,402
Volume Growth (Decline) [(A / B) – 1]	**45.1%**	(8.0%)

$$\text{Revenue Growth (Decline)} = \frac{\text{Current Period Revenues}}{\text{Prior Period Revenues}} - 1$$

	Years Ended December 31	
(in Millions Peso)	**2024**	2023
(A) Current Period Revenues	**205,091**	169,590
(B) Prior Period Revenues	**169,590**	221,389
Revenue Growth (Decline) [(A / B) – 1]	**20.9%**	(23.4%)

$$\text{Operating Margin} = \frac{\text{Income from Operations}}{\text{Revenues}}$$

	Years Ended December 31	
(in Millions Peso)	**2024**	2023
(A) Income from Operations	**40,457**	32,526
(B) Revenues	**205,091**	169,590
Operating Margin (A) / (B)	**19.7%**	19.2%

VI. OTHER MATTERS

a. Fuel Commodity Price Volatility

In January 2022, the Government of Indonesia implemented a month-long ban on the exportation of its coal which reduced the overall availability of coal fuel in the commodities market. Consequently, international price indices for coal such as the GC Newcastle Index surged beyond the expected trajectory of historical prices based on long-term fundamental factors pertinent to the coal commodity market. Barely a few weeks after the partial lifting of the foregoing coal export ban, Russia commenced its invasion of Ukraine on February 24, 2022. This worsened the short-term outlook on coal prices as reflected in the further spikes in coal prices, with GC Newcastle Index reaching levels beyond US$400/MT from May 2022 onwards. With Russia-Ukraine conflict continuing to this day, coal prices remain at elevated levels, averaging at US$135.26/MT and at US$172.79/MT in 2024 and 2023, respectively. The Group has been able to effectively mitigate the adverse impact of commodity price risks, primarily for coal fuel, thru the fuel price passthrough mechanism or the periodic tariff rate review allowed under its power supply agreements or retail supply contracts with most of its offtakers. It also has supply-side risk mitigation, including among others, maintaining a pool of international and local sources of coal fuel which provide a certain level of fuel price risk mitigation and more importantly, fuel supply security.

b. Malampaya Gas Supply Restrictions

The Ilijan Power Plant was originally designed to use natural gas from the Malampaya gas facility in Palawan (“Malampaya”) as fuel for its power generation. As early as March 2021, the National Power Corporation issued notices of gas supply restrictions from Malampaya. This significantly reduced the net generation of the Ilijan Power Plant to 60% of its total installed capacity for the remainder of 2021 until the end of the Ilijan IPPA Agreement on June 4, 2022. The Malampaya Gas Sale and Purchase Agreement also expired on the same date as PSALM is no longer required to supply fuel to the Ilijan Power Plant upon turnover of the same to SPPC. The Group was constrained to use its available capacity from its portfolio of generation assets, and in certain cases, purchase from the WESM spot market, to augment its generation from the Ilijan Power Plant to meet its bilateral demand from its customers, primarily from Meralco pursuant to its PSAs. This reduced the gross margins of the Group in cases where the cost of replacement supply exceeds the power generation costs from the Ilijan Power Plant using Malampaya natural gas. This accounts for a significant portion in the reduction of the Group’s gross margins and operating income for the year 2022.

On June 23, 2022, SPPC entered into a gas supply agreement for 70.26 Petajoules of banked gas with the Philippine National Oil Company ("PNOC") at a daily volume of dispatch sufficient to run the Ilijan Power Plant at 45% to 75% plant factor. This volume of gas is adequate and expected to support the Ilijan Power Plant’s fuel requirements until February 2024. The term of the gas supply agreement with PNOC expired without commencing the supply of banked gas to SPPC. The management of SPPC is reviewing its legal options on the equitable resolution of its unenforced rights and foregone opportunities over such banked gas.

With LNG prices fundamentally dropping to coal price-parity levels, SPPC pursued the procurement of commercial LNG as fuel for its Ilijan Power Plant. The scheduled deliveries of the procured LNG shipments are aligned with the imminent completion of the adjacent Batangas LNG Terminal currently undergoing commissioning activities, the commissioning activities of the BCCPP, and the supply of the contract capacities by the Ilijan Power Plant and the BCCPP to the Grid.

c. Commitments
The outstanding purchase commitments of the Group amounted to P109,085 million as at December 31, 2024.

The Group's material commitments for capital expenditure consist mainly of construction of power plants, mostly utilizing high efficiency low emission technologies, in line with the Group's expansion projects, and acquisition, upgrade or repair of fixed assets needed for normal operations of the business. These will be funded by available cash and proceeds from short-term loans, long-term debt and issued capital securities.

d. There are no unusual items as to nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in Management's Discussion and Analysis of Financial Position and Financial Performance.

e. There were no material changes in estimates of amounts reported in prior interim periods of the current year or changes in estimates of amounts reported in prior financial years.

f. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate within the next 12 months any cash flow or liquidity problems. The Group was not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring payments. There were no significant amounts of the Group's trade payables that have not been paid within the stated trade terms.

g. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operation.

h. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets since the last annual reporting date. No material contingencies and any other events or transactions exist that are material to an understanding of the current reporting period.

i. There are no significant elements of income or loss that did not arise from continuing operations.

j. The effects of seasonality or cyclicality on the operations of the Group's businesses are not material.

k. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

ANNEX "B"

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 0 8 0 1 0 9 9

COMPANY NAME

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

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

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

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

COMPANY INFORMATION

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

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

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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

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

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.

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

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

With Independent Auditors' Report

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

REPORT OF INDEPENDENT AUDITORS

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matter

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

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

The risk -

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

Our response -

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

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

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

Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

R.G. MANABAT & CO.

Gregorio I. Sambrano, Jr.

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

April 15, 2025
Makati City, Metro Manila

San Miguel Global Power
Giving You the Power to Celebrate Life

San Miguel Global Power Holdings Corp.

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

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

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

PAUL BERNARD D. CAUSON
Vice President & Chief Finance Officer

Signed this 6th day of March 2025

ACKNOWLEDGMENT

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

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

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

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

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

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

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

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

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

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

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

Forward

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

See Notes to Consolidated Financial Statements.

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

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

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

See Notes to Consolidated Financial Statements.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(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)

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

See Notes to Consolidated Financial Statements.

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

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

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

Forward

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

See Notes to Consolidated Financial Statements.

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

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

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

Forward

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

Forward

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

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. Reporting Entity

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

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

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

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

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

2. Basis of Preparation

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

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

Basis of Measurement

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

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

Functional and Presentation Currency

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

Basis of Consolidation

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

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

Forward

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Material Accounting Policy Information

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

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

Adoption of Amendments to Standards

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

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

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

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

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

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

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

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

  - the terms and conditions of the arrangements;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Instruments

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

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

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

Financial Assets

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

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

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

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the restructuring of a financial asset by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

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

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

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Leases

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

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

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

Group as Lessee

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Number of Years
Computer software and licenses	3
Other rights	27

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

Impairment of Non-financial Assets

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

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

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

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

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

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

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

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

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

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

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

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

Provisions

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

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

Capital Stock and Additional Paid-in Capital

Common Shares

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

Additional Paid-in Capital

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

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

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

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

Equity Reserves

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

Retained Earnings

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

Revenues

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

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

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

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

Sale of Power

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

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

Revenue from Other Services

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

Other Income

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

Costs and Expenses

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

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

Borrowing Costs

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

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

Employee Benefits

Short-term Employee Benefits

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

Retirement Benefits Costs

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

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

Defined benefits costs comprise the following:

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

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

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

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

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

<u>Foreign Currency</u>
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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Related Parties

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

Basic and Diluted Earnings (Loss) Per Common Share

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

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

Operating Segments

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

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

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

Contingencies

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

Events After the Reporting Date

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

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

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

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

Judgments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Segment Information

Operating Segments

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

Segment Assets and Liabilities

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

Inter-segment Transactions

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

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

Major Customers

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

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

Operating Segments

Financial information about reportable segments follows:

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

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

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

6. Significant Agreements and Lease Commitments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b. Market Participation Agreements (MPA)

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

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

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

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

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

c. PSAs and RSCs

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

d. ASPA

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

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

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

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

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

e. Coal Supply Agreements

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

f. LNG Supply Agreements

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

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

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

h. Distribution Wheeling Service (DWS) Agreements

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

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

i. Agreement for the use of LNG Terminal

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

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

j. Lease Agreements

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

i. Land Lease Agreement with PSALM

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. Cash and Cash Equivalents

Cash and cash equivalents consist of:

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

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

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

8. Trade and Other Receivables

Trade and other receivables consist of:

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

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

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

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

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

Non-trade receivables include the following:

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

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

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

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

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

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

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

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

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

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

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

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

9. Inventories

Inventories at cost consist of:

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

There were no inventory write-downs to net realizable value in 2024, 2023 and 2022. Inventories charged to cost of power sold amounted to P101,763,922, P86,906,429, and P114,857,765 in 2024, 2023 and 2022, respectively (see Note 23).

10. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of:

	Note	2024	2023
Input VAT		**P26,053,480**	P27,467,097
Prepaid taxes		**15,362,120**	13,072,678
Advances to suppliers		**5,686,312**	4,109,567
Restricted cash	*15, 29, 30*	**3,861,546**	2,420,279
PSALM monthly fee outage credits	*6*	**-**	1,142,305
Other prepaid expenses	*19*	**597,866**	309,638
		P51,561,324	P48,521,564

Input VAT consists of VAT on purchases of goods and services which can be offset against the output VAT payable (see Note 17).

Prepaid taxes consist of local business taxes and permits, creditable withholding taxes and excess tax credits which can be used as a deduction against future income tax payable.

Advances to suppliers mainly pertain to advance payments for inventories of the Group.

Restricted cash pertains to funds maintained in various financial institutions: (a) as cash flow waterfall accounts required under the respective credit facilities of LPI, MPI, MPCL and SMGP BESS, (b) as environmental guarantee fund for remittance to the DENR, and (c) as financial benefits to host communities, as required by law (see Notes 15 and 18).

The methods and assumptions used to estimate the fair values of restricted cash and derivative assets are discussed in Note 30.

Other prepaid expenses mainly pertain to the following:

a. Prepaid insurance of the Group for power plants amounted to P234,162, and P176,667 as at December 31, 2024 and 2023, respectively.

b. Prepaid rent of the Group from various short-term lease agreements amounted to P41,561, and P25,183 as at December 31, 2024 and 2023, respectively (see Note 6).

c. Prepaid legal and financial advisory fees relating to the Group's financing activities and prepayments of various operating expenses.

11. Investments and Advances

Investments and advances consist of:

	2024	2023
Investments in Shares of Stock of an Associate and Joint Ventures		
Cost		
Balance at beginning of year	**P8,122,208**	P8,122,208
Additions	**2,000**	-
Balance at end of year	**8,124,208**	8,122,208
Accumulated Equity in Net Losses		
Balance at beginning of year	**3,045,558**	2,769,671
Equity in net losses (earnings) during the year	**(564,627)**	272,631
Share in other comprehensive loss (income) during the year	**(5,535)**	3,830
Adjustment to equity in net losses (earnings) in prior year	**59,052**	(539)
Adjustment to share in other comprehensive losses (earnings) in prior year	**1,206**	(35)
Balance at end of year	**2,535,654**	3,045,558
	5,588,554	5,076,650
Advances	**14,307,033**	5,876,398
	P19,895,587	P10,953,048

Advances pertain to deposits made to certain companies which will be applied against future stock subscriptions. In 2023, the Parent Company bought ownership interests in certain landholding companies. As a result, these landholding companies were consolidated and deposits amounting to P807,693 were eliminated in the consolidated statements of financial position as at December 31, 2023.

The following are the developments relating to the Group's investments in shares of stock of associates and joint ventures:

a. Investment in shares of stock of associates

i. OEDC

In April 2013, SPGC and San Miguel Equity Investments, Inc. (SMEII), an entity under common control, entered into a Deed of Assignment of Subscription Rights, whereby, SMEII agreed to assign its 35% of ownership interests in OEDC to SPGC for a consideration of P8,750.

Subscriptions payable amounted to P28,101 as at December 31, 2024 and 2023 (see Note 19).

The table below summarizes the financial information of investment in shares of stock of an associate which is accounted for using the equity method:

	2024 (Unaudited)	2023 (Audited)
Country of Incorporation	**Philippines**	Philippines
Current assets	**P408,020**	P439,304
Noncurrent assets	**1,828,400**	1,808,767
Current liabilities	**(1,305,764)**	(1,264,837)
Noncurrent liabilities	**(237,800)**	(315,136)
Net assets	**P692,856**	P668,098
Revenue	**P2,135,202**	P2,377,321
Net income	**P21,034**	P40,138
Other comprehensive income (loss)	**3,724**	(10,942)
Total comprehensive income	**P24,758**	P29,196
Share in net income	**P7,362**	P14,048
Share in other comprehensive income (loss)	**P1,303**	(P3,830)
Carrying amount of investment	**P256,210**	P247,545

ii. FPSP (Holdings) Corp. (FPSP)

On December 19, 2024, the Parent Company acquired 40% equity interest in FPSP for a total consideration of P2,000. A foreign corporation holds the remaining equity interest in FPSP and exercises control thereon.

FPSP is a holding company with 100% ownership interests in Pan Pacific Renewable Power Phils. Corp. (PPRPPC), a company incorporated in the Philippines and primarily engaged in exploration, development and generation of energy such as but not limited to geothermal sources of heat and power, hydro-electric power resources, wind and solar energy, as well as the development, acquisition and generation of conventional sources of energy. PPRPPC participated in February 2025 in the Green Energy Auction Program (No. 3) (GEAP) conducted by the DOE, using its various pumped storage hydro power and impounding hydro power projects in Luzon. Results of the GEAP remain pending to date.

b. Investments in shares of stock of joint ventures

i. AHC and KWPP

The Parent Company, through PVEI, and Korea Water Resources Corporation (K-water) entered into a joint venture for the acquisition, rehabilitation, operation and maintenance of the 218 MW Angat Hydroelectric Power Plant (Angat Power Plant) awarded by PSALM to K-water.

On November 18, 2014, PVEI acquired from the individual stockholders and K-water, 2,817,270 shares or 60% of the outstanding capital stock of AHC and from the individual stockholders, 75 shares representing 60% of KWPP’s outstanding capital stock.

Subsequently, AHC and KWPP each issued shares in favor of nominee directors of PVEI and K-water to complete their respective shareholding interest.

<u>AHC</u>
AHC was incorporated on November 15, 2013 and was created to engage in the operations and maintenance of the Angat Power Plant and to supply power generated to power corporations and to electric utilities, to import hydro-electric facilities and equipment, and to do all acts necessary and incidental thereto, in accordance with RA No. 9136.

KWPP

KWPP was incorporated on November 27, 2013 and was established for the purpose of acquiring, holding or leasing water and flowage rights.

The table below summarizes the financial information of investments in shares of stock of joint ventures which is accounted for using the equity method:

December 31, 2024 (Unaudited)

	AHC	**KWPP**
Country of Incorporation	**Philippines**	**Philippines**
Current assets	**P1,346,419**	**P3,898**
Noncurrent assets	**16,902,962**	**16,289**
Current liabilities	**(2,011,846)**	**(7,101)**
Noncurrent liabilities	**(10,623,431)**	**(12,642)**
Net assets	**P5,614,104**	**P444**
Revenue	**P2,356,206**	**P1,201**
Net income (loss)	**P578,038**	**(P161)**
Other comprehensive income	**7,053**	**-**
Net income (loss)/total comprehensive income (loss)	**P585,091**	**(P161)**
Share in net income (loss)	**P346,823**	**(P97)**
Share in comprehensive income	**P4,232**	**-**
Carrying amount of investment	**P4,669,640**	**P491**

December 31, 2023 (Audited)

	AHC	KWPP
Country of Incorporation	Philippines	Philippines
Current assets	P1,515,740	P3,843
Noncurrent assets	16,805,637	16,971
Current liabilities	(1,733,012)	(6,996)
Noncurrent liabilities	(11,559,352)	(13,213)
Net assets	P5,029,013	P605
Revenue	P1,751,763	P -
Net loss	(P479,020)	(P194)
Other comprehensive loss	(2,010)	-
Total comprehensive loss	(P481,030)	(P194)
Share in net loss	(P287,412)	(P117)
Share in other comprehensive loss	(P1,206)	P -
Carrying amount of investment	P4,318,585	P588

ii. IASCO and Isabel AS

On June 2, 2022, the Parent Company, through PEGC and PVGC, acquired 50% effective ownership interests in IASCO, which operates the 70 MW modular power plant located in Isabel, Leyte, for a total consideration of P503,316. PEGC acquired 50% of the outstanding capital stock of Isabel AS, which is the general partner of IASCO.

IASCO is a limited partnership created for the primary purpose of developing, operating, and maintaining a modular power plant and any other assets including transmission and sub-transmission lines. IASCO is managed by its general partner, Isabel AS.

IASCO and Isabel AS are following a fiscal reporting period ending March 31 and continue to use the same reporting period after acquisition.

The table below summarizes the financial information of investments in shares of stock of joint ventures which is accounted for using the equity method:

December 31, 2024 (Unaudited)

	Isabel AS	**IASCO**
Country of Incorporation	**Philippines**	**Philippines**
Current assets	**P49**	**P2,029,438**
Noncurrent assets	**9,841**	**285,351**
Current liabilities	**(179)**	**(1,372,590)**
Noncurrent liabilities	**-**	**(28,535)**
Net assets	**P9,711**	**P913,664**
Revenue	**P -**	**P3,989,068**
Net income/total comprehensive income	**P96**	**P420,982**
Share in net income/total comprehensive income	**P48**	**P210,491**
Carrying amount of investment	**P67,797**	**P592,416**

December 31, 2023 (Unaudited)

	Isabel AS	IASCO
Country of Incorporation	Philippines	Philippines
Current assets	P47	P1,094,804
Noncurrent assets	9,716	323,795
Current liabilities	(148)	(859,418)
Noncurrent liabilities	-	(66,499)
Net assets	P9,615	P492,682
Revenue	P -	P1,723,383
Net loss/total comprehensive loss	(P301)	(P116,107)
Share in net loss/total comprehensive loss	(P150)	(P58,054)
Carrying amount of investment	P67,749	P381,925

c. Investment in shares of stock of subsidiaries

The following are the developments relating to the subsidiaries:

PVEI

In January 2017, PVEI granted shareholder advances amounting to US$31,800 (equivalent to P1,578,870) to its joint venture company, AHC. The advances bear an annual interest rate of 4.50% and are due on April 30, 2017. As agreed amongst the parties, the due date of the advances was extended to December 31, 2025.

As at December 31, 2024 and 2023, the remaining balance of the shareholder advances amounted to US$2,281 (equivalent to P131,956 and P126,310, respectively), presented as part of “Trade and other receivables” account in the consolidated statements of financial position, and due date was extended to December 31, 2025 (see Notes 8 and 19). Interest income amounted to P5,990 in 2024 and P5,673 in 2023 and 2022, respectively (see Note 19).

In February 2023 and June and October 2021, PVEI granted shareholder loans to AHC amounting to P344,097, P600,000 and P408,540, with interest rates of 6.125%, 4.6% and 6.125%, respectively, and are due on January 5, 2032. Outstanding balance amounted to P1,352,637 presented as part of “Other noncurrent assets” account in the consolidated statements of financial position, as at December 31, 2024 and 2023, respectively (see Notes 15 and 19). Interest income amounted to P74,927, P71,378 and P53,354 in 2024, 2023 and 2022, respectively (see Note 19).

12. Property, Plant and Equipment

Property, plant and equipment consist of:

	Note	Power Plants	Land and Leasehold Improvements	Other Equipment	Building	CPIP	Total
Cost							
January 1, 2023		P185,180,286	P13,602,998	P6,755,514	P4,576,121	P122,263,696	P332,378,615
Additions		943,217	158,463	659,427	17,850	34,400,018	36,178,975
Acquisition of a subsidiary	*11*	-	448,499	-	-	-	448,499
Reclassifications and others	*15*	11,053,316	1,081,903	1,030,546	353,602	(6,735,945)	6,783,422
Disposals	*11, 19*	(76,428)	-	(1,386)	-	-	(77,814)
December 31, 2023		197,100,391	15,291,863	8,444,101	4,947,573	149,927,769	375,711,697
Additions		2,738,578	1,276,495	368,710	33,470	48,919,316	53,336,569
Reclassifications and others	*13, 15*	128,627,113	4,869,464	757,469	228,324	(56,747,414)	77,734,956
December 31, 2024		**328,466,082**	**21,437,822**	**9,570,280**	**5,209,367**	**142,099,671**	**506,783,222**
Accumulated Depreciation							
January 1, 2023		24,937,107	859,765	1,534,754	424,499	-	27,756,125
Depreciation		7,473,007	280,656	538,847	132,069	-	8,424,579
Reclassifications and others		-	(12)	75,223	-	-	75,211
Retirement/disposal	*11, 19*	(12,993)	-	(1,155)	-	-	(14,148)
December 31, 2023		32,397,121	1,140,409	2,147,669	556,568	-	36,241,767
Depreciation		9,465,586	455,052	655,410	151,632	-	10,727,680
Reclassifications and others		-	96	27,903	-	-	27,999
December 31, 2024		**41,862,707**	**1,595,557**	**2,830,982**	**708,200**	**-**	**46,997,446**
Accumulated Impairment Losses							
January 1, 2023		-	-	209,965	-	-	209,965
Impairment	*25*	-	-	34,991	-	-	34,991
December 31, 2023		-	-	244,956	-	-	244,956
Impairment	*25*	-	-	34,991	-	-	34,991
December 31, 2024		**-**	**-**	**279,947**	**-**	**-**	**279,947**
Carrying Amount							
December 31, 2023		P164,703,270	P14,151,454	P6,051,476	P4,391,005	P149,927,769	P339,224,974
December 31, 2024		**P286,603,375**	**P19,842,265**	**P6,459,351**	**P4,501,167**	**P142,099,671**	**P459,505,829**

a. Other equipment includes machinery and equipment, transportation equipment, office equipment and furniture and fixtures.

b. CPIP pertains to the following:

   i. Expenditures of MPGC related to the construction of its 4 x 150 MW Circulating Fluidized Bed coal-fired power plant in Mariveles, Bataan (Mariveles Greenfield Power Plant).

      Units 1, 2 and 3 of the Mariveles Greenfield Power Plant were declared operational with the IEMOP starting on March 28, September 26, and October 26, 2024, respectively. Following the declarations, all CPIP costs related to the 3 units were reclassified to the appropriate property, plant and equipment account.

      On January 9, 2025, Unit 4 of the Mariveles Greenfield Power Plant was declared operational with the IEMOP.

   ii. Expenditures of EERI related to the construction of its 1,320 MW BCCPP.

      Unit 1 of the BCCPP was declared operational starting on December 29, 2024. Accordingly, all CPIP costs related to Unit 1 were reclassified to the appropriate property, plant, and equipment account.

      Unit 2 was declared operational starting on January 7, 2025.

   iii. Projects of SMGP BESS for the construction of BESS facilities and gas turbine generators situated in various locations in the Philippines.

      Following the start of commercial operations in 2023 of 3 BESS facilities in Luzon (San Manuel, Pangasinan, and Lamao and Limay, Bataan), 2 BESS facilities in Visayas (Toledo, Cebu and Ubay, Bohol) and 2 BESS facilities in Mindanao (Maco, Davao de Oro and Malita, Davao Occidental), and 3 additional sites during the first quarter of 2024 located in Concepcion, Tarlac, Ormoc, Leyte and Jasaan, Misamis Oriental, all CPIP costs related to these facilities were reclassified to the appropriate property, plant and equipment account.

   iv. Projects of MPCL for the construction of the Masinloc Power Plant Units 4 and 5, and other related facilities, 20 MW BESS and retrofitting works for Unit 1.

   v. The Unit 1 retrofit was completed and all related CPIP costs were reclassified to the appropriate property, plant and equipment account in 2023.

   vi. Projects of SMGP Kabankalan for the construction of its 10 MW BESS Phase 2 facility in Kabankalan, Negros Occidental.

   vii. Various construction works relating to the respective power plant facilities of LPI and MPI.

   Ongoing capital projects are expected to be completed up to 2026.

c. Reclassifications in 2024 mainly pertain to:

   i. the Sual Power Plant, which was reclassified from the "Right-of-use assets" account following the expiration of its IPPA Agreement with PSALM and its turnover to SPI (see Notes 6 and 13);

   ii. the portion of land where the Ilijan Power Plant is located that was previously leased by SPPC and subsequently acquired from PSALM in 2024 (see Notes 6 and 13); and

   iii. application of advances to contractors against progress billings for ongoing capital projects (see Note 15).

   Reclassifications in 2023 include transfers from CPIP account to specific property, plant and equipment accounts and applications of advances to contractors against progress billings for capital projects in progress.

d. Depreciation of property, plant and equipment are recognized in the consolidated statements of income as follows:

	Note	**2024**	2023	2022
Cost of power sold	*23*	**P10,131,995**	P7,959,780	P6,828,880
Selling and administrative expenses	*24*	**595,685**	464,799	507,046
		P10,727,680	P8,424,579	P7,335,926

   Total depreciation, recognized in the consolidated statements of income, include amortization of capitalized interest and decommissioning and dismantling costs amounting to P580,530, P267,365 and P267,010 in 2024, 2023 and 2022, respectively. The Group recognized impairment losses amounting to P34,991 in 2024, 2023 and 2022, and presented as part of "Other income (charges)" account in the consolidated statements of income (see Note 25).

   The Group has borrowing costs amounting to P3,113,142, P1,759,105 and P2,156,087 which were capitalized in 2024, 2023 and 2022, respectively. The capitalization rates used to determine the amount of interest eligible for capitalization range from 7.47% to 8.59% in 2024 and 2023, and 7.47% in 2022. The unamortized capitalized borrowing costs amounted to P13,857,057 and P11,324,445 as at December 31, 2024 and 2023, respectively (see Note 18).

   As at December 31, 2024 and 2023, certain property, plant and equipment amounting to P268,670,559 and P164,918,759, respectively, are pledged as security for syndicated project finance loans (see Note 18).

   Certain fully depreciated property, plant and equipment with aggregate costs amounting to P6,660,416 and P6,030,538 as at December 31, 2024 and 2023, respectively, are still being used in the Group's operations.

e. The additions to property, plant and equipment in the consolidated statements of cash flows reflects the actual cash flow of the Group during the period. Any difference against the total additions to property, plant and equipment disclosed in this note, representing noncash or unpaid portions, is included as part of the increase in accounts payable and accrued expenses under operating activities in the consolidated statements of cash flows.

13. Right-of-Use Assets

The movements in right-of-use assets are as follows:

	Note	Land	Buildings and Improvements	Power Plants	Total
Cost					
January 1, 2023		P8,081,943	P443,780	P113,398,830	P121,924,553
Additions	*6*	2,509,352	-	-	2,509,352
Reclassification and others		(54,697)	(131,017)	-	(185,714)
December 31, 2023		10,536,598	312,763	113,398,830	124,248,191
Additions	*6*	6,673,462	-	-	6,673,462
Reclassification and others	*12*	(2,259,025)	-	(78,935,382)	(81,194,407)
December 31, 2024		**14,951,035**	**312,763**	**34,463,448**	**49,727,246**
Accumulated Depreciation and Amortization					
January 1, 2023		820,623	210,910	14,283,176	15,314,709
Depreciation and amortization		146,592	65,234	3,570,794	3,782,620
Reclassification and others		277,060	(101,518)	-	175,542
December 31, 2023		1,244,275	174,626	17,853,970	19,272,871
Depreciation and amortization		123,671	62,553	3,142,960	3,329,184
Reclassification and others		(23,951)	-	(14,974,191)	(14,998,142)
December 31, 2024		**1,343,995**	**237,179**	**6,022,739**	**7,603,913**
Carrying Amount					
December 31, 2023		P9,292,323	P138,137	P95,544,860	P104,975,320
December 31, 2024		**P13,607,040**	**P75,584**	**P28,440,709**	**P42,123,333**

The carrying amount of the power plants of the IPPAs under lease arrangements amounted to P28,440,709 and P95,544,860 as at December 31, 2024 and 2023, respectively (see Note 6).

The carrying amount of the land under lease arrangements of SPI, MPCL and SPPC with PSALM amounted to P7,223,111 and P2,078,566 as at December 31, 2024 and 2023, respectively (see Note 6).

The combined asset retirement costs of the Group amounted to P346,527 and P451,940 as at December 31, 2024 and 2023, respectively.

Reclassifications in 2024 pertains to: (i) the Sual Power Plant and related facilities, following the expiration of the Sual IPPA Agreement and its turnover to SPI in October 2024, and (ii) the portion of the land where the Ilijan Power Plant is located that was acquired from PSALM by SPPC in 2024 (see Notes 6 and 12).

Reclassifications and others in 2023 mainly pertain to the termination of certain lease agreements.

14. Goodwill and Other Intangible Assets

Goodwill and other intangible assets consist of:

	Note	2024	2023
Goodwill		**P69,953,222**	P69,953,222
Computer software and licenses - net		**316,887**	233,631
Others	*8*	**1,465,969**	1,525,200
		P71,736,078	P71,712,053

Impairment of Goodwill from Masinloc Group
Goodwill arising from the acquisition of Masinloc Group in 2018, amounting to P69,944,356 which accounts for almost 100% of the total goodwill in the consolidated statements of financial position as at December 31, 2024 and 2023, is allocated to the cash generating unit of the Masinloc Group.

The recoverable amount of goodwill has been determined based on the value in use using discounted cash flows and was based on the following key assumptions:

- Cash flows were projected based on experience and actual operating results and cover forecast until 2029 in 2024 and 2028 in 2023 based on long range plans approved by management. Management believes that the forecast was justifiable due to long-term contracts with major customers. Cash flows beyond the forecasted period are extrapolated using a constant growth rate determined per cash-generating unit.

- A discount rate of 10.4% and 10.5% in 2024 and 2023, respectively, was applied based on the weighted-average cost of capital, which reflects the management's estimate of the risk specific to the cash-generating unit.

- Terminal growth rate of 3.2% and 3.0% in 2024 and 2023, respectively, was applied as the Group is in the process of increasing its capacity and upgrading its facilities and hence foresees growth in cash flows generated perpetually. This growth rate is consistent with the long-term average growth rate for the industry.

The values assigned to the key assumptions represent the management's assessment of future trends in the industry and are based on internal sources (historical data).

For purposes of discount rate sensitivity, discount rate scenarios of 9.9% and 10.9% in 2024 and 2023 were applied on the discounted cash flows analysis. Management believes that any reasonably possible change in the discount rate on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

Based on management's assessment, goodwill is not impaired since the recoverable amount of the related net assets for which the goodwill was attributed still exceeds its carrying amount as at December 31, 2024 and 2023.

Computer Software and Licenses
The movements in computer software and licenses are as follows:

	Note	2024	2023
Cost			
Balance at beginning of year		**P650,815**	P593,844
Additions		**140,029**	56,971
Balance at end of year		**790,844**	650,815
Accumulated Amortization			
Balance at beginning of year		**417,184**	366,938
Amortization	*24*	**56,773**	50,246
Balance at end of year		**473,957**	417,184
		P316,887	P233,631

Others

In 2022, SPI obtained full dispatch rights on the capacity of Sual Power Plant, following its agreement with TPEC. As a result, SPI recognized this right under "Goodwill and other intangible assets" account amounting to P1,628,854 in 2022 (see Notes 6, 8 and 32). Amortization expense recognized in the consolidated statements of income amounted to P59,231 and P44,423 in 2024 and 2023, and 2022, respectively (see Note 24).

15. Other Noncurrent Assets

Other noncurrent assets consist of:

	Note	**2024**	2023
Advances to suppliers and contractors		**P18,907,575**	P24,214,984
Amounts owed by related parties	*19, 29, 30*	**5,269,987**	6,499,990
Restricted cash - net of current portion	*29, 30*	**4,633,460**	3,851,016
Investment property		**4,347,628**	3,218,782
Noncurrent receivables	*29, 30*	**3,765,688**	4,205,585
Deposits on land for future development		**577,485**	950,810
Deferred input VAT - net of current portion		**8,344**	51,279
Others		**108,630**	105,554
		P37,618,797	P43,098,000

Advances to suppliers and contractors pertain to advance payments to contractors for the construction of the Group's power plants and BESS projects (see Note 12).

Noncurrent receivables mainly pertain to (a) SPI's receivables from TPEC, and from a third party for the sale of its mining subsidiaries in December 2022; and (b) Parent Company's receivable from a third party for the sale of SEDI (see Note 8).

Restricted cash mainly comprises of: (a) MPCL's cash flow waterfall accounts and environmental guarantee fund, amounting to P2,973,536 and P2,645,131 as at December 31, 2024 and 2023, respectively; and (b) LPI's cash flow waterfall accounts, amounting to P1,654,095 and P1,203,746 as at December 31, 2024 and 2023, respectively (see Notes 10 and 18).

The methods and assumptions used to estimate the fair values of restricted cash and long-term receivables are discussed in Note 30.

Investment property mainly pertains to the parcels of land owned by the Group, through its wholly-owned subsidiaries, Multi-ventures Investment Holdings, Inc. (MVIHI), IPIEC, TopGen Energy Development Inc., Blue Eagle, and MPI.

On December 20, 2023, MVIHI and Blue Eagle entered into an agreement with third parties for the sale of certain parcels of land located in Naic and Maragondon, Cavite, which is subject to certain conditions prior to closing targeted in April 2025.

The fair value of investment property, amounting to P15,184,538 as at December 31, 2024, has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation techniques.

The fair value of investment property was mainly determined by external, independent property appraisers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent appraisers provide the fair value of the Group's investment property on a regular basis.

Total income recognized from the lease of these real estate properties amounted to P90,011 and P60,079 in 2024 and 2023, respectively (see Note 6). There are no direct selling and administrative expenses arising from investment property that generated income in 2024, other than the real property taxes paid by the lessee pursuant to the terms of the relevant lease agreements. Direct operating expenses arising from investment properties that did not generate rental income, mainly consist of real property taxes and property maintenance fees amounting to P17,768 and P9,682 in 2024 and 2023, respectively, presented as part of "Selling and administrative expenses" account in the consolidated statements of income (see Note 24).

Valuation Technique
The valuation of investment property applied the *Sales Comparison Approach.* The market value was determined using the Sales Comparison Approach. The comparative approach considers the sale of similar or substitute property, registered within the vicinity, and the related market data. The estimated value is established by process involving comparison. The property being valued is then compared with sales of similar property that have been transacted in the market. Listings and offerings may also be considered. The observable inputs to determine the market value of the property are the following: location characteristics, size, time element, quality and prospective use, bargaining allowance and marketability.

Others mainly pertain to retention asset and costs incurred in relation to long-term customer contracts.

16. Loans Payable

Loans payable account consist of:

	Note	**2024**	2023
Philippine Peso-denominated:			
Parent Company		**P28,736,000**	P13,736,000
SPPC		**5,000,000**	-
MPGC		**383,800**	-
		34,119,800	13,736,000
Foreign Currency-denominated:			
Parent Company		**7,230,625**	-
	29, 30	**P41,350,425**	P13,736,000

The loans are unsecured short-term loans obtained from various financial institutions, to partially refinance maturing obligations, for working capital and for general corporate purposes.

The interest rates applied for the Philippine Peso-denominated loans ranged from 6.25% to 7.95% and from 6.75% to 7.50% as at December 31, 2024 and 2023, respectively. The interest rate applied for foreign currency-denominated loan was 7.60% as at December 31, 2024.

Interest expense on loans payable amounted to P1,652,197, P1,098,603 and P606,725 in 2024, 2023 and 2022, respectively.

17. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	Note	**2024**	2023
Trade	*6*	**P28,244,901**	P23,453,007
Non-trade	*6*	**80,682,106**	45,629,445
Output VAT		**17,541,261**	19,194,811
Amounts owed to related parties	*19*	**11,608,134**	5,411,198
Withholding and other accrued taxes		**4,006,200**	2,066,108
Accrued interest	*6, 16, 18*	**2,005,377**	1,864,411
Derivative liabilities not designated as cash flow hedge		**13,725**	13,925
	29, 30	**P144,101,704**	P97,632,905

Trade payables consist of payable related to energy fees, inventories and power purchases. These are generally on a 30-day term and are non-interest bearing.

Non-trade payables include liability relating to payables to contractors, power rate adjustments, and other payables to the Government excluding output VAT and withholding taxes.

The methods and assumptions used to estimate the fair values of financial liabilities are discussed in Note 30.

18. Long-term Debt

Long-term debt consists of:

	2024	2023
Bonds		
Parent Company		
Philippine Peso-denominated:		
Fixed interest rate of 5.9077%, 7.1051% and 8.0288% maturing in 2025, 2028 and 2032, respectively (a)	**P39,650,721**	P39,559,871
Fixed interest rate of 7.1783% and 7.6000% matured in April 2024 and maturing in 2026, respectively (b)	**6,902,264**	16,110,820
Fixed interest rate of 6.2500% and 6.6250% matured in December 2024 and maturing in 2027, respectively (c)	**3,594,372**	10,056,168
Fixed interest rate of 5.1792% maturing in 2026 (d)	**4,746,231**	4,740,043
	54,893,588	70,466,902

Forward

	Note	2024	2023
Term Loans			
Parent Company			
Philippine Peso-denominated:			
Fixed interest rate, matured in April 2024 (e)		**P -**	P14,091,381
Fixed interest rate with maturities up to 2025 (f)		**4,818,722**	4,853,652
Fixed interest rate maturing in 2028 (g)		**7,451,212**	7,439,465
Fixed interest rate with maturities up to 2029 (h)		**9,684,184**	-
Foreign currency-denominated:			
Floating interest rate based on Secured Overnight Financing Rate (SOFR) plus margin, maturing in 2026 (i)		**17,248,607**	16,421,201
Floating interest rate based on SOFR plus margin, maturing in 2027 (j)		**16,953,726**	-
Floating interest rate based on SOFR plus margin, matured in September 2024 (j) (k)		**-**	10,992,509
Floating interest rate based on SOFR plus margin, maturing in 2025 (l)		**5,769,644**	5,483,778
Floating interest rate based on SOFR plus margin, maturing in 2027 (m)		**17,084,579**	16,249,226
Floating interest rate based on SOFR plus margin, matured in October 2024 (j) (n)		**-**	5,487,277
Floating interest rate based on SOFR plus margin, maturing in 2025 (o)		**2,880,001**	2,718,947
Subsidiaries			
Philippine Peso-denominated:			
Fixed interest rate with maturities up to 2029 (p)		**29,414,962**	32,497,049
Fixed interest rate with maturities up to 2030 (q)		**13,410,025**	14,643,247
Fixed interest rate with maturities up to 2033 (r)		**38,502,565**	27,537,755
Fixed interest rate with maturities up to 2034 (s)		**31,853,575**	-
Floating rate based on Bloomberg Valuation (BVAL) plus margin, with maturities up to 2030 (t)		**6,049,990**	7,187,581
Foreign currency-denominated:			
Fixed interest rate with maturities up to 2030 (t) (u)		**16,494,080**	17,078,674
Floating interest rate based on SOFR plus margin, with maturities up to 2030 (t) (u)		**5,428,431**	5,620,829
		223,044,303	188,302,571
	29, 30	**277,937,891**	258,769,473
Less current maturities		**28,477,307**	54,124,645
		P249,460,584	P204,644,828

a. The amount represents the first tranche of the Parent Company's P60,000,000 fixed rate bonds shelf registration. The first tranche, with an aggregate principal amount of P40,000,000, was issued and listed on the Philippine Dealing and Exchange Corp. (PDEx) for trading on July 26, 2022 at the issue price of 100% of face value.

   It comes in three series, with terms and interest rates as follows:

	Term	Interest Rate Per Annum
Series K Bonds	3 years, due 2025	5.9077%
Series L Bonds	5.75 years, due 2028	7.1051%
Series M Bonds	10 years, due 2032	8.0288%

   Interest on the bonds shall be payable quarterly in arrears every April 26, July 26, October 26 and January 26 of each year starting October 26, 2022, as the first interest payment date.

   The proceeds from the issuance of the bonds were used: (i) to partially finance the Parent Company's investments in power-related assets, particularly LNG projects and related assets, coal power plant projects, BESS and solar power plant projects; (ii) for general corporate purposes; and (iii) for payment of transaction-related fees, costs and expenses.

b. The amount represents the first tranche of the Parent Company's P60,000,000 fixed rate bonds shelf registration. The first tranche, with an aggregate principal amount of P30,000,000, was issued and listed on the PDEx for trading on April 24, 2019 at the issue price of 100% of face value.

   It comes in three series, with terms and interest rates as follows:

	Term	Interest Rate Per Annum
Series H Bonds	3 years, matured and redeemed in 2022	6.8350%
Series I Bonds	5 years, matured and redeemed in 2024	7.1783%
Series J Bonds	7 years, due 2026	7.6000%

   Interest on the bonds shall be payable quarterly in arrears every April 24, July 24, October 24 and January 24 of each year starting July 24, 2019, as the first interest payment date.

   The proceeds were used by the Parent Company for partial refinancing of existing loan obligations and/or re-denomination of US Dollar-denominated obligations (partly used for Masinloc Group acquisition in 2018), investments in power-related assets and for payment of transaction-related fees, costs and expenses.

   On April 24, 2024, the Parent Company redeemed its Series I Bonds, amounting to P9,232,040, upon its maturity pursuant to the terms and conditions of the bonds. The Parent Company used in part the proceeds of the P5,000,000 short-term loan availed in April 2024 and cash generated from operations for the redemption.

c. The amount represents the first tranche of the Parent Company's P35,000,000 fixed rate bonds shelf registration. The first tranche, with an aggregate principal amount of P20,000,000, was issued and listed on the PDEx for trading on December 22, 2017 at the issue price of 100% of face value.

   It comes in three series, with terms and interest rates as follows:

	Term	Interest Rate Per Annum
Series D Bonds	5 years, matured and redeemed in 2022	5.3750%
Series E Bonds	7 years, matured and redeemed in 2024	6.2500%
Series F Bonds	10 years, due 2027	6.6250%

   Interest on the bonds shall be payable quarterly in arrears every March 22, June 22, September 22 and December 22 of each year starting March 22, 2018 as the first interest payment date.

   Proceeds from the issuance were used by the Parent Company to refinance its short-term loans obtained from local banks.

   On December 23, 2024, the Parent Company redeemed its Series E Bonds, amounting to P6,478,020, upon its maturity pursuant to the terms and conditions of the bonds. The Parent Company used cash generated from operations for the redemption.

d. The amount represents the balance of the Parent Company's fixed rate bonds issued with an aggregate principal amount of P15,000,000. The Bonds were issued in three series, at the issue price of 100% of face value, and listed on the PDEx on July 11, 2016, with terms and interest rates as follows:

	Term	Interest Rate Per Annum
Series A Bonds	5 years, matured and redeemed in 2021	4.3458%
Series B Bonds	7 years, matured and redeemed in 2023	4.7575%
Series C Bonds	10 years, due 2026	5.1792%

   Interest is payable quarterly in arrears every January 11, April 11, July 11 and October 11 of each year starting October 11, 2016, as the first interest payment date.

   Proceeds from the issuance were used to refinance the US$300,000 short-term loan that matured on July 25, 2016, which were used for the redemption of the US$300,000 bond in January 2016.

   On July 11, 2023, the Parent Company redeemed the Series B Bonds amounting to P4,090,440, upon its maturity pursuant to the terms and conditions of the bonds. The Parent Company used in part the proceeds of the P5,000,000 RPCS issued in July 2023 and cash generated from operations for the redemption (see Note 21).

e. On April 26, 2024, the Parent Company fully paid the remaining balance amounting to P14,100,000, of its P15,000,000 fixed rate 7-year term loan availed in April 2017 from a local bank, pursuant to the terms and conditions of the credit facility. The Parent Company used in part the proceeds of the P10,000,000 short-term borrowing availed in April 2024 and cash generated from operations.

f. The amount represents the P5,000,000, fixed rate 4-year term loan facility drawn by the Parent Company on May 28, 2021 from a local bank. Interest is payable quarterly in arrears and principal repayment is in semi-annual installments up to May 2025. The proceeds were used for general corporate purposes.

g. The amount represents the P5,000,000 and P2,500,000 loans drawn by the Parent Company on June 15 and August 8, 2023, respectively, from a P10,000,000 Corporate Notes Facility Agreement executed on June 9, 2023. The loan is subject to a fixed interest rate and will mature in June 2028.

   The proceeds of the loan were used to (a) partially refinance maturing debt obligations, (b) fund general corporate purposes, including investments in LNG and BESS, and (c) cover transaction-related costs, fees and expenses.

h. The amount represents the balance of the P10,000,000 term loan availed by the Parent Company on July 19, 2024 from a facility agreement executed on July 17, 2024 with a local bank. The loan is subject to a fixed interest rate and will mature in June 2029.

   The proceeds of the loan were used for the refinancing of an existing loan.

i. The amount represents the US$300,000 5-year term loan availed in tranches by the Parent Company on March 12, 2021 and June 7, 2021. These were drawn from a Syndication Agreement executed on May 21, 2021, which amended the Facility Agreement dated March 9, 2021, thereby increasing the loan facility from US$200,000 to US$300,000. The loan is subject to floating interest rate based on SOFR plus margin and will mature in March 2026.

   The proceeds were used as repayment of Facility A Loan that matured on March 12, 2021 and the redemption of Series A Bonds in July 2021.

j. The amount represents the US$200,000 (equivalent to P11,010,270, net of transaction costs) 3-year term loan drawn by the Parent Company on September 9, 2024 from a US$200,000 loan facility, with option to increase up to US$300,000, executed on August 30, 2024 with a foreign bank. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in August 2027.

   On October 9, 2024, the Parent Company exercised its option and availed of the additional US$100,000 (equivalent to P5,558,384, net of transaction costs) from this facility agreement.

   The proceeds of the loans were used to fully refinance term loans that matured in September and October 2024.

k. On September 9, 2024, the Parent Company fully paid the US$200,000, 3-year term loan drawn on January 21, 2022, pursuant to the terms and conditions of the facility agreement executed in September 2021 with a foreign bank.

l. The amount represents the US$100,000 3-year term loan drawn by the Parent Company on May 24, 2022, from a facility agreement with a group of foreign banks executed on May 18, 2022. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in May 2025.

   The proceeds were used for working capital requirements relating to expansion projects, for general corporate purposes, and payment of other transaction related fees, costs and expenses of the facility.

m. The amount represents the US$300,000 5-year term loan drawn by the Parent Company on August 26, 2022, from a facility agreement with a group of foreign banks executed on August 18, 2022. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in August 2027.

   The proceeds were used for general corporate purposes, including capital expenditures and refinancing, and payment of other transaction related fees, costs and expenses of the facility.

n. On October 10, 2024, the Parent Company fully paid the US$100,000 term loan availed on March 16, 2023, the pursuant to the terms and conditions of the facility agreement executed in March 2023 with a foreign bank.

o. The amount represents the US$50,000 term loan availed on October 31, 2023 from a facility agreement executed on October 24, 2023 with a foreign bank. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in April 2025.

   On February 10, 2025, the Parent Company fully paid the loan using cash from operations.

p. The amount represents the balance of the P42,000,000 and P2,000,000 drawn by LPI on June 28, 2017 and January 31, 2018, respectively, from the P44,000,000, 12-year Omnibus Loan and Security Agreement (OLSA) with a syndicate of local banks dated June 22, 2017. The loan is payable quarterly up to June 2029. The proceeds were used mainly by LPI for the following purposes:

   i. the settlement of the US$360,000 short-term loan availed on May 8, 2017 from a local bank;

   ii. the funding of the acquisition from LETI of the Phase II of Limay Greenfield Power Plant which was then under construction;

   iii. the repayment of advances from the Parent Company; and

   iv. the payment of transaction-related fees and expenses.

q. The amount represents the balance of the P20,322,000 and P978,000 drawn by MPI in tranches on August 17, 2018 and July 31, 2019, respectively, from the P21,300,000, 12-year OLSA with a syndicate of local banks, signed on August 9, 2018. The loan is payable in 47 quarterly installments up to August 2030. The proceeds were used mainly by MPI for the following purposes:

   i. the repayment in full of the P5,930,000 short-term loan used to fund the design, construction and operation of the Davao Greenfield Power Plant;

   ii. the partial financing of the remaining works for the Davao Greenfield Power Plant;

   iii. the repayment of advances from the Parent Company; and

   iv. the payment of transaction-related fees and expenses.

   The loan includes amount payable to Bank of Commerce (BOC), an associate of entities under common control, amounting to P2,031,488 and P2,226,304 as at December 31, 2024 and 2023, respectively (see Note 19).

On August 17, 2023, the applicable fixed interest rate on the outstanding balance of the loan facility was repriced to 8.2443%, pursuant to the terms of the OLSA.

r. The amount represents the first and second tranches, amounting to P28,000,000 and P12,000,000 drawn on October 27, 2023 and March 25, 2024, respectively, from the P40,000,000 fixed rate 10-year OLSA executed by SMGP BESS on October 23, 2023, with various local banks. The loan is payable quarterly up to October 2033.

   The proceeds were used (i) for the purchase of outstanding perpetual securities issued to SMC and repayment of reimbursable advances from the Parent Company, (ii) for payment of interest during construction, (iii) to fund the costs and expenses in relation to the design, construction and the operation of its BESS projects, and (iv) for transaction costs.

   The loan includes the P5,655,000 and P4,060,000 amount payable to BOC as at December 31, 2024 and 2023, respectively (see Note 19).

s. The amount represents the Tranches A and B, amounting to P20,000,000 and P12,500,000, respectively, drawn on December 27, 2024, from the fixed rate 10-year OLSA executed by MPGC on December 17, 2024, with various local banks. The loan is payable quarterly up to December 2034.

   The proceeds from the loan were used to finance the Mariveles Greenfield Power Plant project.

   The loan includes the P7,500,000 amount payable to BOC as at December 31, 2024 (see Note 19).

t. On January 17, 2023, MPCL agreed with local bank lenders to amend its Omnibus Refinancing Agreement (the "Amended ORA"), with an outstanding obligation amounting to US$148,550 as at the agreement date, into a Philippine Peso-denominated loan pegged at P8,155,000, subject to floating interest rate with maturities up to January 2030. MPCL holds a one-time right to convert the loan into a fixed interest rate borrowing on the second anniversary, as allowed under the terms of the agreement.

   The loan includes the P3,686,912 and P4,389,181 amount payable to BOC as at December 31, 2024 and 2023, respectively (see Note 19).

   On January 30, 2025, MPCL made principal repayments amounting to P291,134 pursuant to the terms and conditions of its Amended ORA.

u. The amount represents the US$382,200 outstanding balance of the loan drawn in tranches by MPCL from its Omnibus Expansion Financing Agreement (OEFA) dated December 1, 2015, with local banks, to finance the construction of the additional 335 MW (gross) coal-fired plant within MPCL existing facilities. The loan is divided into fixed interest tranche and floating interest tranche based on a 6-month SOFR plus margin with maturities up to December 15, 2030.

   On December 16, 2023, the applicable fixed interest rate on the outstanding balance of the loan facility was repriced to 8.3310%, pursuant to the terms of the OEFA.

Unamortized debt issue costs amounted to P3,069,044 and P2,684,515 as at December 31, 2024 and 2023, respectively. Accrued interest amounted to P1,905,165 and P1,397,801 as at December 31, 2024 and 2023, respectively. Interest expense amounted to P19,337,205, P14,435,118, and P13,344,725 (including P2,645,529, P1,756,826, and P1,859,297 capitalized as part of CPIP, respectively) in 2024, 2023 and 2022, respectively (see Note 12).

The gross amount of long-term debt payable to BOC amounted to P18,873,400 and P10,675,485 as at December 31, 2024 and 2023, respectively (see Note 19).

Valuation Technique for Philippine Peso-denominated Bonds
The market value was determined using the market comparison technique. The fair values are based on PDEx. The Bonds are traded in an active market and the quotes reflect the actual transactions in identical instruments.

The fair value of the Bonds amounting to P57,219,517 and P73,529,065 as at December 31, 2024 and 2023, respectively, has been categorized as Level 1 in the fair value hierarchy based on the inputs used in the valuation techniques (see Note 30).

The debt agreements of the Parent Company, LPI, MPI, MPCL, SMGP BESS and MPGC impose a number of covenants including, but not limited to, maintenance of certain financial ratios throughout the duration of the term of the debt agreements. The terms and conditions of the debt agreements also contain negative pledge provision with certain limitations on the ability of the Parent Company and its material subsidiaries, LPI, MPI, MPCL, SMGP BESS and MPGC to create or have outstanding any security interest upon or with respect to any of the present or future business, undertaking, assets or revenue (including any uncalled capital) of the Parent Company or any of its material subsidiaries, LPI, MPI, MPCL, SMGP BESS and MPGC to secure any indebtedness, subject to certain exceptions.

The loans of LPI, MPI, SMGP BESS and MPGC are secured by real estate and chattel mortgages, on all present and future assets, amounting to P44,100,000, P21,325,000, P40,000,000, and P32,500,000 respectively, and reserves of LPI, MPI, SMGP BESS and MPGC as well as a pledge by the Parent Company of all its outstanding shares of stock in LPI, MPI, SMGP BESS and MPGC.

The loans of MPCL obtained from its ORA and OEFA are secured by real estate and chattel mortgages, on all present assets (purchased under its asset purchase agreement, and all its rights in a land lease agreement, with PSALM) and all future assets as defined in its loan agreements, amounting to P8,155,000 and US$525,000, respectively.

As at December 31, 2024 and 2023, the Group is in compliance with the covenants, including the required financial ratios, of the debt agreements.

The movements in debt issue costs are as follows:

	Note	**2024**	2023
Balance at beginning of year		**P2,684,515**	P2,713,968
Additions		**1,250,648**	822,522
Amortization		**(398,506)**	(849,696)
Capitalized amount	*12*	**(467,613)**	(2,279)
Balance at end of year		**P3,069,044**	P2,684,515

Repayment Schedule
The annual maturities of long-term debt are as follows:

	Gross Amount				
Year	**US Dollar**	**Peso Equivalent of US Dollar**	**Peso**	**Debt Issue Costs**	**Net**
2025	US$183,390	P10,608,195	P18,169,278	P300,166	P28,477,307
2026	334,912	19,373,014	23,503,688	619,983	42,256,719
2027	636,488	36,817,619	19,534,631	966,466	55,385,784
2028	38,168	2,207,799	49,558,945	511,050	51,255,694
2029	39,952	2,311,052	27,565,278	246,401	29,629,929
2030 and thereafter	199,290	11,527,930	59,829,506	424,978	70,932,458
	US$1,432,200	**P82,845,609**	**P198,161,326**	**P3,069,044**	**P277,937,891**

Contractual terms of the Group's interest bearing loans and borrowings and exposure to interest rate, foreign currency and liquidity risks are discussed in Note 29.

19. Related Party Disclosures

The Parent Company, certain subsidiaries and their shareholders, associates and joint ventures purchase products and services from one another in the normal course of business. Transactions with related parties are made at normal market prices and terms. The Group requires approval of the BOD for certain limits on the amount and extent of transactions with related parties.

Amounts owed by/owed to related parties are collectible/will be settled in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The following are the transactions with related parties and the outstanding balances as at December 31:

	Note	Year	Revenues from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
SMC	*22, 24*	**2024**	**P546,201**	**P4,388,136**	**P51,985**	**P6,849,349**	On demand or 30 days;	Unsecured;
		2023	614,221	1,638,795	135,791	2,152,547	non-interest bearing	no impairment
Entities under Common Control	*6, 8, 9, 11, 12, 17, 22, 23, 24*	**2024**	**7,941,539**	**4,606,848**	**1,810,683**	**11,503,950**	On demand or 30 days;	Unsecured;
		2023	9,261,195	3,848,749	1,620,198	10,737,315	non-interest bearing	no impairment
	8, 12, 15	**2024**	**-**	**-**	**8,645,305**	**-**	Installment basis up to	Unsecured;
		2023	-	-	12,010,491	-	2026; interest bearing	no impairment
Associate	*8, 11, 17, 22*	**2024**	**1,298,826**	**-**	**663,448**	**28,101**	On demand or 30 days;	Unsecured;
		2023	1,944,182	-	889,255	28,101	non-interest bearing	no impairment
	8, 15	**2024**	**1,608**	**-**	**2,129**	**-**	9 years;	Unsecured;
		2023	4,208	-	51,053	-	interest bearing	no impairment
Joint Venture	*8*	**2024**	**33,598**	**1,028,812**	**5,011**	**427,591**	30 days;	Unsecured;
		2023	32,707	-	13,126	-	non-interest bearing	no impairment
	8, 11	**2024**	**5,990**	**-**	**180,732**	**-**	92 days;	Unsecured;
		2023	5,673	-	167,404	-	interest bearing	no impairment
	11, 15	**2024**	**74,927**	**-**	**1,564,475**	**-**	10.5 years	Unsecured;
		2023	71,378	-	1,491,796	-	interest bearing	no impairment
Associate and Joint Venture of Entities under	*6, 8, 22*	**2024**	**-**	**-**	**481**	**1,157**	30 days;	Unsecured;
		2023	9,828	-	481	1,157	non-interest bearing	no impairment
Common Control	*18*	**2024**	**-**	**952,088**	**-**	**19,014,637**	7 to 12 years;	Secured
		2023	-	590,527	-	10,805,681	interest bearing	
		2024	**P9,902,689**	**P10,975,884**	**P12,924,249**	**P37,824,785**		
		2023	P11,943,392	P6,078,071	P16,379,595	P23,724,801		

a. Amounts owed by related parties consist of trade and non-trade receivables, receivables pertaining to the sale of certain parcels of land and investments in 2022, included as part of “Trade and other receivables” and “Other noncurrent assets” accounts in the consolidated statements of financial position, prepayments for rent and insurance, and security deposits (see Notes 8, 10 and 15).

   Sale of various properties by Dewsweeper Industrial Park, Inc. (DIPI), Bluelight Industrial Estate, Inc. (Bluelight), MVIHI and GPII
   In 2022, the Group, through its wholly-owned subsidiaries, DIPI, Bluelight, MVIHI and GPII, sold certain parcels of raw land located in the provinces of Quezon, Cavite, and Negros Occidental to certain entities under common control, for a total consideration of P11,868,879. The amount of consideration is payable on installment basis up to 2026 and subject to interest as agreed by the relevant parties (see Notes 8, 12, and 15).

   Sale of Shares of Ondarre Holdings Corporation (OHC) and Soracil Prime Inc. (Soracil)
   On August 26, 2022, the Parent Company executed agreements with an entity under common control for the sale of its 100% shareholdings in OHC and Soracil, owners of certain parcels of land in Barangay Wack-Wack, Mandaluyong City, for a total consideration of P3,864,700, payable on installment basis up to 2026 and subject to interest as agreed by the relevant parties (see Notes 8, 12, and 15).

b. Amounts owed to related parties consist of trade and non-trade payables including management fees, purchases of fuel, reimbursement of expenses, rent, insurance, services rendered, customers’ deposits and subscriptions payable to OEDC (see Notes 11 and 17). As at December 31, 2024 and 2023, amounts owed to related parties for the lease of office space and parcels of land presented as part of “Lease liabilities - current portion” and “Lease liabilities - net of current portion” amounted to P7,066,765 and P7,401,488, respectively (see Notes 6, 29 and 30).

c. Amounts owed by an associate mainly consist of interest bearing loan granted to OEDC by SPGC included as part of “Trade and other receivables” and “Other noncurrent assets” accounts in the consolidated statements of financial position (see Notes 8 and 15).

d. Amounts owed by a joint venture pertains to interest bearing loans granted and management fees charged to AHC by PVEI included as part of “Trade and other receivables” and “Other noncurrent assets” accounts in the consolidated statements of financial position (see Notes 8, 11, and 15).

e. Amounts owed to an associate and joint venture of entities under common control include interest bearing long-term debts of MPI, MPCL, SMGP BESS and MPGC payable to BOC, amounting to P18,873,400 and P10,675,485, presented as part of “Long-term debt” account in the consolidated statements of financial position as at December 31, 2024 and 2023, respectively (see Note 18). These long-term debts are secured by certain property, plant and equipment (see Note 12).

f. The compensation of key management personnel of the Group, by benefit type, follows:

	Note	2024	2023	2022
Short-term employee benefits	*24*	**P133,074**	P129,041	P139,090
Retirement benefits costs	*20*	**9,076**	17,523	10,181
		P142,150	P146,564	P149,271

There were no known transactions with parties that fall outside the definition "related parties" under PAS 24, *Related Party Disclosures*, but with whom the Group or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

20. Retirement Plans

The Parent Company and its subsidiaries, SPI, LPI, MPI, VisMin Power Dynamics Services Inc. (formerly Safetech Power Services Corp.) and Luzon Power Dynamics Services Inc. (formerly Mantech Power Dynamics Services Inc.), have funded, noncontributory, defined benefits retirement plans (collectively, the "Retirement Plans") covering all of their permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the Retirement Plans. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is December 31, 2024. Valuations are obtained on a periodic basis.

The Retirement Plans are registered with the Bureau of Internal Revenue (BIR) as tax-qualified plans under RA No. 4917, as amended. The control and administration of the Retirement Plans are vested in the Board of Trustees (BOT), as appointed by the BOD of the Parent Company. The BOT of the Retirement Plans, who exercises voting rights over the shares and approves material transactions, are also officers of the Parent Company and of SMC. The Retirement Plan's accounting and administrative functions are undertaken by SMC's Retirement Funds Office of SMC.

The following table shows a reconciliation of the net defined benefits retirement liability and its components:

	Fair Value of Plan Assets		Present Value of Defined Benefits Retirement Obligation		Net Defined Benefits Retirement Liability	
	2024	2023	**2024**	2023	**2024**	2023
Balance at Beginning of Year	**P70,378**	P19,441	**(P640,443)**	(P487,046)	**(P570,065)**	(P467,605)
Recognized in Profit or Loss						
Service costs	**-**	-	**(97,175)**	(87,134)	**(97,175)**	(87,134)
Interest expense	**-**	-	**(39,159)**	(35,152)	**(39,159)**	(35,152)
Interest income	**4,535**	3,194	**-**	-	**4,535**	3,194
	4,535	3,194	**(136,334)**	(122,286)	**(131,799)**	(119,092)
Recognized in Other Comprehensive Income						
Remeasurements						
Actuarial gains (losses) arising from:						
Experience adjustments	**-**	-	**(45,704)**	24,847	**(45,704)**	24,847
Changes in financial assumptions	**-**	-	**(1,791)**	(72,694)	**(1,791)**	(72,694)
Changes in demographic assumptions	**-**	-	**99,553**	-	**99,553**	-
Return on plan assets excluding interest income	**(1,890)**	(1,901)	**-**	-	**(1,890)**	(1,901)
	(1,890)	(1,901)	**52,058**	(47,847)	**50,168**	(49,748)
Others						
Contributions	**37,545**	66,380	**-**	-	**37,545**	66,380
Benefits paid	**(29,939)**	(16,736)	**29,939**	16,736	**-**	-
	7,606	49,644	**29,939**	16,736	**37,545**	66,380
Balance at End of Year	**P80,629**	P70,378	**(P694,780)**	(P640,443)	**(P614,151)**	(P570,065)

The Group's annual contribution to the Retirement Plans consists of payments covering the current service cost plus amortization of unfunded past service liability.

Retirement benefits costs recognized in the consolidated statements of income by the Parent Company amounted to P41,344, P37,960 and P66,802 in 2024, 2023 and 2022, respectively (see Note 24).

Retirement benefits costs recognized in the consolidated statements of income by the subsidiaries amounted to P94,990, P84,326 and P94,949 in 2024, 2023 and 2022, respectively (see Notes 23 and 24).

The net interest expense on the defined benefits retirement liability recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income by the Parent Company amounted to P14,756 and P15,892 in 2024 and 2023, respectively.

The net interest expense on the defined benefits retirement liability recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income by the subsidiaries amounted to P19,868 and P16,066 in 2024 and 2023, respectively.

The equity reserve for retirement plan, which includes the accumulated net actuarial gains and losses recognized in other comprehensive income, net of tax, of the Group and an associate, amounted to P67,096 and P107,000 as at December 31, 2024 and 2023, respectively.

Net defined benefits retirement liability included as part of "Other noncurrent liabilities" account in the consolidated statements of financial position, amounted to P614,151 and P570,065 as at December 31, 2024 and 2023, respectively.

The carrying amounts of the Group's retirement fund approximate fair values as at December 31, 2024 and 2023.

The Group's plan assets consist of the following:

	In Percentages	
	2024	2023
Cash and cash equivalents	**61.20%**	84.71%
Investments in marketable securities	**38.28%**	15.13%
Others	**0.52%**	0.16%

As at December 31, 2024 and 2023, the plan assets include investments in marketable securities pertaining to common and preferred shares of SMC and entities under common control, with a total fair market value of P34,724 and P11,479, respectively.

The fair market value of the above marketable securities was determined based on quoted market prices in active markets as at the reporting date.

The Group's Retirement Plans recognized a loss on the investment in marketable securities amounting to P98 and a gain amounting to P136 in 2024 and 2023, respectively.

Dividend income from the investments in marketable securities of the plan assets amounted to P983 and P156 in 2024 and 2023, respectively.

The BOT reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Group's ALM objective is to match maturities of the plan assets to the defined benefits retirement obligation as they fall due. The Group monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefits obligation. The Group is expected to contribute P171,119 to the Retirement Plans in 2025.

The Retirement Plans expose the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk as follows:

Investment and Interest Rate Risks. The present value of the defined benefits retirement obligation is calculated using a discount rate determined by reference to market yields to government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the defined benefits retirement obligation. However, this will be partially offset by an increase in the return on the Retirement Plans' investments and if the return on plan asset falls below this rate, it will create a deficit in the Retirement Plans. Due to the long-term nature of the defined benefits retirement obligation, a level of continuing equity investments is an appropriate element of the long-term strategy of the Group to manage the Retirement Plans efficiently.

Longevity and Salary Risks. The present value of the defined benefits retirement obligation is calculated by reference to the best estimates of: (1) the mortality of the plan participants, and (2) the future salaries of the plan participants. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the defined benefits retirement obligation.

The overall expected rate of return is determined based on historical performance of the investments.

The principal actuarial assumptions used to determine retirement benefits are as follows:

	2024	2023
Discount rate	**6.09% to 6.17%**	5.98% to 6.12%
Salary increase rate	**5.00%**	5.00%

Assumptions for mortality and disability rates are based on published statistics and mortality and disability tables.

The weighted average duration of the defined benefits retirement obligation ranges from 6.00 to 16.30 years and from 4.10 to 19.00 years as at December 31, 2024 and 2023, respectively.

Sensitivity Analysis

As at December 31, 2024 and 2023, the reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefits retirement obligation by the amounts shown below:

	Defined Benefits Retirement Obligation			
	2024		2023	
	1% Increase	**1% Decrease**	1% Increase	1% Decrease
Discount rate	**(P63,450)**	**75,650**	(P66,506)	P80,820
Salary increase rate	**75,720**	**(64,618)**	80,918	(67,733)

21. Equity

Capital Stock

The details of the Parent Company's authorized, subscribed, issued and outstanding capital stock as at December 31 are as follows:

	2024		2023	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized - par value of P1.00	**3,774,400,000**	**P3,774,400**	3,774,400,000	P3,774,400
Subscribed capital stock:				
Balance at beginning of year	**2,823,604,000**	**2,823,604**	1,250,004,000	1,250,004
Subscription	**-**	**-**	1,573,600,000	1,573,600
Issued and outstanding	**2,823,604,000**	**P2,823,604**	2,823,604,000	P2,823,604

On July 25, 2023, the Parent Company and SMC executed a Subscription Agreement to subscribe to an additional 410,000,000 common shares out of the unissued capital stock of the Parent Company for a total subscription price of P12,300,000 or P30.00 per share, which was fully paid in 2023.

On July 25, 2023, the BOD of the Parent Company approved the additional increase in its authorized capital stock by P1,774,400 (comprising of 1,774,400,000 shares with par value of P1.00), or from P2,000,000, divided into 2,000,000,000 shares with par value of P1.00 to P3,774,400, divided into 3,774,400,000 shares with par value of P1.00 (the "ACS Increase"). On August 1, 2023, SMC in a Subscription Agreement, subscribed to 443,600,000 common shares out of the ACS Increase for a total subscription price of P13,308,000 or P30.00 per share. The total subscription price was fully paid in 2023.

On September 7, 2023, the stockholders of the Parent Company approved the aforesaid increase in authorized capital and the amendment of the Articles of Incorporation to reflect the ACS Increase and ratified the said subscription by SMC out of the ACS Increase.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of the Parent Company was approved by the Philippine SEC on October 24, 2023.

On November 13, 2023, the Parent Company and SMC executed a Subscription Agreement to subscribe to an additional 720,000,000 common shares out of the unissued capital stock of the Parent Company for a total subscription price of P21,600,000 or P30.00 per share, which was fully paid in 2023.

The Parent Company recognized additional paid-in capital of P45,591,781, net of the share issuance cost paid amounting to P42,619 as at December 31, 2023.

The proceeds from the capital infusion of SMC were used to finance maturing obligations and for general corporate purposes, including capital expenditures of the Group.

Retained Earnings
The Parent Company's retained earnings available for dividend declaration, calculated based on the regulatory requirements of the Philippine SEC, amounted to P9,929,576 and P6,811,328 as at December 31, 2024 and 2023, respectively. The difference between the consolidated retained earnings and the Parent Company's retained earnings available for dividend declaration primarily consist of undistributed earnings of subsidiaries and equity method investees. Stand-alone earnings of the subsidiaries and share in net earnings of equity method investees are not available for dividend declaration by the Parent Company until declared by the subsidiaries and equity investees as dividends.

There were no cash dividend declarations to stockholders in 2024, 2023, and 2022.

Appropriated Retained Earnings
Parent Company
There were no appropriations of retained earnings of the Parent Company in 2024, 2023 and 2022.

SPI, SPPC and SRHI
In 2024, 2023, and 2022, the total appropriations utilized by SPI, SRHI and SPPC amounted to P5,285,000, P2,440,000, and P2,685,700, respectively.

The BOD of SRHI approved the appropriation of retained earnings amounting to P4,700,000 for the fixed monthly payments due to PSALM under its IPPA Agreement in 2023.

MVIHI
The BOD of MVIHI approved the appropriation of retained earnings amounting to P3,325,000 for its power-related expansion projects in the next 5 years in 2022 and the reversals of appropriation amounting to P1,385,000 and P1,940,000 in 2024 and 2023, respectively.

Total combined appropriated retained earnings of SPI, SRHI and MVIHI amounted to P2,000,000 and P8,670,000 as at December 31, 2024 and 2023, respectively.

Senior Perpetual Capital Securities (SPCS)
The outstanding SPCS of the Parent Company are as follows:

December 31, 2024

Date of Issuance	**Initial Rate of Distribution Per Annum**	**Step-Up Date**	**Amount of Outstanding SPCS Issued**	**Amount in Philippine Peso***
December 2, 2024	**8.125%**	**March 2, 2030**	**US$500,000**	**P28,882,140**
September 12 and 30, 2024	**8.75%**	**September 12, 2029**	**900,000**	**49,849,177**
June 9 and September 15, 2021	**5.45%**	**December 9, 2026**	**683,548**	**32,416,245**
October 21 and December 15, 2020	**7.00%**	**October 21, 2025**	**193,392**	**9,613,079**
January 21, 2020	**5.70%**	**January 21, 2026**	**493,337**	**24,807,124**
November 5, 2019	**5.95%**	**May 5, 2025**	**113,282**	**5,627,100**
			US$2,883,559	**P151,194,865**

** Net of directly attributable transaction costs.*

December 31, 2023

Date of Issuance	Initial Rate of Distribution Per Annum	Step-Up Date	Amount of Outstanding SPCS Issued	Amount in Philippine Peso*
June 9 and September 15, 2021	5.45%	December 9, 2026	US$683,548	P32,416,245
October 21 and December 15, 2020	7.00%	October 21, 2025	723,904	34,884,036
January 21, 2020	5.70%	January 21, 2026	593,337	29,835,558
November 5, 2019	5.95%	May 5, 2025	492,113	24,444,916
April 25 and July 3, 2019	6.50%	April 25, 2024	783,164	40,186,954
			US$3,276,066	P161,767,709

** Net of directly attributable transaction costs.*

Issuances of SPCS, Partly Applied for Exchange and Tender Offers
On August 27 and November 14, 2024, the Parent Company announced on the Singapore Exchange Securities Trading Limited (“SGX-ST”) website the following:

a. that it will undertake to invite eligible holders of the Parent Company’s outstanding US Dollar-denominated SPCS listed with the SGX-ST (collectively, the “Existing Securities”):

   (i) 7.00% SPCS issued on October 21 and December 15, 2020;
   (ii) 5.70% SPCS issued on January 21, 2020; and
   (iii) 5.95% SPCS issued on November 5, 2019

      (1) to offer to exchange some or all of its Existing Securities for new US Dollar-denominated SPCS to be issued by the Parent Company (the “Exchange Offers”); and

      (2) to tender for purchase for cash some or all of its Existing Securities up to an aggregate nominal amount and at a purchase price, to be determined by the Parent Company (the “Tender Offers”, and together with the Exchange Offers, the “Offers”); and

b. that it will undertake the offers and issuances of a total of up to US$600,000 in SPCS or such other amount as the Parent Company may later determine (collectively together with the Tender Offers, the “Additional New Securities”).

On September 12, 2024, the Parent Company completed the issuance of US$800,000 SPCS (the “US$800,000 SPCS”, equivalent to P44,299,924, net of directly attributable transaction costs amounting to P660,076) at an issue price of 100%, with an initial rate of distribution of 8.75% per annum and step-up date of September 12, 2029.

The US$800,000 SPCS consist of the following:

(i) US$531,938 (equivalent to P29,456,016, net of directly attributable transaction costs amounting to P438,899) in aggregate principal amount of SPCS issued in exchange for Existing Securities (with a carrying value of P25,801,222) pursuant to the Exchange Offers; and

(ii) US$268,062 (equivalent to P14,843,908, net of directly attributable transaction costs amounting to P221,177) in aggregate principal amount of Additional New Securities. This will fund the purchase of Existing Securities, amounting to US$157,381 (with a carrying value equivalent to P7,678,653), accepted pursuant to the Tender Offers.

On September 30, 2024, the Parent Company completed the issuance of US$100,000 SPCS (the “US$100,000 SPCS”, equivalent to P5,549,253, net of directly attributable transaction costs amounting to P53,747) at an issue price of 100% plus an amount corresponding to accrued distribution from and including September 12, 2024 to, but excluding, September 30, 2024.

The US$100,000 SPCS is consolidated into and form a single series with the US$800,000 SPCS issued on September 12, 2024, bringing the total securities to US$900,000. The US$800,000 SPCS and US$100,000 SPCS are identical in all respects, other than with respect to the date of issuance and issue price.

On December 2, 2024, the Parent Company completed the issuance of US$500,000 SPCS (the "US$500,000 SPCS", equivalent to P28,882,140, net of directly attributable transaction costs amounting to P445,360) at an issue price of 100%, with an initial rate of distribution of 8.125% per annum and step-up date of March 2, 2030.

The US$500,000 SPCS consist of the following:

(i) US$273,925 (equivalent to P15,823,080, net of directly attributable transaction costs amounting to P243,990) in aggregate principal amount of SPCS issued in exchange for Existing Securities (with a carrying value of P13,401,616) pursuant to the Exchange Offers; and

(ii) US$226,075 (equivalent to P13,059,060, net of directly attributable transaction costs amounting to P201,370) in aggregate principal amount of Additional New Securities. This will fund the purchase of Existing Securities, amounting to US$46,099 (with a carrying value equivalent to P2,235,716), accepted pursuant to the Tender Offers.

As a result of the foregoing, the movements in the Existing Securities are as follows:

Title of Existing Securities	Principal of Existing Securities	Accepted Exchange Offers	Accepted Tender Offers	Remaining Principal of Existing Securities	Amount in Philippine Peso*
7.00% SPCS issued on October 21 and December 15, 2020	US$723,904	(US$435,745)	(US$94,767)	US$193,392	P9,613,079
5.70% SPCS issued on January 31, 2020	593,337	(100,000)	-	493,337	24,807,124
5.95% SPCS issued on November 5, 2019	492,113	(270,118)	(108,713)	113,282	5,627,100
	US$1,809,354	**(US$805,863)**	**(US$203,480)**	**US$800,011**	**P40,047,303**

**Net of transaction costs.*

The difference between the price and net carrying value of the Existing Securities accepted pursuant to the Offers amounted to P8,573,591 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

The net proceeds from the issuances of the Additional New Securities and the US$100,000 SPCS were applied to the following: (i) costs and expenses related to the Exchange Offers, including payment of accrued distribution amount in respect of the Existing Securities accepted for exchange pursuant to the terms and conditions of the Exchange Offers; (ii) costs and expenses related to the Tender Offers, including payment of the purchase price and the accrued distribution amount in respect of the Existing Securities accepted for purchase pursuant to the terms and conditions of the Tender Offers; and (iii) for pre-development costs of solar energy projects and BESS projects.

The US$800,000, US$100,000 and US$500,000 SPCS (collectively, the "Securities") were listed on the SGX-ST on September 13, October 1 and December 3, 2024, respectively.

The Securities were offered to holders of Existing Securities pursuant to the Offers and were sold mainly offshore and to a limited number of qualified buyers in the Philippines. Hence, the Offers and sale of the Securities qualified as exempt transactions for which no confirmation of exemption from the registration requirements of the Securities Regulations Code were required to be filed with the Philippine SEC.

The holders of the Securities have conferred a right to receive distributions on a semi-annual basis from their issuance dates at the initial rate of distribution, subject to the step-up rate. The Parent Company has a right to defer this distribution under certain conditions.

The Securities constitute direct, unconditional, unsecured and unsubordinated obligations of the Parent Company with no fixed redemption date and are redeemable in whole, but not in part, at the Parent Company's option on step-up date, or any distribution payment date thereafter or upon the occurrence of certain other events, at the principal amounts of the Securities plus any accrued, unpaid or deferred distribution.

Redemption of SPCS
On April 23, 2024, the Parent Company completed the redemption of its US$783,164 remaining securities, with a net carrying value of P40,186,954, out of the US$800,000 SPCS issued in April and July 2019, pursuant to the terms and conditions of the securities. The redemption price includes the principal amount and any accrued but unpaid distributions up to (but excluding) the step-up date.

The difference between the price paid and the net carrying value of the US$783,164 securities amounted to P4,852,808 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

The US$783,164 securities were redeemed using in part the proceeds from the RPCS issued in April 2024 and cash generated from operations.

Distributions to SPCS Holders
The Parent Company paid P13,384,463 (including the distributions paid relating to the Offers and redeemed securities), P15,035,073, and P15,362,068 to the SPCS holders in 2024, 2023 and 2022, respectively, as distributions in accordance with the terms and conditions of their respective subscription agreements.

On January 17, 2025, the Parent Company paid distributions amounting to US$14,060 (equivalent to P1,099,313) to holders of the SPCS issued in January 2020.

On March 6, 2025, the Parent Company's BOD approved the payment of distributions amounting to (i) US$39,375 on March 12, 2025 to the holders of SPCS issued in September 2024, (ii) US$6,769 on April 21, 2025 to the holders of SPCS issued in October and December 2020, (iii) US$3,370 on May 5, 2025 to the holders of SPCS issued in November 2019.

Redeemable Perpetual Capital Securities (RPCS)
As at December 31, 2024 and 2023, the outstanding balance of RPCS amounted to P145,979,113 and P102,546,825, respectively.

Issuances of RPCS
On April 19, 2024, the Parent Company issued US$800,000 RPCS to a third party (equivalent to P43,432, 288, net of directly attributable transaction costs amounting to P2,687,712) at an issue price of 100%. Proceeds from the issuance were used for general corporate purposes, including capital expenditures, and refinancing of maturing obligations.

In 2023, 2022 and 2018, the Parent Company and SMGP BESS issued US Dollar-denominated and Philippine Peso-denominated RPCS to SMC:

Date of Issuance	Initial Rate of Distribution	Amount of RPCS Issued	Amount in Philippine Peso*
Parent Company			
US Dollar-denominated:			
May 2, 2023	8.00%	US$145,000	P7,964,118
March 10, 2023	8.00%	500,000	27,378,112
November 8, 2022	6.25%	85,000	4,916,225
March 16, 2018	6.25%	650,000	32,751,570
Philippine Peso-denominated:			
July 10, 2023	7.50%	P5,000,000	4,962,500
June 13, 2023	7.50%	6,760,000	6,709,300
June 5, 2023	7.50%	5,000,000	4,962,500
June 1, 2023	7.50%	7,000,000	6,947,500
May 30, 2023	7.50%	6,000,000	5,955,000
			P102,546,825
SMGP BESS			
US Dollar-denominated:			
April 5, 2023	8.00%	US$58,800	P3,174,730
December 1, 2022	6.25%	76,000	4,240,674
October 28, 2022	6.25%	88,000	5,063,100
Philippine Peso-denominated:			
April 24, 2023	7.50%	P1,300,000	1,290,250
April 20, 2023	7.50%	1,500,000	1,488,750
November 23, 2022	7.50%	5,000,000	4,962,500
			P20,220,004

** Net of directly attributable transaction costs.*

These RPCS are direct, unconditional, unsecured and subordinated capital securities with no fixed redemption date. The RPCS holders shall have the right to receive distribution on a quarterly basis at the prescribed rates per annum for US Dollar-denominated and Philippine Peso-denominated RPCS. The Parent Company and SMGP BESS have a right to defer distribution under certain conditions.

The proceeds from the issuances in 2023 and 2022 were used for general corporate purposes, including capital expenditures and repayment by SMGP BESS of its advances from the Parent Company, and refinancing of maturing obligations.

On October 27, 2023, SMGP BESS purchased its outstanding RPCS issued to SMC, for a total consideration of P21,668,695, pursuant to the terms of the RPS. The purchase was financed using in part the proceeds of the P28,000,000 drawn by SMGP BESS from its OLSA (see Note 18).

The difference between the price paid and the net carrying value of the securities purchased amounted to P1,448,691 and was recognized as part of the “Equity reserves” account in the consolidated statements of financial position.

Distributions to RPCS Holders
The Parent Company paid P2,552,418 and P1,616,926 to the RPCS holder in 2024 and 2022, respectively, as distributions in accordance with the terms and conditions of the subscription agreement. There were no distributions paid to the RPCS holder in 2023.

On January 10, 2025, the Parent Company paid distributions amounting to US$17,000 (equivalent to P1,322,827) to the US$800,000 RPCS holder.

On February 12, 2025, the Parent Company paid distributions in arrears amounting to P14,617,039 to SMC for all outstanding RPCS issued in 2018, 2022 and 2023 in accordance with the terms and conditions of the respective subscription agreements.

On March 6, 2025, the Parent Company's BOD approved the payment of distributions amounting to US$17,000 on April 12, 2025 to the US$800,000 RPCS holder.

Equity Reserves
In September 2010, the Parent Company acquired the remaining 40% non-controlling ownership interest of SMC in SPI and SRHI. The difference between the price paid and carrying amount of net assets transferred was recognized in equity.

In January 2019, the Parent Company subscribed to the remaining unissued common shares of MPGC, thereby increasing its equity ownership from 49% to 73.58%. The Parent Company’s equity ownership was further increased to 94.55% as a result of additional subscriptions to the increase in the authorized capital stock of MPGC made from 2019 to 2022. The difference between the price paid and carrying amount of net assets transferred was recognized in equity.

22. Revenues

Revenues consist of:

	Note	**2024**	2023	2022
Sale of power:				
Power generation and trading	*6*	**P168,629,230**	P145,190,801	P180,027,616
Retail and other power-related services	*6*	**35,261,929**	23,973,021	41,153,496
Other services		**1,199,957**	426,415	207,676
	5, 19	**P205,091,116**	P169,590,237	P221,388,788

Revenues from other services mainly pertain to operations and maintenance services provided to various customers, including entities under common control (see Note 19).

23. Cost of Power Sold

Cost of power sold consists of:

	Note	**2024**	2023	2022
Coal, fuel oil and other consumables	*9, 19*	**P101,763,922**	P86,906,429	P114,857,765
Power purchases	*6*	**29,664,574**	25,249,742	57,089,312
Depreciation and amortization	*6, 12, 13, 14*	**13,339,048**	11,664,266	11,241,841
Plant operations and maintenance, and other fees	*6, 19, 20*	**8,342,739**	5,530,562	4,729,974
Energy fees	*6*	**1,574,006**	1,640,693	10,452,088
	5	**P154,684,289**	P130,991,692	P198,370,980

24. Selling and Administrative Expenses

Selling and administrative expenses consist of:

	Note	**2024**	2023	2022
Taxes and licenses		**P2,286,870**	P1,876,156	P1,613,908
Impairment losses on trade receivables (reversals) - net	*8*	**2,140,622**	(46,650)	52,855
Salaries, wages and benefits	*19, 20*	**891,290**	1,012,493	1,034,757
Depreciation and amortization	*12, 13, 14*	**833,820**	652,409	679,850
Repairs and maintenance		**804,061**	108,731	90,142
Management fees	*19*	**749,616**	711,196	667,243
Outside services	*19*	**704,423**	523,675	331,336
Rent - net	*6, 19*	**323,638**	278,863	339,103
Professional fees		**310,992**	267,922	220,119
Corporate special program		**220,547**	248,836	301,328
Advertising and promotions		**165,253**	88,261	75,870
Supplies		**128,843**	133,855	89,515
Donations		**45,501**	21,309	10,261
Miscellaneous - net		**344,113**	195,376	57,214
	5	**P9,949,589**	P6,072,432	P5,563,501

Corporate special program pertains to the Group's corporate social responsibility projects. Donations represent contributions to registered done institutions for their programs on education, environment and disaster-related projects, and Corona Virus Disease 2019 (COVID-19) response initiatives.

25. Other Income (Charges) - net

Other income (charges) consists of:

	Note	**2024**	2023	2022
Marked-to-market gains (losses) on derivatives - net	*30*	**P104,350**	(P875,946)	P1,583,553
Insurance claims		**58,896**	104,487	-
Foreign exchange gains (losses) - net	*29, 30*	**(4,006,812)**	1,258,912	(9,006,865)
Miscellaneous income - net	*6, 12*	**338,178**	50,507	182,493
	5	**(P3,505,388)**	P537,960	(P7,240,819)

Miscellaneous income mostly pertains to gain on lease modification, terminal fee, sale of scrap, and impairment losses on property, plant and equipment.

26. Income Taxes

The components of income tax expense (benefit) are as follows:

	Note	**2024**	2023	2022
Current	*27*	**P2,917,184**	P1,924,391	P2,689,434
Deferred		**2,298,771**	3,235,815	(1,654,683)
		P5,215,955	P5,160,206	P1,034,751

The movements of deferred income tax assets and liabilities are as follows:

2024	**Balance at January 1**	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Others**	**Balance at December 31**
Allowance for impairment losses on trade receivables	**P524,096**	**P1,021,222**	**P -**	**P -**	**P1,545,318**
Defined benefits retirement obligation	**85,191**	**461**	**-**	**-**	**85,652**
Difference of amortization of borrowing costs over payment and others	**928,086**	**(13,523,567)**	**-**	**-**	**(12,595,481)**
Difference of depreciation and other related expenses over monthly lease payments	**(27,582,758)**	**21,828,847**	**-**	**(29)**	**(5,753,940)**
Equity reserve for retirement plan	**9,577**	**-**	**(14,593)**	**-**	**(5,016)**
NOLCO and MCIT	**8,457,980**	**(4,828,318)**	**-**	**-**	**3,629,662**
Gain on sale of ordinary assets and investments	**(2,733,414)**	**(6,797,416)**	**-**	**-**	**(9,530,830)**
	(P20,311,242)	**(P2,298,771)**	**(P14,593)**	**(P29)**	**(P22,624,635)**

2023	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Balance at December 31
Allowance for impairment losses on trade receivables	P530,440	(P6,344)	P -	P -	P524,096
Defined benefits retirement obligation	111,579	(26,388)	-	-	85,191
Difference of amortization of borrowing costs over payment and others	1,697,964	(769,863)	-	(15)	928,086
Difference of depreciation and other related expenses over monthly lease payments	(24,099,941)	(3,477,663)	-	(5,154)	(27,582,758)
Equity reserve for retirement plan	(4,232)	-	13,809	-	9,577
NOLCO and MCIT	6,597,550	1,860,430	-	-	8,457,980
Gain on sale of ordinary assets and investments	(1,917,427)	(815,987)	-	-	(2,733,414)
	(P17,084,067)	(P3,235,815)	P13,809	(P5,169)	(P20,311,242)

The deferred income taxes are reported in the consolidated statements of financial position as follows:

	2024	2023
Deferred income tax assets	**P1,353,752**	P973,481
Deferred income tax liabilities	**(23,978,387)**	(21,284,723)
	(P22,624,635)	(P20,311,242)

Deferred income tax assets on NOLCO and MCIT of the Group amounting to P13,801,435 and P10,257,919 as at December 31, 2024 and 2023, respectively, has not been recognized because it is not probable that future taxable income will be available against which the Group can utilize the benefits therefrom.

As at December 31, 2024, the NOLCO and MCIT of the Group that can be claimed as deduction from future taxable income and deduction from corporate income tax due, respectively, are as follows:

Year Incurred/ Paid	**Carryforward Benefits Up To**	**NOLCO**	**MCIT**
2024	December 31, 2027	P12,128,146	P924,460
2023	December 31, 2026	21,645,888	96,140
2022	December 31, 2025	17,219,279	54,686
2021	December 31, 2026	8,967,682	-
2020	December 31, 2025	5,211,668	-
		P65,172,663	**P1,075,286**

On September 30, 2020, the BIR issued Revenue Regulation No. 25-2020 to implement Section 4 (bbbb) of the RA No. 11494, otherwise known as the Bayanihan to Recover as One Act, relative to NOLCO which provides that the net operating loss of a business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next 5 consecutive taxable years immediately following the year of such loss.

The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next 5 consecutive taxable years following the year such loss was incurred.

The reconciliation between the statutory income tax rate on income before income tax and the Group's effective income tax rate is as follows:

	2024	2023	2022
Statutory income tax rate	**25.00%**	25.00%	25.00%
Increase (decrease) in income tax rate resulting from:			
Unrecognized deferred income tax assets	**15.80%**	28.09%	63.63%
Availment of income tax holiday and others	**(11.16%)**	(18.83%)	(63.81%)
Effective income tax rate	**29.64%**	34.26%	24.82%

RA No. 11534, Otherwise Known as the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

The CREATE Act, which seeks to reduce the corporate income tax rates and to rationalize the current fiscal incentives by making it time-bound, targeted and performance-based, was passed into law on March 26, 2021 and took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or on April 11, 2021.

Key provisions of the CREATE Act which have an impact on the Group are: (i) reduction of regular corporate income tax rate from 30% to 25% or 20% effective July 1, 2020; (ii) reduction of MCIT rate from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023; then back to 2% effective July 1, 2023; and (iii) repeal of the imposition of improperly accumulated earnings tax. Accordingly, current and deferred income taxes as at and for the years ended December 31, 2024 and 2023 were computed and measured using the applicable income tax rates. MCIT was computed using 2%, 1.5%, and 1% tax rates in 2024, 2023, and 2022 respectively.

International Tax Reform - Pillar Two Model Rules

The Group has applied the amendments to PAS 12, *Income Taxes* - International Tax Reform: Pillar Two Model Rules, which introduce a mandatory temporary exception from recognizing deferred income tax assets and liabilities arising from Pillar Two income taxes. Accordingly, no deferred income tax assets or liabilities have been recognized in relation to Pillar Two legislation.

'Pillar Two legislation' has been substantively enacted in Singapore where the Group operates but not yet effective as of December 31, 2024. As part of the of the Top Frontier Group, the Group is within the scope of the substantively enacted legislation. In this regard, the Top Frontier Group has performed a Transitional Country-by-Country (CbCR) Safe Harbor (TCSH) test to identify jurisdictions that may be excluded from the full Pillar Two calculations. The assessment was based on the most recent tax filings, CbCR reports, and financial statements for the covered entities of the Group. Based on the results of the TCSH test, Singapore failed to qualify for safe harbor exclusion. The Top Frontier Group is in the process of performing full Pillar Two calculations for Singapore. However, no 'Pillar Two income taxes' is expected as the relevant legislation in Singapore is not yet effective as of December 31, 2024.

The Group will continue to monitor developments and will provide additional disclosures when the legislation becomes effective and the impact becomes reasonably estimable.

27. Registrations and Licenses

Registrations with the Board of Investments (BOI)

i. In 2013, MPI and LPI were granted incentives by the BOI on a pioneer status for 6 years subject to the representations and commitments set forth in the application for registration, the provisions of Omnibus Investments Code of 1987, (Executive Order [EO] No. 226), the rules and regulations of the BOI and the terms and conditions prescribed. On October 5, 2016, BOI granted LPI's request to move the start of its commercial operation and Income Tax Holiday (ITH) reckoning date from February 2016 to September 2017 or when the first kilowatt-hour (kWh) of energy was transmitted after commissioning or testing, or 1 month from the date of such commissioning or testing, whichever comes earlier as certified by the NGCP. Subsequently, on December 21, 2016, BOI granted a similar request of MPI to move the start of its commercial operation and ITH reckoning date from December 2015 to July 2016, or the actual date of commercial operations subject to compliance with the specific terms and conditions, due to delay in the implementation of the project for reasons beyond its control. MPI's request for the further extension of the ITH reckoning date from July 2016 to September 2017 was likewise approved by the BOI on December 5, 2018. The ITH incentives shall only be limited to the conditions given under their respective BOI registrations' specific terms and conditions. The ITH period for Unit 1 and Unit 2 of LPI commenced on May 26, 2017, and expired on May 25, 2023. The ITH incentives of MPI expired on September 26, 2023.

ii. On September 20, 2016, LETI was registered with the BOI under EO No. 226 as an expanding operator of 2 x 150 MW CFB Coal-fired Power Plant (Phase II Limay Greenfield Power Plant) on a non-pioneer status. The BOI categorized LETI as an "Expansion" based on the 2014 to 2016 IPP's Specific Guidelines for "Energy" in relation to LPI's 2 x 150 MW Coal-fired Power Plant (Phase I Limay Greenfield Power Plant). As a registered entity, LETI is entitled to certain incentives that include, among others, an ITH for 3 years from January 2018 or the date of actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The ITH incentives shall only be limited to the conditions given under the specific terms and conditions of LETI's BOI registrations.

   In June 2017, the BOI approved the transfer of ownership and registration of Phase II Limay Greenfield Power Plant from LETI to LPI. On July 13, 2018, the BOI granted LPI's request to move the start of its commercial operation and ITH reckoning date from January 2018 to March 2018 or the actual start of commercial operations, whichever is earlier. The ITH period for Phase II Limay Greenfield Power Plant (Unit 3 and Unit 4) commenced on March 26, 2018, and expired in 2021.

iii. On October 12, 2012, MPCL received the BOI approval for the application as an expanding operator of a 600 MW Coal-Fired Thermal Power Plant. As a registered entity, MPCL is entitled to ITH for 3 years from June 2017 or the actual start of commercial operations, whichever is earlier (but not earlier than the date of registration) subject to compliance with the specific terms and conditions set forth in the BOI registration. On May 27, 2014, the BOI approved MPCL's request to move the start of its commercial operation and the reckoning date of the ITH entitlement from June 2017 to December 2018. On June 17, 2015, the BOI subsequently granted MPCL's requests to downgrade the registered capacity from 600 MW to 300 MW.

On December 21, 2015, MPCL received the BOI approval for the application as new operator of 10 MW BESS Project on a pioneer status. The BESS facility provides 10 MW of interconnected capacity and enhances the reliability of the Luzon grid using the *Advancion* energy storage solution. As a registered entity, MPCL is entitled to incentives that include, among others, an ITH for 6 years from December 2018 or the date of the actual start of commercial operations, whichever is earlier (but not earlier than the date of registration) subject to compliance with the specific terms and conditions of MPCL's BOI registration. The ITH period for the 10 MW BESS of MPCL commenced on December 1, 2018. On October 1, 2020, MPCL likewise received the BOI approval on the additional 20 MW BESS Phase 2 Project of MPCL.

On February 23, 2021, MPCL received the BOI approval for the applications as the new operator of a 315 MW Super Critical Pulverized Coal Thermal Power Plant Unit 4, and as the new operator of 315 MW Super Critical Pulverized Coal Thermal Power Plant Unit 5. Each registered activity is entitled to a 4-year ITH reckoned from the start of commercial operations.

On November 12 and December 26, 2024, MPCL submitted to BOI the request to transfer its registration from EO No. 226 to CREATE Act for Units 4 and 5, and BESS Phase 2 Project, respectively.

iv. On August 24, 2016, SMGP Kabankalan received the BOI approval for the application as the new operator of the 2 x 20 MW Kabankalan *Advancion* Energy Storage Array on a pioneer status. SMGP Kabankalan, a registered entity, is entitled to incentives that include, among others, an ITH for 6 years from July 2019 to December 2024 or the date of the actual start of commercial operations, whichever is earlier (but not earlier than the date of registration). On November 27, 2019, SMGP Kabankalan filed a request with the BOI to move the reckoning date of the ITH entitlement from July 2019 to July 2021. Due to the delays brought about by the pandemic, a subsequent request was filed to move the reckoning date to January 2022. On December 17, 2021, the BOI granted the request of SMGP Kabankalan Storage for the movement of the start of commercial operations and ITH reckoning to January 2022. The incentives shall be limited to the specific terms and conditions of SMGP Kabankalan's BOI registration.

v. On November 29, 2019, the BOI approved the application of SMGP BESS as the new operator of BESS Component of the Integrated Renewable Power Facility ("R-Hub") covering various sites across the Philippines. The BOI has also approved SMGP BESS' subsequent applications covering additional sites. Each registered site was granted certain incentives including ITH, among others. On November 12, 2024, SMGP BESS submitted to BOI the request to transfer its registration from EO No. 226 to CREATE Act.

vi. On February 23, 2021, EERI received the BOI approval for the applications as the new operator of 850 MW BCCPP Phase 1, and 850 MW BCCPP Phase 2 located in Barangay Dela Paz Proper, Batangas City, Batangas. Each registered activity is entitled to a 4-year ITH reckoned from April 2023 and October 2026, for Phase 1 and Phase 2, respectively, or the date of the actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

On December 19, 2023, the BOI approved EERI's request to move the start of commercial operations from April 2023 to August 2024 for Phase 1. The BOI further granted EERI's request to amend the registered capacity from 850 MW to 1,320 MW for Phase 1 and 850 MW to 440 MW for Phase 2.

On December 19, 2024, EERI requested to transfer its registration from EO No. 226 to CREATE Act.

vii. On November 29, 2022, the BOI approved the application of SGLPC as a Renewable Energy Developer of Solar Energy Resources located at Lucanin Industrial Estate, Mariveles, Bataan. SGLPC was granted certain incentives including a 7-year ITH reckoned from the start of commercial operation in October 2023, among others. SGLPC requested BOI to move the start of commercial operation due to events that are beyond its control.

Registration with the AFAB

On April 24, 2019, MPGC was registered with AFAB, subject to annual renewal, as engaged in business of producing and generating electricity, and processing fuels alternative for power generation, among others, at the Freeport Area of Bataan (FAB). MPGC has been granted a renewed certificate of registration with AFAB for the year 2022, issued on December 13, 2021. On October 7, 2022, the AFAB issued an Advisory to FAB registered enterprises on the renewal of registration and issuance of certificate of entitlement to tax incentives stating that the registration issued for the year 2022 will no longer be renewed and shall be valid and in effect as long as the FAB registered enterprise remains in good standing or until revoked or cancelled.

As a FAB registered enterprise, MPGC will operate 4 x 150 MW power plant located in Mariveles, Bataan. AFAB granted MPGC certain incentives that include, among others, an ITH of 4 years for original project effective on the committed date or actual date of start of commercial operations, whichever is earlier. MPGC, however, due to circumstances beyond its control, has requested with AFAB to move the reckoning date of the start of commercial operations and the ITH for each unit. The said request was approved by AFAB on October 11, 2024.

License Granted by the ERC

On August 4, 2008 and August 24, 2016, MPCL and LPI, respectively, were granted a RES License by the ERC pursuant to Section 29 of the EPIRA, which requires all suppliers of electricity to the contestable market to secure a license from the ERC. The term of the RES License is for a period of 5 years from the time it was granted and renewable thereafter.

On December 13, 2023, the ERC granted the renewal of the RES License of MPCL and LPI for another 5 years valid from September 30, 2023, until September 29, 2028.

28. Basic and Diluted Loss Per Share

Basic and diluted loss per share is computed as follows:

	2024	2023	2022
Net income attributable to equity holders of the Parent Company	**P12,345,292**	P9,905,416	P3,162,545
Distributions for the year to:			
RPCS holder	**(11,737,628)**	(6,088,171)	(2,344,642)
SPCS holders	**(14,049,817)**	(15,034,200)	(15,482,007)
Net loss attributable to common shareholders of the Parent Company (a)	**(13,442,153)**	(11,216,955)	(14,664,104)
Weighted average number of common shares outstanding (in thousands) (b)	**2,823,604**	1,588,937	1,250,004
Basic/Diluted Loss Per Share (a/b)	**(P4.76)**	(P7.06)	(P11.73)

As at December 31, 2024, 2023 and 2022, the Parent Company has no dilutive debt or equity instruments.

The basic/diluted loss per common share resulted mainly from the impact of foreign exchange losses in 2024 and 2022 and interest costs and other financing charges in 2024, 2023 and 2022 (including distributions to perpetual capital securities) for the Group's various financing activities. These were undertaken to fund the ongoing construction of several power plant expansion projects intended to significantly increase the capacities and modernize the existing power generation portfolio of the Group. These expansion projects, including, among others, the ~1,000 MW BESS facilities, 4 x 150 MW Mariveles Greenfield Power Plant, 2 x 350 MW Masinloc Power Generation Units 4 and 5, and the 1,320 MW BCCPP, are to commence commercial operations in 2024 up to 2026 (see Note 12). The projects' capacities are contracted and to be contracted to creditworthy offtakers such as Meralco and NGCP, and are expected to contribute significantly to the profitability of the Group in the coming years following the start of their commercial operations (see Notes 6).

29. Financial Risk and Capital Management Objectives and Policies

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.

<u>Liquidity Risk</u>
Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary. The Group also uses derivative instruments such as forwards and swaps to manage liquidity

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management:

December 31, 2024	**Carrying Amount**	**Contractual Cash Flow**	**1 Year or Less**	**>1 Year - 2 Years**	**>2 Years - 5 Years**	**Over 5 Years**
Financial Assets						
Cash and cash equivalents	**P67,867,411**	**P67,867,411**	**P67,867,411**	**P -**	**P -**	**P -**
Trade and other receivables - net*	**110,776,695**	**110,776,695**	**110,776,695**	**-**	**-**	**-**
Long-term receivables (including current portion)	**14,140,044**	**14,140,044**	**5,104,369**	**7,393,836**	**1,352,637**	**289,202**
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	**8,495,006**	**8,495,006**	**3,865,243**	**2,973,551**	**1,656,202**	**10**
Financial Liabilities						
Loans payable	**41,350,425**	**41,662,148**	**41,662,148**	**-**	**-**	**-**
Accounts payable and accrued expenses*	**122,229,914**	**122,229,914**	**122,229,914**	**-**	**-**	**-**
Derivative liabilities not designated as cash flow hedge (included under "Accounts payable and accrued expenses" account)	**13,725**	**13,725**	**13,725**	**-**	**-**	**-**
Long-term debt - net (including current maturities)	**277,937,891**	**362,378,837**	**49,276,576**	**60,537,755**	**170,496,680**	**82,067,826**
Lease liabilities (including current portion)	**31,405,266**	**40,231,022**	**10,324,934**	**6,169,050**	**9,646,282**	**14,090,756**
Other noncurrent liabilities	**502,869**	**502,869**	**-**	**199,972**	**183,678**	**119,219**

**Excluding statutory receivables and payables.*

December 31, 2023	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P31,659,442	P31,659,442	P31,659,442	P -	P -	P -
Trade and other receivables - net*	110,097,787	110,097,787	110,097,787	-	-	-
Long-term receivables (including current portion)	17,579,941	18,463,177	6,935,483	1,559,423	7,200,544	2,767,727
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	6,271,296	6,271,296	2,420,284	2,647,225	30	1,203,757
Financial Liabilities						
Loans payable	13,736,000	13,799,581	13,799,581	-	-	-
Accounts payable and accrued expenses*	76,073,208	76,073,208	76,073,208	-	-	-
Derivative liabilities not designated as cash flow hedge (included under "Accounts payable and accrued expenses" account)	13,925	13,925	13,925	-	-	-
Long-term debt - net (including current maturities)	258,769,473	336,266,980	72,638,255	42,107,524	140,514,846	81,006,355
Lease liabilities (including current portion)	42,787,300	46,673,172	18,383,543	3,806,375	14,667,477	9,815,777
Other noncurrent liabilities	3,959,302	3,959,302	-	3,834,719	-	124,583

**Excluding statutory receivables and payables.*

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:

	Note	**2024**	2023
Cash and cash equivalents (excluding cash on hand)	*7*	**P67,864,985**	P31,657,566
Trade and other receivables - net*	*8*	**110,776,695**	110,097,787
Long-term receivables (including current portion)	*8, 15*	**14,140,044**	17,579,941
Restricted cash	*10, 15*	**8,495,006**	6,271,296
		P201,276,730	P165,606,590

**Excluding statutory receivables*

The table below presents the Group's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

	Financial Assets at Amortized Cost			
December 31, 2024	**12-month ECL**	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit Impaired**	**Total**
Cash and cash equivalents (excluding cash on hand)	**P67,864,985**	**P -**	**P -**	**P67,864,985**
Trade and other receivables	**-**	**110,776,695**	**4,867,019**	**115,643,714**
Long-term receivables (including current portion)	**-**	**14,140,044**	**-**	**14,140,044**
Restricted cash	**8,495,006**	**-**	**-**	**8,495,006**
	P76,359,991	**P124,916,739**	**P4,867,019**	**P206,143,749**

December 31, 2023	Financial Assets at Amortized Cost 12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit Impaired	Total
Cash and cash equivalents (excluding cash on hand)	P31,657,566	P -	P -	P31,657,566
Trade and other receivables	-	110,097,787	2,665,606	112,763,393
Long-term receivables (including current portion)	-	17,579,941	-	17,579,941
Restricted cash	6,271,296	-	-	6,271,296
	P37,928,862	P127,677,728	P2,665,606	P168,272,196

Receivables that are not credit impaired are considered high grade since the customers or counterparties have strong financial capacity and business performance and with the lowest default risk.

The aging of trade and other receivables (excluding statutory receivables) is as follows:

	December 31, 2024				December 31, 2023			
	Trade	**Non-trade**	**Amounts Owed by Related Parties**	**Total**	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	**P57,027,864**	**P4,845,403**	**P1,089,041**	**P62,962,308**	P53,461,204	P191,806	P2,578,385	P56,231,395
Past due:								
1 - 30 days	**12,002,438**	**45,266**	**365,300**	**12,413,004**	9,651,743	1,917,500	373,966	11,943,209
31 - 60 days	**2,030,425**	**15,809**	**81,464**	**2,127,698**	2,450,433	116,941	46,397	2,613,771
61 - 90 days	**1,042,048**	**9,942**	**13,071**	**1,065,061**	2,367,521	585,819	11,407	2,964,747
Over 90 days	**29,696,037**	**6,209,073**	**1,170,533**	**37,075,643**	31,098,973	7,264,399	646,899	39,010,271
	P101,798,812	**P11,125,493**	**P2,719,409**	**P115,643,714**	P99,029,874	P10,076,465	P3,657,054	P112,763,393

Past due trade receivables more than 30 days pertain mainly to generation charges and output VAT. The Group believes that the unimpaired amounts that are past due and those that are neither past due nor impaired are still collectible based on historical payment behavior and analyses of the underlying customer credit ratings. There are no significant changes in their credit quality.

The Group computes impairment loss on receivables based on past collection experience, current circumstances and the impact of future economic conditions, if any, available at the reporting period. There are no significant changes in the credit quality of the counterparties during the year.

The Group's cash and cash equivalents, derivative assets and restricted cash are placed with reputable entities with high quality external credit ratings.

The Group has significant concentration of credit risk. Sale of power to Meralco accounts for 45%, 42%, and 37% of the Group's total revenues in 2024, 2023, and 2022, respectively.

The Group does not execute any credit guarantee in favor of any counterparty.

<u>Interest Rate Risk</u>

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates relates primarily to the long-term borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

On the other hand, the investment policy of the Group is to maintain an adequate yield to match or reduce the net interest cost from its borrowings pending the deployment of funds to their intended use in the operations and working capital management. However, the Group invests only in high-quality short-term investments while maintaining the necessary diversification to avoid concentration risk.

In managing interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit or loss.

The management of interest rate risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various standard and non-standard interest rate scenarios.

Interest Rate Risk Table
The terms and maturity profile of the interest-bearing financial instruments, together with its gross amounts, are shown in the following tables:

December 31, 2024	**< 1 Year**	**1-2 Years**	**>2-3 Years**	**>3-4 Years**	**>4-5 Years**	**>5 Years**	**Total**
Fixed Rate							
Philippine Peso-denominated	**P17,004,744**	**P22,339,154**	**P18,370,097**	**P48,394,411**	**P26,400,744**	**P59,538,372**	**P192,047,522**
Interest rate	**5.0000% to 8.6228%**	**5.1792% to 8.6228%**	**6.6250% to 8.6228%**	**7.1051% to 8.6228%**	**7.5758% to 8.6228%**	**7.5758% to 8.2443%**	
Foreign currency-denominated (expressed in Philippine Peso)	**1,453,182**	**1,519,443**	**1,587,990**	**1,661,106**	**1,738,792**	**8,673,395**	**16,633,908**
Interest rate	**8.3310%**	**8.3310%**	**8.3310%**	**8.3310%**	**8.3310%**	**8.3310%**	
Floating Rate							
Philippine Peso-denominated	**1,164,534**	**1,164,534**	**1,164,534**	**1,164,534**	**1,164,534**	**291,134**	**6,113,804**
Interest rate	**BVAL + Margin**	**BVAL + Margin**	**BVAL + Margin**	**BVAL + Margin**	**BVAL + Margin**	**BVAL + Margin**	
Foreign currency-denominated	**9,155,013**	**17,853,571**	**35,229,629**	**546,693**	**572,260**	**2,854,535**	**66,211,701**
(expressed in Philippine Peso) Interest rate	**SOFR + Margin**	**SOFR + Margin**	**SOFR + Margin**	**SOFR + Margin**	**SOFR + Margin**	**SOFR + Margin**	
	P28,777,473	**P42,876,702**	**P56,352,250**	**P51,766,744**	**P29,876,330**	**P71,357,436**	**P281,006,935**

December 31, 2023	< 1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated	P35,009,804	P15,904,744	P17,989,154	P10,270,097	P39,544,411	P54,389,116	P173,107,326
Interest rate	5.0000% to 8.2443%	5.0000% to 8.2443%	5.1792% to 8.2443%	6.2836% to 8.2443%	6.2836% to 8.2443%	6.2836% to 8.2443%	
Foreign currency-denominated (expressed in Philippine Peso)	1,329,766	1,391,005	1,454,431	1,520,045	1,590,033	9,966,683	17,251,963
Interest rate	8.3310%	8.3310%	8.3310%	8.3310%	8.3310%	8.3310%	
Floating Rate							
Philippine Peso-denominated	1,164,534	1,164,534	1,164,534	1,164,534	1,164,534	1,455,667	7,278,337
Interest rate	BVAL + Margin	BVAL + Margin	BVAL + Margin	BVAL + Margin	BVAL + Margin	BVAL + Margin	
Foreign currency-denominated (expressed in Philippine Peso)	17,048,644	8,763,300	17,089,674	17,111,269	523,302	3,280,173	63,816,362
Interest rate	SOFR + Margin	SOFR + Margin	SOFR + Margin	SOFR + Margin	SOFR + Margin	SOFR + Margin	
	P54,552,748	P27,223,583	P37,697,793	P30,065,945	P42,822,280	P69,091,639	P261,453,988

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's net income before tax (through the impact on floating rate borrowings) by P723,255, P710,947, and P792,967 in 2024, 2023 and 2022, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Group's other comprehensive income.

Foreign Currency Risk
The functional currency is the Philippine Peso, which is the denomination of the bulk of the Group's revenues. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group enters into foreign currency hedges using derivative instruments, such as foreign currency forwards and call spread swaps to manage its foreign currency risk exposure.

Short-term currency forward contracts (non-deliverable) are entered into to manage foreign currency risks relating to foreign currency-denominated obligations and long- term borrowings.

Information on the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine Peso equivalents are as follows:

		December 31, 2024		December 31, 2023	
	Note	**US Dollar**	**Peso Equivalent**	US Dollar	Peso Equivalent
Assets					
Cash and cash equivalents	*7*	**US$168,440**	**P9,743,423**	US$69,461	P3,846,070
Trade and other receivables	*8*	**198,748**	**11,496,606**	163,818	9,070,599
Long-term receivables	*15*	**33,855**	**1,958,324**	31,181	1,726,513
		401,043	**23,198,353**	264,460	14,643,182
Liabilities					
Loans payable		**125,000**	**7,230,625**	-	-
Accounts payable and accrued expenses	*17*	**1,288,607**	**74,539,484**	930,718	51,533,841
Long-term debt (including current maturities)	*18*	**1,432,200**	**82,845,609**	1,464,120	81,068,325
Lease liabilities (including current portion)	*6*	**277,111**	**16,029,502**	341,414	18,904,090
		3,122,918	**180,645,220**	2,736,252	151,506,256
Net Foreign Currency-denominated Monetary Liabilities		**US$2,721,875**	**P157,446,867**	US$2,471,792	P136,863,074

The Group reported net gains (losses) on foreign exchange amounting to (P4,006,812), P1,258,912, and (P9,006,865) in 2024, 2023, and 2022, respectively, with the translation of its foreign currency-denominated assets and liabilities (see Note 25).

These mainly resulted from the movements of the Philippine Peso against the US Dollar as shown in the following table:

	US Dollar to Philippine Peso
December 31, 2024	**P57.845**
December 31, 2023	55.370
December 31, 2022	55.755

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various foreign currency exchange rate scenarios.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Group's net income before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to translation of results and financial position of foreign operations):

	P1 Decrease in the US Dollar Exchange Rate		**P1 Increase in the US Dollar Exchange Rate**	
December 31, 2024	**Effect on Income before Income Tax**	**Effect on Equity**	**Effect on Income before Income Tax**	**Effect on Equity**
Cash and cash equivalents	**(P165,301)**	**(P127,114)**	**P165,301**	**P127,114**
Trade and other receivables	**(198,734)**	**(149,068)**	**198,734**	**149,068**
Long-term receivables	**(33,855)**	**(25,391)**	**33,855**	**25,391**
	(397,890)	**(301,573)**	**397,890**	**301,573**
Loans Payable	**125,000**	**93,750**	**(125,000)**	**(93,750)**
Accounts payable and accrued expenses	**1,288,337**	**966,523**	**(1,288,337)**	**(966,523)**
Long-term debt (including current maturities)	**1,432,200**	**1,074,150**	**(1,432,200)**	**(1,074,150)**
Lease liabilities (including current portion)	**277,111**	**207,833**	**(277,111)**	**(207,833)**
	3,122,648	**2,342,256**	**(3,122,648)**	**(2,342,256)**
	P2,724,758	**P2,040,683**	**(P2,724,758)**	**(P2,040,683)**

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
December 31, 2023	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P66,033)	(P62,146)	P66,033	P62,146
Trade and other receivables	(163,573)	(142,161)	163,573	142,161
Long-term receivables	(31,181)	(23,386)	31,181	23,386
	(260,787)	(227,693)	260,787	227,693
Accounts payable and accrued expenses	929,555	714,638	(929,555)	(714,638)
Long-term debt (including current maturities)	1,464,120	1,350,090	(1,464,120)	(1,350,090)
Lease liabilities (including current portion)	341,414	256,060	(341,414)	(256,060)
	2,735,089	2,320,788	(2,735,089)	(2,320,788)
	P2,474,302	P2,093,095	(P2,474,302)	(P2,093,095)

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency-denominated transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

Commodity Price Risk

Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in commodity prices.

The Group, through SMC and the Parent Company, enters into commodity derivatives to manage its price risks on strategic commodities. Commodity hedging allows stability in prices, thus offsetting the risk of volatile market fluctuations. Through hedging, prices of commodities are fixed at levels acceptable to the Group, thus protecting raw material cost and preserving margins. For hedging transactions, if prices go down, hedge positions may show marked-to-market losses; however, any loss in the marked-to-market position is offset by the resulting lower physical raw material cost.

Commodity Swaps. Commodity swaps are used to manage the Group's exposures to volatility in prices of coal.

Other Market Price Risk

The Group's market price risk arises from its investments carried at fair value (financial assets at FVOCI). The Group manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

Capital Management

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, distribution payment, pay-off existing debts, return capital to shareholders or issue new shares, subject to compliance with certain covenants of its long-term debts, SPCS and RPCS (see Notes 18 and 21).

The Group defines capital as capital stock, additional paid-in capital, SPCS, RPCS and retained earnings, both appropriated and unappropriated. Other components of equity such as equity reserves are excluded from capital for purposes of capital management.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the consolidated statements of financial position.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Group's business, operation and industry.

There were no changes in the Group's approach to capital management during the year.

30. Financial Assets and Financial Liabilities

The table below presents a comparison by category of the carrying amounts and fair values of the Group's financial instruments:

	December 31, 2024		December 31, 2023	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**P67,867,411**	**P67,867,411**	P31,659,442	P31,659,442
Trade and other receivables - net*	**110,776,695**	**110,776,695**	110,097,787	110,097,787
Long-term receivables (including current portion)	**14,140,044**	**14,140,044**	17,579,941	17,579,941
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	**8,495,006**	**8,495,006**	6,271,296	6,271,296
	P201,279,156	**P201,279,156**	P165,608,466	P165,608,466
Financial Liabilities				
Loans payable	**P41,350,425**	**P41,350,425**	P13,736,000	P13,736,000
Accounts payable and accrued expenses*	**122,229,914**	**122,229,914**	76,073,208	76,073,208
Derivative liabilities not designated as cash flow hedge (included under "Accounts payable and accrued expenses" account)	**13,725**	**13,725**	13,925	13,925
Long-term debt - net (including current maturities)	**277,937,891**	**295,112,421**	258,769,473	272,270,702
Lease liabilities (including current portion)	**31,405,266**	**31,405,266**	42,787,300	42,787,300
Other noncurrent liabilities	**502,869**	**502,869**	3,959,302	3,959,302
	P473,440,090	**P490,614,620**	P395,339,208	P408,840,437

**Excluding statutory receivables and payables*

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Trade and Other Receivables (excluding statutory receivables), Long-term Receivables and Restricted Cash. The carrying amounts of cash and cash equivalents, and trade and other receivables approximate their fair values primarily due to the relatively short-term maturities of these financial instruments. In the case of long-term receivables and restricted cash, the carrying amounts approximate their fair values, since the effect of discounting is not considered material.

Derivatives. The fair values of forward exchange contracts are calculated by reference to current forward exchange rates. In the case of freestanding currency and commodity derivatives, the fair values are determined based on quoted prices obtained from their respective active markets. Fair values for stand-alone derivative instruments that are not quoted from an active market and for embedded derivatives are based on valuation models used for similar instruments using both observable and non-observable inputs. The fair values of the derivatives have been categorized as Level 2 in the fair value hierarchy.

Loans Payable and Accounts Payable and Accrued Expenses (excluding statutory payables and Derivative Liabilities). The carrying amounts of loans payable and accounts payable and accrued expenses approximate their fair values due to the relatively short-term maturities of these financial instruments.

Lease Liabilities. The fair value is based on the present value of expected cash flows using the applicable discount rates based on current market rates of similar instruments. The fair value of lease liabilities has been categorized as Level 2 in the fair value hierarchy.

Long-term Debt and Other Noncurrent Liabilities. The fair value of interest-bearing fixed-rate loans is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as at reporting date. Discount rates used for Philippine Peso-denominated loans range from 5.65% to 6.16% and from 5.08% to 6.00% as at December 31, 2024 and 2023, respectively. Discount rates used for foreign currency-denominated loans range from 4.20% to 5.99% and from 3.85% to 5.27 as at December 31, 2024 and 2023, respectively. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

The fair value of Philippine Peso-denominated bonds has been categorized as Level 1 and interest-bearing fixed-rate loans and other noncurrent liabilities have been categorized as Level 2 in the fair value hierarchy.

Derivative Financial Instruments

The Group's derivative financial instruments according to the type of financial risk being managed and the details of freestanding derivative financial instruments that are categorized into those accounted for as cash flow hedges and those that are not designated as accounting hedges are discussed below.

The Group enters into various foreign currency and commodity derivative contracts to manage its exposure on foreign currency and commodity price risks. The portfolio is a mixture of instruments including forwards and swaps.

Derivative Instruments not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding derivatives which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the consolidated statements of income. Details are as follows:

Freestanding Derivatives

Freestanding derivatives consist of foreign currency derivatives entered into by the Group.

Currency Forwards

The Group entered into short-term foreign currency forward contracts with aggregate notional amount of US$45,000 and US$65,000 as at December 31, 2024 and 2023. As at December 31, 2024 and 2023, the negative fair value of these currency forwards, included under "Accounts payable and accrued expenses" account amounted to P13,725 and P13,925, respectively (see Note 17).

The Group recognized marked-to-market gains (losses) from freestanding derivatives amounting to P104,350, (P875,946), and P1,583,553 in 2024, 2023, and 2022, respectively (see Note 25).

Fair Value Changes on Derivatives

The net movements in fair value of all derivative instruments are as follows:

	2024	2023
Balance at beginning of year	**(P13,925)**	P246,375
Net change in fair value of derivatives:		
Not designated as accounting hedge	**104,350**	(875,946)
Designated as accounting hedge	**-**	(7,238)
	90,425	(636,809)
Less fair value of settled instruments	**104,150**	(622,884)
Balance at end of year	**(P13,725)**	(P13,925)

31. Supplemental Cash Flows Information

The following table summarizes the changes in liabilities and equity arising from financing activities, including both changes arising from cash flows and non-cash changes:

	Loans Payable	Long-term Debt	Lease Liabilities	SPCS	RPCS	Total
Balance as at January 1, 2024	**P13,736,000**	**P258,769,473**	**P42,787,300**	**P161,767,709**	**P102,546,825**	**P579,607,307**
Changes from Financing Activities						
Proceeds from borrowings	**165,147,050**	**71,506,000**	**-**	**-**	**-**	**236,653,050**
Proceeds from issuance of RPCS	**-**	**-**	**-**	**-**	**43,432,288**	**43,432,288**
Proceeds from issuances of SPCS, net of exchange and tender offers	**-**	**-**	**-**	**21,040,519**	**-**	**21,040,519**
Payments of lease liabilities	**-**	**-**	**(18,298,212)**	**-**	**-**	**(18,298,212)**
Payments of borrowings	**(137,512,000)**	**(55,615,121)**	**-**	**-**	**-**	**(193,127,121)**
Payments for redemption of SPCS	**-**	**-**	**-**	**(45,039,762)**	**-**	**(45,039,762)**
Total Changes from Financing Activities	**27,635,050**	**15,890,879**	**(18,298,212)**	**(23,999,243)**	**43,432,288**	**44,660,762**
Effect of changes in foreign exchange rates	**(20,625)**	**2,298,695**	**709,615**	**-**	**-**	**2,987,685**
Other changes	**-**	**978,844**	**6,206,563**	**13,426,399**	**-**	**20,611,806**
Balance as at December 31, 2024	**P41,350,425**	**P277,937,891**	**P31,405,266**	**P151,194,865**	**P145,979,113**	**P647,867,560**

	Loans Payable	Long-term Debt	Lease Liabilities	Capital Stock	Additional Paid-in Capital	RPCS	Total
Balance as at January 1, 2023	P21,000,000	P272,152,624	P59,958,110	P1,250,004	P2,490,000	P51,934,069	P408,784,807
Changes from Financing Activities							
Proceeds from borrowings	95,322,000	51,977,500	-	-	-	-	147,299,500
Proceeds from issuances of RPCS	-	-	-	-	-	70,832,760	70,832,760
Proceeds from issuance of capital stock	-	-	-	1,573,600	45,591,781	-	47,165,381
Payments of lease liabilities	-	-	(19,314,572)	-	-	-	(19,314,572)
Payments for the purchase of RPCS	-	-	-	-	-	(21,668,695)	(21,668,695)
Payments of borrowings	(102,586,000)	(64,362,371)	-	-	-	-	(166,948,371)
Total Changes from Financing Activities	(7,264,000)	(12,384,871)	(19,314,572)	1,573,600	45,591,781	49,164,065	57,366,003
Effect of changes in foreign exchange rates	-	(1,027,734)	(166,210)	-	-	-	(1,193,944)
Other changes	-	29,454	2,309,972	-	-	1,448,691	3,788,117
Balance as at December 31, 2023	P13,736,000	P258,769,473	P42,787,300	P2,823,604	P48,081,781	P102,546,825	P468,744,983

Other changes pertain to additions for new lease agreements, amortization of lease liabilities and debt-issue costs on long-term debts, and the net effect of issuances, redemption and purchases of perpetual capital securities in 2024 and 2023.

32. Other Matters

a. EPIRA
The EPIRA sets forth the following: (i) Section 49 created PSALM to take ownership and manage the orderly sale, disposition and privatization of all existing NPC generation assets, liabilities, IPP contracts, real estate and all other disposable assets; (ii) Section 31(c) requires the transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP Administrators as one of the conditions for retail competition and open access; and (iii) Pursuant to Section 51(c), PSALM has the power to take title to and possession of the IPP contracts and to appoint, after a competitive, transparent and public bidding, qualified independent entities who shall act as the IPP Administrators in accordance with the EPIRA. In accordance with the bidding procedures and supplemented bid bulletins thereto to appoint an IPP Administrator relative to the capacity of the IPP contracts, PSALM has conducted a competitive, transparent and open public bidding process following which the Group was selected winning bidder of the IPPA Agreements (see Note 6).

The EPIRA requires generation and DU companies to undergo public offering within 5 years from the effective date, and provides cross ownership restrictions between transmission and generation companies. If the holding company of generation and DU companies is already listed with the PSE, the generation company or the DU need not comply with the requirement since such listing of the holding company is deemed already as compliance with the EPIRA.

A DU is allowed to source from an associated company engaged in generation up to 50% of its demand except for contracts entered into prior to the effective date of the EPIRA. Generation companies are restricted from owning more than 30% of the installed generating capacity of a grid and/or 25% of the national installed generating capacity. The Group is in compliance with the restrictions as at December 31, 2024 and 2023.

b. Contingencies
The Group is a party to certain cases or claims which are either pending decision by the court/regulators or are subject to settlement agreements. The outcome of these cases or claims cannot be presently determined.

i. *Temporary Restraining Order (TRO) Issued to Meralco*
On December 5, 2013, Meralco wrote the ERC requesting for clearance and authority: (i) to collect a generation charge of P7.90 per kWh in its December 2013 billings to its customers for its generation cost for the month of November 2013; and (ii) to defer to February 2014 the recovery of the remaining P3,000,000, representing a portion of the generation costs for the November 2013 supply month which was not passed on to customers in December 2013, subject to the inclusion of the appropriate carrying charge. In response thereto, the ERC, in its letter dated December 9, 2013, granted Meralco the authority to implement a staggered collection of its generation cost for the power supplied in November 2013. The ERC, however, did not approve Meralco's request to recover the carrying costs and directed it to file a formal application for this instead.

On December 19, 2013, Petitioners Bayan Muna representatives, et al. filed a petition against the ERC and Meralco, questioning the increase in the generation cost for November 2013 supply month. On December 20, 2013, Petitioner National Association of Electricity Consumers for Reforms (NASECORE) et al. filed a petition against the ERC, DOE and Meralco assailing the automatic adjustment of generation cost. On December 23, 2013, the Supreme Court (SC) issued a resolution consolidating both petitions and issued a TRO enjoining: (I) the ERC from implementing its letter dated December 9, 2013, and (II) Meralco from increasing the rates it charged to its consumers based on its letter dated December 5, 2013.

As a result, Meralco was constrained to fix its generation rate to its October 2013 level of P5.67 per kWh. The TRO originally had a period of 60 days.

On January 8, 2014, Meralco filed its Consolidated Comment/Opposition with Counter-Petition (the "Counter-Petition") which prayed, among others, for the inclusion of SPI, SPPC, SRHI, MPCL and several generators as respondents to the case. On January 10, 2014, the SC issued an order treating the Counter-Petition as in the nature of a third party complaint and granting the prayer to include SPI, SPPC, SRHI and MPCL as respondents in the Petition.

On February 18, 2014, the SC extended the TRO issued on December 23, 2013 for another 60 days or until April 22, 2014 and granted additional TROs enjoining the PEMC and the generators from demanding and collecting the deferred amounts. In a Resolution dated April 22, 2014, the SC extended indefinitely the effectivity of the TROs issued on December 23, 2013 and February 18, 2014.

In the Petition filed by special interest groups, the SC was made aware of the order of the ERC dated March 3, 2014 (the "March 3, 2014 ERC Order") (as defined and discussed under "*ERC Order Voiding WESM Prices"*), in which the ERC declared void the WESM prices during the November and December 2013 supply months and imposed regulated prices in their stead. The March 3, 2014 ERC Order likewise directed PEMC to: (a) calculate these "regulated prices" based on a formula identified by the ERC as representative of 2013 market prices under normalized conditions and (b) to collect the same from the WESM participants involved.

A decision was promulgated by the SC En Banc on August 3, 2021 (the "SC Decision"), affirming the December 9, 2013 ERC Order, which approved the staggered imposition by Meralco of its generation rate for November 2013 from its consumers and declared as null and void the March 3, 2014 ERC Order. SPI, SPPC, and SRHI however received a copy of the SC Decision through their counsel only on July 5, 2022, while MPCL received the same on July 6, 2022.

On July 26, 2022, the special interest groups sought reconsideration of the SC Decision by filing separate Motions for Reconsideration where they prayed that the SC Petition be granted. The ERC likewise filed a Motion for Partial Reconsideration of the SC Decision and sought the reinstatement of the March 3, 2014 ERC Order, among others.

These motions were denied with finality by the SC En Banc, in its resolution dated October 11, 2022, which also directed the entry of judgment of the SC Decision be made immediately. On January 4, 2023, the external counsel of SPPC, SPI and SRHI received a copy of the Entry of Judgement from the SC En Banc dated October 11, 2022, while the external counsel of MPCL received a copy of the same on January 5, 2023.

With this, the relevant subsidiaries namely, SPPC, MPCL and SPI are pursuing the implementation of the SC Decision as at December 31, 2024. SPPC, MPCL and SPI have aggregate outstanding receivables from Meralco estimated at P1,275,985 included under “Trade and other receivables” account in the consolidated statements of financial position as at December 31, 2024.

ii. *ERC Order Voiding WESM Prices*

Relative to the above-cited Petition, on December 27, 2013, the DOE, ERC and PEMC, acting as a tripartite committee, issued a joint resolution setting a reduced price cap on the WESM of P32.00 per kWh. The price was set to be effective for 90 days until a new cap is decided upon.

On March 3, 2014, the ERC, in the exercise of its police power, issued an order in Miscellaneous Case No. 2014-021, declaring the November and December 2013 Luzon WESM prices void, imposed the application of regulated prices and mandated PEMC, the operator of the WESM, to calculate and issue adjustment bills using recalculated prices (the “March 3, 2014 ERC Order”).

Subsequent orders were issued by the ERC setting the period for compliance of the March 3, 2014 ERC Order (collectively, together with the March 3, 2014 Order, the “2014 ERC Orders”). Based on these orders, SPI and SRHI recognized a reduction in the sale of power while MPCL, San Miguel Electric Corp. (SMELC) and SPPC recognized a reduction in its power purchases. Consequently, a payable and receivable were also recognized for the portion of over-collection or over-payment, the settlement of which have been covered by a 24-month Special Payment Arrangement with PEMC which was already completed on May 25, 2016.

SPI, SPPC, SRHI and MPCL filed various pleadings requesting ERC for the reconsideration of the March 3, 2014 ERC Order. Other generators also requested the SC to stop the implementation of the March 3, 2014 ERC Order. The ERC denied the motions for reconsideration filed by the generators.

On June 26, 2014, SPI, SPPC and SRHI, while on December 12, 2014, MPCL appealed the said ERC denial before the Court of Appeals (“CA”) through their respective Petitions for Review.

After consolidating the cases, the CA, in its decision dated November 7, 2017 (the “November 7, 2017 Decision”), granted the Petition for Review filed by SPI, SPPC, SRHI and MPCL, declared the 2014 ERC Orders null and void and accordingly reinstated and declared as valid the WESM prices for Luzon for the supply months of November to December 2013.

Motions for Reconsideration of the November 7, 2017 Decision and several other motions which were filed by various intervenors, were denied by the CA through its Omnibus Resolution dated March 29, 2019. The intervenors filed Petitions for Review on Certiorari before the SC, which were also denied by the SC through its resolutions dated September 11, 2019 and October 1, 2019. Entries of judgment have been issued by the SC certifying that the resolutions denying the Petitions for Review on Certiorari filed by various intervenors against SPI, SPPC, SRHI and MPCL, among others, have become final and executory.

The ERC and Meralco also filed separate Petitions for Review appealing the November 7, 2017 Decision and Omnibus Resolution dated March 29, 2019 of the CA, which nullified and set aside the 2014 ERC Orders, declaring the WESM prices for November and December 2013 void.

In a Resolution dated November 4, 2020, the SC directed the consolidation of the separate petitions filed by the ERC and Meralco considering that said cases involve the same parties, raise the same issues, and assail the same decision and resolution, and the transfer of the petition filed by Meralco to the 3rd Division of the SC handling the petition by the ERC.

The ERC filed its Consolidated Reply to the comments on its petition dated November 18, 2020.

The SC has not yet promulgated a decision as at December 31, 2024. However, on August 3, 2021, a decision was rendered by the SC En Banc in a separate case (as discussed under *TRO Issued to Meralco*") declaring the March 3, 2014 ERC Order as null and void, which is the subject of the aforementioned Petition. Considering that this decision of the SC En Banc covers the March 3, 2014 ERC Order, the difference between the actual Luzon WESM prices and the regulated prices (based on the March 3, 2014 ERC Order) for WESM sales and purchases by SPI, SPPC, SRHI, SMELC and MPCL amounting to up to P2,321,785 will have to be settled with the IEMOP, the current operator of the WESM, in favor of the relevant subsidiaries of the Group.

iii. *Generation Payments to PSALM*

SPPC and PSALM were parties to the Ilijan IPPA Agreement covering the appointment of SPPC as the IPP Administrator of the Ilijan Power Plant.

SPPC and PSALM have an ongoing dispute arising from differing interpretations of certain provisions related to generation payments under the Ilijan IPPA Agreement. As a result of such dispute, the parties have arrived at different computations regarding the subject payments. In a letter dated August 6, 2015, PSALM has demanded payment of the difference between the generation payments calculated based on its interpretation and the amount which has already been paid by SPPC, plus interest, covering the period December 26, 2012 to April 25, 2015.

On August 12, 2015, SPPC initiated a dispute resolution process with PSALM as provided under the terms of the Ilijan IPPA Agreement, while continuing to maintain its position that it has fully paid all of its obligations to PSALM. Notwithstanding the bona fide dispute, PSALM issued a notice terminating the Ilijan IPPA Agreement on September 4, 2015. On the same day, PSALM also called on the performance bond posted by SPPC pursuant to the Ilijan IPPA Agreement.

On September 8, 2015, SPPC filed a Complaint with the Regional Trial Court of Mandaluyong City (the “RTC”) requesting the RTC that its interpretation of the relevant provisions of the Ilijan IPPA Agreement be upheld and asked that a 72-hour TRO be issued against PSALM for illegally terminating the Ilijan IPPA Agreement and drawing on the performance bond of SPPC. On even date, the RTC issued a 72-hour TRO which prohibited PSALM from treating SPPC as being in Administrator Default and from performing other acts that would change the status quo ante between the parties before PSALM issued the termination notice and drew on the performance bond of SPPC. The TRO was extended until September 28, 2015.

On September 28, 2015, the RTC issued an order granting a Preliminary Injunction enjoining PSALM from proceeding with the termination of the Ilijan IPPA Agreement while the main case is pending. PSALM sought for reconsideration of the said order but was later on denied by the RTC. PSALM filed with the CA a Petition for Review on Certiorari assailing the RTC’s order of denial. The CA ruled in favor of SPPC and affirmed the RTC’s issuance of a writ of preliminary injunction against PSALM prohibiting it from terminating the Ilijan IPPA Agreement while the main case in the lower court is pending and named Meralco as intervenor (the “2017 CA Decision”).

PSALM filed a Motion for Reconsideration of the 2017 CA Decision but it was denied by the CA in its resolution dated July 12, 2018 (the “2018 CA Resolution”).

On September 19, 2018, PSALM filed a Petition for Certiorari with Urgent Prayer for the Issuance of a TRO and/or Writ of Preliminary Injunction before the SC praying for the reversal and nullification of the 2017 CA Decision and the 2018 CA Resolution but was denied by the SC in its resolution dated March 4, 2019 (the “March 4, 2019 SC Resolution”). PSALM filed a Motion for Reconsideration thereof and was denied by the SC in a resolution dated August 5, 2019 which became final and executory on the same date.

After years of resolving other related issues, pre-trial proceeded on November 19, 2021 and the parties filed the Joint Stipulation of Facts on April 6, 2022.

On August 30, 2024, SPPC filed its Formal Offer of Evidence. On September 12, 2024, in compliance with a directive from the court, SPPC submitted additional hard copies of its exhibits. The court admitted SPPC’s documentary evidence through an Order dated October 11, 2024.

On November 22, 2024, PSALM filed its Formal Offer of Evidence. In an Order dated December 19, 2024, the trial court admitted PSALM’s exhibits and directed the parties to submit their respective closing Memoranda. SPPC filed its Memorandum on February 3, 2025.

Although the proceedings before the RTC remain pending, the Ilijan Power Plant was turned over by PSALM to SPPC pursuant to the IPPA Agreement and the Deed of Sale executed between PSALM and SPPC on June 3, 2022.

iv. *Criminal Cases*

SPPC

On September 29, 2015, SPPC filed a criminal complaint for estafa and for violation of Section 3(e) of Republic Act No. 3019, otherwise known as the Anti-Graft and Corrupt Practices Act (“RA No. 3019”), before the Department of Justice (DOJ), against certain officers of PSALM, in connection with the termination of SPPC’s Ilijan IPPA Agreement, which was made by PSALM with manifest partiality and evident bad faith. Further, it was alleged that PSALM fraudulently misrepresented its entitlement to draw on the performance bond posted by SPPC, resulting in actual injury to SPPC in the amount of US$60,000. On June 13, 2017, the DOJ endorsed the complete records of the complaint to the Office of the Ombudsman for appropriate action.

On a related matter, on November 14, 2018, SPPC filed with the Office of the Ombudsman-Field Investigation Office, an administrative complaint against an executive officer of PSALM and several unidentified persons for violation of the Ombudsman Act and the Revised Administrative Code, in the performance of their functions as public officers.

In a Resolution dated March 10, 2021, which was approved by the Ombudsman on February 15, 2022, the Graft Investigation and Prosecution Officer (GIPO) dismissed the criminal complaint against the Respondents. In a Decision of the same date, approved by the Ombudsman also on February 15, 2022, the GIPO also dismissed the administrative complaint against the Respondents.

On March 21, 2022, SPPC filed a Motion for Reconsideration of the resolution dismissing the criminal complaint. In an Order dated May 25, 2022, the Office of the Ombudsman denied SPPC’s Motion for Reconsideration. SPPC has decided not to question the dismissal of the criminal complaint.

SPI

On October 21, 2015, SPI filed a criminal complaint for Plunder and violation of Sections 3(e) and 3(f) of R.A. No. 3019, before the DOJ against a certain officer of PSALM, and certain officers of TPEC and TSC, relating to the illegal grant of the so-called “excess capacity” of the Sual Power Plant in favor of TPEC which enabled it to receive a certain amount at the expense of the Government and SPI.

In a Resolution dated July 29, 2016, the DOJ found probable cause to file an Information against the respondents for Plunder and violation of Sections 3(e) and 3(f) of RA No. 3019 (the “July 29, 2016 DOJ Resolution”). The DOJ further resolved to forward the entire records of the case to the Office of the Ombudsman for their proper action. The TPEC and TSC officers appealed said July 29, 2016 DOJ Resolution, through the filing of a Petition for Review with the Secretary of Justice. The PSALM officer filed a Verified Motion for Reconsideration.

On October 25, 2017, the DOJ issued a Resolution partially granting the Petition for Review of the TPEC and TSC officers by reversing the July 29, 2016 DOJ Resolution insofar as the conduct of the preliminary investigation was concerned, ruling that the Office of the Prosecutor General should have endorsed the case to the Office of the Ombudsman. On November 17, 2017, SPI filed a motion for partial reconsideration of said DOJ Resolution dated October 25, 2017.

While the said Motion for Partial Reconsideration was pending, SPI, TPEC, TSC and the TPEC and TSC officers filed before the DOJ a Joint Motion to Dismiss dated June 6, 2022 praying for the dismissal of the criminal complaint filed by SPI against TPEC and TSC.

In a Resolution promulgated on May 5, 2023, the DOJ affirmed its Resolution dated October 25, 2017. The DOJ held that considering SPI's desistance, SPI's Motion for Partial Reconsideration of the DOJ's Resolution of October 25, 2017 was considered dismissed and/or withdrawn. The PSALM officer's Verified Motion for Reconsideration remains unresolved as at report date.

v. *Civil Cases*

SPI

On June 17, 2016, SPI filed with the RTC, Pasig City ("RTC Pasig") a civil complaint for consignation against PSALM arising from PSALM's refusal to accept SPI's remittances corresponding to the proceeds of the sale on the WESM for electricity generated from capacity in excess of the 1,000 MW of the Sual Power Plant (the "Sale of the Excess Capacity"). With the filing of the complaint, SPI also consigned with the RTC Pasig, the amount corresponding to the proceeds of the Sale of the Excess Capacity for the billing periods December 26, 2015 to April 25, 2016.

PSALM filed an Answer dated August 17, 2016 stating that it has no right to, and is not the owner of, the proceeds of the sale on the WESM of electricity generated from the capacity in excess of 1,000 MW of the Sual Plant and that the consignation should belong to TPEC as it is rightfully entitled to the 200 MW and to the payments which SPI made consequent therewith.

On October 3, 2016, SPI filed an Omnibus Motion to Admit Supplemental Complaint and to Allow Future Consignation without Tender (the "Omnibus Motion"). Together with this Omnibus Motion, SPI consigned with the RTC Pasig an additional amount corresponding to the proceeds of the Sale of the Excess Capacity for the billing periods from April 26, 2016 to July 25, 2016. After this, SPI continuously consigned additional proceeds of Sale of the Excess Capacity for succeeding billing periods.

On May 22, 2018, the RTC Pasig issued an order dismissing the complaint for consignation filed by SPI on the ground that the court has no jurisdiction over the subject matter of the complaint and finding that the ERC has the technical competence to determine the proper interpretation of "contracted capacity", the fairness of the settlement formula and the legality of the memorandum of agreement.

On July 4, 2018, SPI filed its Motion for Reconsideration ("MR") to the May 22, 2018 order which dismissed the consignation case.

After the case was later re-raffled to RTC Branch 268, in an Order dated September 30, 2021, the RTC Branch 268: (a) granted SPI's Motion for Reconsideration of the Order of May 22, 2018, which dismissed the case for lack of jurisdiction; (b) granted SPI's Omnibus Motion to Admit Supplemental Complaint and Allow Future Consignations without Tender; and (c) reinstated the Complaint (the "September 30, 2021 Order").

On October 5, 2022, SPI and PSALM filed an Omnibus Motion to Dismiss and Release Deposited Monies, whereby PSALM, consistent with its representation and acknowledgment in its Answer that the consigned amounts rightfully belong to TPEC, agreed to the release of the said amounts to TPEC and SPI, relying on PSALM's representation and acknowledgment, did not object to the release of the consigned amounts to TPEC.

On October 10, 2022, the RTC issued an Order granting the Omnibus Motion and authorized TPEC's named representative in the Omnibus Motion to withdraw the consigned amounts.

Further related thereto, on December 1, 2016, SPI received a copy of a Complaint filed by TPEC and TSC with the ERC against SPI and PSALM in relation to the Excess Capacity issues, which issues have already been raised in the abovementioned cases. SPI filed a Motion to Dismiss and Motion to Suspend Proceeding of the instant case.

On June 6, 2022, SPI, TPEC and TSC filed a Joint Motion to Dismiss the ERC complaint. SPI received the Order from the ERC on June 22, 2022, asking the parties to submit a copy of the settlement agreement within 5 days from receipt of such order. TPEC, TSC and SPI filed with the ERC a Compliance and Submission attaching the settlement agreement on June 28, 2022. As at December 31, 2024, the case is still pending as the ERC has not issued any resolution granting the Joint Motion to Dismiss filed by the parties.

The total amount consigned with the RTC Pasig amounting to P491,242 was released to TPEC on December 20, 2022.

vi. Claims for Contract Price Adjustments on Certain "Fixed Price" PSAs with Meralco

On October 22, 2019, SPI and SPPC each filed before the ERC a Joint Application with Meralco for the approval of their respective PSA with Meralco with prayer for provisional authority (the "Application"). The PSA of SPPC covers the supply of 670 MW baseload capacity to Meralco ("SPPC PSA") while the PSA of SPI covers the supply of 330 MW baseload capacity to Meralco ("SPI PSA") both for a period of 10 years (collectively, the "PSAs"). The PSAs were awarded by Meralco to each of SPPC and SPI after they emerged as the winning bidders in the competitive selection process conducted by Meralco in September 2019.

On March 16, 2020, the ERC released Orders both dated December 10, 2019, granting provisional authority to implement the SPPC PSA and SPI PSA.

On May 11, 2022, SPPC and SPI each filed a Joint Motion for Price Adjustment with Meralco (the "Joint Motion") seeking approval from the ERC to temporarily increase the contract price under the SPPC PSA and SPI PSA for a period of 6 months, to recover incremental fuel costs covering January to May 2022 billing periods arising from a Change in Circumstances (as defined in the PSAs) to be collected over a period of 6 months.

On September 29, 2022, the ERC denied the foregoing Joint Motions filed by each of SPPC and SPI with Meralco requesting for the proposed price adjustments (the "September 29, 2022 ERC Orders").

SPPC CA Petition
On November 10, 2022, SPPC filed with the CA a Petition for Certiorari under Rule 65 with Application for the Issuance of a TRO and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPPC (the "SPPC CA Petition").

In a Resolution dated November 23, 2022, the 14th Division of the CA granted SPPC's application for a 60-day TRO, conditioned upon the posting of a bond in the amount of P50,000 (the "TRO Bond"). The CA later issued a TRO on December 2, 2022, after posting by SPPC of the TRO Bond, and the writ of preliminary injunction for the SPPC CA Petition on February 23, 2023.

On July 10, 2023, SPPC received the CA's Joint Decision dated June 27, 2023 (the "June 27, 2023 CA Decision") which granted the consolidated petitions of SPPC and SPI. The CA: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the Joint Decision); and (iii) made permanent the writ of preliminary injunction issued in favor of SPPC.

On January 16, 2024, SPPC received, through its external counsel, a copy of the Resolution issued by the CA dated December 28, 2023, denying the separate Motions for Reconsideration filed by NASECORE and the ERC.

The June 27, 2023 CA Decision was later on confirmed by the SC in a Resolution dated April 3, 2024 which denied the ERC's Petition for Review on Certiorari "for failure of petitioner [ERC] to sufficiently show that the Court of Appeals committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court's discretionary appellate jurisdiction." ERC's Motion for Reconsideration of the SC Resolution was also denied with finality in another SC Resolution dated July 10, 2024, and received on August 30, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPPC filed on October 10, 2024 its Motion for Issuance of Writ of Execution with the ERC to enforce the June 27, 2023 CA Decision. The motion is pending with the ERC to date.

On February 6, 2025, SPPC filed a Motion to Resolve (re: Motion for Issuance of Writ of Execution) with the ERC. On March 11, 2025, SPPC also filed with the CA a Motion to Direct the Court of Origin to Issue Writ of Execution to compel the ERC to issue writs of execution on the June 27, 2023 CA Decision.

Related thereto, pursuant to the June 27, 2023 CA Decision, SPPC issued a Notice of Change in Circumstances (CIC) on August 18, 2023, informing Meralco of its request for price adjustments for the period May 26, 2022 to December 6, 2022 and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under the SPPC PSA, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco acknowledged SPPC's right to the adjustment in the Contract Price as a result of the CIC under the SPPC PSA and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPPC filed a Motion for Price Adjustment with the ERC, for its CIC claim for the period May 26, 2022 to December 6, 2022 pursuant to the SPPC PSA, with its claims anchored on essentially the same legal bases established or ruled on by the CA in its Joint Decision and confirmed by the SC with finality. The motion remains pending to date with the ERC.

SPI CA Petition
On November 10, 2022, SPI also filed with the CA a Petition for Certiorari under Rule 65 with Application for the Issuance of a TRO and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPI (the "SPI CA Petition"). This was raffled to the 17th Division of the CA which was subsequently transferred to its 16th Division.

On November 24, 2022, SPI filed an Urgent Motion for Consolidation of the instant Petition with the SPPC CA Petition pending before the 13th Division of the CA.

On January 26, 2023, SPI received the Resolution dated January 13, 2023 of the CA 16th Division which (i) denied SPI's prayer for the issuance of a TRO and/or writ of preliminary injunction, and (ii) granted the consolidation of the SPI CA Petition with the SPPC CA Petition. The SPI CA Petition was thus consolidated with the SPPC CA Petition before the CA 13th Division.

On July 10, 2023, SPI received the CA's Joint Decision dated June 27, 2023 (the "June 27, 2023 CA Decision") which granted the consolidated petitions of SPPC and SPI. The CA: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the Joint Decision); and (iii) denied SPI's Motion for Partial Reconsideration of the January 13, 2023 CA Resolution and its application for the issuance of a writ of preliminary injunction for being moot and academic. On January 16, 2024, SPI received, through its external counsel, a copy of the Resolution issued by the CA dated December 28, 2023, denying the separate Motions for Reconsideration filed by NASECORE and the ERC.

The June 27, 2023 CA Decision was later on confirmed by the SC in a Resolution dated April 3, 2024, and received on May 21, 2024, which denied the ERC's Petition for Review on Certiorari "for failure of petitioner [ERC] to sufficiently show that the Court of Appeals committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court's discretionary appellate jurisdiction." ERC's Motion for Reconsideration of the SC Resolution was denied with finality in an SC Resolution dated July 10, 2024, and received on August 30, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPI filed on October 10, 2024 its Motion for Issuance of Writ of Execution with the ERC to enforce the June 27, 2023 CA Decision. The motion is pending with the ERC to date.

On February 6, 2025, SPI filed a Motion to Resolve (re: Motion for Issuance of Writ of Execution) with the ERC. On March 11, 2025, SPI also filed with the CA a Motion to Direct the Court of Origin to Issue Writ of Execution to compel the ERC to issue writs of execution on the June 27, 2023 CA Decision.

Related thereto, pursuant to the June 27, 2023 CA Decision, SPI issued a Notice of Change in Circumstances on August 18, 2023, informing Meralco of its request for price adjustments for the period June 2022 to July 2023, and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under the PSA, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco acknowledged SPI's right to the adjustment in the Contract Price as a result of the CIC under the SPI PSA, and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPI filed a Motion for Price Adjustment with the ERC, for its CIC claim for the period June 2022 to July 2023 pursuant to the SPI PSA with its claims anchored on essentially the same legal bases established or ruled on by the CA in its Joint Decision and confirmed by the SC with finality. The motion remains pending to date with the ERC.

In contemplation of the imminent dilution of the Parent Company's equity interest in SPPC from 100% to 33% (see d. Events After the Reporting Date*, (i) Joint Investment with Meralco and Aboitiz Power Corporation (AboitizPower) into the Country's First Integrated LNG-to-Power Facility Projects in Batangas City*), SPPC assigned in favor of the Parent Company all of its rights of action under the case relating to the Generation Payments to PSALM and the claims for contract price adjustments from Meralco, and the Parent Company assumed all obligations of SPPC in relation to the cases involving the TRO Issued to Meralco and ERC Voiding WESM Prices, pursuant to the terms of the agreements executed on March 1, 2024 and January 15, 2025 with relevant parties.

c. Joint Agreement with Citicore Renewable Energy Corporation (CREC) for the Group's Solar Projects

On June 28, 2024, the Parent Company through its subsidiary, SMC Global Light and Power Corp., signed an agreement with CREC for a 153.5 MW peak solar power plant to be constructed in Barangay Lucanin, Mariveles, Province of Bataan, that is expected to be completed in 2026. The solar power plant is to be located in a property with an area of approximately 158 hectares owned by an affiliate. Upon commencement of operations, all capacity to be generated by the solar power plant shall be supplied to the Group or any of its affiliates under long-term energy supply contracts.

d. Events After the Reporting Date

(i) Joint Investment with Meralco and AboitizPower into the Country's First Integrated LNG-to-Power Facility Projects in Batangas City

On March 1, 2024, MGen and Therma NatGas Power, Inc. (TNGP, a subsidiary of AboitizPower), through their joint venture entity, Chromite Gas Holdings Inc. (CGHI), have entered into binding agreements with the Parent Company and its relevant subsidiaries, for MGen and TNGP to jointly invest for a 67% equity interest in the Parent Company's gas-fired power plants, namely (i) the brownfield 1,200 MW Ilijan Power Plant owned by SPPC, (ii) the greenfield 1,320 MW BCCPP owned by EERI and (iii) land owned by IPIEC where the gas-fired power plant and related facilities of EERI as well as the Batangas LNG Terminal are located.

The transaction also involved the joint acquisition by CGHI and the Parent Company of LFC, the owner of the Batangas LNG Terminal, which receives, stores and processes LNG to fuel for SPPC's Ilijan Power Plant and for EERI's BCCPP.

The transaction has customary closing conditions and has been issued the requisite regulatory approvals, including the review and approval of the Philippine Competition Commission (PCC). On May 17, 2024, Top Frontier filed its application for the approval of the transaction with the PCC. On December 23, 2024, the PCC publicly disclosed its approval of the joint acquisition of power facilities and Batangas LNG Terminal by MGen, TNGP and the Parent Company, subject to certain commitments from the parties aimed at ensuring fair competition and promoting transparency in the power industry.

On January 27, 2025, the Parent Company completed the following transactions pursuant to the agreements executed on March 1, 2024 with CGHI:

- Investment by CGHI of 67% equity interests in: (i) SPPC, (ii) EERI, and (iii) IPIEC.

- Acquisition by CGHI and the Parent Company of 67% and 32.98% equity interests, respectively, in LFC.

As a result of the transactions, the Parent Company's equity interests in SPPC, EERI and IPIEC will be diluted from 100% to 33%. Consequently, the Parent Company will derecognize the assets and liabilities of SPPC, EERI and IPIEC in its books, and recognize the 33% equity interests in SPPC, EERI and IPIEC at their fair market values and a revaluation gain estimated at P52,706,102 and P21,724,477, respectively.

(ii) Issuance of US$100,000 SPCS by the Parent Company

On February 19, 2025, the Parent Company completed the issuance of another US$100,000 SPCS (the "Additional US$100,000 SPCS"), at an issue price of 100.503% plus an amount corresponding to accrued distribution from and including December 2, 2024 to, but excluding, February 19, 2025. The Additional US$100,000 SPCS is consolidated into and form a single series with the US$500,000 SPCS issued on December 2, 2024, bringing the total securities to US$600,000. The Additional US$100,000 SPCS are identical in all respects with the US$500,000 SPCS, other than with respect to the date of issuance and issue price.

The Parent Company intends to apply the net proceeds from the issuance of the Additional US$100,000 SPCS towards the partial purchase, repurchase and/or redemption of the outstanding 7.00% SPCS issued in October and December 2020.

The Additional US$100,000 SPCS was listed on the SGX-ST on February 20, 2025.

(iii) Subscription to Parent Company's Common Shares by SMC

On March 6, 2025, the BOD of the Parent Company approved the following:

- subscription by SMC to 950,796,000 common shares out of the unissued capital stock of the Parent Company in cash at a subscription price of P30.00 per share, or for a total subscription amount of P28,523,880, payable within 60 days;

- increase in its authorized capital stock by P4,025,600 (comprising of 4,025,600,000 shares with par value of P1.00), or from P3,774,400, divided into 3,774,400,000 shares with par value of P1.00 to P7,800,000, divided into 7,800,000,000 shares with par value of P1.00 (the "2025 ACS Increase") ; and

- subscription by SMC to 1,011,093,800 common shares out of the 2025 ACS increase at P30.00 per share, or for a total subscription amount of P30,332,814, payable within 60 days.

On the same day, the Parent Company and SMC executed the respective Subscription Agreements covering the aforesaid subscriptions approved by the BOD.

e. Commitments

The outstanding purchase commitments of the Group amounted to P109,084,701 and P104,803,997 as at December 31, 2024 and 2023, respectively.

The Group's material commitments for capital expenditure consist mainly of construction of power plants, mostly utilizing high efficiency low emission technologies, in line with the Group's expansion projects, and acquisition, upgrade or repair of fixed assets needed for normal operations of the business. These will be funded by available cash and proceeds from short-term loans, long-term debt and issued capital securities.

f. Certain accounts in prior years have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported financial performance of the Group for any comparative periods presented.

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

REPORT OF INDEPENDENT AUDITORS
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

These supplementary information are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements. Such information have been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

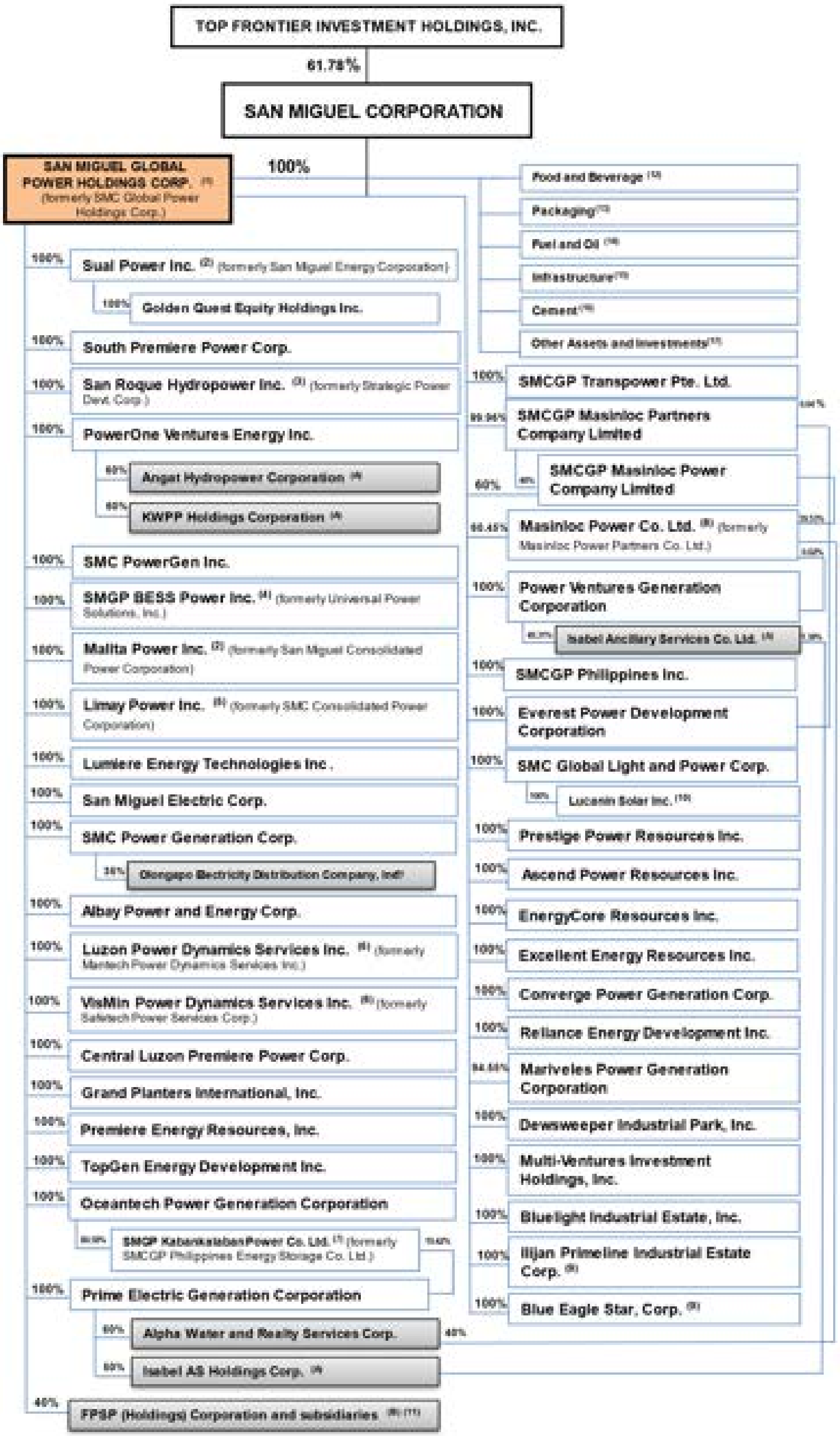
Gregorio I. Sambrano, Jr.

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

April 15, 2025
Makati City, Metro Manila

ANNEX "C-1"

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
GROUP STRUCTURE *
As of December 31, 2024



(1) The change of the corporate name of “SMC Global Power Holdings Corp.” to “San Miguel Global Power Holdings Corp.” (“San Miguel Global Power”) was approved by the Philippine Securities and Exchange Commission (“SEC”) on March 22, 2023.

(2) The change of the corporate names of “San Miguel Consolidated Power Corporation” to “Malita Power Inc.” and “San Miguel Energy Corporation” to “Sual Power Inc.” were approved by the Philippine SEC on March 9, 2023.

(3) The change of the corporate name of “Strategic Power Devt. Corp.” to “San Roque Hydropower Inc.” was approved by the Philippine SEC on March 31, 2023.

(4) The change of the corporate name of “Universal Power Solutions, Inc.” to “SMGP BESS Power Inc.” was approved by the Philippine SEC on November 3, 2023.

(5) The change of the corporate name of “SMC Consolidated Power Corporation” to “Limay Power Inc.” was approved by the Philippine SEC on February 7, 2023.

(6) The change of the corporate names of “Mantech Power Dynamics Services Inc.” to “Luzon Power Dynamics Services Inc.” and of “Safetech Power Services Corp.” to “VisMin Power Dynamics Services Inc.” were approved by the Philippine SEC on November 14, 2023.

(7) The change of the corporate name of “SMCGP Power Energy Storage Co. Ltd.” to “SMGP Kabankalan Power Co. Ltd.” was approved by the Philippine SEC on September 21, 2023.

(8) The change of the corporate name of “Masinloc Power Partners Co. Ltd.” to “Masinloc Power Co. Ltd.” and the revised partnership interest of San Miguel Global Power Holdings Corp. (“San Miguel Global Power”) from 49.07% to 60.45% was approved by the Philippine SEC on November 13, 2023.

(9) Acquired in 2023.

(10) Incorporated in August 2024.

(11) On December 19, 2024, San Miguel Global Power acquired 40% ownership interest in FPSP (Holdings) Corporation and subsidiaries, including Pan Pacific Renewable Power Phils. Corp.

(12) Food and Beverage business consist of San Miguel Food and Beverage, Inc. subsidiaries including: (a) San Miguel Super Coffeemix Co., Inc., PT San Miguel Foods Indonesia and San Miguel Foods International, Limited and subsidiary, San Miguel Foods Investment (BVI) Limited and subsidiary, San Miguel Pure Foods (VN) Co., Ltd.; (b) Ginebra San Miguel Inc. subsidiaries including Distileria Bago, Inc., and East Pacific Star Bottlers Phils Inc. and (c) San Miguel Brewery Inc. subsidiaries including Iconic Beverages, Inc., Brewery Properties Inc. and subsidiary and San Miguel Brewing International Limited and subsidiaries including, San Miguel Brewery Hong Kong Limited and subsidiaries, PT. Delta Djakarta Tbk. and subsidiary, San Miguel (Baoding) Brewery Co., Ltd., San Miguel Brewery Vietnam Company Limited, San Miguel Beer (Thailand) Limited and San Miguel Marketing (Thailand) Limited. San Miguel (Baoding) Brewery Co., Ltd. and PT San Miguel Foods Indonesia are in the process of liquidation as at December 31, 2024.

(13) Packaging business consist of San Miguel Yamamura Packaging International Limited subsidiaries including San Miguel Yamamura Phu Tho Packaging Company Limited, San Miguel Yamamura Glass (Vietnam) Limited, San Miguel Yamamura Haiphong Glass Company Limited, Zhaoqing San Miguel Yamamura Glass Company Limited, Foshan San Miguel Yamamura Packaging Company Limited and subsidiary, San Miguel Yamamura Packaging and Printing Sdn. Bhd., San Miguel Yamamura Woven Products Sdn. Bhd. and subsidiary, Packaging Research Centre Sdn. Bhd., San Miguel Yamamura Plastic Films Sdn. Bhd., San Miguel Yamamura Australasia Pty Ltd and subsidiaries including SMYC Pty Ltd. and subsidiary, Foshan Cospak Packaging Co Ltd., SMYV Pty Ltd, SMYP Pty Ltd and subsidiary, SMYBB Pty Ltd, SMYJ Pty Ltd and Vinocor Ltd.

(14) Fuel and Oil business include SEA Refinery Corporation and subsidiary, Petron Corporation and subsidiaries including Petron Marketing Corporation, Petron Freeport Corporation, Overseas Ventures Insurance Corporation Ltd., New Ventures Realty Corporation and subsidiaries, Mema Holdings Inc. and subsidiaries, Petron Singapore Trading Pte., Ltd., Petron Global Limited, Petron Oil & Gas International Sdn. Bhd. and subsidiaries including Petron Fuel International Sdn. Bhd., Petron Oil (M) Sdn. Bhd. and Petron Malaysia Refining & Marketing Bhd. (collectively Petron Malaysia), Petron Finance (Labuan) Limited and Petrochemical Asia (HK) Limited and subsidiaries.

(15) Infrastructure business include San Miguel Holdings Corp. and subsidiaries including Alloy Manila Toll Expressways, Inc., SMC Infraventures Inc. and subsidiary, SMC Skyway Stage 4 Corporation, Pasig River Expressway Corporation, Intelligent E-Processes Technologies Corp., SMC Northern Access Link Expressway Corp., SMC Southern Access Link Expressway Corp., South Luzon Toll Road-5 Expressway Inc., TPLEX Operations and Maintenance Corporation, SMC NBEX Inc., SMC CBEX Inc., SMC PLEX Inc., and SMC TPLEX Extension Infrastructure Corp. Atlantic Aurum Investments B.V. and subsidiaries include SMC Tollways Corporation and subsidiaries including Stage 3 Connector Tollways Holdings Corporation and subsidiary, SMC Skyway Stage 3 Corporation, and SMC Skyway Corporation and subsidiary, Skyway O&M Corporation, SMC SLEX Holdings Company Inc. and subsidiaries, Manila Toll Expressway Systems Inc. and SMC SLEX Inc. Cypress Tree Capital Investments, Inc. and subsidiaries include Star Infrastructure Development Corporation and Star Tollway Corporation (collectively the Star Tollways Group). SMC Bulacan Water Services Corporation and subsidiaries include Obando Water Company, Inc. and Bulakan Water Company, Inc.

(16) Cement business include San Miguel Equity Investments Inc. and subsidiaries including Northern Cement Corporation, Eagle Cement Corporation and subsidiaries, and Southern Concrete Industries, Inc.

(17) Other Assets and Investments include Anchor Insurance Brokerage Corporation, Davana Heights Development Corporation and subsidiaries, Silvertides Holdings Corporation and subsidiary, Deity Holdings Corporation, Fonterra Verde Holdings Inc., One Verdana Holdings Inc. and Worldsummit Holdings Corporation. San Miguel Properties, Inc. subsidiaries include SMPI Makati Flagship Realty Corp., Bright Ventures Realty, Inc. and Tierra Verdosa Services Corp. (formerly Tierra Verdosa Real Estate Services, Inc. effective October 21, 2024). SMC Shipping and Lighterage Corporation and subsidiaries include SL Harbor Bulk Terminal Corporation. San Miguel Holdings Limited subsidiaries include San Miguel Insurance Company, Ltd.

*** The group structure includes the ultimate parent company, Top Frontier Investment Holdings, Inc., the intermediate parent company, San Miguel Corporation and its major subsidiaries, associates and joint ventures, and San Miguel Global Power and subsidiaries.**

Note: (A) Joint Venture

(B) Associate

ANNEX "C-2"

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/ Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at December 31, 2024	Income Received and Accrued
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	BEGINNING BALANCE	ADDITIONS/ CTA/RECLASS/ OTHERS	AMOUNTS COLLECTED/ CREDIT MEMO	AMOUNTS WRITTEN OFF	TOTAL	CURRENT	NONCURRENT	ENDING BALANCE
San Miguel Global Power Holdings Corp.	P 237,489,190	P 51,531,124	P (77,193,463)	P -	P 211,826,851	P 173,728,315	P 38,098,536	P 211,826,851
Sual Power Inc.	25,686,304	10,665,665	(14,752,210)	-	21,599,759	21,599,759	-	21,599,759
SMCGP Masinloc Power Company Limited	13,390,655	1,581,200	-	-	14,971,855	14,971,855	-	14,971,855
Limay Power Inc.	8,837,137	5,989,664	(4,148,298)	-	10,678,503	10,678,503	-	10,678,503
San Roque Hydropower Inc.	5,569,392	3,024,493	(1,577,212)	-	7,016,673	7,016,673	-	7,016,673
South Premiere Power Corp.	2,805,153	6,130,273	(2,597,137)	-	6,338,289	6,338,289	-	6,338,289
SMCGP Masinloc Partners Company Limited	5,340,400	632,480	-	-	5,972,880	5,972,880	-	5,972,880
Mariveles Power Generation Corporation	2,627,553	8,449,383	(5,211,691)	-	5,865,245	5,865,245	-	5,865,245
SMC Powergen Inc.	5,464,969	-	(68,405)	-	5,396,564	5,396,564	-	5,396,564
SMGP BESS Power Inc.	4,741,955	213,073	-	-	4,955,028	4,955,028	-	4,955,028
Masinloc Power Co. Ltd.	3,067,272	1,613,099	(2,337,228)	-	2,343,143	2,343,143	-	2,343,143
Excellent Energy Resources Inc.	-	1,973,327	(98,828)	-	1,874,499	1,874,499	-	1,874,499
Oceantech Power Generation Corporation	383,856	402,900	-	-	786,756	786,756	-	786,756
Golden Quest Equity Holdings Inc.	604,383	-	-	-	604,383	604,383	-	604,383
SMCGP Transpower Pte. Ltd - Singapore Office	496,065	49,242	-	-	545,307	40,189	505,118	545,307
Malita Power Inc.	-	516,670	-	-	516,670	516,670	-	516,670
Luzon Power Dynamics Services Inc.	427,207	1,887,631	(2,066,028)	-	248,810	248,810	-	248,810
Prime Electric Generation Corporation	128,938	97,100	-	-	226,038	226,038	-	226,038
SMC Power Generation Corp.	164,407	-	(6,820)	-	157,587	157,587	-	157,587
Lumiere Energy Technologies Inc.	118,967	1	-	-	118,968	118,968	-	118,968
Grand Planters International Inc.	135,261	38,364	(86,480)	-	87,145	87,145	-	87,145
Central Luzon Premiere Power Corp.	39,832	-	-	-	39,832	39,832	-	39,832
VisMin Power Dynamics Services Inc.	119,696	296,664	(386,134)	-	30,226	30,226	-	30,226
SMCGP Transpower Pte Ltd Phils - ROHQ Philippine Branch	18,440	1	-	-	18,441	18,441	-	18,441
Multi-Ventures Investment Holdings, Inc.	39,054	59,410	(81,359)	-	17,105	17,105	-	17,105
Ilijan Primeline Industrial Estate Corp.	6,981	7,478	-	-	14,459	14,459	-	14,459
Lucanin Solar Inc.	-	10,877	-	-	10,877	10,877	-	10,877
TopGen Energy Development Inc.	31,449	-	(22,362)	-	9,087	9,087	-	9,087
Alpha Water and Realty Services Corp.	-	43,255	(34,404)	-	8,851	8,851	-	8,851
Power Ventures Generation Corporation	7,770	800	-	-	8,570	8,570	-	8,570
SMC Global Light and Power Corp.	-	4,474	-	-	4,474	-	4,474	4,474
Everest Power Development Corporation	2,041	253	-	-	2,294	2,294	-	2,294
San Miguel Electric Corp.	48	-	-	-	48	48	-	48
	P 317,744,375	P 95,218,901	P (110,668,059)	P -	P 302,295,217	P 263,687,089	P 38,608,128	P 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 BALANCE	ADDITIONS/ CTA/RECLASS/ OTHERS	AMOUNTS PAID/ DEBIT MEMO	AMOUNTS WRITTEN OFF	TOTAL	CURRENT	NONCURRENT	ENDING BALANCE
Sual Power Inc.	P 85,923,014	P 51,791,555	P (44,025,844)	P -	P 93,688,725	P 93,688,725	P -	P 93,688,725
Masinloc Power Co. Ltd.	48,308,057	3,122,722	(1,444,404)	-	49,986,375	35,753,048	14,233,327	49,986,375
Mariveles Power Generation Corporation	24,139,389	26,088,211	(20,402,403)	-	29,825,197	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	26,155,814	-	26,155,814
Limay Power Inc.	9,243,074	10,206,353	(3,383,861)	-	16,065,566	16,065,566	-	16,065,566
SMCGP Masinloc Power Company Limited	13,351,000	1,581,205	-	-	14,932,205	14,932,205	-	14,932,205
Excellent Energy Resources Inc.	31,704,239	10,552,841	(28,117,465)	-	14,139,615	14,139,615	-	14,139,615
San Roque Hydropower Inc.	7,552,447	11,319,936	(5,265,440)	-	13,606,943	13,606,943	-	13,606,943
San Miguel Global Power Holdings Corp.	6,585,592	-	(366,848)	-	6,218,744	6,218,744	-	6,218,744
SMCGP Masinloc Partners Company Limited	5,128,998	632,485	-	-	5,761,483	5,761,483	-	5,761,483
Malita Power Inc.	4,841,474	3,415,652	(2,542,310)	-	5,714,816	5,714,816	-	5,714,816
SMGP BESS Power Inc.	6,957,418	491,685	(2,107,881)	-	5,341,222	5,341,222	-	5,341,222
Albay Power and Energy Corporation	4,188,691	-	-	-	4,188,691	4,188,691	-	4,188,691
Multi-Ventures Investment Holdings, Inc.	3,236,041	1,000,000	(1,110,000)	-	3,126,041	332,447	2,793,594	3,126,041
VisMin Power Dynamics Services Inc.	1,629,059	618,046	-	-	2,247,105	34,209	2,212,896	2,247,105
SMGP Kabankalan Power Co. Ltd.	1,452,192	512,875	(28,675)	-	1,936,392	1,936,392	-	1,936,392
PowerOne Ventures Energy, Inc.	1,568,638	3,572	-	-	1,572,210	219,573	1,352,637	1,572,210
Grand Planters International Inc.	587,892	1,172,844	(582,127)	-	1,178,609	610,479	568,130	1,178,609
TopGen Energy Development Inc.	669,605	422,526	-	-	1,092,131	13,351	1,078,780	1,092,131
San Miguel Electric Corp.	1,020,000	4,663	-	-	1,024,663	1,024,663	-	1,024,663
Dewsweeper Industrial Park, Inc.	1,360,965	-	(390,000)	-	970,965	260,000	710,965	970,965
Oceantech Power Generation Corporation	376,000	403,000	-	-	779,000	779,000	-	779,000
SMCGP Transpower Pte Ltd Phils - ROHQ Philippine Branch	477,241	49,243	-	-	526,484	21,366	505,118	526,484
Power Ventures Generation Corporation	487,050	283	-	-	487,333	47,895	439,438	487,333
SMC Global Light and Power Corporation	314,066	111,544	-	-	425,610	10,877	414,733	425,610
Alpha Water and Realty Services Corp.	170,000	157,106	-	-	327,106	327,106	-	327,106
Ilijan Primeline Industrial Estate Corp.	780,048	(546,262)	-	-	233,786	233,786	-	233,786
Bluelight Industrial Estate, Inc.	277,596	-	(61,000)	-	216,596	19,000	197,596	216,596
Prime Electric Generation Corporation	110,000	94,000	-	-	204,000	204,000	-	204,000
Blue Eagle Star, Corp.	125,762	452	-	-	126,214	452	125,762	126,214
SMCGP Philippines Inc.	98,666	-	-	-	98,666	98,666	-	98,666
Luzon Power Dynamics Services Inc.	17,091	25,498	(12,190)	-	30,399	30,399	-	30,399
Everest Power Development Corporation	27,987	1,062	-	-	29,049	29,049	-	29,049
Reliance Energy Development Inc.	11,700	-	-	-	11,700	-	11,700	11,700
Converge Power Generation Corp.	7,400	-	-	-	7,400	-	7,400	7,400
Prestige Power Resources Inc.	6,900	40	-	-	6,940	40	6,900	6,940
SMC Power Generation Corp.	1,888	4,779	-	-	6,667	6,667	-	6,667
Lucanin Solar Inc.	-	4,504	-	-	4,504	30	4,474	4,504
SMC Powergen Inc.	95	-	-	-	95	95	-	95
Ascend Power Resources Inc.	-	60	-	-	60	60	-	60
EnergyCore Resources Inc.	-	51	-	-	51	51	-	51
SMCGP Transpower Pte. Ltd - Singapore Office	33	1	-	-	34	34	-	34
Premiere Energy Resources Inc.	-	11	-	-	11	11	-	11
	P 317,744,375	P 141,747,876	P (157,197,034)	P -	P 302,295,217	P 263,687,089	P 38,608,128	P 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 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
Peso-denominated :													
San Miguel Global Power Holdings Corp.													
Fixed	Philippine Depository & Trust Corp.	P 4,756,310	P -	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 Depository & Trust Corp.	3,609,020	-	-	-	3,609,020	14,648	3,594,372	3,594,372	6.6250%	Bullet	Quarterly	December 2027
Fixed	Philippine Depository & 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 Corporation	4,825,000	4,825,000	6,278	4,818,722	-	-	-	4,818,722	5.0000%	Amortized	Quarterly	May 2025
Fixed	Philippine Depository & Trust Corp.	5,000,000	5,000,000	14,246	4,985,754	-	-	-	4,985,754	5.9077%	Bullet	Quarterly	July 2025
Fixed	Philippine Depository & Trust Corp.	25,000,000	-	-	-	25,000,000	219,506	24,780,494	24,780,494	7.1051%	Bullet	Quarterly	April 2028
Fixed	Philippine Depository & 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 Corporation	7,500,000	-	-	-	7,500,000	48,788	7,451,212	7,451,212	7.9680% and 8.5411%	Bullet	Quarterly	June 2028
Fixed	BDO Unibank 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	- 29,829	- 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
Limay Power Inc.													
Fixed	Philippine National Bank - Trust Banking Group (Facility Agent)	P 29,662,000	P 3,383,000	P 65,462	P 3,317,538	P 26,279,000	P 181,576	P 26,097,424	P 29,414,962	8.6228%	Amortized	Quarterly	June 2029
Malita Power Inc.													
Fixed	Rizal Commercial Banking Corporation - Trust & Investments Group (Facility Agent)	13,522,092	1,296,744	45,407	1,251,337	12,225,348	66,660	12,158,688	13,410,025	8.2443%	Amortized	Quarterly	August 2030
SMGP BESS Power Inc.													
Fixed	Bank of Commerce - Trust Services Group (Facility Agent)	39,000,000	2,000,000	69,287	1,930,713	37,000,000	428,148	36,571,852	38,502,565	7.7497% and 8.2104%	Amortized	Quarterly	October 2033
Mariveles Power Generation Corp.													
Fixed	Bank of Commerce - Trust Services Group (Facility Agent)	32,500,000	-	-	-	32,500,000	646,425	31,853,575	31,853,575	7.5758% and 8.0808%	Amortized	Quarterly	December 2034
Masinloc Power Co. Ltd													
Floating	Philippine National Bank - Trust Banking Group (Facility Agent)	6,113,804	1,164,534	22,158	1,142,376	4,949,270	41,656	4,907,614	6,049,990	BVAL + Margin	Amortized	Quarterly	December 2030
		198,161,326	**18,169,278**	**- 232,143**	**- 17,937,135**	**- 179,992,048**	**- 1,850,360**	**- 178,141,688**	**196,078,823**				

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
Foreign denominated Term Loan:													
San Miguel Global Power Holdings Corp.													
	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	399,774	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	268,921	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				
Masinloc Power Co. Ltd													
Fixed	Philippine Nationa Bank - Trust 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
Floating	Philippine National Bank - Trust Banking Group (Facility Agent)	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				
		82,845,609	**10,608,195**	**68,023**	**10,540,172**	**72,237,414**	**918,518**	**71,318,896**	**81,859,068**				
Total Long-*term* Debt		**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

						NUMBER OF SHARES HELD BY:	
DESCRIPTION	NUMBER OF SHARES AUTHORIZED	NUMBER OF SHARES ISSUED	TREASURY SHARES	NUMBER OF SHARES OUTSTANDING	NUMBER OF SHARES RESERVED FOR OPTIONS	AFFILIATES	DIRECTORS, OFFICERS AND EMPLOYEES
ISSUED SHARES COMMON STOCK	3,774,400,000	2,823,604,000	-	2,823,604,000	-	-	3,500

See Note 21 of the Consolidated Financial Statements.

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

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of San Miguel Global Power Holdings Corp. (formerly SMC Global Power Holdings Corp.) and Subsidiaries (the "Group") as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated April 15, 2025.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies.

This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

R.G. MANABAT & CO.

GREGORIO I. SAMBRANO, JR.
Partner
CPA License No. 088825
SEC Accreditation No. 88825-SEC, Group A, valid for five (5) years
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

$$\textbf{Current Ratio} = \frac{\textbf{Current Assets}}{\textbf{Current Liabilities}}$$

(in Millions Peso)	Conventional December 2024	Conventional December 2023	Adjusted [1] December 2024	Adjusted [1] December 2023
(A) Current Assets	**249,639**	213,998	**249,639**	213,998
(B) Current Liabilities	**224,058**	183,361	**220,621**	165,870
Current Ratio (A) / (B)	**1.11**	1.17	**1.13**	1.29

[1] Current portion of lease liabilities, in relation to the Independent Power Producer Administration (IPPA) Agreements with Power Sector Assets and Liabilities Management Corporation (PSALM), are excluded from the total current liabilities as these current obligations on lease are pass-through charges billable to customers. As at December 31, 2024 and 2023, current portion of lease liabilities to PSALM amounted to P3,437 and P17,491 million, respectively.

SOLVENCY RATIO

$$\textbf{Net Debt-to-Equity* Ratio} = \frac{\textbf{Net Debt}}{\textbf{Total Equity}}$$

Per relevant Loan Covenants of San Miguel Global Power Holdings Corp.

(in Millions Peso)	December 2024	December 2023
(A) Net Debt [2]	**219,596**	225,585
(B) Total Equity [3]	**354,566**	343,034
Net Debt-to-Equity Ratio (A) / (B)	**0.62**	0.66

All items are net of amounts attributable to ring-fenced subsidiaries

[2] Consolidated net total debt plus total PSALM lease liabilities.
[3] Consolidated total equity.

Asset-to-Equity Ratio = $\dfrac{\textbf{Total Assets}}{\textbf{Total Equity}}$

(in Millions Peso)	*Conventional* **December 2024**	*Conventional* December 2023	*Adjusted* [4] **December 2024**	*Adjusted* [4] December 2023
(A) Total Assets	**881,873**	784,935	**853,432**	689,390
(B) Total Equity	**359,025**	343,473	**359,025**	343,473
Asset-to-Equity Ratio (A) / (B)	**2.46**	2.29	**2.38**	2.01

[4] Net carrying amount of the IPPA power plants, in relation to the IPPA Agreements with PSALM, was omitted in total assets as these power plant assets were capitalized with corresponding lease liabilities. As at December 31, 2024 and 2023, the net carrying amount of the IPPA power plant assets amounted to P28,441 million and P95,545 million, respectively.

PROFITABILITY RATIO

Return on Equity = $\dfrac{\textbf{Net Income}}{\textbf{Total Equity}}$

(in Millions Peso)	**December 2024**	December 2023
(A) Net Income	**12,384**	9,903
(B) Total Equity	**359,025**	343,473
Return on Equity (A) / (B)	**3.4%**	2.9%

Interest Coverage Ratio = $\dfrac{\textbf{Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)}}{\textbf{Interest Expense}}$

Per relevant Loan Covenants of San Miguel Global Power Holdings Corp.

(in Millions Peso)	**December 2024**	December 2023
(A) EBITDA [5]	**37,897**	34,511
(B) Interest Expense [6]	**14,761**	13,575
Interest Coverage Ratio (A) / (B)	**2.57**	2.54

[5] Full-year consolidated EBITDA (gross of PSALM payments and excluding amounts attributable to ring-fenced subsidiaries).
[6] Full-year consolidated interest expense (excluding amounts attributable to ring-fenced subsidiaries).

OPERATING EFFICIENCY

Volume Growth (Decline) = $\dfrac{\textbf{Current Period Offtake Volume}}{\textbf{Prior Period Offtake Volume}} - 1$

(in GWh)	Years Ended December 31 2024	2023
(A) Current Period Offtake Volume	**36,564**	25,205
(B) Prior Period Offtake Volume	**25,205**	27,402
Volume Growth (Decline) [(A / B) – 1]	**45.1%**	(8.0%)

Revenue Growth (Decline) = $\dfrac{\textbf{Current Period Revenues}}{\textbf{Prior Period Revenues}} - 1$

(in Millions Peso)	Years Ended December 31 2024	2023
(A) Current Period Revenues	**205,091**	169,590
(B) Prior Period Revenues	**169,590**	221,389
Revenue Growth (Decline) [(A / B) – 1]	**20.9%**	(23.4%)

Operating Margin = $\dfrac{\textbf{Income from Operations}}{\textbf{Revenues}}$

(in Millions Peso)	Years Ended December 31 2024	2023
(A) Income from Operations	**40,457**	32,526
(B) Revenues	**205,091**	169,590
Operating Margin (A) / (B)	**19.7%**	19.2%

ANNEX "C-4"

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(Formerly SMC Global Power Holdings Corp.)
AND SUBSIDIARIES
TRADE AND OTHER RECEIVABLES
DECEMBER 31, 2024
(Amounts in Thousands)

	Total	Current	Past Due 1 - 30 Days	Past Due 31 - 60 Days	Past Due 61 - 90 Days	Past Due Over 90 Days
Trade	P 101,798,812	P 57,027,864	P 12,002,438	P 2,030,425	P 1,042,048	P 29,696,037
Non-trade	11,504,874	5,223,593	45,336	15,809	10,012	6,210,124
Amounts owed by related parties	7,447,364	5,816,996	365,300	81,464	13,071	1,170,533
Total	120,751,050	P 68,068,453	P 12,413,074	P 2,127,698	P 1,065,131	P 37,076,694
Less allowance for impairment losses	4,867,019					
Net	P 115,884,031					

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(Formerly SMC Global Power Holdings Corp.)
AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
DECEMBER 31, 2024 AND 2023
(Amounts In Thousands)

	2024	2023
Total Audit Fees	**P14,476**	P11,263
Non-audit services fees:		
Other assurance services	**10,000**	100
Tax services	**3,600**	-
All other services	**635**	-
Total Non-audit Fees	**14,235**	100
Total Audit and Non-audit Fees	**P28,711**	P11,363

ANNEX "C-5"

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024 (In Thousands)

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(Formerly SMC Global Power Holdings Corp.)
40 San Miguel Avenue, Wack-Wack Greenhills, 1550
City of Mandaluyong, Second District, National Capital Region

Unappropriated Retained Earnings, beginning		**P6,811,328**
Less: Item that are directly debited to unappropriated retained earnings		
Distributions declared during the reporting period		**15,936,881**
Deficit, as adjusted		**(9,125,553)**
Add: Net Income for the current year		**19,175,298**
Less: Unrealized income recognized in profit or loss during the reporting period (net of tax)		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	P3,189,275	
Unrealized fair value adjustment (mark-to-market gains) on currency forwards	196	**3,189,471**
Add: Unrealized income recognized in profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	1,207,935	
Realized fair value adjustment (mark-to-market gains) on currency forwards	102,067	**1,310,002**
Add: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	1,699,001	
Reversal of previously recorded fair value adjustment (mark-to-market gains on currency forwards	60,299	**1,759,300**
Adjusted Net Income		**19,055,129**
Total Retained Earnings, end of the reporting period available for dividend		**P9,929,576**

ANNEX “D”

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 (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
1	**SUAL POWER INC. (formerly San Miguel Energy Corporation)**						
	1200 MW Sual Coal-Fired Thermal Power Plant	Brgy. Pangascasan, Sual, Pangasinan	Owned	Good			
	Land (where the 1200 MW Sual Coal-Fired Power Plant and related facilities are situated)	Brgy. Pangascasan, Sual, Pangasinan	Rented	Good	Initial Tranche - 277,048,301 Final Payment prior to March 2025 - 6,462,841,411	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.
	Land	Brgy. Pangascasan, Sual, Pangasinan	Owned	Good			
2	**SOUTH PREMIERE POWER CORP. (SPPC)**						
	1200 MW Ilijan Natural Gas Combined Cycle Power Plant	Brgy. Ilijan, Batangas City, Batangas	Owned	Good			
	Land (where the 1200 MW Ilijan Natural Gas Combined Cycle Power Plant and related facilities are situated)	Brgy. Ilijan, Batangas City, Batangas	Owned	Good			
	Natural Gas Receiving Facility (NGRF) and the land where it is situated	Brgy. Ilijan, Batangas City, Batangas	Rented [a]	Good	$11,483,761.89 (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	**SAN ROQUE HYDROPOWER INC. (formerly Strategic Power Devt. Corp.)**						
	345 MW San Roque Multi-Purpose Hydroelectric Power Plant	Brgy. San Roque, San Manuel, Pangasinan	IPPA with Power Sector Assets and Liabilities Management Corporation (PSALM)	Good			
4	**LIMAY POWER INC. (formerly SMC Consolidated Power Corporation, hereinafter referred to as "LPI")** [b]						
	Phase I - 2 X 150 MW Coal-Fired Power Plant (Units 1 and 2)	Brgy. Lamao, Limay, Bataan	Owned	Good			
	Phase II - 2 X 150 MW Coal-Fired Power Plant (Units 3 and 4)	Brgy. Lamao, Limay, Bataan	Owned	Good			
	Land - Site 1 (where a portion of the Phase I power plant and related facilities are situated)	Brgy. Lamao, Limay, Bataan	Rented	Good	1,625,710.00	November 2040	Renewable for another 25 years at the option of the Lessee
	Land - Site 2 (where a portion of the Phase II power plant and related facilities are situated)	Brgy. Lamao, Limay, Bataan	Rented	Good	91,035.79	December 2040	Renewable for another 25 years at the option of the Lessee
	Land (Ash Dump Facility)	Brgy. Lamao, Limay, Bataan	Rented	Good	2,104,553.99	November 2040	Renewable for another 25 years at the option of the Lessee
	Offshore/Foreshore Land	Brgy. Lamao, Limay, Bataan	Rented	Good	2,034,084.17	December 2042	Renewable for another 25 years at the option of the Lessor
	Land - Site 3 (where a portion of the Phase II power plant and related facilities are situated)	Brgy. Lamao, Limay, Bataan	Rented	Good	527,615.89	March 2042	Renewable for another 25 years to be agreed by both parties

	Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
5	**MALITA POWER INC. (formerly San Miguel Consolidated Power Corporation, hereinafter referred to as "MPI")** [c]						
	2 X 150 MW Coal-Fired Power Plant (Units 1 and 2)	Brgy. Culaman, Malita, Davao Occidental	Owned	Good			
	5 X 1.6 MW Diesel Generator Set	Brgy. Sangali, Zamboanga, Philippines	Owned	Good			
	Land (where Units 1 and 2 power plant and related facilities are situated)	Brgy. Culaman, Malita, Davao Occidental	Owned	Good			
	Offshore/Foreshore Land	Brgy. Culaman, Malita, Davao Occidental	Rented	Good	55,300.51	February 2043	Renewable for another 25 years at the option of the Lessor
	Offshore/Foreshore Land	Brgy. Culaman, Malita, Davao Occidental	Rented	Good	558,354.47	February 2043	Renewable for another 25 years at the option of the Lessor
	1 X TM2500 60HZ Mobile Gas Turbine Generator	Brgy. Sangali, Zamboanga, Philippines	Owned	Ongoing construction			
	Offshore/Foreshore Land	Brgy. 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	Brgy. 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	Brgy. Culaman, Malita, Davao Occidental	Rented	Good	754,780.02	May 2048	Renewable for another 25 years at the option of the Lessor
6	**GRAND PLANTERS INTERNATIONAL, INC.**						
	Land - Site 1 (where a portion of the LPI Phase I and II power plants and related facilities are situated) [b]	Brgy. Lamao, Limay, Bataan	Owned	Good			
	Land - Site 1 (where the 50 MW Lamao battery enegry storage system [BESS] facility of SMGP BESS Power Inc. is situated) [e]	Brgy. Lamao, Limay, Bataan	Owned	Good			
	Land - Site 2	Brgy. Alangan, Limay, Bataan	Owned	Good			
	Land	No. 169 E. Delos Santos Avenue, Mandaluyong City	Rented	Good	892,587.14	March 22, 2036	Renewable
	Land	Brgy. Biaan, Mariveles, Bataan	Owned	Good			
	Land	Brgy. Batangas II, Mariveles, Bataan	Owned	Good			
	Land	Brgy. Alion, Mariveles, Bataan	Owned	Good			
7	**MASINLOC POWER CO. LTD. (formerly Masinloc Power Partners Co. Ltd., hereinafter referred to as "MPCL")** [d]						
	344 MW coal-fired power plant (Unit 1)	Brgy. Bani, Masinloc, Zambales	Owned	Good			
	344 MW coal-fired power plant (Unit 2)	Brgy. Bani, Masinloc, Zambales	Owned	Good			
	335 MW coal-fired power plant (Unit 3)	Brgy. Bani, Masinloc, Zambales	Owned	Good			
	350 MW coal-fired power plant (Unit 4)	Brgy. Bani, Masinloc, Zambales	Owned	Ongoing construction			
	350 MW coal-fired power plant (Unit 5)	Brgy. Bani, Masinloc, Zambales	Owned	Ongoing construction			
	10 MW battery energy storage system (Phase 1)	Brgy. Bani, Masinloc, Zambales	Owned	Good			
	20 MW battery energy storage system (Phase 2)	Brgy. Bani, Masinloc, Zambales	Owned	Substantially complete			
	Land (where a portion of Unit 3, and Units 4, 5 power plants and related facilities are situated)	Brgy. Bani, Masinloc, Zambales	Rented	Good	US$3,966.43	April 2028	With assignable option to purchase
8	**ALPHA WATER REALTY SERVICES CORPORATION** [d]						
	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)	Brgy. Bani, Masinloc, Zambales	Owned	Good			
	Land (where the transmission line of Units 4 and 5 of MPCL is situated)	Brgy. Bani, Masinloc, Zambales	Owned	Good			

	Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
9	**SMGP KABANKALAN POWER CO. LTD. (formerly SMCGP Philippines Energy Storage Co. Ltd.)**						
	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** [(e)]						
	Units 1, 2 and 3 Coal-Fired Power Plant	Sitio Lusong, Brgy. Biaan, Mariveles, Bataan	Owned	Good			
	Unit 4 Coal-Fired Power Plant	Sitio Lusong, Brgy. Biaan, Mariveles, Bataan	Owned	Substantially Complete			
	Land (where the 4 x 150 MW coal-fired power plant project is situated)	Sitio Lusong, Brgy. Biaan, 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. Biaan, Mariveles, Bataan	Rented	Good	998,805.01	June 11, 2044	Renewable upon mutual agreement by both parties
	Land (for transmission line)	Brgys. Malaya and Maligaya, Mariveles Bataan	Rented	Good	33,528,000 (one time payment)	October 31, 2046	Renewable upon mutual agreement by both parties
	Land (for transmission line)	Brgy. Biaan, Mariveles, Bataan	Owned	Good			
11	**TOPGEN ENERGY DEVELOPMENT INC.**						
	Land (where the 10 MW Tagum BESS project of SMGP BESS is situated) [(f)]	Brgy. Magdum Tagum City, Davao del Norte	Owned	Good			
	Land	Barrio Centro Occidental, Polangui, Albay	Owned	Good			
	Land	Brgy. Penafrancia, Daraga, Albay	Owned	Good			
	Land	Sta. Maria, Davao del Sur	Owned	Good			
	Land	Culaman, 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")** [(f)]						
	20 MW Malita BESS	Brgy. Culaman, Malita, Davao Occidental	Land - Rented; BESS - Owned	Land - Good; BESS - Good	50,610.65	May 31, 2038	Renewable upon mutual agreement by both parties
	50 MW Lamao BESS	Brgy. Lamao, Limay, Bataan	Land - Rented; BESS - Owned	Land - Good; 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, Limay, Bataan	Land - Rented; BESS - Owned	Land - Good; BESS - Good	215,804.45	April 15, 2045	Renewable upon mutual agreement by both parties
	20 MW Jasaan BESS	Jasaan, Misamis Oriental	Land - Rented; BESS - Owned	Land - Good; 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; BESS - Owned	Land - Good; BESS - Good	110,000.00	April 15, 2045	Renewable upon mutual agreement by both parties
	20 MW Villanueva BESS	Brgys. Sta. Ana, Tagaloan and San Maritin , Villanueva, Phividec Industrial Estate of Misamis Oriental - Special Economic Zone (PIEMO-SEZ)	Land - Rented; BESS - Owned	Land - Good; 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; BESS - Owned	Land - Good; 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 (In PhP, Unless Otherwise Indicated)	Expiry of Lease 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	Brgy. San Jose Matulid, Mexico, Pampanga	Land - Rented; BESS - Owned	Land - Good; BESS - Ongoing Construction	246,233.32	June 30, 2035	Renewable upon mutual agreement by both parties
	20 MW Mexico-2 BESS	Brgy. San Jose Matulid, Mexico, Pampanga	Land - Rented; BESS - Owned	Land - Good; BESS - Ongoing Construction	372,023.81	June 3, 2036	Renewable upon mutual agreement by both parties
	20 MW Maco BESS	Brgys. Dumlan and Concepcion, Maco, Compostela Valley, Davao del Norte	Land - Rented; BESS - Owned	Land - Good; BESS - Good	163,629.48	April 15, 2035	Renewable upon mutual agreement by both parties
	40 MW Gamu BESS	Brgy. Lenzon, Gamu, Isabela	Land - Rented; BESS - Owned	Land - Good; BESS - Substantially complete	49,282.37	June 30, 2035	Renewable upon mutual agreement by both parties
	40 MW Magapit BESS	Brgy. Magapit, Lal-lo, Cagayan	Land - Rented; BESS - Owned	Land - Good; BESS - Substantially complete	276,692.95	July 31, 2035	Renewable upon mutual agreement by both parties
	20 MW Ubay BESS	Brgy. Imelda, Ubay, Bohol	Land - Rented; BESS - Owned	Land - Good; BESS - Good	54,871.57	May 3,2035	Renewable upon mutual agreement by both parties
	50 MW San Manuel BESS	Brgy. Sto. Domingo, San Manuel, Pangasinan	Land - Rented; BESS - Owned	Land - Good; BESS - Good	62,718.88	April 1, 2025	Renewable upon mutual agreement by both parties
					152,597.23	April 1, 2035	Renewable upon mutual agreement by both parties
	50 MW Concepcion BESS	Brgy. Sta. Rosa, Concepcion, Tarlac	Land - Rented; BESS - Owned	Land - Good; BESS - Good	303,408.95	March 1, 2036	Renewable upon mutual agreement by both parties
	40 MW Ormoc BESS	Brgy. Dolores, Ormoc City, Leyte	Land - Rented; BESS - Owned	Land - Good; BESS - Good	22,319.07	May 31, 2037	Renewable upon mutual agreement by both parties
					139,643.52	May 31, 2037	Renewable upon mutual agreement by both parties
	50 MW Lumban BESS	Brgy. Halang & Lewin, Lumban, Laguna	Land - Rented; BESS - Owned	Land - Good; BESS - Ongoing Construction	202,935.53	March 21, 2037	Renewable upon mutual agreement by both parties
	10 MW Tagum BESS	Brgy. Magdum Tagum City, Davao del Norte	Land - Rented; BESS - Owned	Land - Good; BESS - Ongoing Construction	402,058.17	March 21, 2037	Renewable upon mutual agreement by both parties
	80 MW Mariveles BESS	Mariveles, Bataan	Land - Rented; BESS - Owned	Land - Good; BESS - Ongoing Construction	400,000.00	February 1, 2044	Renewable upon mutual agreement by both parties
13	**EXCELLENT ENERGY RESOURCES INC. (EERI)**						
	Unit 1 Batangas Combined Cycle Power Plant (BCCPP)	Barangays Ilijan and Dela Paz, Batangas	Owned	Good			
	Units 2 and 3 BCCPP	Barangays Ilijan and Dela Paz, Batangas	Owned	Ongoing Construction			
	Land (to be used as water source for BCCPP)	Barangay Dela Paz, Batangas	Owned	Good			
14	**SAN MIGUEL GLOBAL POWER HOLDINGS CORP. (formerly SMC Global Power Holdings Corp.)**						
	C5 Office Space	100 E. Rodriguez Jr. Avenue (C-5 Road) Brgy. Ugong, Pasig City, Metro Manila	Rented	Good	6,022,794.33	March 14, 2026	Renewable upon mutual agreement by both parties
15	**MULTI-VENTURES INVESTMENT HOLDINGS, INC.**						
	Land	Ternate, Naic and Maragondon, Cavite	Owned	Good			

	Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PhP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
16	**SMC GLOBAL LIGHT AND POWER CORP.**						
	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	**ILIJAN PRIMELINE INDUSTRIAL ESTATE CORP.**						
	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	**SMC POWERGEN INC.**						
	Land (where the 20 MW Ubay BESS facility of SMGP BESS is situated) [f]	Brgy. Imelda, Ubay, Bohol	Owned	Good			
19	**BLUE EAGLE STAR CORP.**						
	Land	Maragondon and Naic, Cavite	Owned	Good			

Notes:

[a] 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:

[b] 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.

[c] 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.

[d] 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.

[e] 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.

[f] 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.

ANNEX "E"

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
SUMMARY LIST OF REPORTS UNDER SEC FORM 17-C DURING THE YEAR 2024

Date of Report	Subject
17 January 2024	Receipt on January 16, 2024, through Poblador Bautista and Reyes Law Offices as counsel of record of South Premiere Power Corp. ("SPPC") and San Miguel Energy Corporation ("SMEC"), wholly-owned subsidiaries of San Miguel Global Power Holdings Corp. (the "Corporation"), of a copy of the Resolution of the 13th Division of the Court of Appeals (the "Court"), which previously granted in its Joint Decision dated June 27, 2023 the consolidated petitions for certiorari of SPPC and SMEC, which Court Resolution dated December 28, 2023 states, as follows: "xxx A scrutiny of the Motions for Reconsideration reveals that the grounds relied upon by Respondent-Intervenor NASECOR and Public Respondent ERC were already thoroughly considered and passed upon in the Decision being sought to be reconsidered; and that contrary to the claims of Public Respondent, the Court has clearly provided its basis in making its rulings. Thus, the Court finds no merit in the arguments set forth in their respective motions for reconsideration. Accordingly, there is no cogent reason to reverse the Court's Decision dated June 27, 2023. WHEREFORE, premises considered, the Motions for Reconsideration filed by Respondent-Intervenor National Association of Electricity Consumers for Reforms, Inc. and Public Respondent Energy Regulatory Commission are DENIED. Accordingly, Our Decision dated June 27, 2023 STANDS." SO ORDERED."
01 March 2024	The following matters were approved by the Board of the Directors of the Corporation in its Special Meeting of the held on March 1, 2024, namely: a. The execution and delivery by the Corporation of a Share Subscription Agreement by and among the Corporation, SPPC, and Meralco Powergen Corporation ("MGEN") (the "SPPC SSA") covering: (i) the subscription by MGEN to new common shares of SPPC to be issued out of an increase of the latter's authorized capital stock and which, upon issuance, will represent approximately sixty-seven percent (67%) of the total outstanding common capital stock of SPPC, subject to the fulfillment (or waiver, as applicable) of the closing conditions set forth in the SPPC SSA; and (ii) the performance by the Corporation of its undertakings as set forth in the SPPC SSA which are necessary for the completion of the SPPC SSA; b. The execution and delivery by the Corporation of a Share Subscription Agreement by and among the Corporation, Excellent Energy Resources, Inc. ("EERI", a wholly-owned subsidiary of the Corporation) and MGEN (the "EERI SSA") covering: (i) the subscription by MGEN to new common shares of EERI to be issued out of an increase of the latter's authorized capital stock and which, upon issuance, will represent approximately sixty-seven percent (67%) of the total outstanding common capital stock of EERI, subject to the fulfillment (or waiver, as applicable) of the closing conditions set forth in the EERI SSA; and (ii) the performance by the Corporation of its undertakings as set forth in the EERI SSA which are necessary for the completion of the EERI SSA; c. The execution and delivery by the Corporation of a Share Subscription Agreement by and among the Corporation, Ilijan Primeline Industrial Estate Corp. ("IPIEC", a wholly-owned

	subsidiary of the Corporation) and MGEN (the "IPIEC SSA") covering: (i) the subscription by MGEN to new common shares of IPIEC to be issued out of an increase of the latter's authorized capital stock and which, upon issuance, will represent approximately sixty-seven percent (67%) of the total outstanding common capital stock of IPIEC, subject to the fulfillment (or waiver, as applicable) of the closing conditions set forth in the IPIEC SSA; and (ii) the performance by the Corporation of its undertakings as set forth in the IPIEC SSA which are necessary for the completion of the IPIEC SSA; d. The execution and delivery by the Corporation of a Share Purchase Agreement by and among the Corporation, MGEN, Eurodite Universal Power Incorporated ("Eurodite") and Linseed Field Corporation ("LFC") (the "LFC SPA") covering: (i) the purchase by the Corporation from Eurodite of approximately thirty-three percent (33%) of the total outstanding common capital stock of LFC, subject to the fulfillment (or waiver, as applicable) of the closing conditions set forth in the LFC SPA; and (ii) the performance by the Corporation of its undertakings as set forth in the LFC SPA which are necessary for the completion of the LFC SPA; (The SPPC SSA, EERI SSA, IPIEC SSA and LFC SPA are hereinafter collectively referred to as the "Agreements"); and e. The execution and delivery by the Corporation of such other contracts, term sheets, and documents which are necessary to implement the transactions contemplated under the Agreements. The Corporation likewise reports that the Agreements and other related documents were executed by the relevant parties on March 1, 2024. On March 3, 2024, the Corporation issued press release regarding the abovementioned transactions, which was submitted to the Philippine Dealing & Exchange Corp. ("PDEx") on the same date.
11 March 2024	The following matters were approved by the Board of the Directors of the Corporation during its Regular Meeting held on 11 March 2024, among others: a. the financial performance and financial position of the Corporation as of 31 December 2023, the details of which shall be reported to the Securities and Exchange Commission ("SEC") and the PDEx under SEC Form 17-A due to be filed on or before 15 April 2024; b. the capital security distribution to holders of the USD 750 Million Senior Perpetual Capital Securities which the Corporation issued on 21 October 2020, amounting to USD 25,336,640, payable on 21 April 2024; c. the capital security distribution to holders of the USD 800 Million Senior Perpetual Capital Securities which the Corporation issued on 25 April 2019, amounting to USD 25,452,830.00, payable on 25 April 2024; d. the capital security distribution to holders of the USD 500 Million Senior Perpetual Capital Securities which the Corporation issued on 05 November 2019, amounting to USD 14,640,361.75 payable on 05 May 2024; e. the 2024 Internal Audit Plan of the Corporation; f. the issuance by the Corporation of up to USD 800 Million redeemable perpetual securities, under such terms and conditions determined by Management to be most beneficial to the Corporation; and g. the redemption in full by the Corporation of all outstanding Senior Perpetual Capital Securities on 25 April 2024 (the "Step Up Date") issued by the Corporation on 25 April 2019 and 03 July 2019, pursuant to the trust deed dated 25 April 2019, as supplemented by the trust deed dated 03 July 2019 (the "April and July 2019 Securities"). The redemption of the Securities will be made after the issuance of the notice to the holders of the Securities on even date. The redemption price will comprise of the principal amount of USD 783,164,000.00 plus any accrued but unpaid distributions up to (but

	excluding), the Step-Up-Date. Following the redemption and cancellation of the Securities, the April and July 2019 Securities will be delisted from the Singapore Exchange Securities Trading Limited ('SGX-ST").
08 April 2024	The execution on 08 April 2024 of a Subscription Agreement between the Corporation and Azure Venture Investments Limited ("Azure") on the subscription by the latter of redeemable perpetual securities of the Corporation amounting to USD 800,000,000.00, subject to closing requirements.
12 April 2024	Receipt on April 12, 2024, through Poblador, Bautista and Reyes Law Offices, the external counsel of SPPC on the Ilijan IPPA Agreement Dispute, of a copy of the Decision of the 13th Division of the Court of Appeals dated March 21, 2024 dismissing the Petition for Certiorari of the Power Sector Assets and Liabilities Management ("PSALM") of the Regional Trial Court's Orders of 7 December 2021 and 17 February 2022, which denied the Motion Ad Cautelam to Lift or Dissolve the Writ of Preliminary Injunction (With Application to File Counter-Bond) filed by PSALM. The dispositive portion of the Decision states: "*Sine dubio*, the dissolution or lifting of the writ of preliminary injunction rests on the court's sound discretion taking cognizance of the case. Hence, a court's exercise of judicial discretion in injunctive matters must not be interfered with except when there is grave abuse of discretion. Grave abuse of discretion means such capricious and whimsical exercise of judgment as is equivalent to lack of jurisdiction. Mere abuse of discretion is not enough. It must be grave abuse of discretion, as when the power is exercised in an arbitrary or despotic manner by reason of passion or personal hostility and must be so patent and so gross as to amount to an evasion of a positive duty or to a virtual refusal to perform the duty enjoined or to act at all in contemplation of law. Given the foregoing discussions, no grave abuse of discretion can be attributed to the public respondent denying the *Motion to Lift.* Clearly, PSALM failed to prove the supposed act of grave abuse of discretion on the part of the public respondent to such extent as to deprive the latter of the power to decide the case. **WHEREFORE, premises considered, the instant Petition for *Certiorari* is hereby DISMISSED**. The Orders dated 07 December 2021 and 17 February 2022 of the Regional Trial Court, Branch 212 of Mandaluyong City, in Civil Case No. MC 15-9629 are **AFFIRMED** *in toto."*
19 April 2024	The issuance by the Corporation on 19 April 2024 of redeemable perpetual capital securities amounting to USD 800,000,000.00 in favor of Azure, pursuant to the Subscription Agreement between the Corporation with Azure executed on 08 April 2024.
25 April 2024	Advisory on the completion on 25 April 2024 (the "Step Up Date") of the redemption in full by the Corporation as Issuer of the April and July 2019 Securities. The redemption was made after the issuance of the notice to the holders of the April and July 2019 Securities, dated 11 March 2024. The redemption price of the Securities consists of the principal amount of USD 783,164,000.00, plus any accrued but unpaid distributions up to (but excluding) the Step Up Date. Following such redemption, distributions on the April and July 2019 Securities will cease to accrue as of the Step Up Date, and the April and July 2019 Securities will be cancelled and delisted from the SGX-ST.
13 May 2024	The following matters were approved by the Board of Directors of the Corporation in its Regular Meeting held on 13 May 2024, among others: a. the financial performance and financial position of the Corporation as of 31 March 2024, the details of which shall be reported to the Securities and Exchange Commission ("SEC") and the PDex under SEC Form 17-Q to be filed on or before 15 May 2024;

b. the capital security distribution to holders of the USD750 Million Senior Perpetual Capital Securities which the Corporation issued on 09 June 2021, amounting to USD18,626,683.00, plus applicable taxes, payable on 09 June 2024;

c. the capital security distribution to holders of the USD600 Million Senior Perpetual Capital Securities which the Corporation issued on 21 January 2020, amounting to USD16,910,104.50, plus applicable taxes, payable on 21 July 2024;

d. the relevant dates and details of the 2024 Annual Stockholders' Meeting of the Corporation, to wit:
   - Date: 04 June 2024 (Tuesday)
   - Time: 2:00 pm
   - Chairman will preside at No. 40 San Miguel Avenue, Mandaluyong City.
   - Stockholders are requested to attend through videoconference through the Zoom Meeting ID to be provided in the Definitive Information Statement.
   - Dedicated email address: ASM@smcgph.sanmiguel.com.ph
   - Important Dates:

     07 May 2024 - Record Date

     14 May 2024 - SEC Form 20-IS (Definitive Information Statement) to be filed with SEC & PDEx, and copies to be sent to the stockholders on the same date

     20 May 2024 - Submission of Ballots/Proxies

     27 May 2024 (12 noon) - Last day to signify attendance by videoconferencing

     27 May 2024 (2 p.m.) - Validation of Ballots and Proxies by Stockholders

     03 June 2024 - Sending out of the password to Stockholders for the videoconference
   - The Notices and the Definitive Information Statement will contain all the information needed by the stockholders in connection with the 2024 Annual Stockholders' Meeting; and the approval of the procedure for the holding/conduct of the 2024 Annual Stockholders' Meeting via videoconferencing, including the attendance, participation, and voting of the stockholders, in compliance with pertinent rules and guidelines promulgated by the SEC;

e. the report on the qualifications of the nominees for the election to the Board of Directors of the Corporation in the 2024 Annual Stockholders' Meeting;

f. the appointment of R.G. Manabat & Co. as external auditors of the Corporation for 2024, as favorably endorsed by the Corporate Governance Committee, to be submitted for approval, confirmation, and ratification of the stockholders in the 2024 Annual Stockholders' Meeting;

g. the amendment of the Articles of Incorporation of the Corporation to reflect the change in the Principal Office Address of the Corporation ***from*** 5th Floor, C5 Office Building Complex, #100 E. Rodriguez Jr. Ave., C5 Road, Bo. Ugong, Pasig City 1604, Metro Manila ***to*** 40 San Miguel Avenue, Mandaluyong City, Metro Manila to 40 San Miguel Avenue, Mandaluyong City, Metro Manila; the submission of the same for stockholders' approval during the 2024 Annual Stockholders' Meeting; and the filing of the application thereof with the SEC for approval;

h. the report on the validation of the results by the Corporate Governance Committee and the Compliance Officer of the Performance Assessments of the Board Committees, the Board of Directors, and Management of the Corporation for 2023;

i. the report on the filing of the 2023 Annual Corporate Governance Report of the Corporation; and

	j. the inclusion of Angat Hydropower Corporation in the Corporation's Multi-Employer Retirement Plan.
21 May 2024	Receipt on 21 May 2024, through Poblador Bautista and Reyes Law Offices as counsel of record of SPPC and SMEC (now named, Sual Power Inc.), wholly-owned subsidiaries of the Corporation, of a copy of the Resolution dated 03 April 2024 issued by the First Division of the Supreme Court, the relevant portion of which states: "G.R. Nos. 271341 & 271983 (ENERGY REGULATORY COMMISSION, Petitioner v. SOUTH PREMIERE POWER CORPORATION [SPPC], SAN MIGUEL ENERGY CORPORATION [SMEC], MANILA ELECTRIC COMPANY [MERALCO], and NATIONAL ASSOCIATION OF ELECTRICITY CONSUMERS FOR REFORMS, INC. [NASECOR], Respondents).- Considering the allegations, issues, and arguments adduced in the Petition for Review on Certiorari of the Joint Decision and Resolution dated June 27, 2023 and December 28, 2023, respectively, of the Court of Appeals in CA-G.R. SP Nos. 176036 and 176037, the Court resolved to DENY the petition for failure of petitioner 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."
04 June 2024	The following matters were approved during the meetings held on 04 June 2024, among others: a. Annual Meeting of the Stockholders i. Approval of the Minutes of the Annual Stockholders' Meeting of the Corporation held on 06 June 2023 and Special Stockholders' Meeting held on 07 September 2023; ii. Approval of the 2023 Audited Financial Statements of the Corporation; iii. Ratification of all acts and proceedings of the Board of Directors and corporate officers of the Corporation since the Annual Stockholders' Meeting of the Corporation held on 06 June 2023; iv. Appointment of R.G. Manabat & Co. as external auditors of the Corporation for fiscal year 2024; v. Election of the following as members of the Board of Directors: 1.Ramon S. Ang 2.John Paul L. Ang 3.Aurora T. Calderon 4.Virgilio S. Jacinto 5.Jack G. Arroyo, Jr. – Independent Director 6. Consuelo M. Ynares-Santiago – Independent Director 7. Josefina Guevara-Salonga – Independent Director The stockholders likewise approved the re-election of Jack G. Arroyo, Jr. and Consuelo M. Ynares-Santiago, as Independent Directors of the Corporation, beyond their cumulative term of nine (9) years, taking into consideration the meritorious justifications presented by the Board for their retention as Independent Directors of the Corporation. vi. Approval of the Directors' Fee for Independent Directors representing per diem allowance for meetings attended; vi. Ratification of the execution of Omnibus Agreement by the Corporation as Sponsor and Shares Security Grantor; and vii. Change in principal office address of the Corporation ***from*** 5th Floor, C5 Office Building Complex, #100 E. Rodriguez Jr. Ave., C5 Road, Bo. Ugong, Pasig City 1604, Metro Manila ***to*** No. 40 San Miguel Avenue, Mandaluyong City, Metro Manila, and the amendment of Article Third of the Amended Articles of Incorporation of the Corporation to reflect the same. b. Organizational Meeting of the Board of Directors i. Approval of the Minutes of the Organizational Meeting of the Board of Directors held on 06 June 2023;

	ii. Election of Consuelo M. Ynares-Santiago as the Lead Independent Director of the Corporation; iii. Election of the following as officers of the Corporation: 1. Ramon S. Ang - Chairman & Chief Executive Officer and President & Chief Operating Officer 2. John Paul L. Ang - Vice Chairman 3. Elenita D. Go - General Manager 4. Virgilio S. Jacinto - Corporate Secretary and Compliance Officer 5. Paul Bernard D. Causon - Vice President and Chief Finance Officer 6. Ramon U. Agay - Assistant Vice President and Comptroller 7. Jeciel B. Campos - Assistant Vice President and Sales & Marketing Manager 8. Gonzalo B. Julian, Jr. - Assistant Vice President, Sales and Marketing Manager - RES, and Head of the Battery Business 9. Julie Ann B. Domino-Pablo - Assistant Vice President and General Counsel 10. Jose Ferlino P. Raymundo - Assistant Vice President and Energy Sourcing & Trading Manager 11. Danilo T. Tolarba - Assistant Vice President and Human Resources Group Manager 12. Irene M. Cipriano - Assistant Corporate Secretary 13. Reynaldo S. Matillano - Internal Audit Manager 14. Maria Floreselda S. Abalos-Sampaga - Data Protection Officer iv. Appointment of following members of the Board Committees of the Corporation: Executive Committee 1. Ramon S. Ang - Chairman 2. John Paul L. Ang - Member 3. Aurora T. Calderon - Member Corporate Governance Committee 1. Consuelo M. Ynares-Santiago - Chairperson** 2. Jack G. Arroyo, Jr. - Member** 3. Josefina Guevara-Salonga - Member** 4. John Paul L. Ang - Member 5. Virgilio S. Jacinto - Member Audit and Risk Oversight Committee 1. Jack G. Arroyo, Jr. -Chairperson** 2. Consuelo M. Ynares-Santiago - Member** 3. Josefina Guevara-Salonga - Member** 4. John Paul L. Ang - Member 5. Aurora T. Calderon -Member Related Party Transaction Committee 1. Josefina Guevara-Salonga - Chairperson** 2. Consuelo M. Ynares-Santiago - Member** 3. Jack G. Arroyo, Jr.- Member** 4. John Paul L. Ang - Member 5. Aurora T. Calderon- Member ***Independent Director* v. Creation of the Sustainability Committee and the appointment of the following as its members:

	Sustainability Committee 1. Josefina Guevara-Salonga- Chairperson** 2. Consuelo M. Ynares-Santiago - Member** 3. Jack G. Arroyo, Jr.- Member** 4. John Paul L. Ang - Member 5. Aurora T. Calderon - Member ***Independent Director* vi. Designation of depository banks and appointment of authorized signatories for banking and other corporate transactions.
12 August 2024	The following matters were approved by the Board of the Directors of the Corporation during its Regular Meeting held on 12 August 2024, among others: a. The financial performance and financial position of the Corporation as of 30 June 2024, the details of which shall be reported to the SEC and the PDex under SEC Form 17-Q to be filed on or before 14 August 2024; b. The capital security distribution to holders of the USD750 Million Senior Perpetual Capital Securities which the Corporation issued on 21 October 2020, amounting to USD25,336,640.00 plus applicable taxes, payable on 21 October 2024; c. The capital security distribution to holders of the USD500 Million Senior Perpetual Capital Securities which the Corporation issued on 05 November 2019, amounting to USD14,640,361.75, plus applicable taxes, payable on 05 November 2024; d. The capital security distribution to holders of the USD800 Million Redeemable Perpetual Capital Securities which the Corporation issued on 19 April 2024, amounting to USD17,000,000.00, plus applicable taxes, payable on 12 October 2024; e. The amendment of the Articles of Partnership of Masinloc Power Co. Ltd. to reflect the change of its principal office address; and f. The Sustainability Committee Charter of the Corporation.
27 August 2024	The following matters were approved by the Board of the Directors of the Corporation during its Special Meeting held on 27 August 2024: a. to undertake to invite eligible holders of the Corporation's outstanding US Dollar-denominated Senior Perpetual Capital Securities that are listed with the SGX-ST (collectively, the "Existing Securities"), namely: (i) USD492,113,000 5.95% Senior Perpetual Capital Securities issued on 05 November 2019 (ISIN: XS2072777381; Common Code: 207277738); and (ii) USD723,904,000 7.00% Senior Perpetual Capital Securities issued on 21 October 2020 (ISIN: XS2239056174; Common Code: 223905617), (1) to offer to exchange some or all of its Existing Securities for new US Dollar-denominated Senior Perpetual Capital Securities to be issued by the Corporation (the "Exchanged New Securities") (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, in each case, to be determined by the Management of the Corporation (the "Tender Offers" and collectively together with the Exchange Offers, the "Offers"); b. to undertake the offer and issuance of up to USD 300,000,000 in Senior Perpetual Capital Securities or such other amount as Management may later determine (the "Additional New Securities" and, together with the Exchanged New Securities, the "Securities"), based on prevailing market conditions and as may be advantageous to the Corporation (the "New Securities Offer" and, together with the Exchange Offers and the

	Tender Offers, the "Transactions"). The Securities shall be constituted by a Trust Deed by and between the Corporation and the trustee and listed on the SGX-ST; c. in respect of the Exchange Offers and the Tender Offers, the appointment of (i) Australia and New Zealand Banking Group Limited, DBS Bank Ltd., Mizuho Securities Asia Limited and Standard Chartered Bank as the dealer managers; and (ii) D.F. King Ltd as the exchange and tender agent; and d. in respect of the New Securities Offer and the issuance and listing of the Securities with the SGX-ST, the appointment of (i) Australia and New Zealand Banking Group Limited, DBS Bank Ltd., Mizuho Securities Asia Limited and Standard Chartered Bank as joint lead managers; (ii) DB Trustees (Hong Kong) Limited as trustee and Deutsche Bank AG, Hong Kong Branch as paying agent, calculation agent, transfer agent, and registrar; and (iii) Latham & Watkins as listing agent. The Management of the Corporation is authorized and empowered to determine (i) the terms and conditions of the Exchange Offers and the Tender Offers, (ii) the terms and conditions of the New Securities Offer and the Securities including, but not limited to, the determination of the distribution rate of the Securities and the timing of the offering of the Additional New Securities; and (iii) appointment of such other agents, legal counsel, auditors and other relevant parties as may be necessary for the Transactions and the issuance and listing of the Securities, in each case, under such terms and conditions; as the Management of the Corporation may deem to be advantageous to the Corporation. The Corporation intends to apply the net proceeds from the New Securities Offer in the following order: (i) the costs and expenses related to the Exchange Offers, including payment of the accrued distribution amount in respect of the Existing Securities accepted for exchange, pursuant to and subject to, the terms and conditions of the Exchange Offer; (ii) costs and expense related to the Tender Offer, including payment of the purchase price and accrued distribution amount, in respect of the Existing Securities accepted for purchase, pursuant and subject to, the terms and conditions of the Tender Offer, and (iii) pre-development costs of solar energy projects. For the avoidance of doubt, the net proceeds will not be applied to finance any of the Company's existing and planned coal-fired power assets. Attached to this report are the Preliminary Offering Circular and the Offer Memorandum to be issued pursuant to the Transactions. The Corporation shall make an announcement on the Offers with the SGX-ST on even date.
29 August 2024	The provision to the SEC of a copy of the announcement of the Corporation with the SGX-ST dated 29 August 2024.
03 September 2024	Receipt on September 2, 2024, through Poblador Bautista and Reyes Law Offices, the counsel of record of South Premiere Power Corp. and San Miguel Energy Corporation (now named, Sual Power Inc.), in the case entitled: ENERGY REGULATORY COMMISSION ("ERC"), Petitioner v. SOUTH PREMIERE POWER CORPORATION, SAN MIGUEL ENERGY CORPORATION, MANILA ELECTRIC COMPANY, and NATIONAL ASSOCIATION OF ELECTRICITY CONSUMERS FOR REFORMS, INC. - G.R. Nos. 271341 & 271983, pending with the First Division of the Supreme Court, a copy of the Resolution issued by the First Division of the Supreme Court, dated July 10, 2024, which denied with finality the ERC's Motion for Reconsideration of the Court's Resolution as well as its prayer for the issuance of a

	Temporary Restraining Order and/or Writ of Preliminary Injunction for lack of merit. The relevant portions of the Resolution state: "x x x Acting on the Office of the Solicitor General's Motion for Reconsideration of the Resolution dated April 3, 2024, which denied the petition for review on certiorari, and considering that there is no substantial argument to warrant a modification of this Court's resolution, the Court further resolved to DENY reconsideration with FINALITY. Accordingly, the prayer for the issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction is DENIED for lack of merit. NO FURTHER pleadings, motions, letters or other communications shall be entertained herein. Let an ENTRY of Judgment in this case be issued immediately."
05 September 2024	The report that the period for the Exchange Offers and Tender Offers conducted by the Corporation to the holders of its Existing Securities that are listed with the SGX-ST ended on 04 September 2024. Accordingly, the results of the Exchange Offers and Tender Offers were reported by the Corporation to the SGX-ST today by way of an announcement posted on the SGX-ST website, a copy which was attached to this report. The Offeror will make a further announcement in respect of the New Issue Initial Rate of Distribution, the New Issue Initial Credit Spread, and the Maximum Acceptance Amount of validly tendered Existing Securities of each series that the Offeror intends to accept pursuant to the Tender Offers (if any), alongside the final results of the Offers in due course.
06 September 2024	Furnished a copy of the Corporation's announcement with the SGX-ST, dated 5 September 2024, on the results of the Offers and the pricing terms of the Securities.
16 September 2024	Furnished a copy of the Corporation's announcement with the SGX-ST, dated 12 September 2024, on the settlement of the Offers and the issuance of the Securities.
23 September 2024	The Board of the Directors of the Corporation, in a meeting held on 23 September 2024, approved the offer and issuance of additional Senior Perpetual Capital Securities, with an aggregate principal amount of at least USD100 Million or such other amount as may be advantageous to the Corporation, subject to prevailing market conditions and as may be advantageous to the Corporation (the "Additional Securities"). The net proceeds of the Additional Securities shall be applied primarily for pre-development costs of solar energy projects and capital expenditures related to battery energy storage projects. The Additional Securities shall be consolidated with and shall form a single series with the Securities. It will be constituted by a Supplemental Trust Deed, which shall supplement the trust deed of the Securities, and listed in the SGX-ST. For the issuance of the Additional Securities, the Corporation has engaged (i) Standard Chartered Bank as sole lead manager; (ii) DB Trustees (Hong Kong) Limited as trustee and Deutsche Bank AG, Hong Kong Branch as paying agent, calculation agent, transfer agent and registrar; and (iii) Latham & Watkins as listing agent.
30 September 2024	The issuance by the Corporation on 30 September 2024, of the additional securities with the aggregate principal amount of USD100 Million (the "Additional Securities"), to be consolidated into and form a single series with the Securities, and the approval in-principle obtained from the SGX-ST for the listing and quotation of the Additional Securities. The Additional Securities are expected to be admitted to the Official List of the SGX-ST on 1 October 2024.

28 October 2024	The report that the Sual Coal Fired Power Station with an installed capacity of 1,294 MW was turned over by PSALM to Sual Power Inc. (“SPI”, formerly SMEC) on 25 October 2024, pursuant to the Independent Power Producer (IPP) Administration Agreement (effective 6 November 2009, between SPI and PSALM) and the Deed of Absolute Sale executed by PSALM and SPI dated 24 October 2024.
04 November 2024	The following matters were approved by the Board of the Directors of the Corporation in its Regular Meeting held on 04 November 2024, among others: a. The approval of the Financial Performance and Financial Position of the Corporation as of 30 September 2024, details of which shall be reported to SEC and PDEx under SEC Form 17-Q to be filed on or before 14 November 2024; b. The capital security distribution to holders of the USD750 Million Senior Perpetual Capital Securities which the Corporation issued on 09 June 2021, amounting to USD18,626,683, plus applicable taxes, payable on 12 January 2025; c. The capital security distribution to holders of the USD800 Million Redeemable Perpetual Capital Securities which the Corporation issued on 19 April 2024, amounting to USD17,000,000.00, plus applicable taxes, payable on 12 January 2025; d. The capital security distribution to holders of the USD600 Million Senior Perpetual Capital Securities which the Corporation issued on 21 January 2020, amounting to USD16,910,104.50, plus applicable taxes, payable on 21 January 2025; e. The authority of the Corporation to act as the Sponsor and Shares Security Grantor under a term loan facility to be obtained by Mariveles Power Generation Corporation (the “Borrower”), a subsidiary of the Corporation; the creation of a security interest in favor of the senior term lenders of the term loan facility over: (i) the shares of the Corporation in the Borrower, and (ii) the subordinated shareholder loans extended by the Corporation to the Borrower, and f. The designation of the authorized signatories of the Corporation for the implementation of the transactions and agreements referred to above.
14 November 2024	The following matters were approved by the Board of the Directors of the Corporation in its Special Meeting held on 14 November 2024, among others: a. in respect of the Corporation’s outstanding US Dollar-denominated Senior Perpetual Capital Securities that are listed with the Singapore Exchange Securities Trading Limited (“SGX-ST”) (collectively, the “Existing Securities”), namely, the: (i) 5.95% Senior Perpetual Capital Securities issued on 05 November 2019 (ISIN: XS2072777381; Common Code: 207277738) (the “5.95% Securities”); (ii) 7.00% Senior Perpetual Capital Securities issued on 21 October 2020 (ISIN: XS2239056174; Common Code: 223905617) (the “7.00% Securities”); and (iii) 5.70% Senior Perpetual Capital Securities issued on 21 January 2020 (ISIN: XS2098881654; Common Code: 209888165) (the “5.70% Securities”), (1) undertake to invite eligible holders to offer to exchange (i) any and all of the 5.95% Securities and the 7.00% Securities, and (ii) up to an aggregate principal amount of USD100,000,000.00 of the 5.70% Securities, or such other amount as Management may later determine, in each case for new US Dollar-denominated Senior Perpetual Capital Securities to be issued by the Corporation (the “Exchanged New Securities”) and (if applicable) for the relevant exchange cash consideration (each an “Exchange Offer” and collectively the “Exchange Offers”); and (2) undertake to invite eligible holders of the 5.95% Securities and

	the 7.00% Securities to tender for purchase for cash its 5.95% Securities and 7.00% Securities up to an aggregate nominal amount and at a purchase price, in each case, to be determined by the Management of the Corporation (each a "Tender Offer" and collectively the "Tender Offers"); and b. to undertake the offer and issuance of up to USD 300,000,000 in Senior Perpetual Capital Securities or such other amount as Management may later determine (the "Additional New Securities" and, together with the Exchanged New Securities, the "Securities"), based on prevailing market conditions and as may be advantageous to the Corporation (the "New Securities Offer" and, together with the Exchange Offers and the Tender Offers, the "Transactions"). The Securities shall be constituted by a Trust Deed by and between the Corporation and the trustee and listed on the SGX-ST; c. in respect of the Exchange Offers and the Tender Offers, the appointment of (i) Australia and New Zealand Banking Group Limited, DBS Bank Ltd., Deutsche Bank AG, Singapore Branch, Mizuho Securities Asia Limited, and Standard Chartered Bank as the dealer managers; (ii) Morrow Sodali Limited as the exchange and tender agent; and d. in respect of the New Securities Offer and the issuance and listing of the Securities with the SGX-ST, the appointment of (i) Australia and New Zealand Banking Group Limited, DBS Bank Ltd., Deutsche Bank AG, Singapore Branch, Mizuho Securities Asia Limited, and Standard Chartered Bank as joint lead managers; (ii) DB Trustees (Hong Kong) Limited as trustee and Deutsche Bank AG, Hong Kong Branch as paying agent, calculation agent, transfer agent and registrar; (iii) Latham & Watkins as listing agent. The Management of the Corporation is authorized and empowered to determine (i) the terms and conditions of the Exchange Offers and the Tender Offers, (ii) the terms and conditions of the New Securities Offer and the Securities including, but not limited to, the determination of the distribution rate of the Securities and the timing of the offering of the Additional New Securities; and (iii) appointment of such other agents, legal counsel, auditors and other relevant parties as may be necessary for the Transactions and the issuance and listing of the Securities, in each case, under such terms and conditions; as the Management of the Corporation may deem to be advantageous to the Corporation. The Corporation intends to apply the net proceeds from the Additional New securities in the following order: (i) the costs and expenses related to the Exchange Offers, including payment of the applicable exchange cash consideration and accrued distribution amount in respect of the Existing Securities accepted for exchange, pursuant to and subject to, the terms and conditions of the Exchange Offers; (ii) costs and expense related to the Tender Offer, including payment of the purchase price and accrued distribution amount, in respect of the Existing Securities accepted for purchase, pursuant and subject to, the terms and conditions of the Tender Offer, (iii) repurchase and/or redemption of the 5.95% Securities and 5.70% Securities, including payment of the purchase/redemption price and the accrued distribution amount; and (iv) pre-development costs of solar energy projects, battery energy storage systems projects and the completion of existing LNG projects. For the avoidance of doubt, the net proceeds will not be applied to finance any of the Company's existing and planned coal-fired power assets.

	Attached to this report are the Preliminary Offering Circular and the Offer Memorandum to be issued pursuant to the Transactions. The Corporation shall make an announcement on the Offers with the SGX-ST on even date.
18 November 2024	The provision to SEC of a copy of the Corporation's announcement with the SGX-ST dated 18 November 2024.
25 November 2024	Further to the report dated 14 November 2024 and 18 November 2024, the report that on the end of the period for the Exchange Offers and Tender Offers (as defined in the 14 November 2024 17C Disclosure) conducted by the Corporation to the holders of its Existing Securities (as defined in the 14 November 2024 17C Disclosure) that are listed with the SGX-ST on 22 November 2024. Accordingly, the results of the Exchange Offers and Tender Offers were reported by the Corporation to the SGX-ST today by way of an announcement posted on the SGX-ST website, a copy of which is attached to this report. The Corporation will make a further announcement in respect of the New Issue Initial Rate of Distribution, the New Issue Initial Credit Spread, the 5.70% Securities Exchange Pro-Ration Factor, the aggregate principal amount of Existing Securities the Offeror intends to accept pursuant to the Exchange Offers, the Maximum Tender Acceptance Amount of validly tendered Existing Securities of each series that the Offeror intends to accept pursuant to the Tender Offers (if any) and the Tender Pro-Ration Factor (if applicable), alongside the final results of the Offers (as defined in the 14 November 2024 17C Disclosure) in due course.
27 November 2024	Furnished a copy of the Corporation's announcement with the SGX-ST dated 26 November 2024.
03 December 2024	Furnished a copy of the Corporation's announcement with the SGX-ST dated 03 December 2024 on the settlement of the Offers and the issuance of the Securities (as defined in the 14 November 2024 17C Disclosure).
23 December 2024	Furnished a copy of the disclosure relating to the transaction for the joint acquisition of power facilities and a liquefied natural gas terminal by Meralco PowerGen Corp., Therma Natgas Power Inc., and the Corporation.

Annex "F"

BOARD OF DIRECTORS MEETING ATTENDANCE SUMMARY

Directors' Name	March 1, 2024 Special Board Mtg.	March 11, 2024 Regular Board Meeting	March 11, 2024 AROC Mtg	March 11, 2024 CG Mtg	March 11, 2024 RPT Mtg	May 13, 2024 Regular Board Meeting	May 13, 2024 AROC Mtg	May 13, 2024 CG Mtg	June 4, 2024 ASM	June 4, 2024 Org. Mtg.	August 12, 2024 Regular Board Mtg.	August 12, 2024 AROC Mtg.	August 12, 2024 CG Mtg.	August 27, 2024 Special Board Mtg.	Sept. 23, 2024 Special Board Mtg.	Nov. 4, 2024 Regular Board Mtg.	Nov. 4, 2024 AROC Mtg.	Nov. 4, 2024 CG Mtg.	Nov. 14, 2024 Special Board Mtg.
Ramon S. Ang	✓	✓	N/A	N/A	N/A	✓	N/A	N/A	✓	✓	✓	N/A	N/A	✓	✓	✓	N/A	N/A	✓
John Paul L. Ang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Aurora T. Calderon	✓	✓	✓	N/A	✓	✓	✓	N/A	✓	✓	✓	✓	N/A	✓	✓	✓	✓	N/A	✓
Virgilio S. Jacinto	✓	✓	N/A	✓	N/A	✓	N/A	✓	✓	✓	✓	N/A	✓	✓	✓	✓	N/A	✓	✓
Jack G. Arroyo, Jr.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Consuelo M. Ynares-Santiago	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Josefina Guevara-Salonga	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

LEGEND:

ASM- Annual Stockholders' Meeting

Org. Meeting - Organizational Meeting of the Board of Directors

AROC Meeting - Audit & Risk Oversight Committee Meeting

CG Meeting - Corporate Governance Committee Meeting

RPT Meeting – Related Party Transactions Committee Meeting