COVER SHEET

C	S	2	0	0	8	0	1	0	9	9

S. E. C. Registration Number

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.

(Company's Full Name)

5th Floor, C5 Office Building Complex, #100 E. Rodriguez Jr. Ave. Bo. Ugong, Pasig City 1604 Metro Manila

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

Atty. Julie Ann B. Domino-Pablo	+632-53171000
Contact Person	Company Telephone Number

1 2	3 1	SEC Form 17-Q (1st Quarter ended 31 March 2024)	0 6	1st Tues.
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year			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-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2024**

2. Commission identification number **CS2008-01099**

3. BIR Tax Identification No **006-960-000-000**

4. Exact name of issuer as specified in its charter
SAN MIGUEL GLOBAL POWER HOLDINGS CORP.

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

6. Industry Classification Code: [ ] (SEC Use Only)

7. **5th Floor, C5 Office Building Complex,**
#100 E. Rodriguez Jr. Ave., C5 Road, Bo. Ugong
Pasig City 1604, Metro Manila — **1604**
Address of issuer's principal office — Postal Code

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

9. **N/A**
Former name, former address and former fiscal year, if changed since last report

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

P15 billion worth of Fixed Rate Bonds issued in July 2016
P20 billion worth of Fixed Rate Bonds issued in December 2017
P15 billion worth of Fixed Rate Bonds issued in August 2018
P30 billion worth of Fixed Rate Bonds issued in April 2019
P40 billion worth of Fixed Rate Bonds issued in July 2022

	Number of shares of stock and debt outstanding (as of March 31, 2024)
Common Shares	**2,823,604,000**
Consolidated Total Liabilities (in Thousands)	**P460,291,630**

11. Are any or all of the securities listed on a Stock Exchange?
Yes [ ] No [√]

If yes, state name of such Stock Exchange and the class/es of securities listed herein. N/A

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months.
Yes [√] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.
Yes [√] No [ ]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited consolidated financial statements of San Miguel Global Power Holdings Corp. ("San Miguel Global Power" or "Parent Company") and its subsidiaries (collectively, the "Group") as of and for the period ended March 31, 2024 (with comparative figures as of December 31, 2023 and for the period ended March 30, 2023) and Selected Notes to the Consolidated Financial Statements are hereto attached as **Annex "A"**.

Item 2. Management's Discussion and Analysis of Financial Position and Financial Performance.

The information required by Part III, Paragraph (A)(2)(b) of "Annex C" is attached hereto as **Annex "B"**.

PART II - OTHER INFORMATION

There are no other information to be disclosed under this Part II which has not been previously reported by San Miguel Global Power in a report under SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer	**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.**
Signature and Title	**PAUL BERNARD D. CAUSON** Chief Finance Officer/ Authorized Signatory
Date	May 13, 2024
Signature and Title	**RAMON U. AGAY** Comptroller/ Authorized Signatory
Date	May 13, 2024

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
MARCH 31, 2024 AND DECEMBER 31, 2023
(In Thousands)

	Note	**2024 (Unaudited)**	2023 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	*6, 16, 17*	**P35,578,519**	P31,659,442
Trade and other receivables - net	*7, 10, 16, 17*	**117,165,372**	116,976,024
Inventories		**12,316,047**	16,841,384
Prepaid expenses and other current assets	*16, 17*	**50,003,456**	48,521,564
Total Current Assets		**215,063,394**	213,998,414
Noncurrent Assets			
Investments and advances - net		**12,061,553**	10,953,048
Property, plant and equipment - net	*8*	**355,428,141**	339,224,974
Right-of-use assets - net	*5*	**104,113,645**	104,975,320
Goodwill and other intangible assets - net		**71,684,024**	71,712,053
Deferred tax assets		**1,062,808**	973,481
Other noncurrent assets	*16, 17*	**44,643,321**	43,098,000
Total Noncurrent Assets		**588,993,492**	570,936,876
Total Assets		**P804,056,886**	P784,935,290
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	*16, 17*	**13,736,000**	P13,736,000
Accounts payable and accrued expenses	*10, 16, 17*	**108,393,341**	97,632,905
Lease liabilities - current portion	*5, 16, 17*	**13,623,794**	17,645,586
Income tax payable		**344,840**	222,179
Current maturities of long-term debt - net of debt issue costs	*9, 16, 17*	**55,345,810**	54,124,645
Total Current Liabilities		**191,443,785**	183,361,315
Noncurrent Liabilities			
Long-term debt - net of current maturities and debt issue costs	*9, 16, 17*	**215,522,261**	204,644,828
Deferred tax liabilities		**21,849,629**	21,284,723
Lease liabilities - net of current portion	*5, 16, 17*	**24,524,535**	25,141,714
Other noncurrent liabilities	*16, 17*	**6,951,420**	7,029,505
Total Noncurrent Liabilities		**268,847,845**	258,100,770
Total Liabilities		**460,291,630**	441,462,085

Forward

	Note	2024 (Unaudited)	2023 (Audited)
Equity			
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	*11*	**P2,823,604**	P2,823,604
Additional paid-in capital	*11*	**48,081,781**	48,081,781
Senior perpetual capital securities		**161,767,709**	161,767,709
Redeemable perpetual securities	*11*	**102,546,825**	102,546,825
Equity reserves		**(3,011,863)**	(3,019,154)
Retained earnings		**30,657,570**	30,367,328
		342,865,626	342,568,093
Non-controlling Interests		**899,630**	905,112
Total Equity		**343,765,256**	343,473,205
		P804,056,886	P784,935,290

See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

Certified Correct:

PAUL BERNARD D. CAUSON
Chief Financial Officer / Authorized Signatory

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 PERIODS ENDED MARCH 31, 2024 AND 2023
(In Thousands, Except Per Share Data)

	Note	**2024 (Unaudited)**	2023 (Unaudited)
REVENUES	*10, 12*	**P44,122,535**	P41,123,900
COST OF POWER SOLD	*10, 13*	**33,540,666**	32,093,981
GROSS PROFIT		**10,581,869**	9,029,919
SELLING AND ADMINISTRATIVE EXPENSES	*7, 8*	**1,741,312**	1,455,386
INCOME FROM OPERATIONS		**8,840,557**	7,574,533
INTEREST EXPENSE AND OTHER FINANCING CHARGES	*5, 9*	**(5,017,019)**	(4,397,810)
INTEREST INCOME	*6*	**221,279**	366,533
EQUITY IN NET EARNINGS (LOSSES) OF AN ASSOCIATE AND JOINT VENTURES		**(22,868)**	164,270
OTHER INCOME (CHARGES) - Net	*14*	**(1,329,936)**	3,315,719
INCOME BEFORE INCOME TAX		**2,692,013**	7,023,245
INCOME TAX EXPENSE		**1,145,308**	1,678,776
NET INCOME		**P1,546,705**	P5,344,469
Attributable to:			
Equity holders of the Parent Company		**P1,552,187**	P5,323,300
Non-controlling interests		**(5,482)**	21,169
		P1,546,705	P5,344,469
Earnings (Loss) Per Common Share Attributable to Equity Holders of the Parent Company			
Basic/diluted	*15*	**(P1.47)**	P0.43

See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

Certified Correct:

PAUL BERNARD D. CAUSON
Chief Finance Officer / Authorized Signatory

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 PERIODS ENDED MARCH 31, 2024 AND 2023
(In Thousands)

	Note	**2024 (Unaudited)**	2023 (Unaudited)
NET INCOME		**P1,546,705**	P5,344,469
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss			
Gain (loss) on exchange differences on translation of foreign operations		**7,291**	(10,172)
Net gain on cash flow hedges	*17*	**-**	31,229
OTHER COMPREHENSIVE INCOME - Net of tax		**7,291**	21,057
TOTAL COMPREHENSIVE INCOME - Net of tax		**P1,553,996**	P5,365,526
Attributable to:			
Equity holders of the Parent Company		**P1,559,478**	P5,344,357
Non-controlling interests		**(5,482)**	21,169
		P1,553,996	P5,365,526

See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

Certified Correct:

PAUL BERNARD D. CAUSON
Chief Finance Officer / Authorized Signatory

ANNEX "A"

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 PERIODS ENDED MARCH 31, 2024 AND 2023
(In Thousands)

		Equity Attributable to Equity Holders of the 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, 2024 (Audited)		**P2,823,604**	**P48,081,781**	**P161,767,709**	**P102,546,825**	**(P3,827,112)**	**P914,958**	**(P107,000)**	**P -**	**P30,367,328**	**P342,568,093**	**P905,112**	**P343,473,205**
Net income (loss)		-	-	-	-	-	-	-	-	**1,552,187**	**1,552,187**	**(5,482)**	**1,546,705**
Other comprehensive income - net of tax		-	-	-	-	-	**7,291**	-	-	-	**7,291**	-	**7,291**
Total comprehensive income (loss)		-	-	-	-	-	**7,291**	-	-	**1,552,187**	**1,559,478**	**(5,482)**	**1,553,996**
Distributions to senior perpetual capital securities	*11*	-	-	-	-	-	-	-	-	**(1,261,945)**	**(1,261,945)**	-	**(1,261,945)**
As at March 31, 2024 (Unaudited)		**P2,823,604**	**P48,081,781**	**P161,767,709**	**P102,546,825**	**(P3,827,112)**	**P922,249**	**(P107,000)**	**P -**	**P30,657,570**	**P342,865,626**	**P899,630**	**P343,765,256**
As at January 1, 2023 (Audited)		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		-	-	-	-	-	-	-	-	5,323,300	5,323,300	21,169	5,344,469
Other comprehensive income (loss) - net of tax		-	-	-	-	-	(10,172)	-	31,229	-	21,057	-	21,057
Total comprehensive income (loss)		-	-	-	-	-	(10,172)	-	31,229	5,323,300	5,344,357	21,169	5,365,526
Issuance of redeemable perpetual securities	*11, 18*	-	-	-	27,378,113	-	-	-	-	-	27,378,113	-	27,378,113
Distributions to senior perpetual capital securities	*11*	-	-	-	-	-	-	-	-	(1,231,732)	(1,231,732)	-	(1,231,732)
Transactions with owners		-	-	-	27,378,113	-	-	-	-	(1,231,732)	26,146,381	-	26,146,381
As at March 31, 2023 (Unaudited)		P1,250,004	2,490,000	P161,767,709	P79,312,182	(P2,378,421)	P907,794	(P67,266)	P -	P39,617,753	P282,899,755	P928,711	P283,828,466

See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

Certified Correct:

PAUL BERNARD D. CAUSON
Chief Finance Officer / Authorized Signatory

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 PERIODS ENDED MARCH 31, 2024 AND 2023
(In Thousands)

	Note	**2024 (Unaudited)**	2023 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P2,692,013**	P7,023,245
Adjustments for:			
Interest expense and other financing charges	*5, 9*	**5,017,019**	4,397,810
Depreciation and amortization	*8, 13*	**3,211,195**	2,986,029
Unrealized foreign exchange losses (gains) - net		**1,507,575**	(5,461,862)
Retirement cost		**37,419**	35,499
Equity in net losses (earnings) of an associate and joint ventures - net		**22,868**	(164,270)
Loss on retirement of fixed assets	*8, 14*	**-**	63,435
Impairment loss on trade receivables	*7*	**-**	15,146
Reversal of allowance on trade receivables	*7*	**(5,081)**	(105,560)
Interest income	*6*	**(221,279)**	(366,533)
Operating income before working capital changes		**12,261,729**	8,422,939
Decrease (increase) in:			
Trade and other receivables - net		**796,044**	(972,042)
Inventories		**4,525,337**	3,957,659
Prepaid expenses and other current assets		**(1,681,892)**	6,365,086
Increase (decrease) in:			
Accounts payable and accrued expenses		**8,553,421**	1,017,917
Other noncurrent liabilities and others		**(151,353)**	(725,825)
Cash generated from operations		**24,303,286**	18,065,734
Interest income received		**169,544**	189,793
Income taxes paid		**(347,003)**	(109,540)
Interest expense and other finance charges paid		**(4,900,486)**	(4,862,472)
Net cash flows provided by operating activities		**19,225,341**	13,283,515
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in other noncurrent assets		**50,188**	(3,662,486)
Additions to intangible assets		**(1,470)**	-
Additions to investments and advances		**(1,131,373)**	(804,413)
Advances paid to suppliers and contractors		**(1,186,164)**	(2,306,030)
Additions to property, plant and equipment	*8*	**(17,356,538)**	(10,028,739)
Net cash flows used in investing activities		**(19,625,357)**	(16,801,668)

Forward

	Note	**2024 (Unaudited)**	2023 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	*18*	**P29,172,000**	P28,000,000
Proceeds from long-term debts	*9, 18*	**12,000,000**	13,641,000
Proceeds from the issuance of redeemable perpetual securities	*11, 18*	**-**	27,378,113
Distributions paid to senior perpetual capital securities holders	*11*	**(1,261,945)**	(1,231,732)
Payments of long-term debts	*9, 18*	**(1,374,820)**	(36,576,358)
Payments of lease liabilities	*5, 18*	**(5,070,231)**	(4,652,729)
Payments of short-term borrowings	*18*	**(29,172,000)**	(28,000,000)
Net cash flows provided by (used in) financing activities		**4,293,004**	(1,441,706)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**26,089**	(108,410)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**3,919,077**	(5,068,269)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**31,659,442**	22,726,236
CASH AND CASH EQUIVALENTS AT END OF PERIOD	*6*	**P35,578,519**	P17,657,967

See accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

Certified Correct:

PAUL BERNARD D. CAUSON
Chief Finance Officer / Authorized Signatory

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(Formerly SMC Global Power Holdings Corp.)
AND SUBSIDIARIES
TRADE AND OTHER RECEIVABLES
MARCH 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 98,779,001	P 55,055,489	P 7,439,416	P 2,012,137	P 1,785,997	P 32,485,962
Non-trade	11,282,855	3,127,469	133,968	223,026	157,105	7,641,287
Amounts owed by related parties	9,755,853	8,893,341	506,048	57,475	1,573	297,416
Total	119,817,709	P 67,076,299	P 8,079,432	P 2,292,638	P 1,944,675	P 40,424,665
Less allowance for impairment losses	2,652,337					
Net	P 117,165,372					

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

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. Reporting Entity

San Miguel Global Power Holdings Corp. (formerly SMC 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 interim consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiaries (collectively referred to as the Group) and the Group's interests in 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 and whose shares are listed on The Philippine Stock Exchange, Inc.

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.

2. Summary of Material Accounting Policy Information

The interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting,* and do not include all the information required in the annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements as at December 31, 2023.

The consolidated financial statements were approved and authorized for issue in accordance with a resolution by the BOD on May 13, 2024.

The consolidated financial statements are presented in Philippine Peso and all financial information are rounded off to the nearest thousand (000), except when otherwise indicated.

The principal accounting policies adopted in the preparation of the interim consolidated financial statements of the Group are consistent with those followed in the most recent annual audited consolidated financial statements, except for the changes in accounting policies as explained below.

Adoption of Amended Standards
The Financial and Sustainability Reporting Standards Council (FSRSC) approved the adoption of a number of amendments to standards as part of Philippine Financial Reporting Standards (PFRS).

Adoption of Amendments to Standards in 2024

The Group has adopted the following amendments to PFRS 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, entities also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

  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 interim consolidated financial statements.

New and Amendments to Standards Not Yet Adopted

A number of new and amended standards are effective for annual periods beginning after January 1, 2024 and have not been applied in preparing the interim consolidated financial statements.

The Group will adopt the following new and amended 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.

Deferral of the local implementation of Amendments to PFRS 10*, Consolidated Financial Statements,* and PAS 28, *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

- The amendments address an inconsistency in the requirements in PFRS 10 and PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

  Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. However, on January 13, 2016, the FSRSC decided to postpone the effective date until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Use of Judgments, Estimates and Assumptions

In preparing these interim consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied in the audited consolidated financial statements as at and for the year ended December 31, 2023.

4. Segment Information

Operating Segments
The Group's operations are segmented into four 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 interim consolidated financial statements to have information about each component of the Group's profit or loss, assets and liabilities.

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

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

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

Major Customers
The Group sells, retails and distributes power, through power supply agreements, retail supply contracts and other power-related service agreements, either directly to customers (other generators, distribution utilities, electric cooperatives and industrial customers) or through the Philippine Wholesale Electricity Spot Market (WESM). Sale of power to WESM amounting to P7,894,317 for the period ended March 31, 2024, and to Manila Electric Company (Meralco) amounting to P18,589,837 and P14,843,962 for the periods ended March 31, 2024 and 2023, respectively, represents more than 10% of the Group's total revenues.

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

Operating Segments

Financial information about reportable segments follows:

	For the Periods Ended March 31									
	Power Generation		Retail and Other Power-related Services		Others		Eliminations		Consolidated	
	2024 (Unaudited)	2023 (Unaudited)	**2024 (Unaudited)**	2023 (Unaudited)	**2024 (Unaudited)**	2023 (Unaudited)	**2024 (Unaudited)**	2023 (Unaudited)	**2024 (Unaudited)**	2023 (Unaudited)
Revenues										
External	**P35,711,028**	P34,097,060	**P8,318,589**	P6,950,954	**P92,918**	P75,886	**P -**	P -	**P44,122,535**	P41,123,900
Inter-segment	**3,421,078**	5,625,326	**-**	-	**478,549**	415,041	**(3,899,627)**	(6,040,367)	**-**	-
	39,132,106	39,722,386	**8,318,589**	6,950,954	**571,467**	490,927	**(3,899,627)**	(6,040,367)	**44,122,535**	41,123,900
Costs and Expenses										
Cost of power sold	**31,399,065**	32,233,824	**5,463,435**	5,414,473	**332,991**	280,634	**(3,654,825)**	(5,834,950)	**33,540,666**	32,093,981
Selling and administrative expenses	**1,303,677**	1,152,709	**360,874**	276,368	**471,177**	373,688	**(394,416)**	(347,379)	**1,741,312**	1,455,386
	32,702,742	33,386,533	**5,824,309**	5,690,841	**804,168**	654,322	**(4,049,241)**	(6,182,329)	**35,281,978**	33,549,367
Segment Result	**P6,429,364**	P6,335,853	**P2,494,280**	P1,260,113	**(P232,701)**	(P163,395)	**P149,614**	P141,962	**P8,840,557**	P7,574,533
Interest expense and other financing charges									**(5,017,019)**	(4,397,810)
Interest income									**221,279**	366,533
Equity in net earnings (losses) of an associate and joint ventures - net									**(22,868)**	164,270
Other income (charges) - net									**(1,329,936)**	3,315,719
Income tax expense									**(1,145,308)**	(1,678,776)
Consolidated Net Income									**P1,546,705**	P5,344,469

	As at and For the Periods Ended									
	Power Generation		Retail and Other Power-related Services		Others		Eliminations		Consolidated	
	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	**March 31, 2024 (Unaudited)**	December 31, 2023 (Audited)	**March 31, 2024 (Unaudited)**	December 31, 2023 (Audited)	**March 31, 2024 (Unaudited)**	December 31, 2023 (Audited)	**March 31, 2024 (Unaudited)**	December 31, 2023 (Audited)
Other Information										
Segment assets	**P634,797,465**	P631,180,207	**P80,530,550**	P68,113,141	**P228,876,142**	P228,770,761	**(P224,955,656)**	(P226,767,401)	**P719,248,501**	P701,296,708
Investments and advances - net	**6,708,667**	6,743,719	**250,646**	238,462	**342,181,239**	337,895,026	**(337,078,999)**	(333,924,159)	**12,061,553**	10,953,048
Goodwill and other intangible assets - net									**71,684,024**	71,712,053
Deferred tax assets									**1,062,808**	973,481
Consolidated Total Assets									**P804,056,886**	P784,935,290
Segment liabilities	**P404,009,909**	P396,476,603	**P25,825,233**	P25,426,582	**P58,714,032**	P58,415,710	**(P321,320,084)**	(P319,133,185)	**P167,229,090**	P161,185,710
Long-term debt - net									**270,868,071**	258,769,473
Income tax payable									**344,840**	222,179
Deferred tax liabilities									**21,849,629**	21,284,723
Consolidated Total Liabilities									**P460,291,630**	P441,462,085
Capital expenditures	**P15,308,233**	P30,861,690	**P2,166,351**	P5,269,949	**P5,848**	P470,959	**(P123,894)**	(P423,623)	**P17,365,538**	P36,178,975
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets	**2,297,942**	10,013,006	**865,694**	2,085,463	**57,550**	239,660	**(9,991)**	(21,453)	**3,211,195**	12,316,676
Noncash items other than depreciation and amortization	**1,415,126**	(834,314)	**8,474**	103,221	**139,181**	(1,774,403)	**-**	-	**1,562,781**	(2,505,496)

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

5. Significant Agreements and Lease Commitments

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
Sual Power Inc.	Sual Coal - Fired Power Station (Sual Power Plant)	Sual, Pangasinan Province
San Roque Hydropower Inc.	San Roque Hydroelectric Multi-purpose Power Plant (San Roque Power Plant)	San Roque, Pangasinan Province

South Premiere Power Corp. (SPPC) also became the IPPA 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.

Relative to the IPPA Agreements, SPI and SRHI have to pay PSALM monthly payments for 15 years until October 1, 2024 and 18 years until April 26, 2028, respectively, while SPPC had to pay for 12 years until June 26, 2022. Energy fees amounted to P301,846 and P362,472 for the periods ended March 31, 2024 and 2023, respectively (Note 13). SPI and SRHI renewed their performance bonds amounting to US$58,187 and US$20,305, which will expire on November 2, 2024 and January 25, 2025, respectively.

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 to an ongoing case (Note 18).

The lease liabilities as at March 31, 2024 and December 31, 2023 are carried at amortized cost using the US Dollar and Philippine Peso discount rates as follows:

	US Dollar	Philippine Peso
SPI	3.89%	8.16%
SRHI	3.30%	7.90%

The discount determined at inception of the agreement is amortized over the period of the IPPA Agreements and recognized as part of "Interest expense and other financing charges" account in the interim consolidated statements of income. Interest expense amounted to P439,063 and P701,294 for the periods ended March 31, 2024 and 2023, respectively.

The carrying amount of the power plants under the IPPA lease agreements with PSALM, presented under "Right-of-use assets" account in the interim consolidated statements of financial position, amounted to P94,652,161 and P95,544,860 as at March 31, 2024 and December 31, 2023, respectively.

The total cash outflows amounted to P5,442,451 and P5,302,039 for the periods ended March 31, 2024 and 2023, respectively.

Maturity analysis of lease payments as at March 31, 2024 and December 31, 2023 are disclosed in Note 16.

<u>Power Supply Agreements (PSA)</u>
SPPC and Meralco executed two separate emergency PSAs in 2023, (i) dated March 23, 2023, for the supply of 300 megawatts (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 which expired 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, Excellent Energy Resources Inc. (EERI) executed a long-term PSA with Meralco for the supply and delivery of 1,200 MW contract capacity commencing not later than November 26, 2024, and Mariveles Power Generation Corporation (MPGC) executed a long-term PSA 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 fifteen years.

On the same date, 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 Energy Regulatory Commission (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, 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 March 20, 2024, Limay Power Inc. (LPI, formerly SMC Consolidated Power Corporation) 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 400MW baseload power requirements.

As at the report date, the applications for the approval of the PSAs of SPPC, MPGC, EERI and LPI have been filed with and have yet to be approved by the ERC.

6. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	Note	**March 31, 2024 (Unaudited)**	December 31, 2023 (Audited)
Cash in banks and on hand		**P18,667,282**	P17,995,138
Short-term investments		**16,911,237**	13,664,304
	16, 17	**P35,578,519**	P31,659,442

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

Interest income from cash and cash equivalents amounted to P165,391 and P131,553 for the periods ended March 31, 2024 and 2023, respectively.

7. Trade and Other Receivables

Trade and other receivables consist of:

	Note	**March 31, 2024 (Unaudited)**	December 31, 2023 (Audited)
Trade		**P98,779,001**	P99,030,192
Non-trade		**11,282,855**	10,864,186
Amounts owed by related parties	*10*	**9,755,853**	9,747,252
		119,817,709	119,641,630
Less allowance for impairment losses		**2,652,337**	2,665,606
	16, 17	**117,165,372**	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 value-added tax (VAT) on the sale of power collectible from customers.

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	**P2,665,606**	P2,690,984
Impairment losses	**-**	60,714
Reversal	**(5,081)**	(107,363)
Revaluation	**(8,188)**	21,271
Balance at end of period	**P2,652,337**	P2,665,606

Impairment losses recognized in the interim consolidated statements of income under "Selling and administrative expenses" account amounted to nil and P15,146 for the periods ended March 31, 2024 and 2023, respectively.

In 2024 and 2023, certain trade and other receivables were collected and the related allowance for impairment losses recognized in prior years were reversed accordingly. Reversal of impairment losses on trade receivables recognized in the interim consolidated statements of income under "Selling and administrative expenses" account amounted to P5,081 and P105,560 for the periods ended March 31, 2024 and 2023, respectively.

8. Property, Plant and Equipment

Property, plant and equipment consist of:

March 31, 2024 and December 31, 2023

	Note	Power Plants	Land and Leasehold Improvements	Other Equipment	Building	Capital Projects in Progress	Total
Cost							
January 1, 2023 (Audited)		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		-	448,499	-	-	-	448,499
Reclassifications		11,053,316	1,081,919	1,030,657	353,602	(6,735,945)	6,783,549
Retirement/disposal	*14*	(76,428)	-	(1,386)	-	-	(77,814)
Currency translation adjustments		-	(16)	(111)	-	-	(127)
December 31, 2023 (Audited)		197,100,391	15,291,863	8,444,101	4,947,573	149,927,769	375,711,697
Additions		487,617	26,818	18,859	12,306	16,810,938	17,356,538
Reclassifications		19,334,802	3,396,458	93,280	174,409	(21,876,272)	1,122,677
Currency translation adjustments		-	33	253	-	-	286
March 31, 2024 (Unaudited)		**216,922,810**	**18,715,172**	**8,556,493**	**5,134,288**	**144,862,435**	**394,191,198**
Accumulated Depreciation and Amortization							
January 1, 2023 (Audited)		24,937,107	859,765	1,534,754	424,499	-	27,756,125
Depreciation and amortization		7,473,007	280,656	538,847	132,069	-	8,424,579
Reclassifications		-	-	75,335	-	-	75,335
Retirement/disposal	*14*	(12,993)	-	(1,155)	-	-	(14,148)
Currency translation adjustments		-	(12)	(112)	-	-	(124)
December 31, 2023 (Audited)		32,397,121	1,140,409	2,147,669	556,568	-	36,241,767
Depreciation and amortization		1,994,258	82,502	143,093	36,026	-	2,255,879
Reclassifications		-	-	20,169	-	-	20,169
Currency translation adjustments		-	34	252	-	-	286
March 31, 2024 (Unaudited)		**34,391,379**	**1,222,945**	**2,311,183**	**592,594**	-	**38,518,101**
Accumulated Impairment Losses							
January 1, 2023 (Audited)		-	-	209,965	-	-	209,965
Impairment		-	-	34,991	-	-	34,991
December 31, 2023 (Audited) and March 31, 2024 (Unaudited)		-	-	**244,956**	-	-	**244,956**
Carrying Amount							
December 31, 2023 (Audited)		P164,703,270	P14,151,454	P6,051,476	P4,391,005	P149,927,769	P339,224,974
March 31, 2024 (Unaudited)		**P182,531,431**	**P17,492,227**	**P6,000,354**	**P4,541,694**	**P144,862,435**	**P355,428,141**

March 31, 2023

	Note	Power Plants	Land and Leasehold Improvements	Other Equipment	Building	CPIP	Total
Cost							
January 1, 2023 (Audited)		P185,180,286	P13,602,998	P6,755,514	P4,576,121	P122,263,696	P332,378,615
Additions		61,080	54,587	16,360	-	9,896,712	10,028,739
Reclassifications		969	738,218	318,972	4,774	2,804,048	3,866,981
Retirement/disposal	*14*	(76,428)	-	(1,386)	-	-	(77,814)
Currency translation adjustments		-	(57)	(403)	-	-	(460)
March 31, 2023 (Unaudited)		185,165,907	14,395,746	7,089,057	4,580,895	134,964,456	346,196,061
Accumulated Depreciation and Amortization							
January 1, 2023 (Audited)		24,937,107	859,765	1,534,754	424,499	-	27,756,125
Depreciation and amortization		1,807,460	54,477	122,058	31,707	-	2,015,702
Reclassifications		-	-	16,719	-		16,719
Retirement/disposal	*14*	(12,993)	-	(1,155)	-	-	(14,148)
Currency translation adjustments		-	(49)	(405)	-	-	(454)
March 31, 2023 (Unaudited)		26,731,574	914,193	1,671,971	456,206	-	29,773,944
Accumulated Impairment Losses							
January 1, 2023 (Audited) and March 31, 2023 (Unaudited)		-	-	209,965	-	-	209,965
Carrying Amount							
March 31, 2023 (Unaudited)		P158,434,333	P13,481,553	P5,207,121	P4,124,689	P134,964,456	P316,212,152

a. Other equipment includes machinery and equipment, transportation equipment, office equipment and furniture and fixtures.

b. Capital Projects in Progress (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).

      On March 28, 2024, the commercial operations of Mariveles Greenfield Power Plant Unit 1 commenced following the completion of the testing and commissioning phase and the ERC issuance of a Provisional Authority to Operate in favor of MPGC for its Unit 1. Following the commercial operations, all related CPIP costs for Unit 1 were reclassified to the appropriate property, plant and equipment account.

   ii. Expenditures of EERI related to the construction of its 1,320 MW Batangas Combined Cycle Power Plant (BCCPP).

   iii. Projects of SMGP BESS Power Inc. (SMGP BESS, formerly Universal Power Solutions, Inc.) for the construction of battery energy storage system (BESS) facilities 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 Masinloc Power Co. Ltd. (MPCL, formerly Masinloc Power Partners Co. Ltd.) 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.

      The Unit 1 retrofit was completed and all related CPIP costs were reclassified to the appropriate property, plant and equipment account in 2023.

   v. Projects of SMGP Kabankalan Power Co. Ltd (SMGP Kabankalan, formerly SMCGP Philippines Energy Storage Co. Ltd.) for the construction of its 10 MW BESS Phase 2 facility in Kabankalan, Negros Occidental.

   vi. Various construction works relating to the respective power plant facilities of LPI and Malita Power Inc. (MPI, formerly San Miguel Consolidated Power Corporation).

   Ongoing capital projects are expected to be completed in 2024 up to 2026.

c. Depreciation and amortization related to property, plant and equipment are recognized in the consolidated statements of income as follows:

		March 31	
	Note	**2024 (Unaudited)**	2023 (Unaudited)
Cost of power sold	*13*	**P2,129,177**	P1,864,273
Selling and administrative expenses		**126,702**	151,429
		P2,255,879	P2,015,702

For the period ended March 31, 2024, reclassifications include transfers from capital projects in progress account to specific property, plant and equipment accounts and application of advances to contractors against progress billings for capital projects in progress.

As at March 31, 2024 and December 31, 2023, certain property, plant and equipment amounting to P175,779,424 and P164,918,759, respectively, are pledged as security for syndicated project finance loans (Note 9).

Certain fully depreciated property, plant and equipment with aggregate costs amounting to P6,052,717 and P6,030,538 as at March 31, 2024 and December 31, 2023, respectively, are still being used in the Group's operations.

9. Long-term Debt

Long-term debt consists of:

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Bonds			
Parent Company			
Philippine Peso-denominated:			
Fixed interest rate of 5.9077%, 7.1051% and 8.0288% maturing in 2025, 2028 and 2032, respectively		**P39,581,844**	P39,559,871
Fixed interest rate of 7.1783% and 7.6000% maturing in April 2024 and 2026, respectively		**16,121,400**	16,110,820
Fixed interest rate of 6.2500% and 6.6250% maturing in 2024 and 2027, respectively		**10,060,179**	10,056,168
Fixed interest rate of 4.7575% and 5.1792% matured in 2023 and maturing in 2026, respectively		**4,741,552**	4,740,043
		70,504,975	70,466,902
Term Loans			
Parent Company			
Philippine Peso-denominated:			
Fixed interest rate with maturities up to April 2024		**14,098,077**	14,091,381
Fixed interest rate with maturities up to 2025		**4,857,337**	4,853,652
Fixed interest rate with maturities up to 2028		**7,442,296**	7,439,465
Foreign currency-denominated:			
Floating interest rate based on Secured Overnight Financing Rate (SOFR) plus margin, maturing in 2026		**16,703,049**	16,421,201
Floating interest rate based on SOFR plus margin, maturing in 2024		**11,195,698**	10,992,509
Floating interest rate based on SOFR plus margin, maturing in 2025		**5,580,216**	5,483,778
Floating interest rate based on SOFR plus margin, maturing in 2027		**16,532,844**	16,249,226
Floating interest rate based on SOFR plus margin, maturing in 2024		**5,591,806**	5,487,277
Floating interest rate based on SOFR plus margin, maturing in 2025		**2,771,443**	2,718,947

Forward

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Subsidiaries			
Philippine Peso-denominated:			
Fixed interest rate with maturities up to 2029 (a)		**P31,755,596**	P32,497,049
Fixed interest rate with maturities up to 2030 (b)		**14,334,982**	14,643,247
Fixed interest rate with maturities up to 2033 (c)		**39,524,960**	27,537,755
Floating rate based on Bloomberg Valuation (BVAL) plus margin, maturing in 2030 (d)		**6,903,589**	7,187,581
Foreign currency-denominated:			
Fixed interest rate with maturities up to 2023 and 2030		**17,358,334**	17,078,674
Floating interest rate based on SOFR plus margin, with maturities up to 2023 and 2030		**5,712,869**	5,620,829
		200,363,096	188,302,571
	16, 17	**270,868,071**	258,769,473
Less current maturities		**55,345,810**	54,124,645
		P215,522,261	P204,644,828

a. On March 27, 2024, LPI made partial payments amounting to P759,500 of its P44,000,000, 12-year term loan, pursuant to the terms and conditions of its Omnibus Loan and Security Agreement (OLSA) with a syndicate of local banks.

b. On February 17, 2024, MPI made partial payments amounting to P324,186 of its P21,300,000, 12-year term loan, pursuant to the terms and conditions of its OLSA with a syndicate of local banks.

   The loan includes amount payable to Bank of Commerce (BOC), an associate of entities under common control, amounting to P2,177,600 and P2,226,304 as at March 31, 2024 and December 31, 2023, respectively (Note 10).

c. On March 25, 2024, SMGP BESS drew the second tranche amounting to P12,000,000 from the P40,000,000 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 shall be used (i) for the purchase of outstanding perpetual securities issued to SMC and reimbursement or repayment of reimbursable advances from the Parent Company, (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.

   The loan includes the P5,800,000 and P4,060,000 amount payable to BOC as at March 31, 2024 and December 31, 2023, respectively (Note 10).

d. On January 25, 2024, MPCL made principal repayments amounting to P291,134 pursuant to the terms and conditions of its Amended ORA.

   The loan includes the P4,213,614 and P4,389,181 amount payable to BOC as at March 31, 2024 and December 31, 2023, respectively (Note 10).

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 Series I Bonds formed part of the P30,000,000 Series H-I-J fixed rate bonds issued in April 2019.

On April 26, 2024, the Parent Company fully paid the P14,100,000 balance of its 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.

Unamortized debt issue costs amounted to P2,484,882 and P2,684,515 as at March 31, 2024 and December 31, 2023, respectively. Accrued interest amounted to P2,318,437 and P1,397,801 as at March 31, 2024 and December 31, 2023, respectively. Interest expense amounted to P4,001,784 and P3,173,325 for the periods ended March 31, 2024 and 2023, respectively.

Valuation Technique for Peso-denominated Bonds
The market value was determined using the market comparison technique. The fair values are based on Philippine Dealing and Exchange Corp. (PDEx). The Bonds are traded in an active market and the quotes reflect the actual transactions in identical instruments.

The fair value of the Bonds, amounting to P72,931,726 and P73,529,065 as at March 31, 2024 and December 31, 2023, respectively, has been categorized as Level 1 in the fair value hierarchy based on the inputs used in the valuation techniques (Note 17).

The debt agreements of the Parent Company, LPI, MPI, MPCL and SMGP BESS 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 and SMGP BESS to create or have any outstanding security interest upon or with respect to any of the present or future business, undertaking, assets or revenue (including any uncalled capital) of the Parent Company or any of its material subsidiaries, LPI, MPI, MPCL and SMGP BESS to secure any indebtedness, subject to certain exceptions.

The loans of LPI, MPI and SMGP BESS are secured by real estate and chattel mortgages, on all present and future assets, amounting to P44,100,000, P21,325,000 and P40,000,000, respectively, and reserves of LPI, MPI and SMGP BESS as well as a pledge by the Parent Company of all its outstanding shares of stock in LPI, MPI and SMGP BESS.

The loans of MPCL obtained from its Amended ORA and OEFA are secured by real estate and chattel mortgages, on all present assets (purchased under its asset purchase agreement, and all its rights in a land lease agreement, with PSALM) and all future assets as defined in its loan agreements, amounting to P8,155,000 and US$525,000, respectively.

As at March 31, 2024 and December 31, 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:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	**P2,684,515**	P2,713,968
Additions	**27,808**	822,522
Capitalized amount	**(576)**	(2,279)
Amortization	**(226,865)**	(849,696)
Balance at end of period	**P2,484,882**	P2,684,515

Repayment Schedule

The annual maturities of the long-term debts as at March 31, 2024 are as follows:

	Gross Amount				
Year	**US Dollar**	**Peso Equivalent of US Dollar**	**Peso**	**Debt Issue Costs**	**Net**
April 1, 2024 to March 31, 2025	US$331,920	P18,667,181	P36,910,078	P231,449	P55,345,810
April 1, 2025 to March 31, 2026	483,390	27,185,853	17,605,018	511,470	44,279,401
April 1, 2026 to March 31, 2027	34,912	1,963,480	19,719,761	237,373	21,445,868
April 1, 2027 to March 31, 2028	336,488	18,924,057	11,970,371	531,700	30,362,728
April 1, 2028 to March 31, 2029	38,168	2,146,540	41,821,351	475,933	43,491,958
April 1, 2029 and thereafter	239,242	13,454,998	62,984,265	496,957	75,942,306
	US$1,464,120	**P82,342,109**	**P191,010,844**	**P2,484,882**	**P270,868,071**

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 16.

10. Related Party Disclosures

The Parent Company, certain subsidiaries and their shareholders, associate and joint ventures, purchase products and services from one another in the normal course of business. Transactions with related parties are made at normal market prices and terms. The Group requires approval of the BOD for certain limits on the amount and extent of transactions with related parties.

Amounts owed by/owed to related parties are collectible/will be settled in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The following are the transactions with related parties and the outstanding balances as at March 31, 2024 (Unaudited) and December 31, 2023 (Audited):

	Year	Revenues from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
SMC	**2024**	**P129,670**	**P192,709**	**P89,028**	**P3,305,023**	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	**2024**	**1,811,613**	**1,251,008**	**2,120,037**	**11,380,484**	On demand or 30 days;	Unsecured;
	2023	9,261,195	3,848,749	1,620,198	10,737,315	non-interest bearing	no impairment
	2024	**-**	**-**	**12,010,491**	**-**	Installment basis up to	Unsecured;
	2023	-	-	12,010,491	-	2026; interest bearing	no impairment
Associate	**2024**	**317,412**	**-**	**749,187**	**28,101**	On demand or 30 days;	Unsecured;
	2023	1,944,182	-	889,255	28,101	non-interest bearing	no impairment
	2024	**701**	**-**	**39,116**	**-**	9 years;	Unsecured;
	2023	4,208	-	51,053	-	interest bearing	no impairment
Joint Venture	**2024**	**8,258**	**-**	**16,904**	**-**	30 days;	Unsecured;
	2023	32,707	-	13,126	-	non-interest bearing	no impairment
	2024	**1,442**	**-**	**164,333**	**-**	92 days;	Unsecured;
	2023	5,673	-	167,404	-	interest bearing	no impairment
	2024	**18,630**	**-**	**1,509,867**	**-**	10.5 years	Unsecured;
	2023	71,378	-	1,491,796	-	interest bearing	no impairment
Associate and Joint Ventures	**2024**	**-**	**-**	**481**	**1,157**	30 days;	Unsecured;
of Entities under Common Control	2023	9,828	-	481	1,157	non-interest bearing	no impairment
	2024	**-**	**217,077**	**-**	**12,321,811**	7 to 12 years;	Secured
	2023	-	590,527	-	10,805,681	interest bearing	
	2024	**P2,287,726**	**P1,660,794**	**P16,699,444**	**P27,036,576**		
	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 interim consolidated statements of financial position, prepayments for rent and insurance, and security deposits (Note 7).

b. Amounts owed to related parties consist of trade and non-trade payables including management fees, purchases of fuel, reimbursement of expenses, rent, insurance, services rendered, customers’ deposits and subscriptions payable to Olongapo Electricity Distribution Company, Inc. (OEDC). As at March 31, 2024 and December 31, 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 P7,485,345 and P7,401,488, respectively.

c. Amounts owed by an associate mainly consist of interest bearing loan granted to OEDC included as part of “Trade and other receivables” and “Other noncurrent assets” accounts in the interim consolidated statements of financial position (Note 7).

d. Amounts owed by a joint venture consists of interest bearing loans granted and management fees charged to Angat Hydropower Corporation by PowerOne Ventures Energy Inc. included as part of “Trade and other receivables” and “Other noncurrent assets” accounts in the interim consolidated statements of financial position (Note 7).

e. Amounts owed to an associate and joint venture of entities under common control pertains to an interest-bearing long-term loan of MPI, MPCL and SMGP BESS to BOC, included as part of “Long-term debt” account in the interim consolidated statements of financial position (Note 9). The loan is secured by certain property, plant and equipment as at March 31, 2024 and December 31, 2023 (Note 8).

f. The compensation of key management personnel of the Group, by benefit type, are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Short-term employee benefits	**P50,646**	P129,041
Retirement cost	**3,097**	17,523
	P53,743	P146,564

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.

11. Capital Stock, Issuance of Capital Securities and Distributions

Capital Stock

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 P1,774,000 (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 P3,774,000, 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.

Issuances of Redeemable Perpetual Securities (RPS)
On March 10, 2023, the Parent Company issued a US$500,000 RPS at an issue price of 100% (equivalent to P27,378,112, net of directly attributable transaction costs) in favor of SMC.

On April 19, 2024, the Parent Company issued an US$800,000 RPS at an issue price of 100% in favor of a foreign financial institution.

The RPS are direct unconditional, unsecured and subordinated capital securities with no fixed redemption date. The holder shall have the right to receive distributions at a prescribed rate per annum, payable pursuant to the terms of the agreement. The Parent Company has a right to defer this distribution under certain conditions.

The proceeds from the issuances were used for general corporate purposes, including capital expenditures, and refinancing of maturing obligations.

Distributions to Senior Perpetual Capital Securities (SPCS) Holders
The Parent Company paid P1,261,945 and P1,231,732 to the SPCS holders in 2024 and 2023, respectively, as distributions in accordance with the terms and conditions of the relevant subscription agreements.

In April 2024, the Parent Company paid distributions amounting to US$25,337 and US$25,453 to holders of SPCS issued in October and December 2020, and April and July 2019, respectively.

12. Revenues

Revenues consist of:

		March 31	
	Note	**2024 (Unaudited)**	2023 (Unaudited)
Sale of power:			
Power generation and trading		**P35,711,028**	P34,097,060
Retail and other power-related services		**8,318,589**	6,950,954
Other services		**92,918**	75,886
	4, 10	**P44,122,535**	P41,123,900

Revenues from other services mainly pertain to operations and maintenance services provided by a subsidiary to an entity under common control (Note 10).

13. Cost of Power Sold

Cost of power sold consist of:

		March 31	
	Note	**2024 (Unaudited)**	2023 (Unaudited)
Coal, fuel oil and other consumables	*10*	**P22,527,965**	P22,085,916
Power purchases		**6,272,327**	5,472,864
Depreciation and amortization	*8*	**3,036,082**	2,789,353
Plant operations and maintenance, and other fees		**1,402,446**	1,383,376
Energy fees	*5*	**301,846**	362,472
	4	**P33,540,666**	P32,093,981

14. Other Income (Charges) - net

Other income (charges) consist of:

		March 31	
	Note	**2024 (Unaudited)**	2023 (Unaudited)
Marked-to-market gain (loss) on derivatives	*17*	**P97,230**	(P445,495)
Foreign exchange gains (losses) - net	*16*	**(1,435,618)**	3,695,095
Miscellaneous income	*8*	**8,452**	66,119
		(P1,329,936)	P3,315,719

15. Basic and Diluted Loss Per Share

Basic and diluted loss per share is computed as follows:

	March 31	
	2024 (Unaudited)	2023 (Unaudited)
Net income attributable to equity holders of the Parent Company	**P1,552,187**	P5,323,300
Distributions for the period to:		
RPS holder	**(1,929,377)**	(1,038,538)
SPCS holders	**(3,784,561)**	(3,750,049)
Net income (loss) attributable to common shareholders of the Parent Company(a)	**(4,161,751)**	534,713
Weighted average number of common shares outstanding (in thousands) (b)	**2,823,604**	1,250,004
Basic/Diluted Earnings (Loss) Per Share (a/b)	**(P1.47)**	P0.43

As at March 31, 2024 and 2023, 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 interest costs and other financing charges in 2024 and 2023 (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 Plant Units 4 and 5, and the 1,320 MW BCCPP, are expected to go into commercial operations in 2024 up to 2026 (Note 8). These projects are expected to be contracted to creditworthy offtakers such as Meralco and the National Grid Corporation of the Philippines, and should contribute significantly to the profitability of the Group following their commercial operations in the coming years.

16. 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, noncurrent receivables, loans payable, long-term debt and derivative instruments. These financial instruments, except derivative instruments, are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Group such as trade and other receivables, accounts payable and accrued expenses, lease liabilities and other noncurrent liabilities arise directly from and are used to facilitate its daily operations.

The outstanding derivative instruments of the Group, such as forwards, are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to foreign currency and commodity price risks arising from the operating and financing activities.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD constituted the Audit and Risk Oversight Committee to assist the BOD in fulfilling its oversight responsibility of the Group's corporate governance process relating to the: a) quality and integrity of the consolidated financial statements and financial reporting process and the systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the consolidated financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance with tax, legal and regulatory requirements; e) evaluation of management's process to assess and manage the enterprise risk issues; and f) fulfillment of the other responsibilities set out by the BOD. The Audit and Risk Oversight Committee shall prepare such reports as may be necessary to document the activities of the committee in the performance of its functions and duties. Such reports shall be included in the annual report of the Group and other corporate disclosures as may be required by the Philippine SEC and/or the PDEx.

The Audit and Risk Oversight Committee also oversees how management monitors compliance with the risk management policies and procedures of the Group and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit assists the Audit and Risk Oversight Committee in monitoring and evaluating the effectiveness of the risk management and governance processes of the Group. Internal Audit undertakes both regular and special reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Oversight Committee.

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary. The Group also uses derivative instruments such as forwards to manage liquidity.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management:

March 31, 2024 (Unaudited)	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	**P35,578,519**	**P35,578,519**	**P35,578,519**	**P -**	**P -**	**P -**
Trade and other receivables - net*	**110,040,921**	**110,040,921**	**110,040,921**	**-**	**-**	**-**
Derivative asset not designated as cash flow hedge (included under "Prepaid expenses and other current assets" account)	**59,825**	**59,825**	**59,825**	**-**	**-**	**-**
Noncurrent receivables (included under "Other noncurrent assets" account; including current portion)	**17,596,188**	**18,461,284**	**6,933,590**	**1,559,423**	**7,200,544**	**2,767,727**
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	**6,306,614**	**6,306,614**	**2,311,586**	**2,779,557**	**20**	**1,215,451**
Financial Liabilities						
Loans payable	**13,736,000**	**13,891,604**	**13,891,604**	**-**	**-**	**-**
Accounts payable and accrued expenses*	**87,651,462**	**87,651,462**	**87,651,462**	**-**	**-**	**-**
Long-term debt - net (including current maturities)	**270,868,071**	**347,623,492**	**73,318,753**	**59,851,904**	**125,967,533**	**88,485,302**
Lease liabilities (including current portion)	**38,148,329**	**43,239,931**	**14,840,591**	**5,122,373**	**13,602,203**	**9,674,764**
Other noncurrent liabilities	**3,821,773**	**3,821,773**	**-**	**3,697,190**	**-**	**124,583**

**Excluding statutory receivables and payables*

December 31, 2023 (Audited)	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	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	-	-	-
Noncurrent receivables (included under “Other noncurrent assets” account; 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, without considering the effects of other risk mitigation techniques, is presented below:

	Note	**March 31, 2024 (Unaudited)**	December 31, 2023 (Audited)
Cash and cash equivalents (excluding cash on hand)	*6*	**P35,576,643**	P31,657,566
Trade and other receivables - net*	*7*	**110,040,921**	110,097,787
Derivative assets not designated as cash flow hedge		**59,825**	-
Noncurrent receivables		**17,596,188**	17,579,941
Restricted cash		**6,306,614**	6,271,296
		P169,580,191	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. Financial assets that are credit-impaired are separately presented.

March 31, 2024 (Unaudited)	**Financial Assets at Amortized Cost**				
	12-month ECL	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit impaired**	**Financial Assets at FVPL**	**Total**
Cash and cash equivalents (excluding cash on hand)	**P35,576,643**	**P -**	**P -**	**P -**	**P35,576,643**
Trade and other receivables	**-**	**110,040,921**	**2,652,337**	**-**	**112,693,258**
Derivative assets not designated as cash flow hedge	**-**	**-**	**-**	**59,825**	**59,825**
Noncurrent receivables (including current portion)	**-**	**17,596,188**	**-**	**-**	**17,596,188**
Restricted cash	**6,306,614**	**-**	**-**	**-**	**6,306,614**
	P41,883,257	**P127,637,109**	**P2,652,337**	**P59,825**	**P172,232,528**

December 31, 2023 (Audited)	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 receivables	-	110,097,787	2,665,606	112,763,393
Noncurrent receivables	-	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:

	March 31, 2024 (Unaudited)				December 31, 2023 (Audited)			
	Trade	**Non-trade**	**Amounts Owed by Related Parties**	**Total**	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	**P54,997,879**	**P2,338,985**	**P2,803,143**	**P60,140,007**	P53,461,204	P191,806	P2,578,385	P56,231,395
Past due:								
1 - 30 days	**7,380,407**	**133,643**	**506,048**	**8,020,098**	9,651,743	1,917,500	373,966	11,943,209
31 - 60 days	**1,887,094**	**222,781**	**57,475**	**2,167,350**	2,450,433	116,941	46,397	2,613,771
61 - 90 days	**1,785,997**	**157,105**	**1,573**	**1,944,675**	2,367,521	585,819	11,407	2,964,747
Over 90 days	**32,485,755**	**7,637,957**	**297,416**	**40,421,128**	31,098,973	7,264,399	646,899	39,010,271
	P98,537,132	**P10,490,471**	**P3,665,655**	**P112,693,258**	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 period.

The Group's cash and cash equivalents, derivative assets and restricted cash are placed with reputable entities with high quality external credit ratings.

The Group has significant concentration of credit risk. Sale of power to Meralco accounts for 42% and 36% of the Group's total revenues for the periods ended March 31, 2024 and 2023, respectively.

The Group does not execute any credit guarantee in favor of any counterparty.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates relates primarily to the long-term borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

On the other hand, the investment policy of the Group is to maintain an adequate yield to match or reduce the net interest cost from its borrowings pending the deployment of funds to their intended use in the operations and working capital management. However, the Group invests only in high-quality short-term investments while maintaining the necessary diversification to avoid concentration risk.

In managing interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit or loss.

The management of interest rate risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various standard and non-standard interest rate scenarios.

Interest Rate Risk Table

The terms and maturity profile of the interest-bearing financial instruments, together with its gross amounts, are shown in the following tables:

March 31, 2024 (Unaudited)	**< 1 Year**	**1-2 Years**	**>2-3 Years**	**>3-4 Years**	**>4-5 Years**	**>5 Years**	**Total**
Fixed Rate							
Philippine Peso-denominated	**P35,745,544**	**P16,440,484**	**P18,555,227**	**P10,805,837**	**P40,656,817**	**P61,819,731**	**P184,023,640**
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 8.5411%	6.2836% to 8.2443%	
Foreign currency-denominated (expressed in Philippine Peso)	**1,350,660**	**1,412,861**	**1,477,284**	**1,543,929**	**1,615,016**	**10,123,284**	**17,523,034**
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**	**1,164,534**	**6,987,204**
Interest rate	**BVAL + Margin**	**BVAL + Margin**	**BVAL + Margin**	**BVAL + Margin**	**BVAL + Margin**	**BVAL + Margin**	
Foreign currency-denominated (expressed in Philippine Peso)	**17,316,521**	**25,772,992**	**486,196**	**17,380,128**	**531,524**	**3,331,714**	**64,819,075**
Interest rate	**SOFR + Margin**	**SOFR + Margin**	**SOFR + Margin**	**SOFR + Margin**	**SOFR + Margin**	**SOFR + Margin**	
	P55,577,259	**P44,790,871**	**P21,683,241**	**P30,894,428**	**P43,967,891**	**P76,439,263**	**P273,352,953**

December 31, 2023 (Audited)	< 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 profit before tax (through the impact on floating rate borrowings) by P179,516 and P710,947 for the period ended March 31, 2024 and for the year ended December 31, 2023, 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.

Certain derivative contracts are designated as cash flow hedges. The Group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of the cash flows. The Group assesses whether the derivatives designated in the hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the cumulative dollar-offset and hypothetical derivative method.

The following are the main sources of ineffectiveness in the hedge relationships:

- the effect of the counterparty's and the Group's own credit risk on the fair value of the derivative contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in foreign exchange rates; and

- changes in the timing of the hedged transactions.

Information on the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine Peso equivalents is as follows:

		March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Note	**US Dollar**	**Peso Equivalent**	US Dollar	Peso Equivalent
Assets					
Cash and cash equivalents	*6*	**US$60,009**	**P3,374,918**	US$69,461	P3,846,070
Trade and other receivables	*7*	**162,735**	**9,152,236**	163,818	9,070,599
Noncurrent receivables		**32,786**	**1,843,902**	31,181	1,726,513
		255,530	**14,371,056**	264,460	14,643,182
Liabilities					
Accounts payable and accrued expenses		**1,088,498**	**61,217,153**	930,718	51,533,841
Long-term debt (including current maturities)	*9*	**1,464,120**	**82,342,109**	1,464,120	81,068,325
Lease liabilities (including current portion)	*5*	**300,245**	**16,885,806**	341,414	18,904,090
		2,852,863	**160,445,068**	2,736,252	151,506,256
Net Foreign Currency-denominated Monetary Liabilities		**US$2,597,333**	**P146,074,012**	US$2,471,792	P136,863,074

The Group reported net gains (losses) on foreign exchange amounting to (P1,435,618) and P3,695,095 for the periods ended March 31, 2024 and 2023, respectively, with the translation of its foreign currency-denominated assets and liabilities (Note 14).

These mainly resulted from the movements of the Philippine Peso against the US dollar as shown in the following table:

	US Dollar to Philippine Peso
March 31, 2024	**P56.240**
December 31, 2023	55.370
March 31, 2023	54.360
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 profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to translation of results and financial position of foreign operations):

	P1 Decrease in the US Dollar Exchange Rate		**P1 Increase in the US Dollar Exchange Rate**	
March 31, 2024 (Unaudited)	**Effect on Income before Income Tax**	**Effect on Equity**	**Effect on Income before Income Tax**	**Effect on Equity**
Cash and cash equivalents	**(P56,592)**	**(P52,961)**	**P56,592**	**P52,961**
Trade and other receivables	**(162,332)**	**(122,583)**	**162,332**	**122,583**
Noncurrent receivables	**(32,786)**	**(24,590)**	**32,786**	**24,590**
	(251,710)	**(200,134)**	**251,710**	**200,134**
Accounts payable and accrued expenses	**1,087,310**	**824,624**	**(1,087,310)**	**(824,624)**
Long-term debt (including current maturities)	**1,464,120**	**1,339,590**	**(1,464,120)**	**(1,339,590)**
Lease liabilities (including current portion)	**300,245**	**225,184**	**(300,245)**	**(225,184)**
	2,851,675	**2,389,398**	**(2,851,675)**	**(2,389,398)**
	P2,599,965	**P2,189,264**	**(P2,599,965)**	**(P2,189,264)**

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
December 31, 2023 (Audited)	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
Noncurrent 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.

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 RPS (Notes 9 and 11).

The Group defines capital as capital stock, additional paid-in capital, SPCS and RPS and retained earnings, both appropriated and unappropriated. Other components of equity such as equity reserves are excluded from capital for purposes of capital management.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the consolidated statements of financial position.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Group's business, operation and industry.

There were no changes in the Group's approach to capital management during the period.

17. Financial Assets and Financial Liabilities

The table below presents a comparison by category of the carrying amounts and fair values of the Group's financial instruments:

	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**P35,578,519**	**P35,578,519**	P31,659,442	P31,659,442
Trade and other receivables - net*	**110,040,921**	**110,040,921**	110,097,787	110,097,787
Derivative assets not designated as cash flow hedge (included under "Prepaid expenses and other current assets" account)	**59,825**	**59,825**	-	-
Noncurrent receivables (included under "Other noncurrent assets" account; including current portion)	**17,596,188**	**17,596,188**	17,579,941	17,579,941
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	**6,306,614**	**6,306,614**	6,271,296	6,271,296
	P169,582,067	**P169,582,067**	P165,608,466	P165,608,466
Financial Liabilities				
Loans payable	**P13,736,000**	**P13,736,000**	P13,736,000	P13,736,000
Accounts payable and accrued expenses*	**87,651,462**	**87,651,462**	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
Long-term debt - net (including current maturities)	**270,868,071**	**296,068,503**	258,769,473	272,270,702
Lease liabilities (including current portion)	**38,148,329**	**38,148,329**	42,787,300	42,787,300
Other noncurrent liabilities (including current portions of Concession liability and Premium on option liabilities)	**3,821,773**	**3,821,773**	3,959,302	3,959,302
	P414,225,635	**P439,426,067**	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), Noncurrent 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 noncurrent 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 5.66% to 6.24% and 5.08% to 6.00% as at March 31, 2024 and December 31, 2023, respectively. Discount rates used for foreign currency-denominated loans range from 4.20% to 5.33% and 3.85% to 5.27% as at March 31, 2024 and December 31, 2023, respectively. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

The fair value of Peso-denominated bonds has been categorized as Level 1 and interest-bearing fixed-rate loans, lease liabilities and other noncurrent liabilities have been categorized as Level 2 in the fair value hierarchy.

Derivative Financial Instruments

The Group's derivative financial instruments according to the type of financial risk being managed and the details of freestanding derivative financial instruments that are categorized into those accounted for as cash flow hedges and those that are not designated as accounting hedges are discussed below.

The Group enters into various foreign currency and commodity derivative contracts to manage its exposure on foreign currency and commodity price risks. The portfolio is a mixture of instruments including forwards.

Derivative Instruments not Designated as Hedges
The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding derivatives which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the consolidated statements of income. Details are as follows:

Freestanding Derivatives
Freestanding derivatives consist of foreign currency and commodity derivatives entered into by the Group.

Currency Forwards
The Group entered into short-term foreign currency forward contracts with aggregate notional amount of US$100,000 and US$65,000 as at March 31, 2024 and December 31, 2023, respectively. As at March 31, 2024, the positive fair value of these currency forwards, included under "Prepaid expenses and other current assets" amounted to P59,825. As at December 31, 2023, the negative fair value of these currency forwards included under "Accounts payable and accrued expenses" amounted to P13,925.

The Group recognized marked-to-market gains (losses) from freestanding derivatives amounting to P97,230 and (P445,495) for the periods ended March 31, 2024 and 2023, respectively (Note 14).

Fair Value Changes on Derivatives
The net movements in fair value of all derivative instruments are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	**(P13,925)**	P246,375
Net change in fair value of derivatives:		
Not designated as accounting hedge	**97,230**	(875,946)
Designated as accounting hedge	**-**	(7,238)
	83,305	(636,809)
Less fair value of settled instruments	**23,480**	(622,884)
Balance at end of period	**P59,825**	(P13,925)

Fair Value Measurements
The Group measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

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

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

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

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

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

18. Other Matters

a. Contingencies
The Group is a party to certain cases or claims which are either pending decision by the court/regulators or are subject to settlement agreements. The outcome of these cases or claims cannot be presently determined.

i. *Temporary Restraining Order (TRO) Issued to Meralco*
On December 5, 2013, Meralco wrote the ERC requesting for clearance and authority: (i) to collect a generation charge of P7.90 per kWh in its December 2013 billings to its customers for its generation cost for the month of November 2013; and (ii) to defer to February 2014 the recovery of the remaining P3,000,000, representing a portion of the generation costs for the November 2013 supply month which was not passed on to customers in December 2013, subject to the inclusion of the appropriate carrying charge. In response thereto, the ERC, in its letter dated December 9, 2013, granted Meralco the authority to implement a staggered collection of its generation cost for the power supplied in November 2013. The ERC, however, did not approve Meralco's request to recover the carrying costs and directed it to file a formal application for this instead.

On December 19, 2013, Petitioners Bayan Muna representatives, et al. filed a petition against the ERC and Meralco, questioning the increase in the generation cost for November 2013 supply month docketed as G.R. No. 210245. On December 20, 2013, Petitioner National Association of Electricity Consumers for Reforms (NASECORE) et al. filed a petition against the ERC, DOE and Meralco assailing the automatic adjustment of generation cost docketed as G.R. No. 210255. On December 23, 2013, the SC issued a resolution consolidating both petitions and issued a TRO enjoining: (I) the ERC from implementing its letter dated December 9, 2013, and (II) Meralco from increasing the rates it charged to its consumers based on its letter dated December 5, 2013.

As a result, Meralco was constrained to fix its generation rate to its October 2013 level of 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 docketed as G.R. 210502 and granting the prayer to include SPI, SPPC, SRHI and MPCL as respondents in the Petition.

On February 18, 2014, the SC extended the TRO issued on December 23, 2013 for another 60 days or until April 22, 2014 and granted additional TROs enjoining the Philippine Electricity Market Corporation (PEMC) and the generators from demanding and collecting the deferred amounts. In a Resolution dated April 22, 2014, the SC extended indefinitely the effectivity of the TROs issued on December 23, 2013 and February 18, 2014.

In the Petition filed by special interest groups, the SC was made aware of the order of the ERC dated March 3, 2014 (the "March 3, 2014 ERC Order") (as defined and discussed under "*ERC Order Voiding WESM Prices"*), in which the ERC declared void the WESM prices during the November and December 2013 supply months and imposed regulated prices in their stead. The March 3, 2014 ERC Order likewise directed PEMC to: (a) calculate these "regulated prices" based on a formula identified by the ERC as representative of 2013 market prices under normalized conditions and (b) to collect the same from the WESM participants involved.

A decision was promulgated by the Supreme Court (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 intend to discuss with Meralco the implementation of the SC Decision. SPPC, MPCL and SPI have aggregate outstanding receivables from Meralco estimated at P1,275,985 included under "Trade and other receivables" account in the interim consolidated statements of financial position as at March 31, 2024 and December 31, 2023.

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, 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. However, on August 3, 2021, a decision was rendered by the SC 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 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.

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.

Prior to the CA Decision, on December 18, 2017, the presiding judge of the RTC who conducted the judicial dispute resolution issued an order inhibiting himself from the instant case. The case was then re-raffled to another RTC judge in Mandaluyong City.

SPPC filed a Motion for Production of Documents on February 28, 2018, while PSALM filed its Manifestation with Motion to Hear Affirmative Defenses and Objections Ad Cautelam.

On September 24, 2018, the RTC issued an order denying PSALM's Motion to Hear Affirmative Defense and granted SPPC's Motion for Production of Documents. In an order dated April 29, 2019, the RTC denied the Motion for Reconsideration filed by PSALM on the basis that it found no strong and compelling reason to modify, much less reverse, its order dated September 24, 2018.

On July 26, 2019, PSALM filed a Petition for Certiorari with Urgent Prayer for the Issuance of a TRO and/or Writ of Preliminary Injunction with the CA, seeking the reversal of the orders of the RTC dated September 24, 2018 and April 29, 2019 (CA-G.R. SP No. 161706). In compliance with the CA's directive, PSALM filed an Amended Petition on April 29, 2019 (the "PSALM 2019 CA Petition").

On April 7, 2022, the CA promulgated a Decision dismissing the PSALM 2019 CA Petition (the "April 7, 2022 CA Decision"). PSALM filed a Motion for Reconsideration dated April 29, 2022. SPPC filed a Motion for Leave to File Opposition to the Motion for Reconsideration with an Opposition to the said Motion for Reconsideration on July 15, 2022.

In a Resolution dated October 4, 2022, the CA denied PSALM's motion for reconsideration of the April 7, 2022 CA Decision (the "October 4, 2022 CA Resolution").

On December 1, 2022, PSALM filed a Petition for Review on Certiorari with the SC, appealing the April 7, 2022 CA Decision denying its petition for certiorari and October 4, 2022 CA Resolution denying its motion for reconsideration. The Petition for Review has been docketed as G. R. No. 263773. On June 9, 2023, SPPC filed its Comment on the petition.

In a Resolution dated November 8, 2023, which SPPC received on March 6, 2024, the SC denied PSALM's Petition for Review of the CA's Decision dated April 7, 2022 and Resolution dated October 4, 2022 in CA-G.R. SP No. 161706. The SC deemed it was not necessary to delve into PSALM's arguments that the trial court committed grave abuse of discretion in directing PSALM to respond to SPPC's modes of discovery because the CA found that the trial court acted in accordance with law, the facts, and evidence, and that PSALM had complied with the directive. The SC also found that it was the regular courts that have jurisdiction and not the ERC.

In January 2020, PSALM also filed with the RTC a Motion Ad Cautelam to Lift or Dissolve the Writ of Preliminary Injunction with Application to File Counterbond. SPPC filed its opposition to this motion in March 2020.

On May 26, 2020, SPPC filed a Supplemental Opposition to PSALM's Motion Ad Cautelam to Lift or Dissolve the Writ of Preliminary Injunction citing SPPC's letter dated March 6, 2020 informing PSALM of its intention to advance the full settlement of the Monthly Payments due for the period March 26, 2020 until the end of the IPPA Agreement on June 26, 2022. SPPC stated that given this intention, PSALM can no longer assert that it stands to suffer injury in the form of reduction in expected cash or that the Government would be exposed to financial risk.

PSALM also filed several other pleadings: (i) Urgent Ex-Parte Motion for Early Resolution of its Motion for Leave to File Amended Answer Ad Cautelam dated May 28, 2020; (ii) Motion for Reconsideration of the RTC Order of February 14, 2020, which did not allow PSALM to present witnesses in support of its Motion to Dissolve the Writ of Preliminary Injunction and directed the parties to submit pleadings and documents in support of their respective positions; and (iii) Reply to SPPC's Opposition to its Motion to Dissolve the Writ of Preliminary Injunction. SPPC filed a Motion for Leave to File Consolidated Rejoinder with Consolidated Rejoinder dated September 14, 2020 to PSALM's Reply to Opposition to the Motion to Dissolve.

In an Order dated November 27, 2020, the RTC denied PSALM's Motion for Leave to File Amended Answer Ad Cautelam (the "November 27, 2020 RTC Order"). On January 15, 2021, SPPC filed a Motion for Summary Judgment, praying that judgment be rendered in favor of SPPC on all its causes of action based on the pleadings, affidavits, and admissions on file. On January 29, 2021, PSALM filed a Motion for Reconsideration of the November 27, 2020 RTC Order.

In an Order dated March 23, 2021 (the "March 23, 2021 RTC Order"), the RTC denied PSALM's Motion for Reconsideration of the November 27, 2020 RTC Order. In the same Order, the RTC also denied SPPC's Motion for Summary Judgment and referred the case to mediation.

On May 21, 2021, SPPC filed a Motion for Reconsideration of the March 23, 2021 RTC Order. PSALM filed an Opposition to the Motion for Reconsideration and SPPC filed a Motion for Leave to File a Reply to the Opposition with an incorporated Reply.

In June 2021, PSALM also filed a Petition for Certiorari under Rule 65 of the Rules of Court to annul the November 27, 2020 RTC Order and the March 23, 2021 RTC Order with the CA, which was denied by the CA in its Decision dated May 30, 2022 (the “May 30, 2022 CA Decision”).

On October 3, 2022, the CA promulgated a Resolution denying PSALM’s Motion for Reconsideration of the May 30, 2022 CA Decision (the “October 3, 2022 CA Resolution”).

After moving for an extension of time, on November 26, 2022, PSALM filed a Petition for Review on Certiorari with the SC, appealing the May 30, 2022 CA Decision and October 3, 2022 CA Resolution. The petition for review has been docketed as G. R. No. 263774. On January 25, 2023, the SC denied the petition for failure to show any reversible error in the May 30, 2022 CA Decision and October 3, 2022 CA Resolution as to warrant the exercise of the SC of its discretionary appellate jurisdiction. PSALM has filed a Motion for Reconsideration. SPPC has not yet received a directive to file a Comment.

The mediation scheduled on April 19, 2021 did not push through, in view of the restrictions imposed by the enhanced community quarantine and modified enhanced community quarantine.

In an Order dated May 18, 2021, the RTC recalled the portion of the March 23, 2021 RTC Order, where it set the case for mediation, given that the parties have already exhausted both court-annexed mediation and judicial dispute resolution and scheduled the pre-trial of the case on June 18, 2021, which was however cancelled.

On September 13, 2021, the RTC denied SPPC’s Motion for Partial Reconsideration of the March 23, 2021 RTC Order and scheduled the pre-trial of the case on November 19, 2021. Pre-trial proceeded on November 19, 2021 and the parties filed the Joint Stipulation of Facts on April 6, 2022.

SPPC filed a Motion to Amend Pre-trial Order and Minutes of the Pre-trial issued by the RTC on April 7, 2022 which was later granted by the RTC on May 20, 2022. The RTC accordingly issued an Amended Pre-trial Order.

SPPC presented its first witness on July 29, 2022, and its second witness on November 11, 2022. Comparison and pre-marking of documents were conducted on January 20, 2023. Trial resumed on January 26, 2024 and March 15, 2024 where SPPC presented its second witness. for the cross-examination of SPPC’s second witness. Pre-marking of SPPC’s additional exhibits was held on 5 April 2024. Pre-marking of PSALM’s additional exhibits will be held on 17 May 2024. No additional trial dates have been scheduled because the presiding judge will retire in June 2024.

Related to the foregoing, in a Resolution dated December 7, 2021, the RTC denied PSALM’s Motion Ad Cautelam to Lift or Dissolve the Writ of Preliminary Injunction on the grounds that: (a) the arguments in the Motion had been previously denied with finality by the RTC, CA, and SC and the propriety of the issuance of the writ of preliminary injunction in favor of SPPC “should be considered a settled matter, so long as the facts and circumstances upon which the writ was issued still continue to exist”; (b) “PSALM cannot substantiate its contentions that the continuance of the preliminary injunction would cause it damage or that SPPC can be fully compensated for such damages as it may suffer”; and (c) the counter-bond offered by PSALM would be inadequate to answer for the damages that SPPC might sustain as a result of the lifting of the preliminary injunction.

In an Order dated February 17, 2022, the RTC denied PSALM's Motion for Reconsideration of the Resolution of December 7, 2021 for failing to raise any new or substantial ground.

PSALM filed a Petition for Certiorari dated May 13, 2022, assailing the RTC's Resolution of December 7, 2021 and Order of February 17, 2022 for allegedly having been rendered with grave abuse of discretion. This was denied by the CA in its Decision dated March 21, 2024 which was received by the external counsel of SPPC on April 11, 2024.

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 where it is still pending to date.

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 Section 3(e) and 3(f) of RA No. 3019, before the DOJ against a certain officer of PSALM, and certain officers of TPEC and TeaM Sual Corporation ("TSC"), relating to the illegal grant of the so-called "excess capacity" of the Sual Power Plant in favor of TPEC which enabled it to receive a certain amount at the expense of the Government and SPI.

In a Resolution dated July 29, 2016, the DOJ found probable cause to file an Information against the respondents for Plunder and violation of Section 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. Respondents have respectively appealed said July 29, 2016 DOJ Resolution, through the filing of a Petition for Review with the Secretary of Justice.

On October 25, 2017, the DOJ issued a Resolution partially granting the Petition for Review by reversing the July 29, 2016 DOJ Resolution insofar as the conduct of the preliminary investigation. 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 is pending, SPI and the Respondents filed before the DOJ a Joint Motion to Dismiss dated June 6, 2022 praying for the dismissal of the criminal complaint filed by SPI.

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.

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.

On July 5, 2017, SPI consigned with the RTC Pasig the amount representing additional proceeds of Sale of the Excess Capacity for the billing period July 26, 2016 to August 25, 2016. SPI also filed a Motion to Admit Second Supplemental Complaint in relation to said consignation.

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. The MR was heard on July 13, 2018 where the parties were given time to file their responsive pleadings. PSALM filed its Comment dated July 26, 2018 to the MR and SPI filed its Reply to PSALM's Comment on August 13, 2018.

In an Order dated November 19, 2019, the presiding judge voluntarily inhibited herself from further hearing the case.

On December 13, 2019 the case was re-raffled to RTC Branch 268. On February 7, 2020, a clarificatory hearing was held and RTC Branch 268 noted the pending incidents, which are: (a) SPI's Motion for Partial Reconsideration and Supplemental Motion for Reconsideration of the Order dated May 22, 2018; (b) SPI's two Motions to Admit Supplemental Complaint; and (c) PSALM's Motion to Set Preliminary Hearing on the Special and Affirmative Defenses.

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").

RTC Branch 268 scheduled the pre-trial on December 13, 2021 but the pre-trial was postponed because PSALM filed an Omnibus Motion for Reconsideration of the September 30, 2021 Order and to Resolve Pending Motion to Set Preliminary Hearing on Special and Affirmative Defenses, and to Defer Pre-trial (sic). SPI has already filed an Opposition to the Omnibus Motion.

In an Order dated May 30, 2022, RTC Branch 268 denied PSALM's Omnibus Motion for Reconsideration of the September 30, 2021 Order and to Resolve Pending Motion to Set Preliminary Hearing on Special and Affirmative Defenses, and to Defer Pre-trial (sic). In the same Order, RTC Branch 268 set the pre-trial on August 1, 2022. SPI and PSALM filed a Joint Motion to Re-Set Pre-trial Conference on the ground that the parties are negotiating for an amicable settlement. RTC Branch 268 granted the Joint Motion and scheduled the resumption on September 1, 2022, in the event that the parties do not reach an amicable settlement.

The parties filed a Second Joint Motion to Reset Pre-trial Conference as they were still negotiating an amicable settlement.

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.

The total amount consigned with the RTC Pasig amounting to P491,242 was released to TPEC on December 20, 2022.

vi. *Claim for Price Adjustment on the Meralco Power Supply Agreements*
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 P50,000,000.00 (the "TRO Bond"). SPPC's prayer for the issuance of a writ of preliminary injunction was held in abeyance pending receipt of respondents' comments.

On November 24, 2022, SPPC filed an Urgent Motion to Allow Consolidation of the Rule 65 Petition filed by SPI which is docketed as CA-G.R. SP No. 176037 with the SPPC CA Petition before the 13th Division of the CA as the SPPC CA Petition was transferred to this division of the CA. This Urgent Motion was granted by the 13th Division subject to the approval of the CA Division handling the SPI CA Petition.

On November 25, 2022, SPPC posted the TRO Bond. This was approved in a Resolution dated December 2, 2022, which resulted in the issuance of the TRO on the same date.

On December 7, 2022, SPPC received a copy of the Entry of Appearance with Motion to Lift and/or Dissolve the TRO filed by the ERC through the Office of the Solicitor General. Meralco also filed a Motion to Lift TRO. SPPC filed its Oppositions to said Motions to Lift and/or Dissolve the TRO.

Following the hearing on the application for preliminary injunction held on January 11, 2023, the 13th Division of the CA issued on January 25, 2023, a resolution granting SPPC's application for the issuance of a writ of preliminary injunction conditioned upon the posting by SPPC of a bond in the amount of P100,000,000.00 (the "Preliminary Injunction Bond"). The CA likewise directed Respondents ERC, Meralco and NASECORE to file their respective comment on the SPPC CA Petition and allowed SPPC to file a reply within 5 days from receipt of the Respondents' comment. The ERC and Meralco filed motions for reconsideration of the CA's Resolution dated January 25, 2023.

On February 1, 2023, SPPC received copies of the ERC's Comment Ad Cautelam and NASECORE's Manifestation. On February 6, 2023, SPPC received a copy of MERALCO's Comment. On February 13, 2023, SPPC filed a Motion for Leave to File Consolidated Reply.

In a Resolution dated February 23, 2023, the CA approved the Preliminary Injunction Bond posted by SPPC on January 31, 2023, directed the issuance of a Writ of Preliminary Injunction, and released the TRO Bond.

On February 23, 2023, the writ of preliminary injunction was issued by the CA for the SPPC CA Petition.

In a Resolution dated April 3, 2023, the CA denied the motions for reconsideration of the CA's Resolution dated January 25, 2023 (on the issuance of the writ of preliminary injunction in favor of SPPC) filed by the ERC and Meralco.

In its June 9, 2023 Resolution, the CA granted the Motion for Leave to Intervene filed by the representatives of Power for People Coalition, Bukluran ng Manggagawang Pilipino, Sanlakas, Philippine Movement for Climate Justice, and Freedom from Debt Coalition, and admitted their Comment-in-Intervention.

In the same June 9, 2023 Resolution, the CA declared that the case (consolidated with the SPI Petition) was deemed submitted for decision.

On June 29, 2023, SPPC received a copy of the Petition for Certiorari under Rule 65 of the Rules of Court filed by the ERC with the SC. The ERC's Petition seeks to annul and set aside the CA's Resolutions dated January 25, 2023 and April 3, 2023.

On July 10, 2023, SPPC received the CA's Joint Decision dated June 27, 2023 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 in ERC Case Nos. 2019-081 and 2019-083, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the Joint Decision); and (iii) made permanent the writ of preliminary injunction issued in favor of SPPC.

On July 31, 2023, SPPC, through its external counsel, received a copy of the ERC's Consolidated Motion for Reconsideration of the CA's Joint Decision dated June 27, 2023.

As directed by the CA in its Resolution dated August 24, 2023, SPPC filed its Comment/Opposition on the ERC's Consolidated Motion for Reconsideration on October 2, 2023.

On August 2, 2023, SPPC received a copy of NASECORE's Motion for Reconsideration of the CA's Joint Decision. As directed by the CA in its Resolution dated August 10, 2023, SPPC filed its Comment/ Opposition on NASECORE's Motion for Reconsideration on September 14, 2023.

On August 7, 2023, SPPC received a copy of Meralco's Motion for Additional Time to File Petition for Review on Certiorari under Rule 45 of the Rules of Court filed with the Supreme Court wherein Meralco asked for a period of 30 days, or until August 28, 2023, to file its Petition.

On September 12, 2023, SPPC received a copy of Meralco's Motion to Withdraw its Motion for Additional Time to File Petition for Review on Certiorari under Rule 45 of the Rules of Court.

On October 2, 2023, SPPC filed its Comment on the ERC's Consolidated Motion for Reconsideration.

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. In its Resolution, the CA ruled that the "grounds relied upon by NASECORE and ERC were already thoroughly considered and passed upon in the Decision being sought to be reconsidered; and that contrary to the claims of the ERC, 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."

On March 6, 2024, SPPC received, through its external counsel, a copy of the ERC's Petition for Review on Certiorari filed with the SC.

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 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 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 December 27, 2022, SPI received a copy of the CA 16th Division's Resolution dated November 28, 2022, which directed the private respondents to file their comment on the petition and show cause why SPI's prayer for the issuance of a TRO and/or Writ of Preliminary Injunction should not be granted, within 10 days from notice. Action on SPI's prayer for injunctive relief was held in abeyance pending receipt of the required pleadings.

The ERC has filed an Opposition Ex Abundanti Ad Cautelam to SPI's Urgent Motion to Allow Consolidation of Cases.

MERALCO has filed its Opposition to SPI's application for the issuance of a TRO and/or writ of preliminary injunction. On January 10, 2023, SPI filed its Reply to MERALCO's Opposition.

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. The ERC filed a motion for partial reconsideration of the grant of consolidation of SPI's Petition with SPPC CA Petition.

On February 10, 2023, SPI filed a Motion for Partial Reconsideration of the January 13, 2023 Resolution and prayed for the issuance of a writ of preliminary injunction.

On February 14, 2023, SPI received copies of the ERC's Comment Ad Cautelam on the Petition and Meralco's Comment.

On February 20, 2023, SPI filed a Motion for Leave to File Consolidated Reply.

In a Resolution dated April 3, 2023, the CA upheld its decision to consolidate the cases filed by SPI and SPPC thus denying the Motion for Reconsideration filed by the ERC.

The CA likewise noted SPI's Motion for Partial Reconsideration (for the CA to partially reverse and set aside the Resolution dated January 13, 2023 and issue a writ of preliminary injunction) filed on February 10, 2023. Respondents were directed to file their comment on SPI's Motion for Partial Reconsideration within an unextendible period of 10 days from notice. The case (together with the SPPC Petition) will be submitted for decision after Respondents file their respective comment on SPI's Motion for Partial Reconsideration or after the expiration of the given period if no comment is filed.

Respondents ERC and Meralco have filed their respective comment on SPI's Motion for Partial Reconsideration.

In its June 9, 2023 Resolution, the CA granted the Motion for Leave to Intervene filed by the representatives of Power for People Coalition, Bukluran ng Manggagawang Pilipino, Sanlakas, Philippine Movement for Climate Justice, and Freedom from Debt Coalition, and admitted their Comment-in-Intervention.

In the same June 9, 2023 Resolution, the CA declared that the case (consolidated with the SPPC Petition) was deemed submitted for decision.

On July 10, 2023, SPI received the CA's Joint Decision dated June 27, 2023 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 in ERC Case Nos. 2019-081 and 2019-083, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the 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 July 31, 2023, SPI, through its external counsel, received a copy of the ERC's Consolidated Motion for Reconsideration of the CA's Joint Decision dated June 27, 2023.

As directed by the CA in its Resolution dated August 24, 2023, SPI filed its Comment/Opposition on the ERC's Consolidated Motion for Reconsideration on October 2, 2023.

On August 2, 2023, SPI received a copy of NASECORE's Motion for Reconsideration of the CA's Joint Decision. As directed by the CA in its Resolution dated August 10, 2023, SPI filed its Comment/ Opposition on NASECORE's Motion for Reconsideration on September 14, 2023.

On August 7, 2023, SPI received a copy of Meralco's Motion for Additional Time to File Petition for Review on Certiorari under Rule 45 of the Rules of Court filed with the Supreme Court wherein Meralco asked for a period of 30 days, or until August 28, 2023, to file its Petition.

On September 12, 2023, SPI received a copy of Meralco's Motion to Withdraw its Motion for Additional Time to File Petition for Review on Certiorari under Rule 45 of the Rules of Court.

On October 2, 2023, SPI filed its Comment on the ERC's Consolidated Motion for Reconsideration.

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. In its Resolution, the CA ruled that the "grounds relied upon by NASECORE and ERC were already thoroughly considered and passed upon in the Decision being sought to be reconsidered; and that contrary to the claims of the ERC, 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."

On March 6, 2024, SPI received, through its external counsel, a copy of the ERC's Petition for Review on Certiorari filed with the SC.

b. Joint Agreement with Meralco and Aboitiz Power Corporation (Aboitiz Power) on the Group's LNG Projects
On March 1, 2024, Meralco PowerGen Corporation (MGen) and Therma NatGas Power, Inc. (TNGP, a subsidiary of Aboitiz Power), 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 in and acquire a 67% stake 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 Ilijan Primeline Industrial Estate, Inc. where the gas-fired power plant and related facilities of EERI are located.

The transaction also involves the acquisition by CGHI and the Parent Company of equity interest in Linseed Field Corporation, the owner of the Batangas LNG Terminal, which processes LNG for SPPC and later on for EERI.

The transaction is subject to customary closing conditions and regulatory approvals, including the review and approval of the Philippine Competition Commission. As of date, Top Frontier is currently in the process of preparing filings with the relevant regulatory agencies in relation to the joint investment by the Parent Company and CGHI.

c. Supplemental Cash Flows Information
The following table summarizes the changes in liabilities and equity arising from the financing activities, including both changes arising from cash flows and non-cash changes:

	Loans Payable	Long-term Debt	Lease Liabilities	Total
Balances as at January 1, 2024 (Audited)	**P13,736,000**	**P258,769,473**	**P42,787,300**	**P315,292,773**
Changes from Financing Activities				
Proceeds from borrowings	**29,172,000**	**12,000,000**	**-**	**41,172,000**
Payments of borrowings	**(29,172,000)**	**(1,374,820)**		**(30,546,820)**
Payments of lease liabilities	**-**	**-**	**(5,070,231)**	**(5,070,231)**
Total Changes from Financing Activities	**-**	**10,625,180**	**(5,070,231)**	**5,554,949**
Effect of Changes in Foreign Exchange Rates	**-**	**1,273,784**	**281,935**	**1,555,719**
Other Changes	**-**	**199,634**	**149,325**	**348,959**
Balance as at March 31, 2024 (Unaudited)	**P13,736,000**	**P270,868,071**	**P38,148,329**	**P322,752,400**

	Loans Payable	Long-term Debt	Lease Liabilities	SPCS	RPS	Total
Balance as at January 1, 2023 (Audited)	P21,000,000	P272,152,624	P59,958,110	P161,767,709	P51,934,069	P566,812,512
Changes from Financing Activities						
Proceeds from borrowings	28,000,000	13,641,000	-	-	-	41,641,000
Proceeds from issuance of RPS	-	-	-	-	27,378,113	27,378,113
Payments of borrowings	(28,000,000)	(36,576,358)	-	-	-	(64,576,358)
Payments of lease liabilities	-	-	(4,652,729)	-	-	(4,652,729)
Total Changes from Financing Activities	-	(22,935,358)	(4,652,729)	-	27,378,113	(209,974)
Effect of Changes in Foreign Exchange Rates	-	(2,566,494)	(713,650)	-	-	(3,280,144)
Other Changes	-	21,743	2,221,690	-	-	2,243,433
Balance as at March 31, 2023 (Unaudited)	P21,000,000	P246,672,515	P56,813,421	P161,767,709	P79,312,182	P565,565,827

Other changes pertain to additions for new lease agreements and amortization of lease liabilities and amortization of debt-issue costs of long-term debt.

d. Commitments
The outstanding purchase commitments of the Group amounted to P95,914,995 and P104,803,997 as at March 31, 2024 and December 31, 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.

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

f. There were no material changes in estimates of amounts reported in prior financial year.

g. Certain accounts in prior year have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported financial position and performance of the Group for any of the comparative periods presented.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP. AND SUBSIDIARIES
DISCUSSION OF THE GROUP'S FINANCIAL SOUNDNESS INDICATORS

The following are the major performance measures that San Miguel Global Power Holdings Corp. (formerly SMC Global Power Holdings Corp.) and Subsidiaries (the "Group") use. Analyses are employed by comparisons and measurements based on the financial data as at March 31, 2024 and December 31, 2023 for liquidity, solvency and profitability ratios and for the periods ended March 31, 2024 and 2023 for operating efficiency ratios.

LIQUIDITY RATIO

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

	Conventional		***Adjusted*** [1]	
(in Millions Peso)	**March 2024**	December 2023	**March 2024**	December 2023
(A) Current Assets	**215,064**	213,998	**215,064**	213,998
(B) Current Liabilities	**191,444**	183,361	**177,991**	165,870
Current Ratio (A) / (B)	**1.12**	1.17	**1.21**	1.29

(1) Current portion of lease liabilities, in relation to the Independent Power Producer Administration Agreements with Power Sector Assets 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 March 31, 2024 and December 31, 2023, current portion of lease liabilities to PSALM amounted to P13,453 million 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)	**March 2024**	December 2023
(A) Net Debt [2]	**228,490**	225,585
(B) Total Equity [3]	**342,017**	343,034
Net Debt-to-Equity Ratio (A) / (B)	**0.67**	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 = $\dfrac{\textbf{Total Assets}}{\textbf{Total Equity}}$

	Conventional		*Adjusted* [(4)]	
(in Millions Peso)	**March 2024**	December 2023	**March 2024**	December 2023
(A) Total Assets	**804,057**	784,935	**709,405**	689,390
(B) Total Equity	**343,765**	343,473	**343,765**	343,473
Asset-to-Equity Ratio (A) / (B)	**2.34**	2.29	**2.06**	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 March 31, 2024 and December 31, 2023, the carrying amount of the IPPA power plant assets amounted to P94,652 million and P95,545 million, respectively.

PROFITABILITY RATIO

Return on Equity = $\dfrac{\textbf{Net Income}}{\textbf{Total Equity}}$

(in Millions Peso)	**March 2024**	December 2023
(A) Net Income [(5)]	**6,105**	9,903
(B) Total Equity	**343,765**	343,473
Return on Equity (A) / (B)	**1.8%**	2.9%

(5) Annualized for quarterly reporting.

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

(in Millions Peso)	**March 2024**	December 2023
(A) EBITDA [(6)]	**34,720**	34,511
(B) Interest Expense [(7)]	**13,567**	13,575
Interest Coverage Ratio (A) / (B)	**2.56**	2.54

(6) Most recent four quarterly period consolidated EBITDA (gross of PSALM payments and excluding amounts attributable to ring-fenced subsidiaries).

(7) Most recent four quarterly period consolidated interest expense (excluding amounts attributable to ring-fenced subsidiaries).

OPERATING EFFICIENCY

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

(in GWh)	Periods Ended March 31	
	2024	2023
(A) Current Period Offtake Volume	**7,956**	4,657
(B) Prior Period Offtake Volume	**4,657**	6,991
Volume Growth (Decline) [(A / B) – 1]	**70.8%**	(33.4%)

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

(in Millions Peso)	Periods Ended March 31	
	2024	2023
(A) Current Period Revenue	**44,123**	41,124
(B) Prior Period Revenue	**41,124**	43,036
Revenue Growth (Decline) [(A / B) – 1]	**7.3%**	(4.4%)

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

(in Millions Peso)	Periods Ended March 31	
	2024	2023
(A) Income from Operations	**8,840**	7,575
(B) Revenues	**44,123**	41,124
Operating Margin (A) / (B)	**20.0%**	18.4%

San Miguel Global Power
Giving You the Power to Celebrate Life

San Miguel Global Power Holdings Corp.

5th Floor C5 Office Bldg. Complex, 100 E. Rodriguez Jr. Ave., C5 Road, Ugong, Pasig City, 1604 (02) 5317 1000

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

INTRODUCTION

The following discussion should be read in conjunction with the attached unaudited consolidated financial statements of San Miguel Global Power Holdings Corp. ("San Miguel Global Power" or "Parent Company", formerly SMC Global Power Holdings Corp.) and its subsidiaries (collectively referred to as the "Group") as at and for the period ended March 31, 2024 (with comparative figures as at December 31, 2023 and for the period ended March 31, 2023). All necessary adjustments have been made to present fairly the consolidated financial position, financial performance and cash flows of the Group as at March 31, 2024, and for all the other periods presented. Certain information and footnote disclosure normally included in the audited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards have been omitted.

I. MAJOR DEVELOPMENTS AND SIGNIFICANT TRANSACTIONS IN 2024

Joint Agreement with Manila Electric Company (Meralco) and Aboitiz Power Corporation (Aboitiz Power) on the Group's Liquefied Natural Gas (LNG) Projects

On March 1, 2024, Meralco PowerGen Corporation (MGen) and Therma NatGas Power, Inc. (TNGP, a subsidiary of Aboitiz Power), 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 in and acquire a 67% stake in San Miguel Global Power's gas-fired power plants, namely (i) the brownfield 1,200 megawatts (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, Inc. where the gas-fired power plant and related facilities of EERI are located.

The transaction also involves the acquisition by CGHI and San Miguel Global Power of equity interest in Linseed Field Corporation, the owner of the Batangas LNG Terminal, which processes LNG for SPPC and later on for EERI.

The transaction is subject to customary closing conditions and regulatory approvals, including the review and approval of the Philippine Competition Commission. As of date, Top Frontier Investment Holdings, Inc., the ultimate parent company of San Miguel Global Power, is currently in the process of preparing filings with the relevant regulatory agencies in relation to the joint investment by San Miguel Global Power and CGHI.

Update on Battery Energy Storage System (BESS) Projects of the Group

San Miguel Global Power accomplished another key milestone on its BESS project with an additional 3 BESS facilities, with a combined capacity of 110 megawatt hours (MWh), located in Concepcion, Tarlac, Ormoc, Leyte and Jasaan, Misamis Oriental, commencing operations on March 18, 2024. The remaining BESS capacities of ~630MWh are gearing up for the anticipated competitive selection process (CSP) for additional grid ancillary services requirements of National Grid Corporation of the Philippines (NGCP) as well as for peak power supply applications that will help ensure energy security for the local power industry in the near term. Alternative to the CSP is the reserve market where power reserves can be traded under the operation of Independent Electricity Market Operator of the Philippines (IEMOP).

Update on Mariveles Greenfield Power Plant Project

On February 26, 2024, the Energy Regulatory Commission (ERC) granted a Provisional Authority to Operate (PAO) in favor of Mariveles Power Generation Corporation's (MPGC) Unit 1. Following the receipt of the PAO from the ERC, MPGC declared the commercial operations of its 150 MW Unit 1 with the IEMOP starting March 28, 2024.

Updates on Claim for Price Adjustment on the Meralco Power Supply Agreements (PSA)

On June 27, 2023, the Court of Appeals ("CA") released its joint decision on the separate petitions of Sual Power Inc. (SPI) and South Premiere Power Corporation (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 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 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, after the issuance of the Temporary Restraining Order ("TRO") by the CA, while SPI ceased to supply nominations on its PSA on July 24, 2023. On September 12, 2023, Meralco filed its Motion to Withdraw its Motion for Additional Time to File Petition for Review on Certiorari with the Supreme Court under Rule 45 of the Rules of Court pursuant to the Joint Decision. On December 28, 2023, the CA issued a decision denying the Motions for Reconsideration filed by the ERC and intervenors on its decision dated June 27, 2023, 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, a copy of which was received by the SPI and SPPC on March 6, 2024.

As at report date, SPI and SPPC are awaiting for further action of the Supreme Court with regards to the Petition filed by the ERC.

Long-term Debts

Availment of Term Loans by San Miguel Global Power
On March 25, 2024, SMGP BESS drew the second tranche amounting to P12,000 million from the 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 shall be 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.

Payment of Maturing Long-term Debt
In the first quarter of 2024, Limay Power Inc. (LPI), Malita Power Inc. (MPI) and Masinloc Power Co. Ltd. (MPCL) paid a total of P1,375 million of their scheduled long-term debt principal amortizations pursuant to the terms and conditions of their respective facility agreements.

Events After the Reporting Date

Issuance of US$800 million Redeemable Perpetual Securities (RPS)
On April 19, 2024, San Miguel Global Power issued an US$800 million RPS at an issue price of 100% in favor of a foreign financial institution.

The proceeds from the issuance of the RPS shall be used for general corporate purposes.

Redemption of Senior Perpetual Capital Securities (SPCS)
On April 25, 2024, San Miguel Global Power completed the redemption of the 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 was made after the issuance of a notice to the holders of the SPCS dated March 11, 2024. The redemption price of the US$783 million SPCS that was paid 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 of capital securities issued in April 2024 and cash generated from operations.

Redemption of Series I Bonds
On April 24, 2024, San Miguel Global Power redeemed its Series I Bonds, amounting to P9,232 million, upon its maturity pursuant to the terms and conditions of the bonds. The Series I Bonds formed part of the P30,000 million Series H-I-J fixed rate bonds issued in April 2019.

Payment of Maturing Long-term Debt
On April 26, 2024, San Miguel Global Power fully paid the P14,100 million balance of its 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.

II. FINANCIAL PERFORMANCE

2024 vs. 2023

	March 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Millions	**2024**	2023	Amount	%	**2024**	2023
Revenues	**P44,123**	P41,124	P2,999	7%	**100%**	100%
Cost of power sold	**(33,541)**	(32,094)	1,447	5%	**(76%)**	(78%)
Gross profit	**10,582**	9,030	1,552	17%	**24%**	22%
Selling and administrative expenses	**(1,742)**	(1,455)	287	20%	**(4%)**	(4%)
Income from operations	**8,840**	7,575	1,265	17%	**20%**	18%
Interest expense and other financing charges	**(5,017)**	(4,398)	619	14%	**(11%)**	(10%)
Interest income	**221**	367	(146)	(40%)	**0%**	1%
Equity in net earnings (losses) of an associate and joint ventures	**(23)**	164	(187)	(114%)	**0%**	0%
Other income (charges) - net	**(1,329)**	3,316	(4,645)	(140%)	**(3%)**	8%
Income before income tax	**2,692**	7,024	(4,332)	(62%)	**6%**	17%
Income tax expense	**1,145**	1,679	(534)	(32%)	**3%**	4%
Net income	**P1,547**	P5,345	(P3,798)	(71%)	**3%**	13%

Revenues
The Group’s consolidated revenues for the first quarter of 2024 amounted to P44,123 million, higher by 7% than the P41,124 million recognized in the same period last year. The increase was mainly driven by: (i) higher offtake volume as the Group was able to secure several emergency power supply agreements (EPSA) from Meralco and other distribution utilities (DUs) that allowed the contracting of its available capacities, and (ii) the resumption of operations of the Ilijan Power Plant using commercial LNG on a fuel passthrough basis. Moreover, the Group recognized additional revenues from ancillary services rendered by 10 BESS facilities of SMGP BESS Power Inc. (SMGP BESS) for NGCP, with a combined capacity of 330 MWh, of which 220 MWh commenced commercial operations in the second semester of 2023 while the other 110 MWh started in the first quarter of 2024.

Cost of Power Sold
Cost of power sold increased to P33,541 million for the first quarter of 2024, which is 5% higher than the P32,094 million incurred for the same period last year. The increase was mainly attributable to: (i) higher power purchases from the Philippine Wholesale Electricity Spot Market (WESM) to supplement the Group’s required generation output, and (ii) the resumption of Ilijan Power Plant’s operations in June 2023. The increase in cost of power sold was partially mitigated by lower fuel costs as international coal prices went down - averaging only US$125.76 per metric ton (MT) in the first quarter of 2024 compared to US$247.81/MT in 2022 for the same period, in terms of GC Newcastle indexed prices.

Selling and Administrative Expenses
Selling and administrative expenses increased by 20% or P287 million, from P1,455 million for the first quarter of 2023 to P1,742 million in 2024 for the same period. The increase was mainly due to higher: (i) contracted services incurred during the preventive maintenance of Masinloc Power Plant Unit 1 and outages of Sual Power Plant Unit 1, (ii) taxes and licenses representing documentary stamp taxes from various transactions of the Group, and local business taxes of MPCL, and (iii) personnel-related expenses of the Group driven by its continuing business expansion.

Income from Operations
As a result, consolidated income from operations of P8,840 million for the first quarter of 2024 was higher by 17% from the same period last year owing to improved margins as the Group worked out a transition to fuel passthrough arrangements for most of its bilateral customers including the 810 MW EPSA of SPPC with Meralco, as well as the additional margins contributed by BESS through ancillary services.

Interest Expense and Other Financing Charges
Interest expense and other financing charges went up to P5,017 million for the first quarter of 2024. This is due to the pervasive increase in global and local interest rates which affected primarily the new and outstanding debts of the Group, but was partly mitigated by the declining principal balances of its finance lease liabilities owed to Power Sector Assets and Liabilities Management Corporation (PSALM) arising from the Independent Power Producer Administration (IPPA) agreements, such as on the Sual Power Plant, which is nearing full settlement by October 2024.

Interest Income
Interest income amounted to P221 million for the first quarter of 2024. The lower number compared to the same period last year was due primarily to shorter placement periods as funds were utilized to cover capital expenditures for ongoing construction projects.

Equity in Net Earnings (Losses) of an Associate and Joint Ventures
Equity in net losses of an associate and joint ventures registered at P23 million loss for the first quarter of 2024, down from the P164 million earnings for the same period last year, mainly due to the decline in the financial performance of Angat Hydropower Corporation (AHC) with unfavorable hydrological conditions seen during the period.

Other income (charges) - net
Other charges amounted to P1,329 million for the first quarter of 2024, a complete turnaround from the P3,316 million other income for the same period last year. This was mainly due to the net foreign exchange loss recognized on the revaluation of the Group's US Dollar-denominated net monetary liabilities, with the depreciation of the Philippine Peso against the US Dollar during the period, which is in stark contrast to the significant appreciation of the Philippine Peso against the US Dollar seen in the first quarter of 2023.

Income Tax Expense
Provision for income tax amounted to P1,145 million for the first quarter of 2024. The lower number compared to the same period last year was due mainly to: (i) deferred tax benefit recognized by MPCL, San Roque Hydropower Inc. (SRHI), SPI on its unrealized foreign exchange loss, partly offset by (ii) higher income tax expense of LPI and MPI following the expiration of its income tax holiday in May and September 2023, respectively, and higher taxable income of MPCL.

Net Income
Consequently, the consolidated net income of the Group for the first quarter of 2024 decreased to P1,547 million, from P5,345 million net income reported for the same period last year, which was burdened with significant net foreign exchange losses. Without the impact of the net foreign exchange losses recognized in the first quarters of 2024 and 2023, the consolidated net income would have increased by 15% compared to 2023.
.

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

1. **POWER GENERATION**

   a. **SPI (IPPA of Sual Power Plant)**

   For the first quarter of 2024, net generation of 1,265 gigawatt hours (GWh), at 48% net capacity factor rate, was lower by 19% than in 2023 same period due mainly to the plant's longer outages. On the other hand, offtake volume was up by 8% as a result of higher spot sales volume.

   Revenues of P11,825 million decreased by 34% compared to last year's P17,861 million due mainly to lower average realization price resulting from lower fuel tariff as global coal prices fell from an average of US$247.81 per metric ton (MT) in the first quarter of 2023 to an average of just US$125.76/MT in 2024 same period.

   As a result, operating income for the first quarter of 2024 decreased by 6% to P2,276 million from P2,412 million in 2023.

   b. **SRHI (IPPA of San Roque Power Plant)**

   The San Roque Power Plant's net generation of 145 GWh for the first quarter of 2024, at 19% net capacity factor rate, fell by 20% due to shorter operating hours attributable mainly to lower water reservoir level. Likewise, total offtake volume of 339 GWh decreased by 8% compared to the same period last year resulting from lower generation.

   Revenues of P1,601 million were down by 52% compared to last year's P3,330 million due mainly to the decrease in offtake volume and lower average realization price owing to the decline in the average spot price.

   Operating income of P232 million for the first quarter of 2024 dropped by 79% compared to same period last year due to lower margin, owing to the aforesaid decline in the average realization price and offtake volume.

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

   The net generation of Ilijan Power Plant for the first quarter of 2024 significantly increased to 1,438 GWh, from 28 GWh registered last year, due primarily to the plant's resumption of operations in June 2023 following the successful supply of LNG from the Batangas LNG terminal.

   Likewise, total offtake volume of 1,791 GWh for the first quarter of 2024 was higher compared to the same period in 2023 on account of the increase in Meralco nominations due to the full quarter impact of its EPSAs with Meralco. Said bilateral contracts have fuel pass-through arrangements that translated to a higher average realization rate. Consequently, revenues surged to P13,115 million for the first quarter of 2024 from the P2,337 million posted for the same period in 2023.

   For the first quarter of 2024, SPPC recognized an operating income of P1,248 million due mainly to improved margins. This was a complete turnaround from the P932 million operating loss posted in 2023 same period.

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

The net generation of the Limay Greenfield Power Plant of 940 GWh for the first quarter of 2024, at 80% net capacity factor rate, was slightly higher by 1% than same period last year at 932 GWh. LPI dispatched 116 GWh of the plant's net generation to its power generation customers while the rest was dispatched to its Retail Electricity Supply (RES) customers.

For the first quarter of 2024, total offtake volume of 279 GWh went down from same period last year by 40% due to the decrease in replacement power sales volume. Moreover, revenues decreased by 52% from P3,498 million in 2023 to P1,673 million in 2024 attributable to lower offtake volume and lower average realization price with the decline in fuel tariff passed-on to customers as a result of lower global coal prices.

Operating income registering at P632 million for the quarter of 2024 was 5% lower than the P663 million posted in 2023 mainly on account of lower offtake volume.

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

For the first quarter of 2024, a total of 349 GWh was generated by the plant, at a capacity factor rate of 60%, higher compared to the same period last year by 6% due to the increase in spot and bilateral nominations.

On the other hand, revenues at P2,059 million dropped by 39% compared to last year due to lower average realization price resulting from lower fuel tariff as global coal prices fell. As a result, operating income at P485 million fell by 54% compared to last year same period.

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

The Masinloc Power Plant's operating Units 1, 2, and 3 contributed a total net generation of 1,471 GWh for the first quarter of 2024 with 1,340 GWh or 91% supplied to power generation customers while the rest was discharged to RES customers. This was 38% higher, compared to the 1,064 GWh generated from last year, as a result of lower outage days attributed to the scheduled preventive maintenance of Unit 1.

Total offtake volume of 1,479 GWh went up from last year resulting primarily from higher customer nominations. On the other hand, revenues and operating income decreased to P7,335 million and P1,632 million, respectively, on account of lower average realization price due to the decline in fuel tariff passed on to bilateral customers as global coal prices fell as well as the decline in spot prices for the period.

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

a. **LPI - RES**

For the first quarter of 2024, total offtake volume registered at 859 GWh. This increased by 69% compared to last year's 507 GWh due to new customers. Likewise, revenues increased by 11% from P4,553 million last year to P5,055 million for the first quarter of 2024 due to higher offtake volume.

Consequently, operating income of P810 million for the quarter was registered, this is 19% higher compared to the P679 million posted for the same period in 2023.

b. **MPCL - RES and MPCL - BESS**

For the first quarter of 2024, revenues, inclusive of ancillary revenues from the 10 MWh BESS, and operating income decreased to P1,241 million and P284 million, respectively, due to lower customer requirements and expiration of contracts in 2023.

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

Revenues of P232 million for the first quarter of 2024 increased by 9% compared to same period last year. Likewise, operating income of P151 million was higher by 45% compared to the P104 million registered from last year on account of higher average realization price during the period.

d. **SMGP BESS (owner of various BESS Facilities)**

For the first quarter of 2024, SMGP BESS reported revenues and operating income of P1,791 million and P1,251 million, respectively. Beginning July 2023, the ERC granted provisional authority for the implementation of Ancillary Service Procurement Agreements (ASPA) between NGCP and SMGP BESS with 7 BESS facilities commencing commercial operations on various dates during the second semester of 2023. Another 3 BESS facilities started commercial operations in the first quarter of 2024.

2023 vs. 2022

	March 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Millions	**2023**	2022	Amount	%	**2023**	2022
Revenues	**P41,124**	P43,036	(P1,912)	(4%)	**100%**	100%
Cost of power sold	**(32,094)**	(35,139)	(3,045)	(9%)	**(78%)**	(82%)
Gross profit	**9,030**	7,897	1,133	14%	**22%**	18%
Selling and administrative expenses	**(1,455)**	(1,107)	348	31%	**(4%)**	(3%)
Income from operations	**7,575**	6,790	785	12%	**18%**	15%
Interest expense and other financing charges	**(4,398)**	(4,092)	306	7%	**(10%)**	(10%)
Interest income	**367**	217	150	69%	**1%**	1%
Equity in net earnings of an associate and joint ventures	**164**	60	104	173%	**0%**	0%
Other income - net	**3,316**	366	2,950	806%	**8%**	1%
Income before income tax	**7,024**	3,341	3,683	110%	**17%**	7%
Income tax expense	**1,679**	1,413	266	19%	**4%**	3%
Net income	**P5,345**	P1,928	P3,417	177%	**13%**	4%

Revenues

The Group's consolidated revenues for the first quarter of 2023 amounted to P41,124 million, lower by 4% than the P43,036 million recognized in the same period in 2022. The decrease was mainly due to lower offtake volumes for the first quarter of 2023 which registered at 4,657 gigawatt hours (GWh), 33% lower compared to 2022. This was due mainly to the injunction issued by the CA following a TRO issued last December 7, 2022 on the obligation to supply the 670 MW contract capacity to Manila Electric Company (Meralco) by SPPC. The impact of the decline in bilateral offtake volumes was mitigated by higher average bilateral rates bearing adjustments on pass-thru fuel costs.

Cost of Power Sold

Cost of power sold decreased by 9% or P3,045 million, to P32,094 million for the first quarter of 2023 from P35,139 million in the same period of 2022. The decrease was mainly attributable to: (i) lower energy fees incurred with the expiration of the Ilijan IPPA Agreement of SPPC with PSALM in June 2022, and (ii) lower power purchases from the WESM following the suspension by the CA of the obligation to deliver the 670 MW contract capacity of SPPC to Meralco.

Selling and Administrative Expenses

Selling and administrative expenses increased by 31% or P348 million, to P1,455 million for the first quarter of 2023 from P1,107 million in 2022 same period. The increase was mainly due to: (i) higher taxes and licenses pertaining to documentary stamp taxes from various transactions and local business taxes of MPCL, LPI, SPI and San Miguel Global Power, and (ii) increase in personnel-related expenses of the Group with its continuing business activities and expansion.

Income from Operations

As a result of the foregoing events, consolidated income from operations of P7,575 million for the first quarter of 2023 increased by 12% from P6,790 million from the same period of 2022.

Interest Expense and Other Financing Charges

Interest expense and other financing charges amounted to P4,398 million for the first quarter of 2023. The higher number compared to the same period of 2022 was driven mainly by the general increase in global and local interest rate indices and by the new loan drawn by San Miguel Global Power, partly offset by lower interest recognized on the declining principal balance of the IPPA entities' lease liabilities to PSALM especially with the full settlement of SPPC's remaining lease liability for the Ilijan Power Plant last June 2022.

Interest Income
Interest income amounted to P367 million for the first quarter of 2023. The higher number compared to the same period in 2022 was due primarily to the interest income recognized on interest-bearing receivables arising from the sale of properties and subsidiaries in 2022.

Equity in Net Earnings of an Associate and Joint Ventures
Equity in net earnings of an associate and joint ventures amounted to P164 million for the first quarter of 2023, higher than in 2022 due mainly to the improvement in the financial performance of AHC.

Other Income - net
Other income amounted to P3,316 million for the first quarter of 2023, significantly higher compared to other income reported in the first quarter of 2022 at P366 million. This was mainly due to the net foreign exchange gain, amounting to P3,695 million, recognized in 2023 from the revaluation of the Group’s net US Dollar-denominated liabilities with the appreciation of the Philippine Peso against the US Dollar in 2023. For the same period in 2022, San Miguel Global Power recognized a net foreign exchange loss of P358 million.

Income Tax Expense
Income tax expense amounted to P1,679 million for the first quarter of 2023, 19% higher than P1,413 million reported for the same period in 2022 on account of higher taxable income of MPCL and LPI.

Net Income
The consolidated net income for the first quarter of 2023 is at P5,345 million, significantly higher than P1,928 million from the same period in 2022. This was due to higher operating income with better margins on available net capacity, and with the appreciation of the Philippine Peso against the US Dollar resulting in the recognition of P3,695 million in net foreign exchange gain in 2023.

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

1. **POWER GENERATION**

a. **SPI, IPPA of Sual Power Plant**

For the first quarter of 2023, net generation of 1,564 GWh, at 60% net capacity factor rate, was slightly lower by 1% than in 2022 same period due to lower plant dispatch. On the other hand, total offtake volumes increased by 4% to 2,010 GWh from 1,936 GWh for the same period in 2022 on account of higher Meralco nominations and higher volumes sold to spot and affiliate generators for the first quarter of 2023.

Revenues of P17,861 million was up by 44% than the P12,382 million reported in 2022. This was mainly attributable to higher average realization price for bilateral sales, driven by the increase in pass-on fuel charges, and higher spot market prices.

As a result, operating income for the first quarter of 2023 increased by 13% to P2,412 million from P2,138 million in 2022.

b. **SRHI, IPPA of San Roque Power Plant**

The San Roque Power Plant's net generation of 180 GWh for the first quarter of 2023, at 24% net capacity factor rate, fell by 5% due to lower water inflows resulting from low water reservoir level. However, total offtake volumes of 370 GWh increased by 56% compared to the same period in 2022 due to higher spot sales volume and the new bilateral contract which took effect in March 2022.

Revenues of P3,330 million more than doubled compared to 2022 due mainly to higher offtake volumes coupled with higher average realization prices.

As a result, operating income for the first quarter of 2023 increased by 98% from P572 million in 2022 to P1,130 million in 2023.

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

The net generation of Ilijan Power Plant for the first quarter of 2023 fell by 98% due to the plant's extended outage since June 2022 to undergo retrofitting works following the cessation of gas supply deliveries from the depleting Malampaya natural gas facility. This resulted despite the purchase by San Miguel Global Power of the remaining banked gas supply of government-owned Philippine National Oil Company (PNOC), which remains undelivered to date. Likewise, total offtake volumes of 439 GWh for the first quarter of 2023 decreased by 76% compared to 2022 due to the suspension of the obligation to supply the 670 MW PSA with Meralco.

Revenues of P2,337 million for the first quarter of 2023 was 73% lower compared to the revenues reported in the same period of 2022 mainly on account of lower offtake volumes.

For the first quarter of 2023, SPPC recognized an operating loss of P932 million, a complete turnaround from the P1,283 million operating income in 2022, as it incurred high cost of power purchases for its remaining bilateral contract requirements.

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

Limay Power Plant has a combined capacity of 600 MW. Total net generation of the plant from all operating units of 932 GWh for the first quarter of 2023, at 80% net capacity factor rate, was lower by 5% than the capacity factor rate registered in 2022 at 981 GWh due to higher plant outages. LPI dispatched 449 GWh of the plant's net generation to its power generation customers while the rest was dispatched to its Retail Electricity Supply (RES) customers. Total offtake volume of 463 GWh went up compared to the total offtake volume reported in first quarter of 2022 by 14% due to the increase in replacement power sales volume.

For the first quarter of 2023, revenues increased by 18% from P2,972 million in 2022 to P3,498 million. This was primarily due to higher average realization price on account of the increase in pass-on fuel rate brought by rising fuel prices.

Operating income registering at P663 million in 2023 was 30% lower than the P944 million posted in 2022 due mainly to higher generation costs and the increase in average price of power purchased from the spot and affiliate generators.

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

For the first quarter of 2023, a total of 328 GWh was generated by the plant, at a capacity factor rate of 58%, lower than the registered capacity factor rate in 2022 by 17% due mainly to lower bilateral nominations.

Revenues at P3,387 million dropped by 5% compared to the first quarter of 2022 due to the decrease in bilateral offtake volumes partly mitigated by the increase in average realization price due to higher pass-on fuel costs on account of rising cost of coal. As a result, operating income at P1,067 million was down by 18% compared to the same period in 2022.

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

The Masinloc Power Plant operating Units 1, 2, and 3 contributed a total net generation of 1,064 GWh for the first quarter of 2023 with 958 GWh supplied to power generation customers while the rest was discharged to RES customers. This was 27% lower compared to the 1,463 GWh generated in 2022 as a result of higher outage days attributed to the scheduled annual maintenance and turbine retrofit beginning December 23, 2022 up to March 10, 2023.

Total offtake volumes of 1,034 GWh and revenues of P9,309 million fell compared to the first quarter of 2022 resulting primarily from lower customer nominations and spot sales volumes. On the other hand, operating income increased to P2,006 million on account of high bilateral rates to customers and spot market prices.

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

a. **LPI - RES**

For the first quarter of 2023, total offtake volumes registered at 507 GWh. This declined by 23% than total offtake volumes registered in the first quarter of 2022 at 660 GWh due to contracts that have ceased. Revenues, however, was up by 19% from P3,826 million in 2022 to P4,553 million for the first quarter of 2023 with the increase in average realization price on account of the increase in pass-on fuel rate and fuel cost recovery adjustments.

Consequently, an operating income of P679 million in 2023 was registered compared to the P226 million operating loss posted for the same period in 2022.

b. **MPCL - RES and MPCL - BESS**

For the first quarter of 2023, revenues, inclusive of ancillary revenues from the 10 MW BESS, increased to P2,186 million due to high bilateral rates. Consequently, operating income of P535 million, was higher compared to the income in the same period in 2022.

c. **SMGP Kabankalan, owner of Kabankalan I BESS**

SMGP Kabankalan reported higher revenues of P212 million for the first quarter of 2023, an increase of 22% compared to the same period in 2022. However, operating income of P104 million was lower by 10% compared to the P116 million registered in 2022 on account of higher spot purchase volumes and prices in 2023.

III. FINANCIAL POSITION

2024 vs. 2023

In Millions	**March 31, 2024**	December 31, 2023	**Horizontal Analysis Increase (Decrease)** Amount	%	**Vertical Analysis** **2024**	2023
Cash and cash equivalents	**P35,579**	P31,659	P3,920	12%	**4%**	4%
Trade and other receivables - net	**117,165**	116,976	189	0%	**15%**	15%
Inventories	**12,316**	16,841	(4,525)	(27%)	**2%**	2%
Prepaid expenses and other current assets	**50,004**	48,522	1,482	3%	**6%**	6%
Total Current Assets	**215,064**	213,998	1,066	0%	**27%**	27%
Investments and advances - net	**12,062**	10,953	1,109	10%	**1%**	1%
Property, plant and equipment - net	**355,428**	339,225	16,203	5%	**44%**	44%
Right-of-use assets - net	**104,114**	104,975	(861)	1%	**13%**	13%
Goodwill and other intangible assets - net	**71,684**	71,712	(28)	0%	**9%**	9%
Deferred tax assets	**1,063**	974	89	9%	**0%**	0%
Other noncurrent assets	**44,642**	43,098	1,544	4%	**6%**	6%
Total Noncurrent Assets	**588,993**	570,937	18,056	3%	**73%**	73%
Total Assets	**P804,057**	P784,935	P19,122	2%	**100%**	100%
Loans payable	**P13,736**	P13,736	P -	0%	**2%**	2%
Accounts payable and accrued expenses	**108,394**	97,633	10,761	11%	**13%**	12%
Lease liabilities - current portion	**13,623**	17,645	(4,022)	(23%)	**2%**	2%
Income tax payable	**345**	222	123	55%	**0%**	0%
Current maturities of long-term debt - net of debt issue costs	**55,346**	54,125	1,221	2%	**7%**	7%
Total Current Liabilities	**191,444**	183,361	8,083	4%	**24%**	23%
Long-term debt - net of current maturities and debt issue costs	**215,522**	204,644	10,878	5%	**26%**	26%
Deferred tax liabilities	**21,849**	21,285	564	3%	**3%**	3%
Lease liabilities - net of current portion	**24,525**	25,142	(617)	(2%)	**3%**	3%
Other noncurrent liabilities	**6,952**	7,030	(78)	(1%)	**1%**	1%
Total Noncurrent Liabilities	**268,848**	258,101	10,747	4%	**33%**	33%
Total Liabilities	**460,292**	441,462	18,830	4%	**57%**	56%

Forward

In Millions	**March 31, 2024**	December 31, 2023	Horizontal Analysis Increase (Decrease) Amount	%	Vertical Analysis **2024**	2023
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	**P2,824**	P2,824	P -	0%	**0%**	0%
Additional paid-in capital	**48,082**	48,082	-	0%	**6%**	6%
Senior perpetual capital securities	**161,768**	161,768	-	0%	**20%**	21%
Redeemable perpetual securities	**102,547**	102,547	-	0%	**13%**	13%
Equity reserves	**(3,014)**	(3,020)	6	0%	**0%**	0%
Retained earnings	**30,658**	30,367	291	1%	**4%**	4%
	342,865	342,568	297	0%	**43%**	44%
Non-controlling Interests	**900**	905	(5)	(1%)	**0%**	0%
Total Equity	**343,765**	343,473	292	0%	**43%**	44%
Total Liabilities and Equity	**P804,057**	P784,935	P19,122	2%	**100%**	100%

The Group's consolidated total assets as at March 31, 2024, amounted to P804,057 million, higher by 2% or P19,122 million than December 31, 2023 balance of P784,935 million. The increase was attributable to the following factors:

a. Increase in property, plant and equipment by P16,203 million as a result of the ongoing construction of the Masinloc Power Plant Units 4 and 5, BESS projects, Mariveles Greenfield Power Plant, rehabilitation of the Ilijan Power Plant, BCCPP project, and additional construction works for Limay and Davao Greenfield Power Plants.

b. Increase in cash and cash equivalents by P3,920 million was due mainly to the net proceeds from the P12,000 million loan drawn by SMGP BESS in March 2024 from its OLSA. This was partly offset by the (i) capital expenditures for Masinloc Power Plant Units 4 and 5, BESS projects, Mariveles Greenfield Power Plant, Ilijan Power Plant and BCCPP; (ii) lease payments of SPI and SRHI to PSALM; (iii) payments of maturing long-term loans of MPI, LPI and MPCL, and (iv) distributions paid to the holders of capital securities.

c. Increase in other noncurrent assets by P1,544 million was mainly attributable to (i) net increase in advances to suppliers/contractors for ongoing projects, and (ii) additional restricted cash set aside by MPCL and LPI for its debt servicing requirements.

d. Increase in prepaid expenses and other current assets by P1,482 million was mainly attributable to the (i) additional advances paid for procurement of coal and LNG, and (ii) input VAT recognized on purchases made for the Group's construction projects.

e. Increase in investment and advances by P1,109 million was mainly attributable to the additional deposits made by San Miguel Global Power to landholding companies, net of share in net losses of AHC.

f. Increase in deferred tax assets by P89 million was due primarily to the deferred income tax benefit recognized by the Group on unrealized foreign exchange losses from the revaluation of its US Dollar-denominated net monetary liabilities.

g. Decrease in inventories by P4,525 million was attributable primarily to overall LNG, spare parts and coal consumption which exceeded purchases during the period, coupled with lower average cost of coal.

The Group's consolidated total liabilities as at March 31, 2024, amounted to P460,292 million, 4% or P18,830 million higher than the December 31, 2023 balance of P441,462 million. The major items accounting for the increase are as follows:

a. Increase in long-term debt - net of debt issue costs (including current and noncurrent portions) by P12,099 million was attributable to the: (i) second drawdown of P12,000 million by SMGP BESS from its P40,000 million credit facility in March 2024, (ii) unrealized foreign exchange loss recognized on the revaluation of US Dollar-denominated loans, and (iii) amortization of debt issue costs, which were partly offset by settlements of maturing long-term debts of MPI, LPI and MPCL.

b. Increase in accounts payable and accrued expenses by P10,761 million was mainly attributable to additional payables to contractors relating to the Group's ongoing construction projects, and higher trade-related payables mainly for the acquisition of LNG and fuel supplies.

c. Increase in income tax payable by P123 million was mainly attributable to higher income tax due of LPI and MPI, following the expiration of its income tax holiday incentive in May and September 2023, respectively, and additional income tax due on the taxable income for the period of MPCL.

d. Decrease in lease liabilities (including current and noncurrent portions) by P4,639 million was mainly on account of (i) lease payments made by the IPPA entities to PSALM, partly offset by the (ii) the foreign exchange loss recognized for the period on the revaluation of US Dollar-denominated lease liabilities.

The Group's consolidated total equity as at March 31, 2024 amounted to P343,765 million, at par with the December 31, 2023 balance of P343,473 million. The slight movement of P292 million increase is accounted for as follows:

a. Increase in retained earnings by P291 million was mainly attributable to the net income for the first quarter of 2024, partly offset by the distributions to capital securities holders during the period.

2023 vs. 2022

In Millions	**March 31, 2023**	December 31, 2022	**Horizontal Analysis Increase (Decrease)** Amount	%	**Vertical Analysis** **2023**	2022
Cash and cash equivalents	**P17,658**	P22,726	(P5,068)	(22%)	**2%**	3%
Trade and other receivables - net	**107,026**	105,940	1,086	1%	**15%**	15%
Inventories	**12,864**	16,822	(3,958)	(24%)	**2%**	2%
Prepaid expenses and other current assets	**36,694**	43,293	(6,599)	(15%)	**5%**	6%
Total Current Assets	**174,242**	188,781	(14,539)	(8%)	**24%**	26%
Investments and advances - net	**8,823**	7,855	968	12%	**1%**	1%
Property, plant and equipment - net	**316,212**	304,412	11,800	4%	**44%**	43%
Right-of-use assets - net	**107,826**	106,610	1,216	1%	**15%**	15%
Goodwill and other intangible assets - net	**71,739**	71,765	(26)	0%	**10%**	10%
Deferred tax assets	**2,055**	2,280	(225)	(10%)	**0%**	0%
Other noncurrent assets	**39,573**	35,812	3,761	11%	**6%**	5%
Total Noncurrent Assets	**546,228**	528,734	17,494	3%	**76%**	74%
Total Assets	**P720,470**	P717,515	P2,955	0%	**100%**	100%
Loans payable	**P21,000**	P21,000	P -	0%	**3%**	3%
Accounts payable and accrued expenses	**84,029**	84,447	(418)	(1%)	12%	12%
Lease liabilities - current portion	**19,275**	19,185	90	1%	**3%**	2%
Income tax payable	**373**	326	47	14%	**0%**	0%
Current maturities of long-term debt - net of debt issue costs	**28,741**	63,722	(34,981)	(55%)	**4%**	9%
Total Current Liabilities	**153,418**	188,680	(35,262)	(19%)	**22%**	26%
Long-term debt - net of current maturities and debt issue costs	**217,932**	208,431	9,501	5%	**30%**	29%
Deferred tax liabilities	**20,439**	19,364	1,075	6%	**3%**	3%
Lease liabilities - net of current portion	**37,538**	40,773	(3,235)	(8%)	**5%**	6%
Other noncurrent liabilities	**7,315**	7,950	(635)	(8%)	**1%**	1%
Total Noncurrent Liabilities	**283,224**	276,518	6,706	2%	**39%**	39%
Total Liabilities	**436,642**	465,198	(28,556)	(6%)	**61%**	65%

Forward

In Millions	**March 31, 2023**	December 31, 2022	Horizontal Analysis Increase (Decrease) Amount	%	Vertical Analysis **2023**	2022
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	**P1,250**	P1,250	P -	0%	**0%**	0%
Additional paid-in capital	**2,490**	2,490	-	0%	**0%**	0%
Senior perpetual capital securities	**161,768**	161,768	-	0%	**22%**	23%
Redeemable perpetual securities	**79,312**	51,934	27,378	53%	**11%**	7%
Equity reserves	**(1,538)**	(1,559)	21	1%	**0%**	0%
Retained earnings	**39,618**	35,526	4,092	12%	**6%**	5%
	282,900	251,409	31,491	13%	**39%**	35%
Non-controlling Interests	**928**	908	20	2%	**0%**	0%
Total Equity	**283,828**	252,317	31,511	12%	**39%**	35%
Total Liabilities and Equity	**P720,470**	P717,515	P2,955	0%	**100%**	100%

The Group's consolidated total assets as at March 31, 2023 amounted to P720,470 million, slightly higher by P2,955 million than December 31, 2022 balance of P717,515 million. The increase was attributable to the following factors:

a. Increase in property, plant and equipment by P11,800 million as a result of the ongoing construction of the BCCPP project, Masinloc Power Plant Units 4 and 5, rehabilitation of the Ilijan Power Plant, repair and maintenance works in the Limay and Malita Power Plants, BESS projects and the Mariveles Greenfield Power Plant.

b. Increase in other noncurrent assets by P3,761 million was mainly attributable to (i) additional restricted cash set aside by MPCL and LPI for its debt servicing requirements, (ii) net increase in advances to suppliers/contractors for ongoing projects, and (iii) additional shareholder loans granted to AHC.

c. Increase in investment and advances by P968 million was mainly attributable to the additional deposits made by SPI and the Parent Company to landholding companies and share in the net earnings of AHC in 2023.

d. Decrease in prepaid expenses and other current assets by P6,599 million was mainly attributable to the (i) decrease in restricted cash of MPCL for the settlement of its ORA loan which matured and was redenominated in January 2023, (ii) amortization of real property and business taxes, and (iii) application of advances relating to coal deliveries for the Masinloc Power Plant.

e. Decrease in cash and cash equivalents by P5,068 million was due mainly to (i) payments of maturing long-term loans of the Parent Company, MPI, LPI and MPCL, (ii) capital expenditures for BCCPP, Masinloc Power Plant Units 4 and 5, BESS and Mariveles Greenfield Power Plant projects; (ii) lease payments of SPI and SRHI to PSALM; and (iii) distributions paid to the holders of capital securities. These were partly offset by the proceeds from the Parent Company's issuance of US$500 million RPS and the US$100 million term loan drawn in March 2023.

f. Decrease in inventories by P3,958 million was attributable primarily to the overall coal consumption which exceeds coal procured in 2023 for the Masinloc, Limay, Malita and Sual Power Plants coupled with lower average cost of coal.

g. Decrease in deferred tax assets by P225 million was due primarily to the deferred income tax expense recognized by MPCL on unrealized foreign exchange gain from the revaluation of its US Dollar-denominated liabilities.

The Group's consolidated total liabilities as at March 31, 2023 amounted to P436,642 million, 6% or P28,556 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 long-term debt - net of debt issue costs (including current and noncurrent portions) by P25,480 million was attributable to the: (i) settlement of long-term debts of the Parent Company, MPI, LPI and MPCL and (ii) unrealized foreign exchange gain recognized on the revaluation of US Dollar-denominated loans; which were partly offset by the (iii) Parent Company's availment of a US$100 million term loan in March 2023, and (iv) amortization of debt issue costs.

b. Decrease in lease liabilities (including current and noncurrent portions) by P3,145 million was mainly on account of lease payments made by the IPPA entities to PSALM and the foreign exchange gain recognized in 2023 on the revaluation of US Dollar-denominated lease liabilities.

c. Decrease in other noncurrent liabilities by P635 million was attributable mainly to settlement and revaluation of US Dollar-denominated payables to contractors relating to the Group's ongoing construction projects.

d. Increase in deferred tax liabilities by P1,075 million was due to provision for deferred income tax expense arising from lease-related expenses of SRHI and SPI.

e. Increase in income tax payable by P47 million was mainly attributable to the additional income tax due on the taxable income for 2023 of LPI and MPPCL.

The Group's consolidated total equity as at March 31, 2023 amounted to P283,828 million, higher by 12% or P31,511 million than the December 31, 2022 balance of P252,317 million. The increase is accounted for as follows:

a. Increase in RPS by P27,378 million was attributable to the US$500 million RPS issued by the Parent Company to SMC in March 2023. The proceeds of which were used for general corporate purposes, including capital expenditures and financing of maturing obligations.

b. Increase in retained earnings by P4,092 million was mainly attributable to the net income for the first quarter of 2023, partly offset by the distributions to capital securities holders in 2023.

IV. CASH FLOW

SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

(in Millions)	March 31	
	2024	2023
Net cash flows provided by operating activities	**P19,226**	P13,284
Net cash flows used in investing activities	**(19,625)**	(16,802)
Net cash flows provided by (used in) financing activities	**4,293**	(1,442)

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

Net cash flows used in investing activities are as follows:

(in Millions)	March 31	
	2024	2023
Decrease (increase) in other noncurrent assets	**P50**	(P3,663)
Additions to intangible assets	**(1)**	-
Additions to investments and advances	**(1,131)**	(804)
Advances paid to suppliers and contractors	**(1,186)**	(2,306)
Additions to property, plant and equipment	**(17,357)**	(10,029)

Net cash flows provided by financing activities are as follows:

(in Millions)	March 31	
	2024	2023
Proceeds from short-term borrowings	**P29,172**	P28,000
Proceeds from long-term debts	**12,000**	13,641
Proceeds from the issuance of RPS	**-**	27,378
Distributions paid to SPCS holders	**(1,262)**	(1,232)
Payments of long-term debts	**(1,375)**	(36,576)
Payments of lease liabilities	**(5,070)**	(4,653)
Payments of short-term borrowings	**(29,172)**	(28,000)

The effect of exchange rate changes on cash and cash equivalents amounted to P26 million gain and (P108 million) loss on March 31, 2024 and 2023, respectively.

V. KEY PERFORMANCE INDICATORS

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

LIQUIDITY RATIO

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

	Conventional		***Adjusted*** [1]	
(in Millions Peso)	**March 2024**	December 2023	**March 2024**	December 2023
(A) Current Assets	**215,064**	213,998	**215,064**	213,998
(B) Current Liabilities	**191,444**	183,361	**177,991**	165,870
Current Ratio (A) / (B)	**1.12**	1.17	**1.21**	1.29

(1) Current portion of lease liabilities, in relation to 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 March 31, 2024 and December 31, 2023, current portion of lease liabilities to PSALM amounted to P13,453 million 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)	**March 2024**	December 2023
(A) Net Debt [2]	**228,490**	225,585
(B) Total Equity [3]	**342,017**	343,034
Net Debt-to-Equity Ratio (A) / (B)	**0.67**	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**

$$\text{Asset-to-Equity Ratio} = \frac{\text{Total Assets}}{\text{Total Equity}}$$

	Conventional		***Adjusted*** [4]	
(in Millions Peso)	**March 2024**	December 2023	**March 2024**	December 2023
(A) Total Assets	**804,057**	784,935	**709,405**	689,390
(B) Total Equity	**343,765**	343,473	**343,765**	343,473
Asset-to-Equity Ratio (A) / (B)	**2.34**	2.29	**2.06**	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 March 31, 2024 and December 31, 2023, the carrying amount of the IPPA power plant assets amounted to P94,652 million and P95,545 million, respectively.

PROFITABILITY RATIO

$$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Total Equity}}$$

(in Millions Peso)	**March 2024**	December 2023
(A) Net Income [5]	**6,105**	9,903
(B) Total Equity	**343,765**	343,473
Return on Equity (A) / (B)	**1.8%**	2.9%

[5] Annualized for quarterly reporting.

$$\text{Interest Coverage Ratio} = \frac{\text{Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)}}{\text{Interest Expense}}$$

Per relevant Loan Covenants of San Miguel Global Power

(in Millions Peso)	**March 2024**	December 2023
(A) EBITDA [6]	**34,720**	34,511
(B) Interest Expense [7]	**13,567**	13,575
Interest Coverage Ratio (A) / (B)	**2.56**	2.54

[6] Most recent four quarterly period consolidated EBITDA (gross of PSALM payments and excluding amounts attributable to ring-fenced subsidiaries).

[7] Most recent four quarterly period consolidated interest expense (excluding amounts attributable to ring-fenced subsidiaries).

OPERATING EFFICIENCY

Volume Growth (Decline) = **Current Period Offtake Volume -- - 1 Prior Period Offtake Volume**

(in GWh)	**Periods Ended March 31** **2024**	2023
(A) Current Period Offtake Volume	**7,956**	4,657
(B) Prior Period Offtake Volume	**4,657**	6,991
Volume Growth (Decline) [(A / B) – 1]	**70.8%**	(33.4%)

Revenue Growth (Decline) = **Current Period Revenue -- - 1 Prior Period Revenue**

(in Millions Peso)	**Periods Ended March 31** **2024**	2023
(A) Current Period Revenue	**44,123**	41,124
(B) Prior Period Revenue	**41,124**	43,036
Revenue Growth (Decline) [(A / B) – 1]	**7.3%**	(4.4%)

Operating Margin = **Income from Operations -- Revenues**

(in Millions Peso)	**Periods Ended March 31** **2024**	2023
(A) Income from Operations	**8,840**	7,575
(B) Revenues	**44,123**	41,124
Operating Margin (A) / (B)	**20.0%**	18.4%

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$125.76/MT and at US$247.81/MT in the first quarters of 2024 and 2023, respectively, but continue to show a "backwardated" forward curve, which strongly suggests a more bearish outlook on coal prices in the medium term and in the long term.

Following the peak of unprecedented commodity price volatilities experienced in local and international energy markets throughout 2022, the Group has been able to hurdle the adverse impact of commodity price risks, primarily for coal fuel, thru the *fuel price risk passthrough* mechanisms allowed under some of its existing PSAs and retail supply contracts, while allowing a certain degree of flexibility on the payment terms to its customers, particularly during periods of extremely high tariff rates. This has allowed it to successfully push for bilateral negotiations on its unregulated retail supply contracts to allow for the equitable pass-through of incremental costs of supply to its customers.

On the supply side of its value chain, San Miguel Global Power has relentlessly and successfully renegotiated its fuel supply contracts with its largest suppliers to allow price capping or leveling as well as the use of less volatile indices in the pricing of its coal shipments. It has also started the use of lower grade coal for its power plants, which in a time of elevated coal prices usually, is priced with substantial discounts, but without compromising the reliability and fuel efficiency of its coal-fired power plants.

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 in 2022 and 2021.

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. To date, the term of the gas supply agreement with PNOC expired without commencing the supply of banked gas to SPPC. The management of SPPC is currently 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 Batangas LNG Terminal currently undergoing commissioning activities and the supply of the contract capacities by the Ilijan Power Plant to the Grid.

c. Commitments
The outstanding purchase commitments of the Group amounted to P95,915 million and P104,804 as at March 31, 2024 and December 31, 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.

d. 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.

e. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operation, except those stated in Item II, discussion of Financial Performance.

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

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

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

i. 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.