

COVER SHEET

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S. E. C. Registration Number

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

(Company's Full Name)

4	0		S	A	N		M	I	G	U	E	L		A	V	E	N	U	E

W	A	C	K	-	W	A	C	K		G	R	E	E	N	H	I	L	L	S

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S	E	C	O	N	D		D	I	S	T	R	I	C	T	,				

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

Atty. Julie Ann B. Domino-Pablo

Contact Person

+632-5317-1000

Company Telephone Number

1

2

Month

3

1

Day

Fiscal Year

SEC Form 17-A
(31 December 2025)

FORM TYPE

0

6

Month

1st

Tues.

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2025**
2. SEC identification number **CS2008-01099** 3. BIR Tax Identification No **006-960-000-000**
4. Exact name of issuer as specified in its charter **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.**
5. **Philippines**
Province, Country or other jurisdiction
of incorporation or organization
6.
Industry Classification Code:
7. **40 San Miguel Avenue, Wack-Wack Greenhills,
City of Mandaluyong, Second District,
National Capital Region (NCR)**
Address of issuer's principal office
- 1550**
Postal Code
8. **(632) 5317-1000**
Issuer's telephone number, including area code
- N/A**
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA

Securities	Amount Outstanding (as of December 31, 2025) (In Thousands)
Series C Fixed Rate Bonds issued in July 2016	₱4,756,310
Series F Fixed Rate Bonds issued in December 2017	3,609,020
Series J Fixed Rate Bonds issued in April 2019	6,923,100
Series L-M Fixed Rate Bonds issued in July 2022	35,000,000
Total	₱50,288,430

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of December 31, 2025)
Common Shares	4,785,493,800
Consolidated Total Liabilities (in Thousands)	₱470,887,076

11. Are any or all of the securities listed on a Stock Exchange?

Yes ☐ No ☒

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

N/A

12. Check whether the issuer:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

13. The aggregate market value of the voting stock held by non-affiliates of the Company as of December 31, 2025:

N/A

DOCUMENTS INCORPORATED BY REFERENCE

14. The following documents are attached and incorporated by reference.

None

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business.

Company Overview

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

San Miguel Global Power, together with its subsidiaries, associates and joint ventures, is one of the largest power companies in the Philippines, controlling 5,710 MW of combined capacity as of December 31, 2025. San Miguel Global Power benefits from a diversified power portfolio, including natural gas, coal, renewable energy (“RE”) such as hydroelectric power and battery energy storage systems (“BESS”). Based on the total installed generating capacities reported in Energy Regulatory Commission (“ERC”) Resolution No. 14 , Series of 2025 dated July 30, 2025 (“ERC Resolution on Grid Market Share Limitation”), SMC’s market share was approximately 20% of the National grid, 25% of the Luzon grid, 5% of the Visayas grid and 9% of the Mindanao grid¹. Market share is computed by dividing the relevant installed generating capacity for the period by the installed generating capacity of Luzon grid, Visayas grid, Mindanao grid or National grid (20,659,316 kW, 3,443,158 kW, 4,287,600 kW and 28,390,074 kW, respectively based on data provided under the ERC Resolution on Grid Market Share Limitation). In addition, San Miguel Global Power is engaged in retail electricity services, invested in distribution services and has various power projects in the pipeline.

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

¹ The installed generation capacity attributable to SMC comprises the installed generation capacity attributable to San Miguel Global Power and 183 MW attributable to Petron Corporation, an affiliate of San Miguel Global Power through SMC.

Plants” to the extent applicable prior to the turnover of the relevant power plants by PSALM to San Miguel Global Power).

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

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

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

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

In March 2018, San Miguel Global Power completed the acquisition of 51% and 49% equity interests in SMCGP Masin Pte. Ltd. (“SMCGP Masin”, formerly Masin AES Pte. Ltd.) from AES Phil Investment Pte. Ltd. (“AES Phil”) and Gen Plus B.V., respectively. SMCGP Masin indirectly owned, through its subsidiaries, at the time of such acquisition, Masinloc Power Co. Ltd. (“MPCL”) and SMGP Kabankalan Power Co. Ltd. (“SMGP Kabankalan”), (SMCGP Masin and its subsidiaries are collectively referred to as the “Masinloc Group”). MPCL owns the 1 x 344 MW (Unit 1), 1 x 344 MW (Unit 2), 1 x 335 MW (Unit 3) coal-fired power plant (together, comprising the “Masinloc Power Plant”) and the 35.258 MWh Battery Energy Storage System (“BESS”) project (the “Masinloc BESS”), all located in Masinloc, Zambales, while SMGP Kabankalan holds the 33.867 MWh BESS facility in Kabankalan, Negros Occidental (the “Kabankalan BESS”). The capacity of Phase 1 of Kabankalan BESS (20 MWh) is contracted under an Ancillary Service Procurement Agreement (“ASPA”) with the National Grid Corporation of the Philippines (“NGCP”) with a term of five years which commenced in January 2022.

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

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

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

San Miguel Global Power, through its subsidiaries SMGP BESS Power Inc. (“SMGP BESS”), MPCL and SMGP Kabankalan Power Co. Ltd. (“SMGP Kabankalan”), is completing the expansion of its ~1,000 MWh portfolio of BESS projects. Of these ~1,000 MWh BESS projects, 490 MWh across 16 sites attained commercial operations as of December 31, 2025, including the 33.867 MWh Kabankalan (Phase 1 and 2) and 22.83 MWh Masinloc (Phase 2). BESS facilities with a total capacity of 140 MWh across four sites located in Magapit, Tabango, Tagum and Mexico are expected to be completed in 2026 and one site located in Dingle, with a capacity of 40 MWh is expected to be completed in 2027. San Miguel Global Power has also entered into EPC contracts with ATE Energy and targets to complete the 320 MWh BESS project in Mariveles in the second to fourth quarter of 2026.

San Miguel Global Power, through its subsidiary, Mariveles Power Generation Corporation (“MPGC”) developed and constructed a 4 x 150 MW circulating fluidized bed coal-fired power plant and associated facilities in Mariveles, Bataan (the “Mariveles Greenfield Power Plant”). Unit 1, Unit 2 and Unit 3 commenced commercial operations on March 28, 2024, September 26, 2024 and October 26, 2024, respectively, while Unit 4 achieved commercial operations on January 9, 2025.

San Miguel Global Power acquired a 40% equity interest in FPSP (Holdings) Corp. (“FPSP Holdings”) in December 2024. FPSP Holdings wholly owns Pan Pacific Renewable

Power Phils. Corp. (“Pan Pacific”), a company primarily engaged in the exploration, development and generation of energy, such as but not limited to geothermal sources of heat and power, hydro-electric power resources, wind and solar energy, as well as the development, acquisition and generation of conventional sources of energy.

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

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

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

For reference, the Group Structure of San Miguel Global Power as of December 31, 2025, is attached hereto as **Annex “C-1”**.

Business of Issuer

Principal Products and Services

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

As of December 31, 2025, the major power assets of San Miguel Global Power consisted of (i) the San Roque Power Plant representing 8% of San Miguel Global Power’s capacity and administered by SRHI as the IPPA thereof; (ii) the AHEPP, through AHC, which represents 3% of San Miguel Global Power’s capacity; (iii) the power plants wholly owned by San Miguel Global Power, particularly the Limay Greenfield Power Plant of LPI which represents 9% of San Miguel Global Power’s capacity, the Davao Greenfield Power Plant of MPI which represents 5% of San Miguel Global Power’s capacity, the Sual Power Plant of SPI which represents 21% of San Miguel Global Power’s capacity, the Masinloc Power Plant (with the Masinloc BESS) which represents 19% of San Miguel Global Power’s capacity, the Mariveles Greenfield Power Plant of MPGC which represents 9% of San Miguel Global Power’s capacity; (iv) the Ilijan Power Plant which represents 7% of San Miguel Global Power’s

capacity; (v) the 1,320 MW combined cycle power plant in Barangays Ilijan and Dela Paz Proper, Batangas, (the “Batangas Combined Cycle Power Plant” or the “BCC Power Plant”) owned by Excellent Energy Resources Inc. (EERI) which represents 7% of San Miguel Global Power’s Capacity; and (vi) the operating BESS facilities of San Miguel Global Power, located in different parts of the country, which represents 7% of San Miguel Global Power’s capacity. Following completion of the Chromite Transactions (as defined below), SMGP retains 33% interest in each of SPPC and EERI.

Power generated by the Sual Power Plant, Limay Greenfield Power Plant, Davao Greenfield Power Plant, Masinloc Power Plant and Mariveles Greenfield Power Plant is primarily used as baseload supply and sold to customers pursuant to bilateral offtake agreements. Power generated by the San Roque Power Plant is used as peaking supply and sold to Meralco under a Power Supply Agreement with the remainder sold as replacement power to affiliates or to the WESM. AHEPP, on the other hand, is used as a peaking supply and sold as replacement power to affiliates.

San Miguel Global Power also owns several BESS facilities in Luzon, Visayas and Mindanao which provide regulating and contingency reserve to the NGCP – the 10 MWh Masinloc BESS of MPCL and several BESS sites of SMGP BESS with a total capacity of 330 MWh were contracted by NGCP after MPCL and SMGP BESS were declared as winning bidders in the competitive selection processes (“CSPs”) conducted by NGCP in 2023 and 2024 for its ancillary services requirement. The 20 MWh (Phase 1) of Kabankalan BESS in Negros Occidental also has an existing ASPA with NGCP. As of December 31, 2025, San Miguel Global Power has a total of 360 MWh contracted capacities for its BESS projects, which includes 30 MWh of existing BESS capacities.

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

If the generation output available to the subsidiaries of San Miguel Global Power from its plants exceeds the amount deliverable under their offtake agreements, such subsidiaries of San Miguel Global Power may offer the excess power for sale through the WESM at the market clearing price. For the year ended December 31, 2025, sales volume through bilateral offtake agreements compared to sales through the WESM for the Sual Power Plant, San Roque Power Plant, Limay Greenfield Power Plant, Masinloc Power Plant, Davao Greenfield Power Plant and Mariveles Greenfield Power Plant were 80% to 20%, 58% to 42%, 81% to 19%, 95% to 5%, 74% to 26% and 73% to 27%, respectively.

In the years ended December 31, 2023, 2024 and 2025, approximately 86%, 82% and 78%, respectively, of total consolidated sales revenue from San Miguel Global Power were sold to customers pursuant to offtake agreements. In the years ended December 31, 2023, 2024 and 2025, approximately 86%, 81% and 77% respectively, of consolidated volume of power sold by San Miguel Global Power are to customers pursuant to offtake agreements. Sales to Meralco accounted for approximately 41%, 40% and 32% of the total consolidated sales volume of San Miguel Global Power for the years ended December 31, 2023, 2024 and 2025, respectively. Sales through the WESM accounted for approximately 14%, 19% and 23% of San Miguel Global Power's total consolidated sales volume for the years ended December 31, 2023, 2024 and 2025, respectively.

Power Generation Business

A. Sual Power Plant

i. Background

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

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

ii. Turnover

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

iii. Power Offtakers

SPI has power supply agreements (PSAs) with various distribution utilities, electric cooperatives, directly connected customers and third-party RES. In addition, in a recent CSP conducted by Meralco in February 2026, SPI emerged as the winning bidder for a 200 MW power supply contract for a period of 4 years. Its other PSAs with Meralco have already expired as follows: (i) SPI's PSA with Meralco (DU) under a 10-year 330 MW offtake agreement ("330 MW Meralco PSA") expiring in December 2029 as a result of the CSP conducted by Meralco in 2019, was terminated effective July 24, 2023, (ii) SPI's PSA with Meralco under a 290 MW offtake agreement that was assigned

by SPPC to SPI effective January 19, 2024, expired on December 25, 2024, and (iii) SPI's PSA with Meralco under a 1-year 200 MW offtake agreement expired on 25 January 2026.

iv. Operations Review

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

	Year ended December 31,		
	2023	2024	2025
Actual Energy Generated (GWh)	5,957	5,787	4,297
...			
Electricity sold (GWh):	9,496	9,104	6,880
...			
of which: bilateral offtake agreements	8,228	6,413	5,482
....			
of which: WESM sales	1,268	2,691	1,398
..			
Average realized electricity prices (₱/MWh):			
for electricity sold under bilateral offtake			
agreements	6,719	6,232	5,567
for electricity sold on WESM	8,641	6,086	4,258
Net Capacity Factor (%)	57	55	41
Availability Factor (%)	89	93	86
Reliability Factor (%)	99	99	76
Average Net Dependable Capacity (MW)	1,000	1,195	975
Net Heat Rate (Kilo-Calorie/Kilowatt hour or			
“Kcal/KWh”)	2,542	2,557	2,680

v. Fuel Supply

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

	Year ended December 31,		
	2023	2024	2025
Metric tons (thousands)	2,467	2,432	2,173
...			
Average calorific value (kcal/kg)	6,069	6,032	5,450
..			
(in millions ₱)	28,441	19,443	11,646
..			

SPI has existing coal supply agreements with PT Bharinto Ekatama, Rwood Resources DMCC and Aegis Energy Trading Pte. Ltd. , to ensure a steady supply of coal for SPI. Further, negotiations with the existing suppliers are regularly conducted for

additional volume to cover balance-year quantities and contract base volume for forward years and SPI continues to accredit coal supply acceptable for plant operations for more optionality and supply security. Pricing under the coal supply agreements is linked to regional coal indices, subject to adjustment based on agreed standards applicable to the quality of the coal delivered.

vi. Operations and Maintenance

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

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

vii. Power Transmission

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

B. Limay Greenfield Power Plant

i. Background

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

ii. Power Offtakers

The Limay Greenfield Power Plant is substantially contracted to various distribution utilities, electric cooperatives, directly connected customers and contestable customers, including facilities of SMC subsidiaries, under long-term fuel pass-through offtake agreements mostly expiring in 10 years from its effective date. In a CSP conducted by Meralco on February 26, 2024, Limay Power Inc. emerged as the winning bidder for the former's 400 MW power requirement which supply commenced in August 2024 and ended in February 2025.

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

iii. Operations Review

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

	Year ended December 31,		
	2023	2024	2025
Actual Energy Generated (GWh)	3,976	3,879	3,325
Electricity sold (GWh):	4,281	6,543	4,856
of which: bilateral offtake agreements	3,924	5,740	3,943
of which: WESM sales	357	803	913
Average realized electricity prices (₱/MWh):			
for electricity sold under bilateral offtake			
agreements	6,564	5,723	6,347
for electricity sold on WESM	5,573	4,441	4,200
Net Capacity Factor (%)	85	82	71
Availability Factor (%)	91	90	91
Reliability Factor (%)	97	95	97
Average Net Dependable Capacity (MW)	536	489	412
Net Heat Rate (Kilo-Calorie/Kilowatt hour or			
"Kcal/KWh").	2,726	2,747	2,813

iv. Fuel Supply

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

	Year ended December 31,		
	2023	2024	2025
Metric tons (thousands)	2,532	2,549	2,274
Average calorific value (kcal/kg)	4,298	4,232	4,184
(in millions ₱)	13,730	10,508	8,138

LPI has executed long-term coal supply agreements with PT Bayan Resources Inc. ("Bayan") with terms expiring on January 31, 2029 and January 31, 2032. Pricing

under the coal supply agreements is subject to adjustment based on certain standards applicable to the quality or grade of the coal delivered by the supplier. LPI also executed spot coal supply contracts with local and Indonesian suppliers.

v. *Operations and Maintenance*

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

vi. *Power Transmission*

Power from the Limay Greenfield Power Plant is transmitted through a 230-kV transmission line that connects to the Luzon grid through the Lamao, Limay Bataan Substation. The transmission line is owned by TransCo and operated and maintained by NGCP.

C. *Davao Greenfield Power Plant*

i. *Background*

The Davao Greenfield Power Plant owned by San Miguel Global Power through its subsidiary, MPI, is a 2 x 150 MW CFB coal-fired power plant located in Malita, Davao Occidental, which commenced construction in September 2013. Units 1 and 2 of the Davao Greenfield Power Plant achieved commercial operations in July 2017 and February 2018, respectively. The EPC contractors of the Davao Greenfield Power Plant are Formosa Heavy Industries and True North Manufacturing Services Corporation.

ii. *Power Offtakers*

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

MPI was granted a RES license which is valid until August 12, 2030. The RES license allows MPI to directly contract with contestable customers.

iii. *Operations Review*

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

	Year ended December 31,		
	2023	2024	2025
Actual Energy Generated (GWh)	1,557	1,561	1,691
Electricity sold (GWh):	1,581	1,583	1,738
of which: bilateral offtake agreements	1,100	930	1,289
of which: WESM sales	481	653	449
Average realized electricity prices (₱/MWh):	8,492	7,262	6,341
for electricity sold under bilateral offtake			
agreements			
for electricity sold on WESM	5,188	4,555	4,923
Net Capacity Factor (%)	67	67	73
Availability Factor (%)	97	78	89
Reliability Factor (%)	100	87	90
Average Net Dependable Capacity (MW)	264	227	269
Net Heat Rate (Kilo-Calorie/Kilowatt hour or			
“Kcal/KWh”).	2,916	2,846	2,926

iv. Fuel Supply

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

	Year ended December 31,		
	2023	2024	2025
Metric tons (thousands)	1,096	1,187	1,335
Average calorific value (kcal/kg)	4,146	3,752	3,726
(in millions ₱)	5,513	4,196	4,190

MPI has existing long-term coal supply agreements with Bayan, effective until January 31, 2029 and January 31, 2032. Pricing under the coal supply agreements is subject to adjustment based on certain standards applicable to the quality or grade of the coal delivered by the supplier. MPI also executed a supply contract with a local supplier.

v. Operations and Maintenance

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

vi. Power Transmission

Power from the Davao Greenfield Power Plant is transmitted through a 230-kV transmission line that connects to the Mindanao grid through the Culaman, Malita Substation. The transmission line is owned by TransCo and operated and maintained by NGCP.

D. Mariveles Greenfield Power Plant

i. Background

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

The EPC contractors of the Mariveles Greenfield Power Plant are Formosa Heavy Industries Corp. and True North Manufacturing Services Corporation.

ii. Power Offtakers

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

iii. Operations Review

Unit 1, Unit 2, Unit 3 and Unit 4 of the Mariveles Greenfield Power Plant commenced operations on March 28, 2024, September 26, 2024, October 26, 2024 and January 9, 2025, respectively. The table below is a summary of operating statistics of the Mariveles Greenfield Power Plant for the year ended December 31, 2025.

	Year ended
	2025
Actual Energy Generated (GWh)	3,685
Electricity sold (GWh):	3,721
of which: bilateral offtake agreements	2,702
of which: WESM sales	1,020
Average realized electricity prices (₱/MWh):	
for electricity sold under bilateral offtake	
agreements	5,414
for electricity sold on WESM	5,517
Net Capacity Factor (%)	78
Availability Factor (%)	93
Reliability Factor (%)	93
Average Net Dependable Capacity (MW)	538
Net Heat Rate (Kilo-Calorie/Kilowatt hour or	2,728

iv. Fuel Supply

The table below sets forth certain information regarding the coal consumption of Mariveles Greenfield Power Plant as of the year ended, December 31, 2025.

	Year ended
	2025
Metric tons (thousands)	2,477
Average calorific value (kcal/kg)	4,106
(in millions ₱)	8,768

MPGC executed long-term coal supply agreements with Bayan, effective until December 31, 2027, and AGNICO INC FZCO, effective until 1 May 2035. Pricing under the coal supply agreement is subject to adjustment based on certain standards applicable to the quality or grade of the coal delivered by the supplier. MPGC also executed a supply contract with a local supplier.

v. Operations and Maintenance

LPDSI, a wholly-owned subsidiary of San Miguel Global Power, is responsible for the operation and maintenance of the Mariveles Greenfield Power Plant.

vi. Power Transmission

Power from the Mariveles Greenfield Power Plant is transmitted through a 500-kV transmission line that connects to Mariveles Substation. The transmission line is owned by TransCo and operated and maintained by NGCP.

E. Masinloc Power Plant and Masinloc BESS

i. Background

The Masinloc Power Plant comprises the 1 x 344 MW (Unit 1), 1 x 344 MW (Unit 2) and 1 x 335 MW (Unit 3) coal-fired power plant located in Masinloc, Zambales, and is owned and operated by MPCL. Units 1 and 2 of the Masinloc Power Plant commenced commercial operations in June 1998 and December 1998, respectively, and were originally developed and owned by NPC. Unit 3, which is a brownfield/expansion project within the Masinloc Power Plant, commenced commercial operations on September 26, 2020. MPCL also owns the 35.258 MWh Masinloc BESS (Phase 1 and 2).

The Masinloc Power Plant and Masinloc BESS (Phase 1) were acquired by San Miguel Global Power on March 20, 2018, pursuant to its acquisition of 51% and 49% equity interests in SMCGP Masin from AES Phil and Gen Plus B.V., respectively.

ii. Power Offtakers

Units 1, 2 and 3 of the Masinloc Power Plant are substantially contracted through medium to long-term bilateral contracts with Meralco and other distribution utilities, contestable customers, third-party RES, and affiliates. The RES license of MPCL was renewed and is valid until September 29, 2028. The Masinloc BESS provides regulating reserve ancillary services to the Luzon grid under an ASPA with NGCP under a take-or-pay scheme for capacity payments for both charging and discharging capacity, subject to dispatch protocols and guidelines. In the CSP conducted by Meralco on August 28, 2024, MPCL emerged as the lowest bidder and is therefore set to supply 500 MW out of the 600 MW power requirement of Meralco. The contract is for a term of 15 years, which commenced in August 2025, and has a full fuel pass-through scheme.

iii. Operations Review

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

	Year ended December 31,		
	2023	2024	2025
Actual Energy Generated (GWh)	5,407	5,804	5,763
Electricity sold (GWh)*:	6,301	7,388	8,960
of which: bilateral offtake agreements	5,805	6,432	8,489
of which: WESM sales	496	956	471
Average realized electricity prices (₱/MWh)*:			
for electricity sold under bilateral offtake agreements	6,542	5,379	5,325
for electricity sold on WESM	5,929	4,264	1,986
Net Capacity Factor (%)	65	70	69
Availability Factor (%)	85	91	91
Reliability Factor (%)	82	89	80
Average Net Dependable Capacity (MW)	950	950	950
Net Heat Rate (Kilo-Calorie/Kilowatt hour or "Kcal/KWh").	2,454	2,458	2,496

Note: *Includes data relating to the Masinloc BESS

iv. Fuel Supply

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

	Year ended December 31,		
	2023	2024	2025
Metric tons (thousands)	2,599	2,763	2,852
...			
Average calorific value (kcal/kg)	5,123	5,176	5,045
..			
(in millions ₱)	20,581	16,936	14,666
..			

MPCL continues to maintain multiple supply agreements, from short to long-term, and with various reputable mining companies and traders that can deliver the different qualities required by the Masinloc Power Plant with different boiler designs and required coal specifications. MPCL has two units of sub-critical boiler technology and one unit of supercritical boiler technology that require different qualities of coal for optimal operations. MPCL has contracts with Bayan, RWOOD Resources DMCC, AGNICO INC FZCO, Asian Trade Commodities Pte. Ltd. and a local supplier covering majority of the coal requirements of the Masinloc Power Plant. All contracts have standard adjustments based on a certain formula applicable to the quality or grade of the coal delivered.

v. Operations and Maintenance

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

vi. Power Transmission

Power from the Masinloc Power Plant is transmitted through a 230-kV transmission line that connects to the Luzon grid through the Bolo Substation. The transmission line is owned by TransCo and operated and maintained by NGCP.

F. Angat Hydroelectric Power Plant (“AHEPP”)

i. Background

The AHEPP is an operating hydroelectric power plant located at the Angat reservoir in San Lorenzo, Norzagaray, Bulacan, approximately 58 km northeast of Metro Manila. The AHEPP was privatized through an asset purchase agreement between PSALM and Korea Water Resource Corporation (“K-water”). K-water assigned its rights in favor of AHC, a joint venture between K-water and PVEI.

The project has a total electricity generating capacity of 218 MW, comprised of four main units of 50 MW capacity each, and three auxiliary units of 6 MW capacity each. Main units 1 and 2 together with auxiliary units 1 and 2 were commissioned in 1967. Main units 3 and 4 were commissioned in 1968 and auxiliary unit 3 was commissioned in 1978. Auxiliary unit 3 was manufactured by Allis-Chalmer and Ebara and all the other units were manufactured by Toshiba Corporation of Japan. All units

are run by Francis-type turbines, which are the most commonly used model in hydroelectric power generation. In August 2018, AHC completed the rehabilitation and turnover of the Angat Dam and Dykes in accordance with the Operations and Maintenance Agreement with PSALM and NPC.

In September 2021, AHC entered into a Rehabilitate-Operate-Maintain (ROM) Agreement for auxiliary units 4 and 5 with combined capacity of 28 MW, owned by the Metropolitan and Waterworks Sewerage System (MWSS) and located at the AHEPP. Under the Agreement, AHC will rehabilitate auxiliary units 4 and 5 and thereafter operate and maintain the same for twenty-three (23) years under a profit-sharing arrangement with MWSS. The rehabilitation of the units is currently ongoing and is targeted to be fully completed by the third quarter of 2026 after which the operation period will commence.

ii. Fuel Supply and Water Rights

The AHEPP utilizes water resources of the Angat reservoir. The Angat reservoir is 35 km long and 3 km wide at its widest points and has surface of 2,300 hectares and viable storage volume of 850 million cubic meters. The water discharged by the project is used for the following two purposes: (i) water discharged through Auxiliary Units and through the spillway that flows to the Ipo reservoir is used to supply 97% of the residential drinking water of Metro Manila; and (ii) water discharged through Main Units that flows downstream to the Bustos reservoir is utilized for irrigation purposes.

Water rights surrounding the AHEPPP are co-owned and governed by the following entities with its respective purposes, pursuant to the Water Code of the Philippines, Angat Reservoir Operation Rules issued and regulated by National Water Resources Board (“NWRB”) as implemented by a Memorandum of Agreement on the Angat Water Protocol between MWSS, National Irrigation Administration (“NIA”), AHC, PSALM, NPC and NWRB: (i) MWSS, for domestic water supply to Metro Manila; (ii) provincial government of Bulacan, for water supply in the Bulacan Province; (iii) NIA, for irrigation diversion requirements; and (iv) AHC (through a lease contract with KWPP), for power generation.

iii. Power Offtakers

AHC sells the majority of its generated capacity to the WESM at the prevalent spot price. The main units are operated as peaking units. The strategy for the main units is to allocate daily water release during peak hours. The auxiliary units are operated as baseload units, as the water requirement from MWSS is continuous throughout the day, thus eliminating any discrete optionality to choose the hour of allocation. AHC periodically enters into short-term power supply contracts for the capacity of its auxiliary units, including replacement contracts with the subsidiaries of San Miguel Global Power, and continues to explore options to contract this capacity.

iv. Operations Review

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

	For the year ended December 31,		
	2023	2024	2025
Net Capacity Factor (%)	12	18	42
Availability Factor (%)	44	52	97
Reliability Factor (%)	100	99	98
Average Net Dependable Capacity (MW)	91	107	160

v. Operations and Maintenance

AHC undertakes the operation and maintenance of AHEPP. The operations and maintenance team consists of the local technical team who have been operating the AHEPP, supported by technical experts seconded from K-water.

AHC has entered into technical services agreements with each of K-water and PVEI to ensure that the appropriate level of technical and management support will be provided to support the operation and maintenance requirements of AHC.

IPPA POWER PLANT

G. San Roque Power Plant

i. Background

The 345 MW San Roque Power Plant in San Manuel, Pangasinan, commenced operations on May 1, 2003, and is a peaking plant that was constructed by a consortium composed of Marubeni Corporation, Sithe Philippines Holdings, Ltd., and Italian-Thai Development Public Company Limited (the "Consortium") pursuant to a Power Purchase Agreement ("PPA") with NPC under a BOT scheme (the "San Roque PPA").

The San Roque Power Plant utilizes the Agno River for peaking power, irrigation, flood control and water quality improvement for the surrounding region and comprises three power generation units of 115 MW each.

On December 15, 2009, SRHI, a wholly owned subsidiary of San Miguel Global Power, successfully bid for the appointment to be the IPPA for the San Roque Power Plant and received a notice of award on December 28, 2009. SRHI assumed administration of the San Roque Power Plant on January 26, 2010 in accordance with the IPPA Agreement with PSALM (the "San Roque IPPA Agreement"). PSALM remains responsible under the San Roque PPA to remunerate the IPP of the San Roque Power Plant for the electricity it produces.

ii. San Roque IPPA

Under the San Roque IPPA Agreement, SRHI has the right to manage, control, trade, sell or otherwise deal in the electrical generation capacity of the San Roque Power Plant, while NPC, which owns and operates the dam and related facilities thereof, obtained and maintains water rights necessary for the testing and operation of the power plant. SRHI is required to assist PSALM so that the San Roque Power Plant can draw water from the Agno River required by the power plant and necessary for it to generate the electricity required to be produced under the San Roque PPA of NPC with San Roque Power Corporation ("SRPC"), the successor-in-interest of the Consortium. SRPC is owned by Marubeni Corporation and Kansai Electric Power Company Ltd.

The San Roque Power Plant is a peaking plant. Under the terms of the San Roque PPA, power and energy are delivered to SRHI at the delivery point (the high voltage side of the step-up transformers) located at the perimeter fence of the San Roque Power Plant site. SRHI is responsible for contracting with NGCP to wheel power from the delivery point.

Under the San Roque IPPA Agreement, SRHI has the right to acquire the San Roque Power Plant in May 2028, which is the end of the cooperation period between NPC and SRPC under the San Roque PPA, or on some earlier date due to certain events such as changes in applicable law or non-performance by SRPC under the San Roque PPA.

iii. Power Offtakers

SRHI primarily sells its generated capacity to the WESM at the prevalent spot price. SRHI also periodically supplies replacement power to the subsidiaries of San Miguel Global Power. In a CSP conducted by Meralco for RE contract capacity on July 17, 2024, SRHI emerged as the winning bidder for a 340 MW power supply contract for a period of 10 years which commenced on 17 September 2025.

iv. Operations Review

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

	Year ended December 31,		
	2023	2024	2025
Actual Energy Generated (GWh)	874	848	1,325
Electricity sold (GWh):	1,920	1,765	1,998
of which: bilateral offtake agreements	1,571	1,245	1,149
of which: WESM sales	349	520	849
Average realized electricity prices (₱/MWh):			
for electricity sold under bilateral offtake agreements .	11,706	3,737	5,497
for electricity sold on WESM	2,170	5,304	4,425
Net Capacity Factor (%)	29	28	44
Availability Factor (%)	95	89	89
Reliability Factor (%)	100	97	93
Average Net Dependable Capacity (MW)	373	340	371

v. Water Rights

The generated output energy of the San Roque Power Plant is limited by the “Irrigation Diversion Requirements” set by the National Irrigation Administration of the Philippines.

Generally, the output energy of San Roque Power Plant is high during planting seasons which cover the months of December through April (dry planting season) and July through September (wet planting season). The water releases from the dam, and thus, energy generation during the dry planting season is much higher due to the absence of rain. The water rights of NPC are used by the San Roque Power Plant, and NPC, until the date of transfer of the San Roque Power Plant to NPC (or SRHI, as the case may be), must obtain such renewals or extensions as may be required to maintain the water rights in full force and effect at all times. NPC derives its water rights from a permit granted by the NWRB.

vi. Operations and Maintenance

SRPC is responsible for the operations and maintenance of the San Roque Power Plant for 25 years effective May 1, 2003. Under the San Roque PPA, SRPC is responsible for the management, operation, maintenance and repair of the San Roque Power Plant at its own cost until transfer to NPC or SRHI as the case may be. As operator, SRPC is entitled to conduct the normal inspection, regular preventive maintenance, repair and overhaul for a period of 15 days for each unit comprising the San Roque Power Plant. In addition, SRPC has the right to enter into contracts for the supply of materials and services, including contracts with NPC; appoint and remove consultants and professional advisers; purchase replacement equipment; appoint, organize and direct staff; manage and supervise the power plant; establish and maintain regular inspection, maintenance and overhaul procedures; and otherwise run the power plant within the operating parameters set out in the San Roque PPA.

The maintenance plan for the San Roque Power Plant is agreed upon annually between SRHI, NPC, PSALM, NGCP and SRPC. The maintenance plan includes scheduled inspections and overhauls, including scheduled periods of outage and details as to the personnel required to complete each inspection. Planned outages for preventive maintenance of the generating units are scheduled in such a way that only one unit is shut down at any given time. The power tunnel that delivers water from the reservoir to the generating units also undergoes routine annual preventive maintenance inspections, during which all units are shut down. The maintenance plan is established with consideration given to the dispatch requirements of SRHI and recommendations of the plant manufacturer. SRPC is required to execute the maintenance plan in accordance with the recommendations of the original equipment manufacturer and good utility practice. SRPC performs periodic preventive maintenance activities on the generating units of the San Roque Power Plant during the course of the operation of the plant. The San Roque PPA requires SRPC to conduct an annual test to check the capacity of the generating units of the San Roque Power Plant. As of December 31, 2025, the generating units of the San Roque Power Plant have attained and maintained the required contracted capacity specified in the San Roque PPA.

Each of the generating units of the San Roque Power Plant historically has been, and is expected to continue to be, shut down for routine preventive maintenance for approximately 15 days per calendar year sometime between April to June of each year, when water levels at the reservoir are low. Since 2010, during periods when a generating unit is shut down for routine preventive maintenance, the San Roque Power Plant has historically been, and is expected to continue to be, able to generate power at the applicable minimum run rate from the other generating units. The San Roque Power Plant does not have a regular schedule for significant preventive maintenance and repair work.

The power tunnel that delivers water from the reservoir to the generating units also undergoes routine preventive maintenance inspections for approximately 15 days per calendar year. Power tunnel inspections historically have been, and are expected to continue to be, conducted between April to June of each year, after the end of the irrigation period and when water levels at the reservoir are low.

vii. Power Transmission

Power from the San Roque Power Plant is transmitted through a nine km 230-kV transmission line from the San Roque Power Plant switchyard to the San Manuel substation located in Pangasinan. The transmission line is owned by TransCo and operated and maintained by NGCP.

CHROMITE GAS HOLDINGS POWER PLANTS

On March 1, 2024, MGen and TNGP, through their joint venture entity, Chromite Gas Holdings, entered into binding agreements with San Miguel Global Power and its relevant

subsidiaries for Chromite Gas Holdings to jointly invest for a 67% equity interest in each of the following San Miguel Global Power gas-fired power plants and assets: (i) the operating Ilijan Power Plant owned by SPPC, (ii) the adjacent Batangas Combined Cycle Power Plant owned by EERI, and (iii) land owned by Ilijan Primeline Industrial Estate Corp. ("IPIEC") where the BCC Power Plant, the Batangas LNG Terminal owned by Linseed Field Corporation ("LFC") and their respective related facilities are located (the "Chromite Transaction").

On December 23, 2024, the Philippine Competition Commission announced its decision to approve the transactions and the parties completed the transaction on January 27, 2025. San Miguel Global Power retains 33% interest in each of SPPC, EERI and IPIEC and holds approximately 33% of LFC.

H. Ilijan Power Plant

i. Background

The Ilijan Power Plant commenced commercial operations on June 5, 2002, and is located on a 60-acre site at Arenas Point, Barangay Ilijan, Batangas City. The Ilijan Power Plant was constructed and owned by KEPCO Ilijan Corporation ("KEILCO") pursuant to a 20-year ECA with NPC ("Ilijan ECA") under a BOT scheme that expired on June 4, 2022.

On April 16, 2010, SMC successfully bid for the appointment to be the IPP Administrator for the Ilijan Power Plant and received a notice of award on May 5, 2010. On June 10, 2010, SMC and SPPC entered into an assignment agreement with assumption of obligations whereby SMC assigned all of its rights and obligations with respect to the Ilijan Power Plant to SPPC. SPPC assumed administration of the Ilijan Power Plant on June 26, 2010 in accordance with an IPPA Agreement with PSALM ("Ilijan IPPA Agreement").

As an IPPA, San Miguel Global Power, through its wholly-owned subsidiary, SPPC, had the contractual right to manage, control, trade, sell or otherwise deal in the generation capacity of the Ilijan Power Plant pursuant to the Ilijan IPPA Agreement. Although the installed capacity of the Ilijan Power Plant totals 1,277.9 MW, ERC records attribute to SPPC a capacity of 1,200 MW for the Ilijan Power Plant. Accordingly, for purposes of this report, the contracted capacity of the Ilijan Power Plant is referred to as 1,200 MW.

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

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

ii. Turnover

The Ilijan IPPA Agreement and the Ilijan ECA expired on June 4, 2022, after which ownership and operations of the Ilijan Power Plant was transferred by PSALM to SPPC pursuant to the Deed of Sale dated June 3, 2022, executed by the parties.

iii. Power Offtakers

The capacity of the Ilijan Power Plant is contracted to Meralco under a long-term PSA. As a result of the CSPs conducted by Meralco in 2019, the Ilijan Power Plant was awarded two offtake contracts by Meralco to supply an aggregate of 960 MW, of which 670 MW is contracted for ten years (“670 MW Meralco PSA”) while the remaining 290 MW (the “290 MW Meralco PSA”) is contracted for five years. The supply pursuant to the 670 MW Meralco PSA ceased effective December 7, 2022, while the 290 MW Meralco PSA has been assigned by SPPC to SPI effective January 19, 2024.

On February 5, 2024, SPPC executed a PSA with Meralco for the supply of 1,200 MW capacity for a term of 15 years (the “1,200 MW Meralco PSA”) after it was declared as winning bidder in the competitive selection process held by Meralco on January 23, 2024, for its 1,200 MW capacity requirements. SPPC currently provides Meralco its power requirement through this 1,200 MW Meralco PSA.

iv. Fuel Supply

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

With the Batangas LNG Terminal infrastructure, SPPC receives imported LNG from international suppliers Vitol Asia Pte. Ltd. (“Vitol”), Trafigura Pte. Ltd (“Trafigura”), and Shell Eastern Trading (Pte) Ltd.

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

v. Operations and Maintenance

Upon turnover, LPDSI became responsible for the operation and maintenance of the Ilijan Power Plant. Following the completion of the Chromite Transactions, and effective July 1, 2025, all LPDSI personnel assigned at the Ilijan Plant were transferred to and absorbed by SPPC.

Each of the generating units of the Ilijan Power Plant historically has been, and is expected to continue to be, shut down for routine preventive maintenance for approximately 26 days per calendar year and it is also expected that the Ilijan Power Plant will shut down these units for more significant preventive maintenance and repair work for a total of 35 to 43 days in every fifth calendar year.

vi. Power Transmission

Power from the Ilijan Power Plant is transmitted through a 500-kV transmission line that connects to the Luzon grid through the Ilijan-Dasmarinas line and Ilijan-Tayabas line. The transmission line is owned by TransCo and operated and maintained by NGCP.

I. Batangas Combined Cycle (“BCC”) Power Plant

The BCC Power Plant, owned by EERI, is a 1,320 MW combined cycle power plant located in Barangays Ilijan and Dela Paz Proper, Batangas. The BCC Power Plant utilizes regasified LNG. The EPC contracts with Black & Veatch and a local contractor for this project were signed in December 2021. Unit 1 and Unit 2 of the BCC Power Plant commenced commercial operations in December 2024 and January 2025, respectively, while Unit 3 commenced commercial operations in April 2025.

On February 5, 2024, EERI executed a PSA with Meralco for the supply of 1,200 MW capacity after it was declared as winning bidder in the CSP conducted by Meralco on January 5, 2024, for its 1,800 MW power requirements. To date, the PSA has commenced supply. Following the completion of the Chromite Transactions, SMGP retains a 33% interest in EERI.

All LPDSI personnel previously assigned at the BCC Power Plant were transferred to and absorbed by SPPC.

Retail Services

Retail Electric Supply

San Miguel Global Power is pursuing downstream vertical integration by capitalizing on changes in the Philippine regulatory structure to expand its sales of power to a broader range of customers, including retail customers. The two RES licenses issued to San Miguel Global Power, through LPI and MPCL, have a term of five years each and are valid until September 29, 2028. The RES license issued in favor of MPI is valid for five years from August 12, 2025.

The RES licenses allow the relevant subsidiary of San Miguel Global Power to enter into retail supply contracts (“RSCs”) with contestable customers and expand its customer base. As of December 2025, LPI, MPI and MPCL supply an equivalent of 764 MW to various facilities of SMC subsidiaries and other contestable customers. Based on data obtained from the ERC, San Miguel Global Power believes that it is a major player in the RES markets where it operates, supplying over 170 contestable customers as of December 2025. San Miguel Global Power currently holds a direct market share of 16% of the contestable customer market, with Meralco (RES), Aboitiz, Ayala and the FGen group holding 27%, 26%, 8% and 7%, respectively, based on the Competitive Retail Electricity Market Report from the ERC as of December 2025.

New Products

Expansion Projects

San Miguel Global Power, through MPCL, intends to further expand the Masinloc Power Plant by constructing additional units utilizing supercritical pulverized coal (“PC”) technology (Units 4 and 5) with a planned gross installed capacity of 350 MW each. San Miguel Global Power has signed the engineering, procurement and construction (“EPC”) contracts for the construction of Masinloc Power Plant Units 4 and 5, which are targeted for completion in 2026. As of February 2026, overall project completion of Unit 4 and Unit 5 are 96% and 77%, respectively.

In addition, and as part of San Miguel Global Power’s diversification of its power portfolio away from traditional coal technologies, San Miguel Global Power, through EERI, constructed the BCC Power Plant. The BCC Power Plant with a net load of 1,275 MW utilizes regasified LNG. Unit 1 and Unit 2 of the BCC Power Plant commenced commercial operations in December 2024 and January 2025, respectively, while Unit 3 commenced commercial operations in April 2025. On February 5, 2024, EERI executed a PSA with Meralco for the supply of 1,200 MW capacity after it was declared as winning bidder in the competitive selection process conducted by Meralco on January 5, 2024, for its 1,800 MW power requirements. Supply to Meralco has already commenced under this PSA on December 29, 2024 for Unit 1 and January 7, 2025 for Unit 2. Following the completion of the Chromite Transactions, San Miguel Global Power retains 33% interest in EERI.

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

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

On June 28, 2024, SGLPC signed an investment and shareholders agreement with Citicore Renewable Energy Corporation (“CREC”) for the Bataan Solar Project, which is expected to be completed in 2026. The solar power plant is to be located in a property with an area of approximately 158 hectares owned by an affiliate of San Miguel Global Power. To date, the Bataan Solar Project has already secured its system impact studies and facilities studies approval from the NGCP. Upon commencement of operations, all capacity to be generated by this solar power plant shall be supplied to San Miguel Global Power or any of its affiliates under long-term energy supply contracts. On June 10, 2025, the DOE issued a certificate considering the Bataan Solar Project as an Energy Project of National Significance.

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

San Miguel Global Power, through its subsidiaries SMGP BESS, MPCL and SMGP Kabankalan, is completing the expansion of its ~1,000 MWh portfolio of BESS projects. Of these ~1,000 MWh BESS projects, 490 MWh across 16 sites attained commercial operations as of December 31, 2025, including the 33.867 MWh Kabankalan (Phase 1 and 2) and 22.83 MWh Masinloc (Phase 2). BESS facilities with a total capacity of 140 MWh across four sites located in Magapit, Tabango, Tagum and Mexico are expected to be completed in 2026 and one site located in Dingle, with a capacity of 40 MWh is expected to be completed in 2027. San Miguel Global Power has also entered into EPC contracts with ATE Energy and targets to complete the 320 MWh BESS project in Mariveles in the second to fourth quarter of 2026. As of March 2026, overall project completion for Unit 1 and Unit 2 of the Mariveles BESS are 44% and 83%, respectively.

On June 9, 2025, the DOE issued a Notice of Award to the potential winning bidders for the third auction round of the Green Energy Auction Program (“GEA-3”) conducted on February 11, 2025. The GEA-3 Notice of Award included the following as among the winning

bidders: (i) SRHI for an aggregate offered capacity 1,850 MW pump storage hydropower across three facilities to be completed between 2031 and 2035, and (ii) Pan Pacific for an aggregate offered capacity of 2,300 MW pump storage hydropower and impounding hydropower across three facilities to be completed between 2028 and 2032. On June 19, 2025, and June 20, 2025, Pan Pacific and SRHI, respectively, accepted their respective awards as winning bidders, with the certificates of awards received from the Department of Energy in September 2025. The planned hydropower projects will be located in Aklan, Visayas and in Apayao and Pangasinan, Northern Luzon.

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

Competition

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

Based on the ERC Resolution on Grid Market Share Limitation, the other large players in the generation sector are Aboitiz Equity Ventures Inc., which holds interests in Aboitiz Power Corporation and Hedcor, Inc., among others, First Gen Corporation and Ayala Corporation, which holds interests in ACEN Corporation.

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

As a result of increased competition, San Miguel Global Power could also come under pressure to review or renegotiate the terms of existing offtake agreements with customers,

which may lead to a downward adjustment of tariffs, and could adversely affect the business, financial performance and results of operations of San Miguel Global Power. To the extent that distribution utilities or industrial offtakers agree to purchase from other generation companies instead of purchasing from San Miguel Global Power, or San Miguel Global Power is unable to participate or otherwise successfully compete in bids for supply contracts, the ability of San Miguel Global Power to increase its sales and sell additional electricity to distribution utilities or industrial offtakers through its generation facilities would be adversely affected.

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

Customers

San Miguel Global Power, through its subsidiaries, sells power, through PSAs, either directly to customers (e.g., distribution utilities, electric cooperatives, industrial customers and retail electricity suppliers) or through the WESM.

Customers	Year ended December 31,					
	2023		2024		2025	
	Volume Sold (GWh) (in millions ₱)	Revenue	Volume Sold	Revenue (in millions ₱)	Volume Sold	Revenue (in millions ₱)
Meralco	10,456	70,420	14,787	91,444	9,464	51,580
WESM	3,640	24,054	6,928	36,254	6,739	34,730
Total Major Customers	14,096	94,474	21,715	127,698	16,203	86,310
Others ⁽¹⁾	11,109	75,116	14,849	77,393	13,019	70,898
Total Sales	25,205	169,590	36,564	205,091	29,222	157,208

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

Transactions with and/or Dependence on Related Parties

San Miguel Global Power, its subsidiaries, associates and joint ventures, and their respective shareholders, purchase products and services from one another in the normal course of business. Transactions with related parties are made at normal market prices and terms considered as arms-length. Amounts owed by/owed to related parties are collectible/will be settled in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates. Please see Note 19, Related Party Disclosures, of the Audited Consolidated Financial Statements attached hereto as **Annex “B”**.

Patents, trademarks, licenses, franchises

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

Power Plant		Certificate of Compliance (COC) License No.
1	Davao Greenfield Power Plant	COC No. 17-09-M-00135M for the Davao Greenfield Power Plant expired on October 4, 2021. This was extended by the ERC through the issuance of PAOs, the latest of which will expire on October 4, 2026.
2	Limay Greenfield Power Plant	COC No. 15-10-M-13789L for Limay Greenfield Power Plant expired on March 8, 2022. This was extended by the ERC through the issuance of PAOs, the latest of which will expire on 22 May 2026.
3	Masinloc Power Plant	The latest PAO issued by the ERC on February 12, 2026, for the Masinloc Plant is valid until February 18, 2027.
4	Sual Power Plant	The latest PAO for the Sual Power Plant is now issued under the name of Sual Power Inc. and valid until June 1, 2026.
5	Mariveles Power Plant	COC No. 25-06-M-00339L issued by the ERC on June 17, 2025.

The COC of San Roque Power Plant is not included in the table as this was issued in favor of SRPC, the IPP of the San Roque Power Plant.

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

	Subsidiary RES Holder	RES License No.	Term
1	LPI	RES-08-2016007	August 24, 2016, to August 24, 2021 and extended until September 29, 2028
2	MPCL (Coal)	RES-07-2016-006	August 2, 2016, to August 1, 2021, and extended until September 29, 2028
3	MPI	RES-08-2025-00126RS	August 13, 2025 to August 12, 2030

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

BESS Facility		Certificate of Compliance (COC) License No.
1	Toledo BESS	A COC for Toledo BESS dated September 5, 2025 was issued by the ERC.

2	Malita BESS	A COC for Malita BESS dated February 24, 2025 was issued by the ERC.
3	Ormoc BESS	The PAO for Ormoc BESS with a capacity of 47.486 MW located in Brgy. Milagro, Ormoc City, Leyte is valid for a period of one (1) year from April 7, 2025 to April 6, 2026. The extension of the PAO/ conversion into a COC is pending evaluation by the ERC.
4	Jasaan BESS	The PAO for Jasaan BESS with a capacity of 22.830 MW located in Brgy. Aplaya, Jasaan, Misamis Oriental is valid for a period of one (1) year from April 7, 2025 to April 6, 2026. The extension of the PAO/conversion into a COC is pending evaluation by the ERC.
5	Concepcion BESS	The PAO for Concepcion BESS with a capacity of 62.954 MW located in Brgy. Sta. Rosa, Concepcion, Tarlac is valid for a period of one (1) year from April 21, 2025 to April 20, 2026. The extension of the PAO is pending evaluation by the ERC.
6	Masinloc BESS	A COC for Masinloc BESS (Phase 1 and 2), with a combined capacity of 35.258 MWh, dated February 19, 2025 was issued by the ERC.
7	Magapit BESS	The PAO application for Magapit BESS is pending evaluation by the ERC.
8	Gamu BESS	The new PAO for Gamu BESS with a capacity of 45.758MW located in Brgy. Lenzon, Gamu, Isabela is valid for a period of one (1) year from May 22, 2025 to May 21, 2026.
9	Kabankalan BESS	The PAO issued by the ERC dated February 9, 2026 for the Kabankalan BESS (Phase 1 and Phase 2) with a combined capacity of 33.867 MWh is valid from November 29, 2025 to November 28, 2026.
10	Villanueva BESS	The PAO for Villanueva BESS with a capacity of 22.830 MW located in Brgy. Mohon, Tagoloan, Misamis Oriental is valid for a period of one (1) year from October 29, 2025 to October 28, 2026.
11	Ubay BESS	The PAO for Ubay BESS with a capacity of 21.373 MW located in Brgy. Imelda, Ubay, Bohol is valid for a period of one (1) year from October 8, 2025 to October 7, 2026.
12	San Manuel BESS	The PAO for San Manuel BESS with a capacity of 60.819 MW located in Brgy. Sta. Domingo, San Manuel, Pangasinan is valid for a period of one (1) year from July 30, 2025 to July 29, 2026.
13	Maco BESS	The PAO for Maco BESS with a capacity of 22.830MW located in Brgy. Concepcion, Maco, Davao de Oro is valid for a period of one (1) year from July 1, 2025 to June 30, 2026.
14	Lumban BESS	The new PAO for Lumban BESS with a capacity of 57.125MW located in Brgy. Lewin, Lumban, Laguna is valid for a period of one (1) year from June 4, 2025 to June 3, 2026. The possible conversion of the PAO into a COC is pending evaluation by the ERC.
15	Limay BESS	The PAO for Limay BESS with a capacity of 47.486MW located in Brgy. Luz, Limay, Bataan is valid for a period of one (1) year from July 16, 2025 to July 15, 2026.
16	Lamao BESS	The PAO for Lamao BESS with a capacity of 66.063MW located in Brgy. Lamao, Limay, Bataan is valid for a period of one (1) year from July 16, 2025 to July 15, 2026.

Government Regulation and Approval Process

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

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

Energy Regulatory Commission

As set forth in the Electric Power Industry Reform Act of 2001 (“EPIRA”), power generation is not considered a public utility operation but is affected with public interest. Thus, an entity engaged or intending to engage in the generation of electricity is not required to secure a national franchise. However, no person or entity may engage in the generation of electricity, unless such person or entity has complied with the standards, requirements and other terms and conditions set by the ERC and has received a COC or PAO from the ERC to operate facilities used in the generation of electricity. A COC shall remain valid, unless otherwise suspended, revoked, or annulled by the ERC after due notice and hearing while a PAO is only valid for a period of one year. If a generator company cannot comply with all COC requirements, it may apply for a PAO with the ERC. The ERC may issue a PAO in lieu of the COC, pending the completion of COC requirements.

One of the requirements for the issuance of a COC is compliance with the public offering requirement under Section 43 of the EPIRA and ERC Resolution No. 9, Series of 2011, as amended by ERC Resolution No. 4, Series of 2019, entitled “A Resolution Amending Resolution No. 9, Series of 2011 Requiring Generation Companies and Distribution Utilities which are not Publicly Listed to Offer and Sell to the Public a Portion of not less than fifteen percent (15%) of their Common Shares of Stock pursuant to Section 43 (t) of Republic Act No. 9136 And Rule 3, Section 4 (m) of its Implementing Rules and Regulations (IRR)”, which is the subject of a pending rule-making petition before the ERC. Said resolution was further amended by the ERC in its ERC Resolution No. 17, series of 2025, entitled, “ A Resolution Amending Sections 1.4 and 2.2 of Resolution No. 9, Series of 2011, Requiring Generation Companies and Distribution Utilities which are not Publicly Listed to Offer and Sell to the Public a Portion of not less than Fifteen Percent (15%) of their Common Shares of Stock,

Pursuant to Section 43(t) of Republic Act No. 9136 and Rule 3, Section 4(m) of Its Implementing Rules and Regulations (IRR).

In addition to the certificate of compliance requirement, a generation company must comply with government-prescribed technical, financial capability, health, safety and environmental standards. A generation company must ensure that all its facilities connected to the grid meet the technical design and operational criteria of the Philippine Grid Code ("Grid Code") and Philippine Distribution Code promulgated by the ERC. In this connection, the ERC has issued guidelines (as amended) setting the minimum financial capability standards for generation companies. Under the guidelines (as amended), a generation company is required to meet a minimum annual interest cover ratio or debt service capability ratio (which measures the ability of the power generation company to service its debts) of 1.25 times throughout the validity of its COC. For COC applications, the guidelines require the submission to the ERC of, among other things, a schedule of liabilities, a five-year financial plan, documentation on financial track record, and other such information or documents that the ERC may require. For the duration of the COC, the guidelines also require a generation company to annually submit audited financial statements and forecast financial statements to the ERC for the next two financial years, as well as other documents. The failure by a generation company to submit the requirements prescribed by the guidelines may be grounds for the imposition of fines and penalties.

With the introduction of Retail Competition and Open Access ("RCOA"), the rates charged by a generation company are no longer regulated by the ERC, except rates for Captive Markets (as determined by the ERC) however to be able to participate in the RCOA, a generation company must first secure a Retail Electricity Supplier's License from the ERC. In addition, since the establishment of the WESM, generation companies are now required to comply with the membership criteria and appropriate dispatch scheduling as prescribed under the WESM Rules.

In the course of developing a power plant, other permits, approvals and consents must also be obtained from relevant national, provincial and local government authorities, relating to, among others, site acquisition, construction and operation, including environmental-related licenses and permits.

In October 2020, DOE Secretary Alfonso G. Cusi announced that the periodic assessment of the country's energy requirements has led the DOE to declare a moratorium on endorsements for greenfield coal power plants.

On January 11, 2021, the DOE issued an Advisory dated December 22, 2020, with the subject "Moratorium of Endorsements for Greenfield Coal-Fired Power Projects in Line with Improving the Sustainability of the Philippines' Electric Power Industry." Under this advisory, effective October 27, 2020, the DOE would no longer process applications for greenfield coal-fired power generation facility projects requesting for endorsements. However, existing and operational coal-fired power generation facilities as well as any coal-fired power project which comply with the following parameters will not be affected by the moratorium:

- (i) committed power projects;

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

On October 14, 2025, the DOE issued an advisory with the subject “Clarification on the Non-Coverage to the Coal Moratorium Policy.” Under this advisory, the DOE outlined non-coverage to the coal moratorium, specifically, (i) industrial parks intending to develop and use coal-fired power plants for their own operations, (ii) coal power for mining and processing of critical minerals essential to energy transition projects, (iii) coal-fired power projects to be located in off-grid areas, and (iv) new capacity from on-grid coal-fired power plants solely under exceptional circumstances (such as during a declared or imminent power crisis, or when there is an imminent shortage of electricity supply that, if unaddressed, may lead to severe impacts in specific areas or regions, as determined by the DOE).

Ancillary Services

Under the EPIRA, NGCP has the obligation to ensure and maintain the reliability, adequacy, security, stability and integrity of the grid in accordance with the performance standards for its operations and maintenance, as set forth in the Grid Code, and to adequately serve generation companies, distribution utilities and suppliers requiring transmission service and/or ancillary services through the transmission system.

In the performance of its functions as the grid system operator, NGCP requires ancillary services to ensure the power quality and stability of the grid. Ancillary services, as defined in Section 4(b) of the EPIRA, are services necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the transmission system in accordance with the good utility practice and the Grid Code. These are support services to provide frequency control and include Primary Reserve, Secondary Reserve, and Tertiary Reserve.

In order to maintain the security and integrity of the grid, the system operator shall operate the grid in such a manner as to provide adequate frequency control to achieve operations within frequency limits at all times. Achieving effective frequency control requires the following ancillary services which are differentiated depending on their response time and sustainability:

- Primary Reserve Ancillary Service (“PRAS”). This reserve shall cover sudden outage or failure of synchronized generating unit or transmission line links or the power import from a single circuit interconnection, whichever is larger. The capacity of the PRAS provider should not be used in the regular energy supply but can be set to respond on small variations to system frequency to support the Secondary Reserves.
- Secondary Reserve Ancillary Service (“SRAS”). The system operator through AGC shall use the Secondary Reserve to restore the system frequency from the quasi-steady state value as established by the Primary Response and Reserve of generating units back to the nominal frequency of 60 Hz during contingent event. Small variations to system frequency to support

the balance through Governor Control Mode (“GCM”) may be initiated. Where the Automatic Generation Control (“AGC”) function of the system operator is not fully operational, dispatcher may instruct the generator to transfer to GCM as well. SRAS should be controlled by the system operator through AGC with various AGC modes and frequency deadband settings in order to regulate the system frequency and the speed governing system shall be capable of accepting raise and lower signals or set point signals from the Control Center of the system operator.

- Tertiary Reserve Ancillary Service (“TRAS”). The capacity of the qualified generating units offered for this Ancillary Service should not be part of the regular energy supply and can either be synchronized to respond within 15 minutes or off-line provided that it can fully provide the required reserve within 30 minutes from the receipt of dispatch instruction. The Tertiary Reserve provider should be able sustain its contributed capacity for at least 60 minutes. If and only if, the Primary and Secondary Reserves have been exhausted, the system operator shall make use of the Tertiary Reserve to return/maintain the system frequency to 60Hz in cases of: tripping of a generating unit or a transmission line which creates generation-load unbalance, unplanned loss of the power import, disconnection of a large load or load blocks, system frequency increases above 60.1 Hz or reduces below 59.9 Hz and it is not possible to return it to nominal values with appropriate use of the Primary and Secondary Reserves. TRAS should be capable of operating through AGC or manual mode and shall be monitored and controlled by the system operator.

To implement and regulate the procurement of ancillary services, the ERC approved the Ancillary Services Procurement Plan (the “ASPP”) and the Ancillary Services - Cost Recovery Mechanism (the “AS-CRM”) on March 9, 2006 and October 3, 2007, respectively. Under the AS-CRM, NGCP secures Ancillary Services through the ASPA with qualified generation companies. For ancillary services arranged via the ASPA, the Open Access Transmission Services (“OATS”) Rules, the ASPP and the AS-CRM will be applied.

All ancillary services contracted by NGCP from qualified generators will be recovered through rates and charges from the generation customers, embedded generation customers and load customers, where applicable, subject to approval of the ERC.

ASPAs require the substantial completion of the project prior to contracting with the NGCP and are subject to ERC approval. These are generally for a term of five years, extendible for another five years with relatively standard rates, particularly for regulating reserves.

Under prevailing DOE regulations, the system operator (or NGCP as the current concessionaire of TransCo) is mandated to conduct CSP for its ASPAs in accordance with the guidelines promulgated by the DOE. On October 4, 2021, DOE issued Department Circular No. DC2021-10-0031 which prescribes the policy for the transparent and efficient procurement of ancillary services by the system operator and requires that all ASPAs shall be entered into by NGCP in accordance with the competitive procurement mechanisms provided thereunder. DC2021-10-0031 provides that within six months from effectivity thereof, NGCP shall conduct a CSP for the procurement of ancillary services for a contract period of a maximum of five years. Direct negotiation may be made after at least two CSPs, provided that there is no outstanding dispute on the conducted CSP. The ERC, in the exercise of its powers and functions under the EPIRA shall have the power to review whether the parties have complied with the requirements of CSP for ancillary services. All non-firm ASPAs not converted to firm ASPAs upon effectivity of DC2021-10-0031 shall be valid and effective. However, for purposes of dispatching of ancillary services, the firm ASPAs will be prioritized.

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

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

Philippine Downstream Natural Gas Regulations

On November 28, 2017, DOE issued Department Circular No. DC2017-11-0012 which provides the rules and regulations governing the Philippine Downstream Natural Gas Industry (“PDNGI”). DC2017-11-0012 sets forth the rules and regulations for siting, design, construction, expansion, rehabilitation, modification, operation, and maintenance of the downstream natural gas industry value chain. DC2017-11-0012 covers all downstream natural gas facilities and the operations or activities relating thereto, such as importation of LNG, storage, regasification, transmission and distribution to customers including the pipeline and its related facilities used to transport natural gas, as well as the operations or activities related thereto after the point of sale up to the last connection point to the customers.

On February 1, 2019, the DOE issued Department Circular No. DC2019-02-004 requiring all entities engaged in the business of importing, trading, supply and distribution of natural gas to comply with the specifications of PNS/DOE QS 011:2016 “Petroleum gases — Natural gas — Quality Specification”. Non-compliance with the foregoing requirement shall be a ground for the suspension or cancellation of the accreditation and the non-issuance of Acknowledgement to Import for succeeding applications.

On January 12, 2024, the DOE issued Department Circular No. DC2024-01-007, or the “Amended Philippine Downstream Natural Gas Regulations” (the “Amended PDNGR”). Under the Amended PDNGR, no person, natural or juridical, shall construct, expand, rehabilitate, modify, operate or maintain a downstream natural gas facility unless authorized and issued with a permit in accordance with the guidelines for issuance of operator’s permit. The Amended PDNGR also provides, among others, that no natural or juridical person shall conduct trade of natural gas through a downstream natural gas facility unless authorized, and issued an accreditation, by the DOE in accordance with the guidelines for issuance of participant’s accreditation. A person who intends to engage in the supply, aggregation and resale (including importation) of any quantity of natural gas shall apply for accreditation with the Oil Industry Management Bureau of the DOE (“DOE-OIMB”).

The entire capacity of a downstream natural gas facility of an accredited operator may, in its discretion, be offered for a third-party access. An accredited downstream natural gas facility operator may also publicly offer its entire or a portion of its capacity to, or enter into a negotiated third-party access arrangement with, third-party end user or non affiliates.

The public offer or negotiated agreement for third-party access shall be done in accordance with the guidelines set forth in the Amended PDNGR.

Philippine Natural Gas Industry Development Act

On January 8, 2025, Republic Act No. 12120, otherwise known as the “*Philippine Natural Gas Industry Development Act*” (“**RA 12120**”), was signed into law to promote natural gas as a safe, efficient, and cost-effective source of energy and as an indispensable contributor to energy security with the establishment of the Philippine Downstream Natural Gas Industry (“**PDNGI**”). PDNGI refers to: (1) all permit holders involved in the siting, construction, operation and maintenance, expansion, modification, rehabilitation, decommissioning, and abandonment of PDNGI facilities and (2) Participants involved in the purchase, supply, aggregation, bunkering, reselling, and export of natural gas, and any other activity related to the PDNGI.

The policies of the Philippine government sought to be achieved with the implementation of RA 12120 include: (a) the development of natural gas as a reliable fuel for power plants capable of addressing the peaking, mid-merit, and baseload demand of the country to help achieve energy security, while progressively transitioning to renewable energy sources; (b) the promotion of the conversion of existing fossil fuel-operated equipment and facilities to natural gas use in a technically and financially feasible manner; and (c) the promotion of natural gas as an energy fuel, with the potential to meet the increasing local demand for fuel, and develop the Philippines as a Liquefied Natural Gas (“**LNG**”) trading and transshipment hub within the Asia-Pacific Region.

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

RA 12120 provides for, among others, the grant of permits by the DOE for the siting, construction, operation and maintenance, expansion, modification, rehabilitation, decommissioning, and abandonment of PDNGI facilities for own-use or Third Party Access (“**TPA**”). Such permits also cover the accreditation of participants in the trade of natural gas, including the purchase, supply, aggregation, bunkering, reselling, and export of natural gas, as well as any other activity related to the PDNGI.

In addition, the law provides that an entity is allowed to have an interest in the ownership of upstream and downstream natural gas facilities as well as the supply and aggregation of natural gas to gas buyers, subject to the restrictions provided in the Philippine Competition Act.

Under RA 12120, power produced from indigenous natural gas shall have priority over other conventional energy sources. Such prioritization shall also cover indigenous natural gas power supply contracting, including mechanisms for minimum supply requirements. The law

further provides that procurement and utilization of indigenous natural gas, including without limitation, by gas-fired power plants, shall be prioritized over imported natural gas.

Additionally, the law provides that the purchase and sale of indigenous natural gas, aggregated gas, and power generated by generation facilities using indigenous natural gas and aggregated gas shall be exempt from VAT; however, VAT exemption for aggregated gas is only to the extent of the amount of indigenous natural gas attributed to be in aggregated gas.

On March 26, 2025, the DOE issued Department Circular No. DC2025-04-0005 or the implementing rules and regulations of R.A. No. 12120 (the “**RA 12120 IRR**”). The RA 12120 IRR covers the (a) establishment of the framework for the development of the PDNGI, and its transition from an emerging industry into a mature industry with a competitive natural gas market; (b) responsibilities of various government agencies (including the ERC, DENR, Philippine Coast Guard, Department of Transport through the Maritime Industry Authority and attached agencies, Department of Trade and Industry-Bureau of Philippine Standards, Department of Science and Technology, Department of Health, Philippine Competition Commission, National Commission on Indigenous Peoples and the Philippine Energy Research and Policy Institute) and private entities in furtherance of this national goal; (c) permitting of siting, construction, operation and maintenance, expansion, modification, rehabilitation, decommissioning, and abandonment of PDNGI Facilities for Own-Use and Third-Party Access (“**TPA**”); and (d) accreditation of participants in the trade of natural gas, including but not limited to the purchase, supply, aggregation, bunkering, reselling, and export of natural gas, and any other activities related to the PDNGI.

Under the RA 12120 IRR, no natural or juridical person shall construct, operate and maintain, expand, modify, rehabilitate or decommission and abandon a PDNGI Facility unless so authorized by the DOE. The approval of the DOE Secretary shall be required for a Permit to Construct (“**PTC**”) and Permit to Operate and Maintain (“**POM**”), while the other permits issued pursuant to RA 12120 IRR shall only require the approval of the Downstream Natural Gas Review and Evaluation Committee (“**DNG-REC**”) of the DOE. Under the RA 12120 IRR, violations of RA 12120 may result in the imposition of administrative fines and penalties ranging from ₱100,000.00 to ₱1,000,000.00 for each instance of non-compliance, and may subject violations to criminal fines and penalties as well.

Renewable Energy Regulations

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

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

its utilization. The RE Act defines RE resources as energy resources that do not have an upper limit on the total quantity to be used. Such resources are renewable on a regular basis, and their renewal rate is relatively rapid to consider availability over an indefinite period of time. These include, among others, biomass, solar, wind, geothermal, ocean energy, and hydropower conforming to internationally accepted norms and standards on dams, and other RE technologies.

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

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

On December 24, 2021, DOE issued Department Circular No. DC2021-12-0042 which prescribed amendments to the rules and regulations implementing the RE Act. Among the amendments introduced is the requirement for registered RE developers to submit a sworn undertaking to pass on the savings, which are derived from income tax incentives under the RE Act, to the end-users in the form of lower power rates.

On August 16, 2021, the ERC issued Resolution No. 08, series of 2021, dated April 22, 2021 entitled “A Resolution Adopting the Rules for the Green Energy Option Program.” Issued pursuant to DOE Department Circular No. 2018-07-0019, this Resolution provides the necessary regulatory framework to operationalize Section 9 of the RE Act which calls for the establishment of a Green Energy Option Program (“GEOP”) which provides end-users the option to choose RE resources as their sources of energy. The GEOP allows eligible end-users to directly contract with a renewable energy supplier for their electricity needs. Eligible end-users currently include those with a monthly average peak demand of 100 KW and above, for the past 12 months.

On June 4, 2024, the DOE issued Department Circular No. DC2024-06-0018 which set forth the revised omnibus guidelines governing the award and administration of RE Contracts and the registration of RE developers (the “Revised Omnibus Guidelines”). The Revised Omnibus Guidelines integrates issuances and recent policies of the DOE for an effective and efficient award and administration of RE Contracts and the registration of RE developers. Under the Revised Omnibus Guidelines, RE Contracts (i.e., service agreements between the government and an RE developer which grant to the developer the exclusive right to explore, develop, or utilize the RE resource within a particular area) shall be awarded through two methods: (i) open and competitive selection process; or (ii) direct application. The open and competitive selection process shall be adopted for the selection and award of the service contracts for pre-determined areas covering any type of resource for commercial purposes. On the other hand, direct application shall be available for the selection and award of (i) RE operating contracts (i.e., service agreements for the development and/or utilization of RE resources which, due to their technical characteristics, need not go through pre-development stage); (ii) service contracts covering pre-determined areas following a failed open and

competitive selection process; and (iii) service contracts for areas identified by the applicant and verified with and confirmed by the DOE-Information Technology Management Services as available for exploration, development and/or utilization of the proposed RE resource.

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

Renewable Portfolio Standards and Requirements

Under the RE Act, Renewable Portfolio Standards (“RPS”) refers to a market-based policy that requires electricity suppliers to source an agreed portion of their energy supply from eligible RE resources. The mandated participants to the annual RPS requirements include: (i) all distribution utilities for their captive customers; (ii) all suppliers of electricity for the contestable market; (iii) generating companies only to the extent of their actual supply to their directly connected customers; and (iv) other entities as may be recommended by the National Renewable Energy Board and approved by the DOE.

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

Department Circular No. DC2017-12-0015, which prescribes the rules and guidelines governing RPS for on-grid areas (the “RPS On-Grid Rules”), provides that the RE share of electricity coming from RE resources in the energy mix should be based on the aspirational target of 35% in the generation mix expressed in MWh by 2030 with a goal of 50% by 2040 as outlined in the National Renewable Energy Program, subject to regular review and assessment by the DOE. Non-compliance with the RPS On-Grid Rules may result in administrative liability amounting to ₱100,000.00 to ₱500,000.00, criminal liability consisting of fine and/or imprisonment, or upon the DOE’s discretion, the revocation of the mandated participant’s license, franchise, or authority to operate. On May 23, 2023, the DOE issued Department Circular No. DC2023-05-0015, prescribing amendments to the RPS On-Grid Rules. The amendments introduced by Department Circular No. DC2023-05-0015 include, among others, the clarification on the prescribed parameters for calculating the minimum RPS requirement for each mandated participant, clarification on RPS compliance mechanisms, and new guideline on the issuance of RE Certificates.

DOE Circular No. DC2020-07-0017 was also issued to provide mandated participants with more avenues for compliance with their RPS requirements, by providing the framework for green energy auction. There are 2 kinds of green energy auctions: (i) supply-only auction; and (ii) integrated open and competitive selection process (“OCSP”)-supply auction. In a supply-only auction, only the green energy implementation agreement will be awarded to the qualified suppliers and only RE projects already covered by RE contracts, which includes those that are under the pre-development and development stages, will be qualified to participate. On the other hand, in an OCSP-supply auction, RE contracts will be awarded together with green energy implementation agreement resulting from an integrated process for OCSP-

supply auction. DOE Circular No. DC2020-07-0017 provides further that a distribution utility that contracts for RE supply through the green energy auction shall be considered as having complied with the competitive selection process requirements.

DOE Circular No. DC2021-11-0036 or the Revised Green Energy Auction Program ("Revised GEAP Rules") came into effect on December 5, 2021. . Under the Revised GEAP Guidelines, the distinction between supply-only auctions and OCSP-supply auctions were removed. The principles and provisions governing green energy tariffs and green energy auctions were likewise updated. Moreover, the Revised GEAP Guidelines introduced an opt-in mechanism in order to reduce FIT-All charges to the electricity end-users, and to meet any DU supply and Renewable Portfolio Standards requirements. Under said opt-in mechanism, any distribution utility has the option to procure from the green energy auction program pool of a winning bidder under a particular auction round and thereby carve-out such DU-procured volumes from the pool compensable by the FIT-All. Under the Revised GEAP Guidelines, a distribution utility that contracts for renewable energy supply through the green energy auction, including the opt-in mechanism, shall be considered as having complied with the competitive selection process requirements.

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

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

On September 26, 2023 and on March 7, 2025, the DOE issued Department Circular Nos. DC2023-09-0027 and DC2025-03-0004, respectively, both entitled, "Amendment to Department Circular No. DC2021-11-0036 titled 'Providing the Revised Guidelines for the Green Energy Auction Program in the Philippines'". Department Circular No. DC2023-09-0027 clarified that the green energy tariff ("GET") resulting from a GEA is considered as the feed-in-tariff ("FIT") to which a winning bidder is entitled and is not separate or a distinct charge or imposition against the FIT-All Fund. Meanwhile, Department Circular DC2025-03-0004 sought to amend the Revised GEAP Rules to (a) include in the definition of qualified suppliers renewable energy developers/generators issued with a certificate of authority under the Revised Omnibus Guidelines; (b) allow the publication of the notice of auction on the DOE's website; and (c) clarify that the GET resulting from GEAs conducted after the effectivity of the circular shall be subject to indexation as may be determined in accordance with ERC Resolution No. 16, Series of 2010 entitled, "Resolution Adopting the Feed-In-Tariff Rules."

Renewable Energy Safety, Health and Environment Rules and Regulations

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

Regulations relating to energy projects of national significance

On June 28, 2017, President Duterte issued Executive Order (“EO”) No. 30, series of 2017 which created the Energy Investment Coordinating Council (the “EICC”) in order to streamline the regulatory procedures affecting energy projects. In the said order, the President declared that it is the policy of the Philippine Government to ensure a continuous, adequate and economic supply of energy; and, accordingly, an efficient and effective administration process for energy projects of national significance (“EPNS”) should be developed in order to avoid unnecessary delays in the implementation of the Philippine Energy Plan (“PEP”).

The EICC is mandated to spearhead and coordinate national government efforts to harmonize, integrate and streamline regulatory processes, requirements and forms relevant to the development of energy investments in the country, primarily with regard to EPNS, to uphold transparency and accountability among concerned agencies. The rules, regulations and processes to be agreed upon within the EICC and to be adopted by its member-agencies shall adhere to the following baselines with regard to EPNS:

- Presumption of prior approvals — Government agencies and instrumentalities that receive an application for a permit involving EPNS shall process such applications without awaiting the action of any other agency. The processing agency shall act on the presumption that the relevant permits from other government agencies had already been issued.
- Action within 30 days — Government agencies and instrumentalities shall act upon applications for permits involving EPNS within a specified processing timeframe not exceeding 30 days from the submission of complete documentary requirements. Should such application be denied, the denial should be made in writing, expressly providing the grounds therefor. If no decision is made within the specified processing timeframe, the approving authority may no longer deny the application and shall issue the relevant permit within five working days after the lapse of such period.

No deviation from the baselines shall be allowed except when absolutely necessary either to enable an agency to comply with specific statutory directive or to avoid prejudicing the public interest. The procedures for the issuance of environmental compliance certificates which may be required for EPNS shall be among the matters to be discussed within the EICC.

On April 25, 2018, the DOE issued Department Circular No. 2018-04-0013, setting for the implementing rules and regulations of EO No. 30. The rules provide, among others, that a

project registered with the DOE as an EPNS is entitled to the following rights, among others: (i) processing time of 30-working days upon submission to the relevant government agency of complete documentary requirements, (ii) to have its application processed, without awaiting the action of other government agencies where such action is a precondition to such application, (iii) on the assumptions that the submitted requirements are complete in substance and form, actions to be taken for the project must not exceed 30 working days and (iv) upon the determination of any defect or lapses in substance and form of the submitted documents, the project proponent shall be notified and will be given appropriate time to take the necessary actions. The foregoing rights extend to associated infrastructure of the project registered as an EPNS.

The DOE, in its December 10, 2020 advisory, suspended the issuance of certificate of EPNS to allow the evaluation of the effectiveness of such certificate in terms of securing regulatory permits, licenses, endorsements, and other requirements relevant to the timely development and completion of an EPNS. On October 31, 2023, the DOE issued an advisory with respect to the renewed issuance of certificates of EPNS, in addition to current mechanism and platforms under the EVOSS system and other existing laws, rules and regulations to further streamline the processing of permitting and licensing of energy projects and thereby ensure their timely implementation.

On April 1, 2024, the DOE issued Department Order No. 2024-04-0003 providing for the revised framework and guidelines for the processing of applications for a certificate of EPNS. Department Order No. 2024-04-0003 provides, among others, that all applications shall be submitted to the DOE Investment Promotion Office, which shall commence initial evaluation of completeness of documentary submissions, subject to further technical evaluation of relevant bureaus within the DOE, depending on the type of the project.

Under Department Order No. 2024-04-0003, EPNS are major energy projects that may be identified and certified as EPNS shall be those found under the Philippine Energy Plan or those that are consistent with the policy and goals specified therein for the following:

- (a) Upstream and downstream sectors – exploration, development, production, utilization, commercialization, and application of energy resources, either conventional or non-conventional, including associated facilities and processes;
- (b) Power sector – power generation, transmission, distribution, and ancillary services;
- (c) Electric vehicles and alternative energy sources – development and promotion of electric vehicles, alternative energy sources, and technologies and their application; or
- (d) All other energy projects, programs, and endeavors identified by the DOE.

A project must have the following attributes to be certified as EPNS:

- (a) Significant capital investment of at least ₱3.5 billion.
- (b) Significant contribution to the country's economic development, provided that this pertains to the potential of the project to promote to greater access to energy and energy supply security of the country.

- (c) Significant consequential economic impact, , provided that this pertains to the potential of the project to generate jobs, employment and increase revenues for the government, among others.
- (d) Significant potential contribution to the country's balance of payment, provided that this refers to the potential of the project to contribute to the inflow of foreign investment capital.
- (e) Significant impact on the environment, provided that this pertains to the potential of the project to contribute to sustainability with minimal adverse effects to the environment.
- (f) Significant complex technical processes and/or engineering designs, provided that these refer to projects involving newly-developed or pioneering energy systems and/or technologies.
- (g) Significant infrastructure requirement, provided that the project has associated infrastructure.

A holder of a certificate of EPNS shall be entitled to, among others, an expedited processing time under the periods prescribed by the EVOSS Act or EO No. 30, as applicable, upon submission of the complete documentary requirements to relevant agencies and entities, without awaiting the action of other government agencies involved in the processing. A holder of a certificate of EPNS applying for a permit with a government agency shall be presumed to have been issued all relevant permits from other government agencies. This extends only insofar as the permitting process with the said government agency is concerned. In addition, the certificate of EPNS shall be equivalent to the endorsement of the DOE for the permitting by government agencies of energy projects. If there is any defect or place in the substance and form of the documents submitted by the holder of a certificate of EPNS, it shall be notified and be given time to rectify the same. If its application is denied, the holder of a certificate of EPNS shall be entitled to a written explanation from the government agency which should contain the reasons or grounds for the denial.

Energy Virtual One-Stop Shop ("EVOSS")

On March 8, 2019, Republic Act No. 11234, otherwise known as the "Energy Virtual One-Shop Act" (the "EVOSS Act"), was signed into law establishing an energy virtual one-stop shop under the supervision of the DOE. The EVOSS is a web-based system that allows the coordinated submission and synchronous processing of all required data and information and provides a single decision-making portal for actions on applications for permits and/or certifications necessary for, or related to, an application of a proponent for new power generation, transmission or distribution projects.

Under the EVOSS Act, the relevant government agencies have the obligation to ensure that all actions on applications before it and its attached bureaus, offices, and agencies, at both the national and local levels, government-owned and -controlled corporations as well as local government units and other entities involved in the permitting process shall be released within the time frames stated in the EVOSS Act. Failure of the mother agency and its attached

bureaus, offices, and agencies at both the national and local levels, including government-owned and -controlled corporations as well as local government units and other entities involved in the permitting process, to release its action on applications duly submitted with complete supporting electronic documents within the prescribed time frame shall cause applications to be deemed approved, provided that such deemed approval shall not apply to actions by DENR and ERC on applications by fossil fuel-based technologies such as coal, natural gas, and oil.

The EVOSS Act mandates participation and compliance by all government agencies and other relevant entities involved in the permitting process of all new power generation, transmission and distribution projects. A government's official and/or employee's willful refusal to participate in the EVOSS and failure to comply with the mandated time frames as provided in the EVOSS Act and its implementing rules, or as imposed by the EVOSS steering committee, shall be considered an administrative offense, and may be penalized with suspension without pay or dismissal and perpetual disqualification from public service, as applicable, without prejudice to the filing of criminal, civil or other related charges under existing laws, as may be appropriate.

The EVOSS Steering Committee, the inter-agency body created by the EVOSS Act which was tasked to streamline the process flow of the permitting process for energy-related projects and to set up the EVOSS, was dissolved by operation of law on March 30, 2021, or two years from the effectivity of the EVOSS Act. On July 2, 2021, President Duterte issued EO No. 143, series of 2021, creating the EVOSS Task Group to oversee the continued implementation of EVOSS and its implementing rules and regulations. The task force shall exercise the same functions and powers as the EVOSS Steering Committee, as provided under the EVOSS Act, and other additional functions such as monitoring and ensuring the increasing operationalization of EVOSS.

Registration under the Board of Investments (BOI)

Under EO No. 226, otherwise known as the "Omnibus Investments Code", as amended, a BOI-registered enterprise enjoys certain incentives, both financial and non-financial, provided such enterprise invests in preferred areas of investment enumerated in the Investment Priorities Plan annually prepared by the Government. However, prior to registration with the BOI, the enterprise must first satisfy the minimum equity required to finance the project applied equivalent to 25% of the estimated project cost, or as may be prescribed by the BOI. Such incentives include: (i) income tax holiday, (ii) exemption from taxes and duties on imported spare parts; (iii) exemption from wharfage dues and export tax, duty, impost and fees; (iv) reduction of the rates of duty on capital equipment, spare parts and accessories; (v) tax exemption on breeding stocks and genetic materials; (vi) tax credits; (vii) additional deductions from taxable income; (viii) employment of foreign nationals; (ix) simplification of customs procedure; and (x) unrestricted use of consigned equipment.

On April 12, 2019, Republic Act No. 11285, otherwise known as the Energy Efficiency and Conservation Act, was enacted. Under the said law, upon certification by the DOE, energy efficiency projects shall be included in the annual investment priorities plan of the BOI and shall be entitled to the incentives provided under EO No. 226, as amended, and any other

applicable laws for 10 years from the effectivity of the Act. Said energy efficiency projects shall also be exempt from the requirements provided under Article 32(1) of EO No. 226. Energy efficiency projects refer to projects designed to reduce energy consumption and costs by any improvement, repair, alteration, or betterment of any building or facility, or any equipment, fixture, or furnishing to be added to or used in any building, facility, or vehicle including the manufacturing and provision of services related thereto; provided, that such projects shall be cost-effective and shall lead to lower energy or utility costs during operation and maintenance.

In view of the effectivity of the Republic Act No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises Act (“CREATE”) Law, as amended by the CREATE MORE Act (which took effect on November 28, 2024), registered business enterprises with incentives granted prior to the effectivity of the CREATE Law shall be subject to incentives granted in their certificate of registration or certificate of registration and tax exemption, and to the following rules:

- i. registered business enterprises whose projects or activities were granted only an income tax holiday prior to the effectivity of the CREATE Law shall be allowed to continue with the availment of the income tax holiday for the remaining period of the income tax holiday as specified in the terms and conditions of their registration, provided that for those that have been granted the income tax holiday but have not yet availed of the incentive upon the effectivity of CREATE Law, they may use the income tax holiday for the period specified in the terms and conditions of their registration;
- ii. registered business enterprises whose projects or activities were granted an income tax holiday prior to the effectivity of the CREATE Law and that are entitled to the five percent (5%) tax on gross income earned after the income tax holiday shall be allowed to avail of the five percent (5%) tax on gross income earned incentive including all corresponding exemptions from national taxes, local taxes, and local fees and charges until December 31, 2034;
- iii. registered business enterprises currently availing of the five percent (5%) tax on gross income earned granted prior to the effectivity of the CREATE Law shall be allowed to continue availing of the said tax incentive at the rate of five percent (5%), including all corresponding exemptions from national taxes, local taxes, and local fees and charges until December 31, 2034; and
- iv. registered business enterprises availing of duty exemption on importation under Section 294 (d), VAT exemption on importation, and VAT zero-rating on local purchases under Section 294 (e) prior to the effectivity of the CREATE Law shall be allowed to continue availing of the said tax incentives until December 31, 2034. Registered export enterprises shall continue to avail of the said incentives thereafter, in accordance with Title IV of the Tax Code, the provisions of the Customs Modernization and Tariff Act, as amended, and other applicable laws.

The implementing rules and regulations of the CREATE MORE Act was signed on February 17, 2025, and became effective on February 20, 2025.

Philippine Competition Act

On July 21, 2015, the President of the Philippines signed into law Republic Act No. 10667 or the Philippine Competition Act (“PCA”), which became effective on August 8, 2015. It aims to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities, prevent economic concentration which will manipulate or constrict the discipline of free markets, and penalize all forms of anti-competitive agreements, abuse of dominant position and anti-competitive mergers and

acquisitions, with the objective of protecting consumer welfare and advancing domestic and international trade and economic development. Although the Philippine Competition Act is silent on its applicability specifically to the electric power industry, Section 55(c) of the Philippine Competition Act provides that insofar as Section 43(u) of the EPIRA is inconsistent with provisions of the Philippine Competition Act, it shall be repealed. In view of this, the Philippine Competition Commission (the “PCC”) now has the original and exclusive jurisdiction over anti-competitive cases in the energy sector.

On May 31, 2016, the PCC promulgated rules and regulations in order to effectively carry out the provisions of the Philippine Competition Act. Under the Rules, parties to a merger or acquisition are required to provide notification to the PCC when the following thresholds are met: (i) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent company of at least one of the acquiring or acquired entities, including that of all entities that the ultimate parent company controls, directly or indirectly (“Size of Party/Person”), exceeds ₱1,000,000,000.00; and (ii) the value of the transaction (“Size of Transaction”) exceeds ₱1,000,000,000.00. The PCC also has issued the “Guidelines on the Computation of Merger Notification Thresholds”, which provides the method for calculating the aggregate value of assets and gross revenues from sales for the purposes of determining whether a proposed merger or acquisition is notifiable to the PCC.

The Size of Party/Person and Size of Transactions have been gradually increased by the PCC to ensure that the thresholds maintain their real value over time and relative to the size of the economy. Beginning March 1, 2019 and for every subsequent year, the notification thresholds will be indexed based on the official estimates by the Philippine Statistics Authority of the nominal GDP growth for the previous calendar year rounded up to the nearest hundred million.

Effective March 1, 2026, the threshold for the Size of Party/Person was increased to ₱9,100,000,000.00, and the threshold for the Size of Transaction was increased to ₱3,800,000,000.00.

A transaction that requires mandatory notification and does not comply with the notification requirements and waiting periods shall be considered void and will expose the therein parties to an administrative fine of 1 to 5.0% of the value of the transaction. Further, criminal penalties for such parties may be imposed, which include: (i) a fine of not less than ₱50,000,000.000 but not more than ₱250,000,000.00; and (ii) imprisonment for two to seven years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of ₱100,000,000.00 to ₱250,000,000.00 may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

Local Government Code

Republic Act No. 7160, otherwise known as the Local Government Code of 1991 (the “LGC”) establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The LGC general welfare clause states that every LGU shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

The power to tax and police power are exercised by the LGU through their respective legislative bodies. Specifically, the LGU, through its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of the prosperity, and the promotion of the morality, peace, good order, comfort, convenience, and general welfare of the locality and its inhabitants. Ordinances can reclassify land, impose real property taxes, regulate business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

Labor and Employment

The Department of Labor and Employment (“DOLE”) is the Philippine government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws such as the Labor Code of the Philippines and the Occupational Safety and Health Standards (which sets out, among others, the guidelines applicable to different establishments intended for the protection of every workingman against the dangers of injury, sickness or death through safe and healthful working conditions), as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE.

Occupational Safety and Health Standards Law

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

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

arrangements. Notably, the OSH mandates that the employer shall appoint/employ a Safety Officer whose qualifications and duties are provided by the said law.

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

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

Social Security System, PhilHealth and the Pag-IBIG Fund

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 11199, the “Social Security Act of 2018” to ensure coverage of employees following procedures set out by the law and the Social Security System (“SSS”). Under the said law, an employer must deduct from its employees their monthly contributions in an amount corresponding to his salary, wage, compensation or earnings during the month in accordance with the monthly salary credits, the schedule and the rate of contributions as may be determined and fixed by the Social Security Commission, pay its share of contribution and remit these to the SSS within a period set by law and/ or SSS regulations.

Employers are likewise required to ensure enrollment of its employees in a National Health Insurance Program administered by the Philippine Health Insurance Corporation (“PhilHealth”), a government corporation attached to the Department of Health tasked with ensuring sustainable, affordable and progressive social health insurance pursuant to the provisions of Republic Act No. 10606, the “National Health Insurance Act of 2013”. On February 20, 2019, Republic Act No. 11223, the “Universal Health Care Act”, was enacted, which amended certain provisions of the National Health Insurance Act of 2013. Under the said law, all Filipino citizens are now automatically enrolled into the National Health Program and shall be granted immediate eligibility and access to preventive, promotive, curative, rehabilitative, and applicative care for medical, dental, mental, and emergency health services.

Membership is classified into two types: (i) direct contributors; and (ii) indirect contributors. Direct contributors refer to those who have the capacity to pay premiums, are gainfully employed and are bound by an employer-employee relationship, or are self-earning, professional practitioners, migrant workers, including their qualified dependents, and lifetime members. On the other hand, indirect contributors refer to all others not included as direct

contributors, as well as their qualified dependents, whose premium shall be subsidized by the national government including those who are subsidized as a result of special laws. Every member is also granted immediate eligibility for health benefit package under the program.

Under Republic Act No. 9679, the “Home Development Mutual Fund Law of 2009”, all employees who are covered by the SSS must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund.

Revised Corporation Code

Republic Act No. 11232, also known as the Revised Corporation Code, took effect on February 23, 2019 upon completion of its publication in Manila Bulletin and the Business Mirror on the said date.

Among the notable amendments in the Revised Corporation Code are as follows: (i) corporations are now generally given a perpetual existence; (ii) a new section on one-person corporation was added; (iii) the removal of the requirement that at least 25% of the authorized capital stock must be subscribed, and at least 25% of the subscribed shares must be paid-up upon incorporation, however, such requirement shall be required for any increase in authorized capital stock of a corporation; (iv) stockholders may now vote in absentia; (v) incorporators now include any person, partnership, association or corporation; (vi) material contracts between the corporation and its own directors, trustees, officers, or their spouses and relatives within the 4th civil degree of consanguinity or affinity must be approved by at least 2/3s of the entire membership of the board, with at least a majority of the independent directors voting to approve the same; and (vii) an expansion of the powers of the SEC to prosecute and investigate offenses under the Revised Corporation Code.

Foreign Investments Act of 1991, as amended (“FIA”)

The FIA liberalized the entry of foreign investment into the Philippines. Under the FIA, foreigners can own as much as 100% equity in domestic market enterprises, except in areas specified in the Twelfth Regular Foreign Investment Negative List (the “Negative List”). This Negative List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws. Nationalized activities include, among others, land ownership, telecommunications, mining and the operation of public utilities.

In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. Likewise, under the Philippine Constitution, only citizens of the Philippines or corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens may engage in activities relating to the exploration, development and utilization of natural resources, which covers the utilization of natural resources for the operation of RE power plants.

The Department of Justice (“DOJ”) opined that the exploration, development and utilization of solar, wind, hydro and ocean or tidal energy sources is not subject to the 40%

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

For the purpose of complying with nationality laws, the term Philippine National is defined under the FIA as any of the following:

- a citizen of the Philippines;
- a domestic partnership or association wholly-owned by citizens of the Philippines;
- a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines;
- a corporation organized abroad and registered to do business in the Philippines under the Revised Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos; or
- a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals.

In SEC Memorandum Circular No. 08 dated May 20, 2013, or the Guidelines on Compliance with the Filipino-Foreign Ownership Requirements Prescribed in the Constitution and/or Existing Laws by Corporations Engaged in Nationalized and Partly Nationalized Activities, it is provided that for purposes of determining compliance with the nationality requirement, the required percentage of Filipino ownership shall be applied both to (a) the total number of outstanding shares of stock entitled to vote in the election of directors, and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors. A petition for certiorari questioning the constitutionality of SEC Memorandum Circular No. 8 dated May 20, 2013 was filed in June 2013. Through the case entitled Jose M. Roy III v. Chairperson Teresita Herbosa (G.R. No. 207246) dated April 18, 2017, the Supreme Court (“SC”) affirmed the validity of SEC Memorandum Circular No. 08 dated May 20, 2013.

In the 2014 case of Narra Nickel Mining and Development Corporation, et.al vs. Redmont Consolidated Mines Corp (G.R. No. 195580) and its corresponding motions for reconsideration (the “Narra Nickel Case”), the SC affirmed that the Grandfather Rule, wherein shares owned by corporate shareholders are attributed either as Filipino or foreign equity by determining the nationality not only of such corporate shareholders, but also such corporate shareholders’ own shareholders, until the nationality of shareholder individuals is taken into consideration, is to be used jointly and cumulatively with the Control Test, which merely takes into account the nationality of the listed shareholders of the corporation. Such joint and cumulative application shall be observed as follows: (i) if the corporation’s Filipino equity falls below sixty percent (60%), such corporation is deemed foreign-owned, applying the Control Test; (ii) if the corporation passes the Control Test, the corporation will be considered a Filipino corporation only if there is no doubt as to the beneficial ownership and control of the corporation; and (iii) if the corporation passes the Control Test but there is doubt as to the beneficial ownership and control of the corporation, the Grandfather Rule must be applied.

On March 2, 2022, President Duterte signed into law Republic Act No. 11647, which introduced amendments to the FIA. Among these amendments is the change in the definition of “investment” and “foreign investment.” It also created and defined the powers and authority of the Inter-Agency Investment Promotion Coordination Committee, which shall be responsible, among others, for integrating all promotional and facilitation efforts to encourage foreign investments in the country, and reviewing foreign investments in industries that are involved in activities which may threaten the territorial integrity and safety, security and well-being of Filipino citizens, which investments are made by foreign government-controlled entities or state-owned enterprises except independent pension funds, sovereign wealth funds and multi-national banks or are located in geographical areas critical to national security, and mandated the development of the Foreign Investment Promotion and Marketing Plan. Amendments to the provision on the registration of investments of foreign nationals were likewise introduced.

EISS Law

The Philippine Environmental Impact Statement System (“EISS Law”) was established by Presidential Decree No. 1586 and is implemented by the Department of Environment and Natural Resources (“DENR”). The EISS Law is the general regulatory framework for any project or undertaking that is either (i) classified as environmentally critical or (ii) is situated in an environmentally critical area. The DENR, through its regional offices or through the Environmental Management Bureau (“EMB”), determines whether a project is environmentally critical or located in an environmentally critical area and possesses all applications for an Environmental Compliance Certificate (“ECC”).

The law requires an entity that will undertake any such declared environmentally critical project or operate in any such declared environmentally critical area to submit an Environmental Impact Statement (“EIS”) which is a comprehensive study of the significant impacts of a project on the environment. The EIS serves as an application for the issuance of an ECC, if the proposed project is environmentally critical or situated in an environmentally critical area; or for the issuance of a Certificate of Non-Coverage, if otherwise. An ECC is a government certification that, among others, (i) the proposed project or undertaking will not cause significant negative environmental impact; (ii) the proponent has complied with all the requirements of the EISS Law in connection with the project; and (iii) the proponent is committed to implement its approved Environmental Management Plan (“EMP”) in the EIS. The EMP details the prevention, mitigation, compensation, contingency and monitoring measures to enhance positive impacts and minimize negative impacts and risks of a proposed project or undertaking.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents are also required to establish an Environmental Monitoring Fund (“EMF”) when an ECC is eventually issued. The EMF is to support the activities of the team monitoring

the project proponent's compliance with ECC conditions, EMP and applicable laws, rules and regulations.

Power plant operations are considered environmentally critical projects for which an EIS and an ECC are mandatory.

The Clean Water Act

The Clean Water Act (Republic Act No. 9275) and its implementing rules and regulations provide for water quality standards and regulations for the prevention, control, and abatement of pollution of the water resources of the country. The Clean Water Act requires owners or operators of facilities that discharge regulated effluents (such as wastewater from manufacturing plants or other commercial facilities) to secure a discharge permit from the DENR which authorizes the owners and operators to discharge waste and/or pollutants of specified concentration and volumes from their facilities into a body of water or land resource for a specified period of time. The DENR, together with other government agencies and the different local government units, is tasked to implement the Clean Water Act and to identify existing sources of water pollutants, as well as strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law.

The Clean Air Act

Pursuant to the Clean Air Act of 1999 (Republic Act No. 8749) and its implementing rules and regulations, enterprises that operate or utilize air pollution sources are required to obtain a Permit to Operate from the DENR with respect to the construction or the use of air pollutants. The issuance of the said permit seeks to ensure that regulations of the DENR with respect to air quality standards and the prevention of air pollution are achieved and complied with by such enterprises.

Other Environmental Laws

Other regulatory environmental laws and regulations applicable to the businesses of San Miguel Global Power include the following:

- The Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 (Republic Act No. 6969), which regulates, restricts or prohibits the (i) importation, manufacture, processing, handling, storage, transportation, sale, distribution, use and disposal of chemical substance and mixtures that present unreasonable risk or injury to health or the environment, and (ii) entry into the Philippines or the keeping in storage of hazardous wastes which include byproducts, process residue, contaminated plant or equipment or other substances from manufacturing operations. The said law is implemented by the DENR.
- The Ecological Solid Waste Management Act of 2000 (Republic Act No. 9003), which provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than

prescribed centers and facilities. The National Solid Waste Management Commission, together with other government agencies and the different local government units, are responsible for the implementation and enforcement of the said law.

- The Code on Sanitation of the Philippines (the “Sanitation Code”) (Presidential Decree No. 856), which provides for sanitary and structural requirements in connection with the operation of certain establishments such as industrial establishments. Under the Sanitation Code, which is implemented by the Philippine Department of Health, no person, firm, corporation, or entity shall operate any industrial establishment without first obtaining a sanitary permit.

Research and Development

San Miguel Global Power seeks to capitalize on regulatory and infrastructure developments by scheduling the construction of greenfield power projects to coincide with the planned improvements in the interconnectivity of the Luzon and Visayas grids, as well as the eventual interconnectivity and implementation of WESM in Mindanao. In addition, San Miguel Global Power seeks to maintain the cost competitiveness of these new projects by exploring new technologies and strategically locating them in high demand areas and in areas with the closest proximity to the grid.

San Miguel Global Power is considering further expansion of its power portfolio through new greenfield power plants nationwide over the next few years in line with the growth in market demand. San Miguel Global Power is confident that the experience it gained from building its greenfield power plants will enable it to build new cost competitive plants. In addition to power generation assets,

San Miguel Global Power has invested in battery technology to add to the existing 10 MWh Masinloc BESS and the 33.867 MWh Kabankalan BESS. San Miguel Global Power, through its subsidiaries SMGP BESS, MPCL and SMGP Kabankalan, is completing the expansion of its ~1,000 MWh portfolio of BESS projects. Of these ~1,000 MWh BESS projects, 490 MWh across 16 sites attained commercial operations as of December 31, 2025, including the 33.867 MWh Kabankalan (Phase 1 and 2) and 22.83 MWh Masinloc (Phase 2). BESS facilities with a total capacity of 140 MWh across four sites located in Magapit, Tabango, Tagum and Mexico are expected to be completed in 2026 and one site located in Dingle, with a capacity of 40 MWh is expected to be completed in 2027. San Miguel Global Power has also entered into EPC contracts with ATE Energy and targets to complete the 320 MWh BESS project in Mariveles in the second to fourth quarter of 2026.

San Miguel Global Power also actively seeks to identify and pursue RE investments such as hydroelectric power and solar power projects, subject to the outcome of viability and feasibility analyses.

In line with its decision to significantly reduce its carbon footprint and transition to cleaner sources of energy, San Miguel Global Power, through its wholly-owned subsidiary, SGLPC, is developing a portfolio of solar power projects together with potential partners. The first phase of the solar power projects has an aggregate initial capacity of approximately 2,450

MWp across various sites in Luzon and Mindanao, including in the provinces of Davao, Bulacan and Isabela with target completion by 2029.

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

On November 6, 2025, the DOE posted the list of winning bidders for the GEA-4 launched on March 29, 2025. As a winning bidder, SGLPC's bids for an aggregate offered capacity of 2,225 MWac floating solar and ground-mounted solar projects in the provinces of Bulacan, Davao and Isabela were accepted with expected completion dates from 2026 to 2029. The Company received original copies of the Certificates of Award on January 12, 2026.

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

This is in line with San Miguel Global Power's objective to operate in an environmentally-responsible manner, and to reduce its carbon footprint and transition to cleaner sources of energy while taking into consideration energy security and affordability for its consumers.

Safety, Health and Environmental Regulation

Power operations are subject to extensive, evolving and increasingly stringent safety, health and environmental laws and regulations. These laws and regulations include the Philippine Clean Air Act of 1999 ("Clean Air Act"), the Philippine Clean Water Act of 2004 ("Clean Water Act"), Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990, the Department of Labor and Employment Occupational Safety and Health Standard of 1989, as amended, and Republic Act No. 11058 (otherwise known as "An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Therefor"). Such legislation addresses, among other things, air emissions, wastewater discharges as well as the generation, handling, storage, transportation, treatment and disposal of toxic or hazardous chemicals, materials and waste. It also regulates workplace conditions within power plants and employee exposure to hazardous substances. The Occupational Safety and Health Standard, meanwhile, was formulated to

safeguard the workers' social and economic well-being as well as their physical safety and health.

For its BESS sites, San Miguel Global Power is committed to ensuring the safety of its employees and the community and has designed measures such as a fire protection system, with a fire wall, automatic fire shutters, and sprinkler system, and a double wall system composed of the blast wall and fire wall, to add additional layers of safety. The fire wall (Boral) has a 60/60/60 fire resistance level meaning it is able to maintain structural adequacy, integrity, and insulation for at least 60 minutes during fire testing. Its thermal regulation features include louver-type windows and doors and dedicated high-voltage air conditioning units. The prismatic cell design of the BESS with can-type battery enclosures provides additional safety features such as its fuse countermeasure and overcharge safety device while also promoting stability, space-efficiency and flexibility. The BESS also has a disaster resilient design and is able to withstand 7-9 magnitude earthquakes (Seismic Zone 4) and super typhoons (i.e., wind speeds up to 270 kph).

San Miguel Global Power, through its relevant subsidiaries, complies for its company-owned generation plants, and it believes that SRPC, the IPP of the San Roque Power Plant whose capacity is managed by SRHI, comply, in all material respects with all applicable safety, health and environmental laws and regulations.

The following is a list of San Miguel Global Power's active certifications as of December 31, 2025:

Standard	Description	Facility/ Location	Start Date	End Date
ISO 9001:2015	Quality Management Systems	Limay Power Plant	2024-04-02	2027-02-15
ISO 14001:2015	Environmental Management Systems	Limay Power Plant	2024-04-02	2027-02-15
ISO 45001:2018	Occupational Health & Safety Management System	Limay Power Plant	2024-04-03	2027-02-15
ISO 9001:2015	Quality Management Systems	Malita Power Plant	2024-04-15	2026-03-27
ISO 14001:2015	Environmental Management Systems	Malita Power Plant	2024-04-15	2026-03-27
ISO 45001:2018	Occupational Health & Safety Management System	Malita Power Plant	2024-04-15	2026-03-27
ISO 22301: 2019	Business Continuity Management Systems	Malita Power Plant	2024-06-27	2027-06-26
ISO 50001:2018	Energy Management Systems	Malita Power Plant	2021 - 01	Ongoing recertification
ISO 55001:2014	Asset Management System	Malita Power Plant	2019-10-01	Ongoing recertification
ISO 14001:2015	Environmental Management Systems	Masinloc Power Plant	2023-09-26	2026-03-27
ISO 45001:2018	Occupational Health & Safety Management System	Masinloc Power Plant	2023-09-26	2026-03-27
ISO 9001:2015	Quality Management Systems	Mariveles Power Plant	2024-12-20	2027-12-20
ISO 14001:2015	Environmental Management Systems	Mariveles Power Plant	2024-12-20	2027-12-20
ISO 45001:2018	Occupational Health & Safety Management System	Mariveles Power Plant	2024-12-20	2027-12-20
ISO 22301: 2019	Business Continuity Management Systems	Mariveles Power Plant	2025-09-03	2028-09-03

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

San Miguel Global Power applies the same focus and resources on operational excellence in its portfolio of coal-fired power plants as with its environmental compliance. Efficient emission mitigation begins with a dynamic fuel preparation process that ensures coal fineness through the use of reliable and versatile coal milling and grinding equipment. San Miguel Global Power plans to use dynamic classifiers to further improve coal fineness in the future. This would allow more efficient burning of coal (reducing nitrogen oxide or "NOx") and the use of lower calorific value coal with lower sulfur content (reducing sulfur oxide or

“SOx”). High CV coal with high sulfur content inherently does not only have higher emissions but are also significantly more expensive.

In addition to standard environmental control facilities customarily found in modern coal fired power plants such as enclosed coal conveyor and storage systems, ash storage systems, waste water treatment systems and air pollution and smoke stack systems, San Miguel Global Power’s power plants have the following environmental control equipment and features that ensure that its NOx, SOx and particulate matter (“PM”) emissions are within and below applicable local limits set by the DENR and emission limits set by the World Bank:

- CFB technology (used in San Miguel Global Power’s greenfield power plants: Limay Greenfield Power Plant, Davao Greenfield Power Plant and Mariveles Greenfield Power Plant) operate the boilers at relatively lower pressure and temperatures (below 800 degrees centigrade) compared to PC technology. This results in better combustion and lower NOx and material particulates.
- Limestone injection to the fuel as it goes to the boiler is used for San Miguel Global Power’s Plants to further reduce their SOx and particulate matter emissions.
- Unit 3 of the Masinloc Power Plant uses supercritical boiler technology, which, relative to an ordinary PC boiler (subcritical), has a significantly better combustion process resulting to a much improved heat rate of coal – meaning less coal is required to produce a megawatt of electricity. This also allows the use of lower CV and lower sulfur coal, which is a key factor to lower SOx emissions.
- For Sual Power Plant and Unit 3 of the Masinloc Power Plant (the “Masinloc PC units”), San Miguel Global Power uses Flue Gas Desulfurization (“FGD”) equipment that can remove up to 90% of the SOx and particulate matter in the flue gas emissions of these plants. The Sual Power Plant uses limestone, while the Masinloc PC Units use seawater to scrub SOx and particulate matter from the flue gases.
- For the greenfield plants, San Miguel Global Power uses Electrostatic Precipitators (“ESP”) to remove particulate matter such as dust and soot, through an electrostatic charge that captures these materials from the flowing gases on their way out the smokestack.
- San Miguel Global Power conducts regular meetings with the IPP of the Sual Power Plant to ensure the plant’s fuel efficiency and compliance to environmental standards.
- For the Masinloc PC units, San Miguel Global Power has reduced the CV and sulfur content of coal used from 6,100 kcal and 0.5% to only 5,500 kcal and 0.25%, respectively. This is accomplished without derating the power output of the units as a result of the retrofit work done on Unit 2 and preventive maintenance of Unit 1 that have retained and even improved the heat rate of these units.

San Miguel Global Power also plans to explore the use of catalytic reduction technology on its PC plants to further improve its NOx emissions. This is an advanced active emission control technology that injects a liquid reductant agent through a special catalyst which is predominantly ammonia, into the flue gases to capture and remove NOx emissions.

San Miguel Global Power closely monitors and publishes on a weekly basis the emission data of the Limay and Davao Greenfield Power Plants, which are reviewed by both the DOE and the DENR. These power plants have emission levels that are less than 50% of the applicable local and World Bank emission limits.

The coal-fired power plants of San Miguel Global Power have maintained levels of emission lower than the standards set by the DENR. The following table sets forth the level of NOx, SOx and PM emissions of the power plants owned and operated by San Miguel Global Power, as well as the applicable emission control standards, for the year ended December 31, 2025:

Power Plant	NOx		SO _x		PM	
	Emission level	DENR Standard	Emission level	DENR Standard	Emission level	DENR Standard
	(ppm)		(ppm)		(Mg/Nm ³)	
Sual Power Plant	179.82	732.0	299.93	524.0	16.88	200.0
Masinloc Power Plant Unit 1 and 2 ⁽¹⁾	171.14	732.0	411.86	524.0	64.48	200.0
Masinloc Power Plant Unit 3 ⁽²⁾	124.06	487.0	69.88	245.0	7.21	150.0
Limay Greenfield Power Plant	55.35	487.0	38.27	245.0	10.33	150.0
Davao Greenfield Power Plant	70.28	487.0	83.33	245.0	9.05	150.0
Mariveles Greenfield Power Plant ⁽³⁾	73.85	487.0	64.83	245.0	19.02	150.0

Notes:

- (1) Units 1 and 2 utilize circulating fluidized bed technology
- (2) Unit3 utilizes supercritical pulverized coal technology
- (3) Units 1 to 4

In addition, coal mining in the Philippines is subject to environmental, health and safety laws, forestry laws and other legal requirements. These laws govern the discharge of substances into the air and water, the management and disposal of hazardous substances and wastes, site clean-up, groundwater quality and availability, plant and wildlife protection, reclamation and rehabilitation of mining properties after mining is completed and the restriction of open-pit mining activities in conserved forest areas.

Notwithstanding the foregoing, the discharge of chemicals, other hazardous substances and pollutants into the air, soil or water by the power plants owned or managed by San Miguel Global Power may give rise to liabilities to the government and to local government units where such facilities are located, or to third parties. In addition, San Miguel Global Power may be required to incur costs to remedy the damage caused by such discharges or pay fines or other penalties for non-compliance.

Further, the adoption of new safety, health and environmental laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments in the future may require that San Miguel Global Power make additional capital expenditures or incur additional operating expenses in order to maintain the operations of its generating facilities at their current level, curtail power

generation or take other actions that could have a material adverse effect on the financial condition, results of operations and cash flow of San Miguel Global Power.

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

Employees

As of December 31, 2025, San Miguel Global Power and its subsidiaries have 2,588 regular employees, of which 106 are executives and managers and 294 are supervisors. All employees are based in the Philippines.

Since 2008, employees of San Miguel Global Power have not been members of any labor union. San Miguel Global Power has not experienced any work stoppages and considers its relationship with its employees to be good. Consistent with the goal of San Miguel Global Power to be one of the Philippines' preferred employers, San Miguel Global Power has adopted a rewards and recognition policy that is competitive with industry standards in the Philippines. In addition to the statutory benefits, San Miguel Global Power initiates benefits to provide for the increased security of its employees in the following areas: healthcare, leaves, miscellaneous benefits, loans and financial assistance applicable to a variety of uses, retirement benefits and survivor security and death benefits. Salaries and benefits are reviewed periodically and adjusted to retain current employees and attract new talents. Tied to this is a performance management system that calls for the alignment of individual key results, competencies and development plans with the overall business targets and strategy of San Miguel Global Power. Performance is reviewed annually and employees are rewarded based on the attainment of pre-defined objectives. San Miguel Global Power also has programs for its employees' professional and personal development.

With the ensuing 12 months, San Miguel Global Power may require additional hiring of employees to support its business expansion, the number of which is not determinable as of date.

Risks Relating to San Miguel Global Power

Increased competition in the Philippine power industry

The Government has sought to implement measures designed to enhance the competitive landscape of the power market, particularly for the unregulated sectors of the industry. These measures include the privatization of NPC-owned and controlled power generation assets, the establishment of the WESM, the start of the RCOA, the implementation of mandatory CSP for distribution utilities, the implementation of the green energy option, which allows eligible end-users to directly contract with an RE supplier, the implementation of the Renewable Portfolio Standards ("RPS"), which mandates electricity suppliers to source an agreed portion of their energy supply from eligible RE resources, and the establishment of the Renewable Energy Market ("REM"), a venue for the trading of Renewable Energy

Certificates (“RECs”) and for the compliance of electricity suppliers with their RPS obligations. Further, Republic Act No. 10667 or the Philippine Competition Act was enacted to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities, prevent economic concentration which will manipulate or constrict the discipline of free markets, and penalize all forms of anti-competitive agreements, abuse of dominant position and anti-competitive mergers and acquisitions, with the objective of protecting consumer welfare and advancing domestic and international trade and economic development.

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

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

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

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

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

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

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

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

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

Suspension of issuance and renewal of Retail Electricity Supplier ("RES") licenses

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

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

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

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

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

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

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

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

Disruptions and fluctuations in availability and cost of fuel supply

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

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

There is also no assurance that San Miguel Global Power, through its subsidiaries, will be able to purchase all of its required fuel supplies from its regular suppliers that produce fuel of known acceptable quality. Consequently, San Miguel Global Power could experience difficulties ensuring a consistent quality of fuel, which could negatively affect the stability and performance of these power plants.

For example, in January 2022, the Indonesian government imposed a coal export ban, which was gradually lifted as its domestic power plants stockpiled their coal inventories.

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

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

San Miguel Global Power, through its subsidiaries, has fuel supply agreements with reputable and reliable international coal suppliers, such as but not limited to, Vitol and Bayan, for its power plants. The diversity of coal suppliers of San Miguel Global Power provides assurance of fuel supply limiting any issues with any specific region or supplier.

San Miguel Global Power also believes that the size and diversity of the fuel supply of its power portfolio reduces the exposure of San Miguel Global Power and its customers to fuel-type specific risks such as variations in fuel costs, and regulatory concerns that are linked to any one type of power plant or commodity price.

Reliance on Independent Power Producer ("IPP") for the operation and maintenance of the San Roque Power Plant

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

Although San Roque PPA contains bonus and penalty provisions, and San Miguel Global Power monitors the SRPC's adherence to the minimum operating protocols specified in the San Roque IPPA Agreement and San Roque PPA, there is still a risk that the SRPC will fail to satisfactorily perform its operations and maintenance obligations. Any failure on the part of SRPC to properly operate and/or adequately maintain the San Roque Power Plant will result in the failure of SRHI and its counterparty in SRHI's PSA may have a right to terminate the contract for outages beyond applicable outage allowance in the PSA, and replacement contracts may not be entered into on comparable terms or at all. Any of the foregoing could have a material adverse effect on the financial and operating performance of San Miguel Global Power.

San Miguel Global Power leverages on the strengths and track record of its world-class IPP partner in operating the San Roque Power Plant while monitoring its adherence to the minimum operating protocols specified in the San Roque IPPA Agreement and San Roque PPA in line with international best practices.

Market limitations under the EPIRA

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

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

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

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

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

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

Adverse effect of WESM price fluctuations

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

- increases and decreases in generation capacity in the markets, including the addition of new supplies of power from existing competitors or new market entrants as a result of the development of new generation power plants or expansion of existing power plants or additional transmission capacity;
- changes in power transmission or fuel transportation capacity constraints or inefficiencies;
- electric supply disruptions, including power plant outages and transmission disruptions;
- changes in the demand for power or in patterns of power usage, including the potential development of demand-side management tools and practices;
- the authority of the ERC to review and, if warranted under applicable circumstances, adjust the prices on the WESM;
- the authority of the ERC to temporarily suspend WESM operations in cases of national and international security emergencies or natural calamities;

- climate, weather conditions, natural disasters, wars, embargoes, terrorist attacks and other catastrophic events;
- availability of competitively priced alternative power sources;
- development of new fuels and new technologies for the production of power; and
- changes in the power market and environmental regulations and legislation.

These factors could have a material adverse effect on the business, financial condition and results of operations of San Miguel Global Power.

The strategy of San Miguel Global Power is to source majority of its revenues from bilateral offtake agreements. This ensures cash flows while minimizing the exposure of San Miguel Global Power to any unfavorable fluctuations in WESM prices. Revenue from bilateral contracts with offtakers contributed 86%, 82% and 88% of total revenue for the years ended December 31, 2023, 2024 and 2025, respectively.

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

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

San Miguel Global Power regularly participates in CSPs to contract its capacity. In a CSP conducted by Meralco on January 5 and January 23, 2024, EERI, MPGC and SPPC emerged as the lowest bidders for the supply of 2,700 MW out of the 3,000 MW power requirement of Meralco with 1,200 MW, 300 MW and 1,200 MW in offered capacities, respectively. The contracts are for a term of 15 years and have a full fuel pass-through scheme. As of December 31, 2025, all PSAs have already commenced supply.

In the CSP conducted by Meralco on February 26, 2024, Limay Power Inc. emerged as the winning bidder for the latter's 400 MW power requirement. The contract commenced in August 2024 and ended on February 25, 2025 and had a full fuel pass-through scheme.

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

In another CSP conducted by Meralco on August 28, 2024, MPCL emerged as the lowest bidder and is therefore set to supply 500 MW out of the 600 MW power requirement of Meralco. The contract is for a term of 15 years, which commenced in August 2025, and has a full fuel pass-through scheme.

In the most recent CSP conducted by Meralco on February 2026, SPI emerged as the winning bidder for a 200 MW power supply contract for a period of four years.

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

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

In another CSP conducted by Meralco in September 2019, in accordance with the requirements under DC2018-02-0003 (the "DOE CSP Policy"), SPPC was awarded two offtake contracts to supply an aggregate of 960 MW from the Ilijan Power Plant. The first contract was for the supply of 670 MW for baseload power requirements for a period of 10 years from December 26, 2019 and the second contract was for the supply of 290 MW mid-merit power requirements for a period of five years from December 26, 2019. In addition, SPI was also awarded a contract to supply 330 MW for baseload power requirements from the Sual Power Plant for a period of ten years from December 26, 2019. The three contracts were executed between Meralco and the relevant IPPAs and were implemented under provisional authority and were pending final approval from the ERC. However, on May 11, 2022, SPI and SPPC filed separate Joint Motions for Price Adjustment with Meralco for the 670 MW Meralco PSA and 330 MW Meralco PSA to allow SPI and SPPC to temporarily increase the contract price under their respective Meralco PSAs for the January to May 2022 billing periods in view of the unprecedented global increase in fuel and gas prices brought about by the Russia-Ukraine war. SPI and SPPC terminated their respective PSAs with Meralco while the 290 MW PSA was subsequently assigned by SPPC to SPI in January 2024 and the term of this PSA expired on December 25, 2024. See "Item3. Legal Proceedings - Claim for Price Adjustment on the Meralco PSAs" for further details on legal proceedings.

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

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

Administration of the output of San Miguel Global Power's power portfolio necessarily involves significant risks

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

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

There is no assurance that any event similar or dissimilar to those listed above will not occur or will not significantly increase costs or decrease or eliminate sales derived by San Miguel Global Power from its power generation assets. While the San Roque IPPA Agreement provides certain reliefs in the event the San Roque Power Plant cannot produce or dispatch electricity, if any of the power generation assets of the San Roque Power Plant is unable to

generate or deliver electricity to its customer for an extended period of time which may be due to the aforementioned risks, its customer may be exempt from making certain payments so long as any such events continue. In addition, if SRHI fails to deliver electricity beyond the contractually agreed outage periods, its counterpart in its PSA may have a right to terminate the contract, and replacement contracts may not be entered into on comparable terms. Any of the foregoing could have a material adverse effect on the financial and operating performance of San Miguel Global Power.

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

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

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

Insufficient insurance coverage for generation plants

SRPC, the IPP of the San Roque Power Plant is responsible for maintaining insurance for all of the facilities, equipment and infrastructure for the power plant, with the exception of the dam and spillway of the San Roque Power Plant, for which NPC is obligated to maintain insurance coverage. SRHI, however, is not a beneficiary of any of these insurance policies. SRHI also does not have any business interruption insurance coverage and is therefore uninsured for liabilities or any direct or indirect costs and losses which may be incurred, as a result of any business interruption that the San Roque Power Plant may experience. San Miguel Global Power believes that there is no business interruption insurance available for the IPPA business model under which SRHI is currently operating. Accordingly, any uninsured

liabilities or direct or indirect losses, including any third party claims that result from an interruption to the business of SRHI could have a material adverse effect on its financial condition and results of operations.

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

In addition, there is no assurance that San Miguel Global Power will be able to renew these policies on similar or otherwise acceptable terms, or at all, or that San Miguel Global Power will not experience a material increase in the premiums payable under its insurance policies. If one or more of San Miguel Global Power's power projects were to incur a serious uninsured loss, a loss that significantly exceeds the limits of its insurance policies or any unexpected losses against which these subsidiaries are not fully insured, this could have a material adverse effect on their businesses, financial condition and results of operations.

No direct contractual and operational relationship

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

Foreign exchange risk

While most of the offtake agreements of San Miguel Global Power allow adjustments for foreign exchange rate fluctuations, San Miguel Global Power is subject to foreign exchange risk. A substantial amount of revenue from sales of power by San Miguel Global Power is

denominated in Philippine Pesos, while a portion of its expenses and obligations are denominated in U.S. dollars and San Miguel Global Power regularly obtains financings from various foreign financial institutions and issues securities denominated in U.S. dollars. The scheduled payment obligations to PSALM pursuant to the San Roque IPPA Agreement of SRHI with PSALM is denominated in both U.S. dollars and Philippine Pesos. The proportion of U.S. dollars to Philippine Pesos payable under the San Roque IPPA Agreement is approximately 50% at the exchange rates prevailing as of the dates of the said agreement. San Miguel Global Power, through its subsidiaries, also purchases coal as fuel for the Sual Power Plant and its greenfield power projects using U.S. dollars. In addition, a significant portion of the capital expenditures required for its greenfield power projects are denominated in U.S. dollars. In addition, certain PSAs entered into in the past by San Miguel Global Power's subsidiaries had fixed price escalation mechanisms rather than tariff adjustment based on current foreign exchange rates, resulting in the inability to pass-through the impact of foreign exchange fluctuations.

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

San Miguel Global Power actively evaluates combinations of natural hedges, such as holding U.S. dollar-denominated assets and liabilities and foreign exchange adjustments in the pricing for certain offtake contracts and derivative instruments to manage its exchange rate risk exposure. San Miguel Global Power has entered into derivative contracts covering its net foreign currency denominated monetary liabilities. As a general policy, San Miguel Global Power may hedge up to 50% of its exposure and subject to management approval, for more than 50% of its exposure if necessary. Less than 10% of the consolidated net foreign currency-denominated monetary liabilities of San Miguel Global Power has been hedged as of December 31, 2025 through financial hedging arrangements with counterparty institutions. San Miguel Global Power also considers redenomination of U.S. dollar-denominated obligations to Philippine Peso to minimize exposure to foreign exchange fluctuations. Nonetheless, there can be no assurance that the Philippine Peso will not depreciate significantly against the U.S. dollar or other currencies in the future or that such depreciation will not have an adverse effect on the growth of the Philippine economy or the financial condition of San Miguel Global Power.

Variations in hydrological conditions and irrigation requirements

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

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

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

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

Challenges in successfully implementing its growth strategy

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

For example, on March 1, 2024, MGen and Therma NatGas Power, Inc. (a subsidiary of Aboitiz Power Corporation), through their joint venture entity, Chromite Gas Holdings, entered into binding agreements with San Miguel Global Power and its relevant subsidiaries to jointly invest for a 67% equity interest in each of the following San Miguel Global Power gas-fired power plants and assets: (i) the Ilijan Power Plant owned by SPPC, (ii) BCC Power Plant owned by EERI, and (iii) land owned by Ilijan Primeline Industrial Estate Corp. where the BCC Power Plant, the Batangas LNG Terminal and their respective related facilities are located. On December 23, 2024, the Philippine Competition Commission announced its

decision to approve the transactions, and the parties completed the Chromite Transactions on January 27, 2025. Following the completion of this transaction, San Miguel Global Power's direct interest and corresponding cash flows associated with the Ilijan Power Plant, BCC Power Plant and related facilities and assets decreased. The impact on San Miguel Global Power of this transaction, any future acquisitions or investments and dispositions cannot be fully predicted and any of the risks outlined herein, should they materialize, could have a material adverse effect on San Miguel Global Power's business, financial condition, results of operations and prospects.

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

In the regular course of business, San Miguel Global Power enters into agreements for potential investments and acquisitions. If general economic and regulatory conditions or market and competitive conditions change, or if operations do not generate sufficient funds or other unexpected events occur, San Miguel Global Power may decide to delay, modify or forego some of its planned or contemplated projects or alter aspects of its growth strategy, and its future growth prospects could be materially and adversely affected. For example, San Miguel Global Power may consider alternative technologies for planned power projects that will improve efficiencies and lower emissions.

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

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

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

Dependence on the existence of transmission infrastructure

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

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

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

Changes in taxation and certain tax exemptions and tax incentives

On March 26, 2021, President Rodrigo Duterte signed into law Republic Act No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises Act” (“CREATE Law”) which introduced reforms to the corporate income tax and incentives systems. Effective retroactively from July 1, 2020, the corporate income tax rate on domestic corporations has been reduced from 30% to 25%, while domestic corporations with net taxable income not exceeding ₱5 million and total assets (excluding land on which the corporation’s office, plant, and equipment are situated) not exceeding ₱100 million are subject to 20% corporate income tax. The CREATE Law further enhanced certain incentives that investment promotion agencies may grant to business enterprises, such as additional deductions, increased net-operating loss carry-over, VAT exemption on importation and VAT zero-rating of local purchases of goods and services directly and exclusively used in the registered project or activity, among others. In view of the effectivity of the CREATE Law, registered business enterprises with incentives granted prior to the effectivity of the CREATE Law are subject to the following rules:

- i. registered business enterprises whose projects or activities were granted only an income tax holiday (“ITH”) prior to the effectivity of the law shall be allowed to continue to avail of the ITH for the remaining period specified in the terms and conditions of their registration, provided that enterprises that have been granted the ITH but have not yet availed of such incentive upon the effectivity of the CREATE Law may use the ITH for the period specified in the terms and conditions of their registration;

- ii. registered business enterprises whose projects or activities were granted an ITH prior to the effectivity of the law and that are entitled to the 5% tax on gross income earned incentive after the ITH shall be allowed to avail of the 5% tax on gross income incentive subject to the 10-year limit provided under the CREATE Law; and
- iii. registered business enterprises currently availing of the 5% gross income earned incentive granted prior to the effectivity of the CREATE Law shall be allowed to continue to avail of such tax incentive for 10 years.

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

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

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

On May 29, 2025, President Ferdinand R. Marcos, Jr. signed Republic Act No. 12214 or the Capital Markets Efficiency Promotion Act (“CMEPA”), which took effect on July 1, 2025. CMEPA was legislated to allow capital markets to develop efficiently with least intervention from the Government. Among other amendments, CMEPA rationalized the tax rates across financial instruments through (i) the reduction of the stock transaction tax on the sale of shares listed with the PSE, (ii) the alignment of the tax treatment of gains from the sale of unlisted foreign shares with the sale of unlisted shares in the Philippines, (iii) the application

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

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

For the plants currently availing of these incentives, if these tax exemptions or tax incentives expire, are revoked, or are repealed, the income from these sources will be subject to the 25% regular corporate income tax of net taxable income or 2% minimum corporate income tax of the gross income, whichever is higher.

As a result of a loss in any tax exemptions or tax incentives, the tax expense of SMGP would increase and its profitability would decrease. The expiration, non-renewal, revocation or repeal of these tax exemptions and tax incentives, and any associated impact on SMGP, could have a material adverse effect on the business, financial condition and results of operations of SMGP. Furthermore, there can be no assurance that any pending tax legislation or future changes in the tax regime, including changes in fiscal incentives, in the Philippines would not have a material and adverse effect on the Company's business, financial condition and results of operations.

Interest rate risk

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

Regulatory risks

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

to change. For example, in October 2020, the DOE Secretary announced that the periodic assessment of the country's energy requirements has led the DOE to declare a moratorium on endorsements for greenfield coal power plants and subsequently clarified that the moratorium would not apply to those greenfield power plants in the pipeline for which endorsements had already been previously issued (at that time, San Miguel Global Power's planned Masinloc Power Plant Units 4 and 5 expansion project and the Mariveles Greenfield Power Plant had already obtained the relevant DOE endorsement). The DOE subsequently issued "Advisory on the Moratorium of Endorsements for Greenfield Coal-Fired Power Projects in Line with Improving the Sustainability of the Philippines' Electric Power Industry" on January 11, 2021 which was dated as of December 22, 2020, to implement the moratorium. Under this advisory, effective October 27, 2020, the DOE would no longer process applications for greenfield coal-fired power generation facility projects requesting for endorsements. However, existing and operational coal-fired power generation facilities as well as any coal-fired power project which comply with the following parameters would not be affected by the moratorium: (i) committed power projects; (ii) existing power plant complexes which already have firm expansion plans and existing land site provision; and (iii) indicative power project with substantial accomplishments, specifically those with signed and notarized acquisition of land or lease agreement for the project, and with approved permits or resolutions from the relevant local government units and the relevant regional development council where the power plant will be located.

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

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

While San Miguel Global Power believes that it has, at all relevant times, materially complied with all applicable laws, rules and regulations, there can be no assurance that San Miguel Global Power and its subsidiaries will be able to remain in compliance with applicable laws and regulations or will not become involved in future litigation or other proceedings or be held liable in any future litigation or proceedings relating to safety, health and environmental matters, the costs of which could be material. In addition, safety, health and environmental laws and regulations in the Philippines have become increasingly stringent. There can be no assurance that the adoption of new safety, health and environmental laws and regulations, new interpretations of existing laws, increased governmental scrutiny of safety, health and environmental laws or other developments in the future will not result in San Miguel Global

Power and its subsidiaries from being subject to fines and penalties or having to incur additional capital expenditures or operating expenses to upgrade, supplement or relocate its facilities. Moreover, in the event that future laws are enacted imposing restrictions on operations and refinancing, particularly in relation to power plants utilizing fossil fuels, then certain capital expenditures or expenses may not be recovered.

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

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

San Miguel Global Power has been compliant with and continues to perform its obligations under applicable laws and regulations relevant to its businesses. If San Miguel Global Power and its subsidiaries fail to materially comply with all applicable regulations or if the regulations governing its business or their implementation change, San Miguel Global Power or its subsidiaries may incur increased costs or be subject to penalties, which could disrupt its operations and have a material adverse effect on its business and results of operations.

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

With respect to the ongoing trend and shift towards renewables, San Miguel Global Power believes that, given the various uncertainties on future sources of reliable and cost-effective energy, its existing power asset portfolio and pipeline of power plant projects are well suited and readily available to contract, at viable terms, a significant portion of the continuously increasing demand whether from the captured or the contestable markets. Nevertheless, San Miguel Global Power continues to pursue a diversified power portfolio

which includes RE plants and is confident that it can leverage on its existing network of partners should the need arise to source energy from eligible RE sources.

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

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

Climate change policies

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

In addition, technological developments may increase the competitiveness of alternative energy sources, such as RE, which may decrease demand for coal generated power. Other efforts to reduce emissions of greenhouse gases and initiatives in various countries to encourage the use of natural gas or RE may also discourage the use of coal as an energy source. The physical effects of climate change, such as changes in rainfall, water shortages, rising sea levels, increased storm intensities and higher temperatures, may also disrupt San Miguel Global Power's operations.

As a result of the above, San Miguel Global Power's business, financial condition, results of operations and prospects may be materially and adversely affected.

ERC regulation of electricity rates of distribution utilities could have a material adverse effect on San Miguel Global Power

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

Sales to distribution utilities account for the majority of the consolidated sales volume of San Miguel Global Power for the year ended December 31, 2025. While rates charged by San Miguel Global Power through its subsidiaries under their offtake agreements, including those with distribution utilities, are not regulated by the ERC, the rates that distribution utility customers charge to their customers are subject to review and approval by the ERC. Accordingly, the ability of distribution utility customers to pay the subsidiaries of San Miguel Global Power largely depends on their ability to pass on their power costs to their customers. There is also no assurance that the current laws, regulations, and issuances affecting the industry, particularly the EPIRA and the issuances of the ERC, will not change or be amended in the future.

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

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

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

The CSP Guidelines and the ERC Clarificatory Resolution were issued by the ERC to implement the CSP, pursuant to the DOE’s Department Circular No. DC2015-06-0008 mandating all distribution utilities to undergo CSP in securing PSAs.

In its decision, the SC, acting on a petition filed by certain entities, declared as void the first paragraph of Section 4 of the CSP Guidelines and the ERC Clarificatory Resolution.

Consequently, all PSAs filed with the ERC on or after June 30, 2015 were directed to comply with the CSP in accordance with prevailing rules and regulations. The power purchase cost resulting from the CSP (the “CSP Power Purchase Cost”) would be the generation cost which the relevant distribution utility may pass on to its customers commencing on June 30, 2015. In a resolution dated July 23, 2019, the SC denied with finality all motions for reconsideration filed by various parties. San Miguel Global Power regularly participates in CSPs to contract out its capacity.

Further, as a result of the decision, the ERC released orders to the joint applicants of various PSA applications (the “Joint PSA Applications”) filed during the affected period requiring them to comply with the CSP requirements under DOE Circular No. 2018-02-0003 (the “DOE CSP Policy”) and to submit the necessary DOE certifications attesting their compliance to the said circular (the “2019 ERC Orders”). The lack of the necessary DOE certifications could result in the dismissal of the relevant Joint PSA Applications.

In October 2019, San Miguel Global Power, together with certain distribution utilities and electric cooperatives, filed motions for reconsideration of the 2019 ERC Orders claiming that the DOE CSP Policy should not apply to such Joint PSA Applications primarily on the ground that these were entered into before the implementation of the DOE CSP Policy in 2018. As of December 31, 2025, some of the motions for reconsideration filed by the subsidiaries of San Miguel Global Power and its respective counterparty distribution utilities were decided against San Miguel Global Power. As such, the relevant distribution utilities and/or the relevant generation companies of the Joint PSA Applications may be required to refund the difference between the generation cost actually passed on to customers and the applicable CSP Power Purchase Cost that could be passed on to customers, accruing from June 30, 2015 until the effectivity of the relevant CSP Power Purchase Cost under applicable regulations. The relevant subsidiaries of San Miguel Global Power have filed their respective Petitions for Review with Prayer for the Urgent Issuance of a TRO in response to the decisions not in favor of San Miguel Global Power. These cases remain pending as of December 31, 2025.

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

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

Trading on the WESM is affected by market volatility

While the subsidiaries of San Miguel Global Power do not sell a significant amount of power through the WESM, volatile market conditions on the WESM, including temporary suspension of operations by the ERC under certain circumstances, may nevertheless pose risks to San Miguel Global Power regardless of whether there is a shortage or a surplus of energy available. When the WESM experiences a shortage, there is little risk to suppliers in

terms of their value-position being destroyed. However, such a suppliers' market exposes these suppliers to the risk that regulatory agencies may intervene (directly or indirectly) to dictate prices and dispatch of power plants. Consumer outrage, triggered by high prices, could precipitate attempts to suspend the WESM and return to subsidized rates regimes. Regardless of whether such a suspension ultimately comes to pass, market anticipation of such an occurrence could lead to value-destructive market distortions.

On the other hand, a surplus market tends to cause spot market prices to reflect the marginal cost of producing power. One of the main features of the WESM is a merit-order dispatch scheme wherein the cheapest sources of power, such as power produced from geothermal and hydroelectric energy, are dispatched first, before the more expensive power providers. While a supplier can mitigate its exposure to surplus risks by contracting the bulk of its capacity to offtakers to protect against low spot prices, as the subsidiaries of San Miguel Global Power have done, this also caps a supplier's ability to take advantage of price spikes caused by temporary market shortages.

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

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

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

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

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

While San Miguel Global Power believes, to the best of its knowledge, that it has, at all relevant times, materially complied with all applicable laws, rules and regulations and has established a strong compliance culture to ensure that all requirements, permits, and approvals are obtained in a timely manner, there is no assurance that changes in laws, rules or regulations or the interpretation thereof by relevant government agencies, will not result in San Miguel Global Power having to incur substantial additional costs or capital expenditures

to upgrade or supplement its existing facilities, or being subject to fines and penalties. The measures implemented by San Miguel Global Power and its subsidiaries to comply with laws and regulations may also be deemed insufficient by governmental authorities. If San Miguel Global Power and/or its subsidiaries fail to comply, or are deemed to be non-compliant with any applicable laws or regulations, San Miguel Global Power and/or its subsidiaries, as the case may be, may be subject to penalties, which could disrupt their operations and have a material adverse effect on their businesses and results of operations. Potential liabilities for such non-compliance with the legal requirements or violations of prescribed standards and limits under these laws include administrative, civil, and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, that could limit or affect its operations such as orders for the suspension and/or revocation of permits or licenses or suspension and/or closure of operations. There can be no assurance that San Miguel Global Power and its subsidiaries will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings, the costs of which could be material. In the event that San Miguel Global Power and its subsidiaries become involved in any future litigation or other proceedings or is subject to any adverse rulings or decisions, such events may materially and adversely affect the business, financial condition, and results of operations of San Miguel Global Power and its subsidiaries.

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

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

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

Legal and other proceedings arising out of its operations.

San Miguel Global Power and its subsidiaries, from time to time, may be involved in disputes with various parties involved in the generation, supply and sale of electric power, including contractual disputes with subcontractors, suppliers and government agencies, including those matters discussed in "Item 3 - Legal Proceedings." For example, SPPC and PSALM have an ongoing dispute arising from differing interpretations of certain provisions

related to generation payments under the Ilijan IPPA Agreement. As a result, the parties have arrived at different computations regarding the subject payments. Nevertheless, and in accordance with the Ilijan IPPA Agreement, PSALM's turnover of the Ilijan Power Plant to SPPC was completed on June 4, 2022. As of December 31, 2025, the Regional Trial Court issued a decision upholding most of the interpretation of San Miguel Global Power, and a motion for reconsideration of said decision has been filed by PSALM, which remains pending resolution. Regardless of the outcome, these disputes may lead to legal or other proceedings and may result in substantial costs and delays in the operations of San Miguel Global Power. San Miguel Global Power may also have disagreements with regulatory bodies in the ordinary course of its business, which may subject it to administrative proceedings and unfavorable decisions that will result in penalties and/or delay the development of its greenfield projects and its current operations. For example, in May 2022, SPI and SPPC filed separate Joint Motions for Price Adjustment with Meralco seeking approval from the ERC to temporarily increase the contract price under their respective PSAs with Meralco for a period of six months covering the January to May 2022 billing periods and amounting to ₱5.15 billion in aggregate. After this request was denied by the ERC, SPI and SPPC filed separate petitions with the CA which annulled and set aside the ERC Orders denying their request. The decision of the CA was upheld by the SC in its Resolution dated April 3, 2024 and an entry of judgement has already been issued for this case.² After the decision of the Supreme Court attained finality, another claim covering the remaining term of the PSAs effective June 2022 billing period has been filed before the ERC amounting to ₱29.21 billion in aggregate, which was recently granted by the ERC. In such cases, the business, financial condition, results of operations and cash flows of San Miguel Global Power could be materially and adversely affected.

Item 2. Properties

A summary of information on the principal properties of San Miguel Global Power and its subsidiaries and their conditions thereof as of December 31, 2025, is attached hereto as **Annex "D"**. Except for the properties of LPI, MPI, MPCL, SMGP BESS and MPGC as provided in Annex "D", San Miguel Global Power and its significant subsidiaries have no principal properties that are subject to a lien or mortgage. There are no imminent acquisitions of any material property that cannot be funded by working capital of San Miguel Global Power and its subsidiaries.

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

² This is further discussed under Item 3. Legal Proceedings.

Item 3. Legal Proceedings

Petition to Stop the Imposition of the Increase in Generation Charge

On December 5, 2013, MERALCO wrote the ERC requesting for clearance and authority: (i) to collect a generation charge of ₱7.90 per kWh in its December 2013 billings to its customers for its generation cost for the month of November 2013; and (ii) to defer to February 2014 the recovery of the remaining ₱3 Billion, representing a portion of the generation costs for the November 2013 supply month which was not passed on to customers in December 2013, subject to the inclusion of the appropriate carrying charge. In response thereto, the ERC, in its letter dated December 9, 2013, granted MERALCO the authority to implement a staggered collection of its generation cost for the power supplied in November 2013. The ERC, however, did not approve Meralco's request to recover the carrying costs and directed it to file a formal application for this instead.

On December 19, 2013, Petitioners Bayan Muna representatives, et al. filed a petition against the ERC and MERALCO questioning the increase in the generation cost for November 2013 supply month. On December 20, 2013, Petitioner National Association of Electricity Consumers for Reforms (NASECORE) et al. filed a petition against the ERC, DOE and MERALCO assailing the automatic adjustment of generation cost. On December 23, 2013, the Supreme Court issued a resolution consolidating both petitions and issued a TRO, originally for a period of sixty (60) days, enjoining: (i) the ERC from implementing its letter dated December 9, 2013, and (ii) Meralco from increasing the rates it charged to its consumers based on its letter dated December 5, 2013.

As a result, Meralco was constrained to fix its generation rate to its October 2013 level of ₱5.67/kWh.

On January 8, 2014, Meralco filed its Consolidated Comment/Opposition with Counter Petition (the "Counter-Petition") which prayed, among others, for the inclusion of SPI, SPPC, SRHI, MPCL and several generators as respondents to the case. On January 10, 2014, the Supreme Court issued an Order treating the Counter-Petition as in the nature of a third party complaint and granting the prayer to include SPI, SPPC, SRHI and MPCL as respondents in the Petition.

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

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

of 2013 market prices under normalized conditions and (b) to collect the same from the WESM participants involved.

A decision was promulgated by the Supreme Court En Banc on August 3, 2021 (the “SC Decision”) affirming the December 9, 2013 ERC Order which approved the staggered imposition by Meralco of its generation rate for November 2013 from its consumers and declared as null and void, the March 3, 2014 ERC Order. SPI, SPPC, and SRHI however received a copy of the SC Decision through their counsel only on July 5, 2022, while MPCL received the same on July 6, 2022.

On July 26, 2022, the special interest groups sought reconsideration of the SC Decision by filing separate Motions for Reconsideration where they prayed that the SC Petition be granted. The ERC likewise filed a Motion for Partial Reconsideration of the SC Decision and sought the reinstatement of the March 3, 2014 ERC Order, among others.

These motions were denied with finality by the Supreme Court En Banc, in its Resolution dated October 11, 2022, which also directed the entry of judgment of the SC Decision be made immediately. On January 4, 2023, the external counsel of SPPC, SPI and SRHI received a copy of the Entry of Judgement from the Supreme Court En Banc dated October 11, 2022, while the external counsel of MPCL received a copy of the same on January 5, 2023.

With this, the relevant subsidiaries namely, SPPC, MPCL and SPI are pursuing the implementation of the SC Decision as at December 31, 2025. SPPC, MPCL and SPI have aggregate outstanding receivables from Meralco estimated at ₱1,276 million as of December 31, 2025.

ERC Order Voiding WESM Prices

Relative to the above-cited Petition, on December 27, 2013, the DOE, ERC and PEMC, acting as a tripartite committee, issued a joint resolution setting a reduced price cap on the WESM of ₱32/kWh. The price was set to be effective for 90 days until a new cap is decided upon.

On March 3, 2014, the ERC, in the exercise of its police power, issued an order in Miscellaneous Case No. 2014-021, declaring the November and December 2013 Luzon WESM prices void, imposed the application of regulated prices and mandated PEMC, the operator of the WESM, to calculate and issue adjustment bills using recalculated prices (the “March 3, 2014 ERC Order”).

Subsequent orders were issued by the ERC setting the period for compliance of the March 3, 2014 ERC Order (collectively, together with the March 3, 2014 ERC Order, the “2014 ERC Orders”). Based on these orders, SPI and SRHI recognized a reduction in the sale of power while MPCL, SMELC and SPPC recognized a reduction in its power purchases. Consequently, a payable and receivable were also recognized for the portion of over-collection or over-payment, the settlement of which have been covered by a 24-month Special Payment Arrangement with PEMC which was already completed on May 25, 2016.

SPI, SPPC, SRHI and MPCL filed various pleadings requesting ERC for the reconsideration of the March 3, 2014 ERC Order. Other generators also requested the Supreme Court to stop the implementation of the March 3, 2014 ERC Order. The ERC denied the motions for reconsideration filed by the generators.

On June 26, 2014, SPI, SPPC and SRHI while on December 12, 2014, MPCL, appealed the said ERC denial before the CA through their respective Petitions for Review.

After consolidating the cases, the CA, in its Decision dated November 7, 2017 (the “November 7, 2017 Decision”), granted the Petition for Review filed by SPI, SPPC, SRHI and MPCL, declared the 2014 ERC Orders null and void and accordingly reinstated and declared as valid the WESM prices for Luzon for the supply months of November to December 2013.

Motions for reconsideration of the November 7, 2017 Decision and several other motions which were filed by various intervenors were denied by the CA through its Omnibus Resolution dated March 29, 2019. The intervenors filed Petitions for Review on Certiorari before the Supreme Court, which were also denied by the Supreme Court through its resolutions dated September 11, 2019 and October 1, 2019. Entries of judgment have been issued by the Supreme Court certifying that the resolutions denying the Petitions for Review on Certiorari filed by various intervenors against SPI, SPPC, SRHI and MPCL, among others, have become final and executory.

The ERC and Meralco also filed separate Petitions for Review appealing the November 7, 2017 Decision and Omnibus Resolution dated March 29, 2019 of the CA, which nullified and set aside the 2014 ERC Orders, declaring the WESM prices for November and December 2013 void. The Supreme Court directed the consolidation of the separate petitions to the 3rd Division of the Supreme Court.

The Supreme Court has not yet promulgated a decision as at December 31, 2025. However, on August 3, 2021, a Decision was rendered by the Supreme Court En Banc in a separate case (as discussed under “*Petition to Stop the Imposition of the Increase in Generation Charge*”) declaring the March 3, 2014 ERC Order as null and void, which is the subject of the aforementioned Petition. Considering that this decision of the Supreme Court En Banc covers the March 3, 2014 ERC Order, the difference between the actual Luzon WESM prices and the regulated prices (based on the March 3, 2014 ERC Order) for WESM sales and purchases by SPI, SPPC, SRHI, SMELC and MPCL amounting to up to ₱2,322 million will have to be settled with the IEMOP, the current operator of the WESM), in favor of the relevant SMGP subsidiaries.

Ilijan IPPA Agreement Dispute

SPPC and PSALM were parties to the Ilijan IPPA Agreement covering the appointment of SPPC as the IPP Administrator of the Ilijan Power Plant.

SPPC and PSALM have an ongoing dispute arising from differing interpretations of certain provisions related to generation payments under the Ilijan IPPA Agreement. As a result of such dispute, the parties have arrived at different computations regarding the subject

payments. In a letter dated August 6, 2015, PSALM has demanded payment of the difference between the generation payments calculated based on its interpretation and the amount which has already been paid by SPPC, plus interest, covering the period December 26, 2012 to April 25, 2015.

On August 12, 2015, SPPC initiated a dispute resolution process with PSALM as provided under the terms of the Ilijan IPPA Agreement, while continuing to maintain its position that it has fully paid all of its obligations to PSALM. Notwithstanding the bona fide dispute, PSALM issued a notice terminating the Ilijan IPPA Agreement on September 4, 2015. On the same day, PSALM also called on the performance bond posted by SPPC pursuant to the Ilijan IPPA Agreement.

On September 8, 2015, SPPC filed a Complaint with the Regional Trial Court of Mandaluyong City (the “RTC Mandaluyong”) requesting the RTC Mandaluyong that its interpretation of the relevant provisions of the Ilijan IPPA Agreement be upheld and asked that a 72-hour TRO be issued against PSALM for illegally terminating the Ilijan IPPA Agreement and drawing on the performance bond of SPPC. On even date, the RTC Mandaluyong issued a 72-hour TRO which prohibited PSALM from treating SPPC as being in Administrator Default and from performing other acts that would change the status quo ante between the parties before PSALM issued the termination notice and drew on the performance bond of SPPC. The TRO was extended, and a Preliminary Injunction was later on granted maintaining status quo while the main case is pending.

Despite the pendency of the proceedings, the Ilijan Power Plant was turned over by PSALM to SPPC pursuant to the Ilijan IPPA Agreement and the Deed of Sale executed between PSALM and SPPC on June 3, 2022.

Trial on the merits proceeded until the RTC Mandaluyong rendered a decision in favor of SPPC on June 13, 2025, which was received by SPPC on October 7, 2025 (the “June 13, 2025 RTC Decision”). The June 13, 2025 RTC Decision stated that PSALM’s termination of the Ilijan IPPA Agreement, drawing of the Performance Bond, and issuance of the Cessation Notice were unauthorized and without factual and legal basis, ordered PSALM to among others return to SPPC the amount of the Performance Bond drawn by PSALM, with interests, and dismissed PSALM’s counterclaim of alleged underpayment by SPPC of generation charges for lack of merit.

On October 22, 2025, PSALM filed a Motion for Reconsideration of the June 13, 2025 RTC Decision. SPPC filed its Opposition to the Motion for Reconsideration on October 28, 2025.

On January 16, 2026, RTC Mandaluyong, issued an Order denying PSALM’s Motion for Reconsideration of the June 13, 2025 RTC Decision (the “January 16, 2026 RTC Order”).

On March 5, 2026, SPPC through its external counsel received the Notice of Appeal dated February 24, 2026, filed by PSALM where it notified RTC Mandaluyong that it is appealing the June 13, 2025 RTC Decision and the January 16, 2026 RTC Order.

Complaint for plunder and corruption against PSALM, TPEC, and TSC

On October 21, 2015, SPI filed a criminal complaint for plunder and violation of Sections 3(e) and 3(f) of Republic Act No. 3019, otherwise known as the “Anti-Graft and Corrupt Practices Act” (“R.A. No. 3019”), before the DOJ against a certain officer of PSALM, and certain officers of Team Philippines Energy Corporation (“TPEC”) and Team Sual Corporation (“TSC”), relating to the illegal grant of the so-called “excess capacity” of the Sual Power Plant in favor of TPEC which enabled it to receive a certain amount at the expense of the Government and SPI.

In a Resolution dated July 29, 2016, the DOJ found probable cause to file an Information against the respondents for Plunder and violation of Sections 3(e) and 3(f) of R.A. No. 3019 (the “July 29, 2016 DOJ Resolution”). The DOJ further resolved to forward the entire records of the case to the Office of the Ombudsman for their proper action. The TPEC and TSC officers have respectively appealed said July 29, 2016 DOJ Resolution through the filing of a Petition for Review with the Secretary of Justice while the PSALM officer filed a Verified Motion for Reconsideration.

On October 25, 2017, the DOJ issued a Resolution partially granting the Petition for Review of the TPEC and TSC officers by reversing the July 29, 2016 DOJ Resolution insofar as the conduct of the preliminary investigation was concerned, ruling that the Office of the Prosecutor General should have endorsed the case to the Office of the Ombudsman. On November 17, 2017, SPI filed a motion for partial reconsideration of said DOJ Resolution dated October 25, 2017.

While the said Motion for Partial Reconsideration was pending, SPI TPEC, TSC, and the TPEC and TSC officers filed before the DOJ a Joint Motion to Dismiss dated June 6, 2022, praying for the dismissal of the criminal complaint filed by SPI against TPEC and TSC. In a Resolution promulgated on May 5, 2023, the DOJ affirmed its Resolution dated October 25, 2017. The DOJ held that considering SPI's desistance, SPI's Motion for Partial Reconsideration of the DOJ's Resolution of October 25, 2017 was considered dismissed and/or withdrawn. The PSALM officer's Verified Motion for Reconsideration remains unresolved as at report date.

SPI Consignation Case

On June 17, 2016, SPI filed with the Regional Trial Court of 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 from the sale to 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 from 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 from the Sale of Excess Capacity and that the consignation should belong to TPEC as it is rightfully entitled to the 200 MW excess capacity of the Sual Power Plant (the “Excess Capacity”) .

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 from the Sale of the Excess Capacity for the billing periods from April 26, 2016 to July 25, 2016. Subsequently, SPI continuously consigned additional proceeds from Sale of the Excess Capacity for succeeding billing periods with the RTC Pasig.

On May 22, 2018, the RTC Pasig issued an Order dismissing the complaint for consignation filed by SPI on the ground that the court has no jurisdiction over the subject matter of the complaint and finding that the ERC has the technical competence to determine the proper interpretation of “contracted capacity”, the fairness of the settlement formula and the legality of the memorandum of agreement. SPI filed a Motion for Reconsideration to this Order.

After the case was re-raffled, the RTC Pasig Branch 268, in an Order dated September 30, 2021, (a) granted SPI’s Motion for Reconsideration and Supplemental Motion for Reconsideration of the Order dated May 22, 2018, which dismissed the case for lack of jurisdiction; (b) granted SPI’s Omnibus Motion to Admit Supplemental Complaint and Allow Future Consignations without Tender; and (c) reinstated the Complaint.

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. Relying on PSALM’s representation and acknowledgment, SPI did not object to the release of the consigned amounts to TPEC, which was later granted by the RTC Pasig Branch 268.

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 issues on Excess Capacity, which issues have already been raised in the abovementioned cases. SPI filed a Motion to Dismiss and Motion to Suspend Proceeding of the instant case.

On June 6, 2022, SPI, TPEC and TSC filed a Joint Motion to Dismiss the ERC complaint. SPI received the Order from the ERC on June 22, 2022, asking the parties to submit a copy of the settlement agreement within 5 days from receipt of such order. TPEC, TSC and SPI filed with the ERC a Compliance and Submission attaching the settlement agreement on June 28, 2022. As at December 31, 2025, the case is still pending as the ERC has not issued any resolution granting the Joint Motion to Dismiss filed by the parties.

The total amount consigned with the RTC Pasig amounting to ₱491 million was released to TPEC on December 20, 2022.

Refund of system loss charge

In 2008, Meralco filed a petition for dispute resolution against PEMC, TransCo, NPC and PSALM seeking, among others, the refund of the transmission line loss components of the line rentals associated with PSALM/NPC bilateral transactions from the start of the WESM

operations and Transition Supply Contract (“TSC”) implemented in 2006. In this case, the ERC concluded that Meralco was being charged twice considering that it already paid line rental to the WESM beginning June 2006. Hence, the ERC ordered PSALM/NPC to refund Meralco the 2.98% system loss charge embedded in the NPC Time-of-Use (“NPC TOU”) rate (Meralco vs. PSALM, NPC, TransCo).

On March 4, 2013, the ERC issued a subsequent order directing Meralco (i) to collect this system loss charge from the Successor Generating Companies (“SGCs”) including SPI and MPCL, which supplied the Meralco-NPC TSC and charged the NPC TOU rates, and (ii) to file a petition for dispute resolution against the SGCs, to recover the line loss collected by them as these SGCs were not parties to the petition for dispute resolution filed by Meralco in 2008. On July 1, 2013, the ERC clarified its previous order stating that SPPC should be included as one of the SGCs against whom Meralco is directed to file a petition.

In compliance with the ERC’s March 4, 2013 and July 1, 2013 Order, Meralco filed a petition for dispute resolution with the ERC against all SGCs which supplied portions of the TSC (the “Meralco Petition”). On September 20, 2013, SPI, SPPC and MPCL, with the other SGCs, jointly filed a Motion to Dismiss before the ERC, on the ground of the Meralco Petition’s failure to state a cause of action and the ERC’s lack of jurisdiction over the subject matter of the Petition. To date, the Joint Motion to Dismiss remains unresolved by the ERC.

Claim for Price Adjustment on the Meralco PSAs

On October 22, 2019, SPI and SPPC each filed before the ERC a Joint Application with Meralco for the approval of their respective PSA with Meralco with prayer for provisional authority (the “Application”). The PSA of SPPC covers the supply of 670 MW baseload capacity to Meralco (“SPPC PSA”) while the PSA of SPI covers the supply of 330 MW baseload capacity to Meralco (“SPI PSA”) both for a period of 10 years. The SPPC PSA and SPI PSA were awarded by Meralco to each of SPPC and SPI after they emerged as the winning bidders in the competitive selection process conducted by Meralco in September 2019.

On March 16, 2020, the ERC released Orders both dated December 10, 2019, granting provisional authority to implement the SPPC PSA and SPI PSA.

On May 11, 2022, SPPC and SPI each filed a Joint Motion for Price Adjustment with Meralco (the “Joint Motion”) seeking approval from the ERC to temporarily increase the contract price under the SPPC PSA and SPI PSA for a period of six months, to recover incremental fuel costs covering January to May 2022 billing periods arising from a Change in Circumstances (as defined in the PSAs) to be collected over a period of six months.

On September 29, 2022, the ERC denied the foregoing Joint Motions filed by each of SPPC and SPI with Meralco requesting for the proposed price adjustments (the “September 29, 2022 ERC Orders”).

SPPC Petition

On November 10, 2022, SPPC filed with the CA a Petition for Certiorari under Rule 65

with Application for the Issuance of a Temporary Restraining Order (“TRO”) and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPPC (the “SPPC CA Petition”). The CA issued a TRO on December 2, 2022, and a writ of preliminary injunction on February 23, 2023.

On July 10, 2023, SPPC received the CA’s Joint Decision dated June 27, 2023 (the “June 27, 2023 CA Decision”) which granted the consolidated petitions of SPPC and SPI. The CA: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief in ERC Case Nos. 2019-081 and 2019-083, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the June 27, 2023 CA Decision); and (iii) made permanent the writ of preliminary injunction issued in favor of SPPC. The Motions for Reconsideration filed by NASECORE and the ERC were also subsequently denied.

The June 27, 2023 CA Decision was later on confirmed by the Supreme Court in a Resolution dated April 3, 2024 which denied the ERC’s Petition for Review on Certiorari “for failure of petitioner [ERC] to sufficiently show that the CA committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court’s discretionary appellate jurisdiction.” The ERC’s Motion for Reconsideration of the Supreme Court Resolution dated April 3, 2024 was also denied with finality in another Supreme Court Resolution dated July 10, 2024, and received on August 30, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPPC filed with the ERC a Motion for Issuance of Writ of Execution to enforce the June 27, 2023 CA Decision on October 10, 2024 and a Motion to Resolve (re: Motion for Issuance of Writ of Execution) on February 6, 2025. After filing a Motion to Direct the Court of Origin to Issue Writ of Execution with the CA in March 2025 to compel the ERC to issue writs of execution on the June 27, 2023 CA Decision, the CA partially granted its motions and directed the ERC to immediately implement the June 27, 2023 CA Decision and act on SPPC’s motions without further delay.

On September 2, 2025, SPPC received the Compliance filed by the ERC with the CA. In said Compliance, the ERC submitted its Order in ERC Case No. 2019-081 RC, promulgated on August 22, 2025, which granted SPPC’s Motions for Issuance of Writ of Execution (Re: June 27, 2023 CA Decision). The order allowed SPPC to recover from Meralco the price adjustments prayed for in its motions and authorized Meralco to collect the adjustments from its customers over a period of six months from the September 2025 customer billing period.

Related thereto, pursuant to the June 27, 2023 CA Decision, SPPC issued a Notice of Change in Circumstances (“CIC”) on August 18, 2023, informing Meralco of its request for price adjustments for the period May 26, 2022 to December 6, 2022 and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under the SPPC PSA, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco acknowledged SPPC’s right to the adjustment in the Contract Price as a result

of the CIC under the SPPC PSA, and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPPC filed a Motion for Price Adjustment with the ERC, for its CIC claim for the period May 26, 2022 to December 6, 2022 pursuant to the SPPC PSA, with its claims anchored on essentially the same legal bases established or ruled on by the CA in its June 27, 2023 CA Decision and confirmed by the Supreme Court with finality.

On January 27, 2026, SPPC received a copy of the ERC's Order dated January 26, 2026 which granted the 2nd SPPC CIC Claim allowing SPPC to recover from Meralco the aggregate amount of P15,850,120,000.00 over a recovery period of thirty-six (36) months commencing from the March 2026 billing period.

SPI Petition

On November 10, 2022, SPI also filed with the CA a Petition for Certiorari under Rule 65 with Application for the Issuance of a TRO and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPI (the "SPI CA Petition"). This was raffled to the CA 17th Division which was subsequently transferred to the CA 16th Division.

On January 13, 2023, the CA (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.

On July 10, 2023, SPI received the CA's Joint Decision dated June 27, 2023 (the "June 27, 2023 CA Decision") which granted the consolidated petitions of SPPC and SPI. The CA: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief in ERC Case Nos. 2019-081 and 2019-083, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the June 27, 2023 CA Decision); and (iii) denied SPI's Motion for Partial Reconsideration of the January 13, 2023 CA Resolution and its application for the issuance of a writ of preliminary injunction for being moot and academic. The Motions for Reconsideration filed by NASECORE and the ERC were also subsequently denied.

The June 27, 2023 CA Decision was later on confirmed by the Supreme Court in a Resolution dated April 3, 2024, and received on May 21, 2024, which denied the ERC's Petition for Review on Certiorari "for failure of petitioner [ERC] to sufficiently show that the CA committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court's discretionary appellate jurisdiction." The ERC's Motion for Reconsideration of the Supreme Court Resolution dated April 3, 2024 was denied with finality in a Supreme Court Resolution dated July 10, 2024, and received on August 30, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPI filed with the ERC a Motion for Issuance of Writ of Execution to enforce the June 27, 2023 CA Decision on October 10, 2024 and a Motion to Resolve (re:

Motion for Issuance of Writ of Execution) on February 6, 2025. After filing a Motion to Direct the Court of Origin to Issue Writ of Execution with the CA in March 2025 to compel the ERC to issue writs of execution on the June 27, 2023 CA Decision, the CA partially granted its motions and directed the ERC to immediately implement the June 27, 2023 CA Decision and act on SPI's motions without further delay.

On September 2, 2025, SPI received the Compliance filed by the ERC with the CA. In said Compliance, the ERC submitted its Order in ERC Case No. 2019-083 RC, promulgated on August 22, 2025, which granted SPI's Motions for Issuance of Writ of Execution (Re: June 27, 2023 CA Decision). The order allowed SPI to recover from Meralco the price adjustments prayed for in its motions and authorized Meralco to collect the adjustments from its customers over a period of 6 months from the September 2025 customer billing period.

Related thereto, pursuant to the June 27, 2023 CA Decision, SPI issued a Notice of Change in Circumstances on August 18, 2023, informing Meralco of its request for price adjustments for the period June 2022 to July 2023, and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under the SPI PSA, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco acknowledged SPI's right to the adjustment in the Contract Price as a result of the CIC under the SPI PSA, and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPI filed a Motion for Price Adjustment with the ERC, for its CIC claim for the period June 2022 to July 2023, pursuant to the SPI PSA with its claims anchored on essentially the same legal bases established or ruled on by the CA in its June 27, 2023 CA Decision and confirmed by the Supreme Court with finality.

On January 27, 2026, SPI received a copy of the ERC's Order dated January 26, 2026 which granted the 2nd SPI CIC Claim allowing SPI to recover from Meralco the aggregate amount of P13,362 million over a recovery period of thirty-six (36) months commencing from the March 2026 billing period.

In view of the dilution of San Miguel Global Power's equity interest in SPPC from 100% to 33%, SPPC assigned in favor of San Miguel Global Power all of its rights of action under the case relating to the Ilijan IPPA Agreement Dispute and the claims for contract price adjustments from Meralco, and San Miguel Global Power assumed all obligations of SPPC in relation to the cases involving the Petition to Stop the Increase in Generation Charge and ERC Voiding WESM Prices, pursuant to the terms of the agreements executed on March 1, 2024 and January 15, 2025 with relevant parties.

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

There were no matters submitted to a vote of the stockholders of San Miguel Global Power during the fourth quarter of 2025.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The Company has an authorized capital stock of ₱7,800,000,000.00 comprised of 7,800,000,000 common shares with par value of ₱1.00 per share, following the increase in authorized capital stock from ₱3,774,400,000.00 divided into 3,774,400,000 shares with a par value of ₱1.00 per share to ₱7,800,000,000.00 divided into 7,800,000,000 shares with a par value of ₱1.00 per share, as approved by the SEC on May 16, 2025 (the “ACS Increase”). As of December 31, 2025, the Company has issued and outstanding 4,785,493,800 common shares, after SMC (the parent company of the Company), on March 6, 2025, subscribed to the remaining 950,796,000 shares of the Company out of the latter’s unissued capital stock at a subscription price of ₱30.00 per share and 1,011,093,800 shares out of the ACS Increase at a subscription price of ₱30.00 per share. Both subscriptions were fully paid on April 7, 2025.

The ACS Increase was previously approved by the Board of Directors and Stockholders of the Company in its meeting held on March 6, 2025 and April 14, 2025, respectively.

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

Stockholders

As of December 31, 2025, the Company has eight (8) stockholders, composed of one (1) corporation and seven (7) individuals with at least five hundred shares each. The following sets out the shareholdings of the aforementioned eight stockholders and the approximate percentages of their respective shareholdings to the total outstanding common stock of San Miguel Global Power:

Name of Stockholder	Class of Securities	Number of Shares	% of Outstanding Shares
San Miguel Corporation	Common	4,785,490,300	100%
Ramon S. Ang	Common	500	nil
John Paul L. Ang	Common	500	nil
Aurora T. Calderon	Common	500	nil
Virgilio S. Jacinto	Common	500	nil
Jack G. Arroyo, Jr.	Common	500	nil
Consuelo M. Ynares-Santiago	Common	500	nil
Josefina Guevara-Salonga	Common	500	nil
Total	Common	4,785,493,800	100%

Dividend Policy

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

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

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

There were no cash dividend declarations during the years ended December 31, 2025, 2024 and 2023.

The Company does not expect any changes to its current dividend policy.

Distributions to Senior Perpetual Capital Securities (SPCS) Holders

San Miguel Global Power paid ₱15,904 million, ₱13,384 million and ₱15,035 million to the SPCS holders in 2025, 2024 and 2023, respectively, as distributions in accordance with the terms and conditions of their respective subscription agreements.

Distributions to Redeemable Perpetual Capital Securities (RPCS) Holder

San Miguel Global Power paid ₱21,363 million, ₱2,552 million and nil to the RPCS holder in 2025, 2024 and 2023, respectively, as distributions in accordance with the terms and conditions of the relevant subscription agreement.

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

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

Name of Security Sold	Underwriter	Date of Sale	Amount of Securities	Basis for Exemption
SPCS	N/A	September 12, 2024	U.S.\$800 million	Section 10.1(l) of the SRC
SPCS	N/A	September 30, 2024	U.S.\$100 million	Section 10.1(l) of the SRC
SPCS	N/A	December 2, 2024	U.S.\$500 million	Section 10.1(l) of the SRC
SPCS	N/A	February 19, 2025	U.S.\$100 million	Section 10.1(l) of the SRC
SPCS	N/A	July 24, 2025	U.S.\$400 million	Section 10.1(l) of the SRC
SPCS	N/A	August 11, 2025	U.S.\$115 million	Section 10.1(l) of the SRC
RPCS	N/A	November 8, 2022	U.S.\$85 million ³	Section 10.1(k) of the SRC
RPCS	N/A	May 2, 2023	\$145 million	Section 10.1(k) of the SRC
RPCS	N/A	April 19, 2024	\$800 million	Section 10.1(k) of the SRC

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

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

(A) Management Discussion and Analysis

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

(B) Information on Independent Accountant and Other Related Matters

The accounting firm of R.G. Manabat & Co. served as the Company’s external auditors for the last sixteen (16) fiscal years. The Board of Directors will again nominate R.G. Manabat & Co. as the Company’s external auditors for this fiscal year.

R.G. Manabat & Co. has no shareholdings in the Company, or any right, whether legally enforceable or not, to nominate or to subscribe to the securities of the Company, in accordance with the professional standards on independence set by the Board of Accountancy and Professional Regulation Commission.

R.G. Manabat & Co. auditor has not acted and will not act as promoter, underwriter, voting trustee, officer or employee of the Company.

³ This has been partially redeemed by the Company on April 7, 2025.

The aggregate fees billed by R.G. Manabat & Co. amounted to ₱13.5 million, ₱7.6 million and ₱2.5 million, in 2025, 2024 and 2023, respectively. Said fees include compensation for audit services, tax advisory and other related services such as review and agreed-upon procedures. There were no fees paid for accounting, compliance, and planning services. There were no other fees paid to the independent auditors other than for the above-described services.

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

Item 7. Financial Statements

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

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

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

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

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

As of December 31, 2025, the composition of the Board of Directors of the Company is as follows:

Name	Age	Citizenship	Position	Year
Ramon S. Ang	71	Filipino	Director / Chairman	2010
John Paul L. Ang	45	Filipino	Director / Vice Chairman	2021
Aurora T. Calderon	71	Filipino	Director	2010
Virgilio S. Jacinto	69	Filipino	Director	2011
Jack G. Arroyo, Jr.	67	Filipino	Independent Director	2011
Consuelo M. Ynares-Santiago	86	Filipino	Independent Director	2011
Josefina Guevara-Salonga	83	Filipino	Independent Director	2017

As of December 31, 2025, the following are the executive officers of the Company:

Name	Age	Citizenship	Position	Year Position was Assumed
Ramon S. Ang	71	Filipino	Chairman & Chief Executive Officer and President & Chief Operating Officer	2010 & 2017
John Paul L. Ang	45	Filipino	Vice Chairman	2021
Virgilio S. Jacinto	69	Filipino	Corporate Secretary and Compliance Officer	2010 & 2011

Name	Age	Citizenship	Position	Year Position was Assumed
Elenita D. Go	65	Filipino	General Manager	2011
Paul Bernard D. Causon	47	Filipino	Vice President and Chief Finance Officer	2018 & 2017
Ramon U. Agay	68	Filipino	Assistant Vice President and Comptroller	2015 & 2011
Irene M. Cipriano	51	Filipino	Assistant Corporate Secretary	2010
Reynaldo S. Matillano	65	Filipino	Internal Audit Manager	2017
Maria Floreselda S. Abalos-Sampaga	60	Filipino	Data Protection Officer	2019
Jeciel B. Campos	67	Filipino	Assistant Vice President and Sales & Marketing Manager	2018
Jose Ferlino P. Raymundo	66	Filipino	Assistant Vice President and Energy Sourcing & Trading Manager	2018
Danilo T. Tolarba	57	Filipino	Assistant Vice President and Human Resources Group Manager	2018
Julie Ann B. Domino-Pablo	44	Filipino	Assistant Vice President and General Counsel	2020
Gonzalo B. Julian, Jr.	58	Filipino	Assistant Vice President, Sales and Marketing Manager-RES, and Head of the Battery Business	2020

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

Ramon S. Ang is the incumbent Chairman of the Board and Chief Executive Officer of San Miguel Global Power, serving as such since August 31, 2010, and from April 30, 2017, concurrently, the President and Chief Operating Officer of the Company. He is also the Chairman of the Executive Committee of the Company since September 2, 2011. Mr. Ang is the Chairman and the Chief Executive Officer of San Miguel Corporation since June 11, 2024. Prior thereto, he was President and CEO of San Miguel Corporation from November 2, 2021 until June 11, 2024, Vice Chairman from January 28, 1999 until June 11, 2024, and President and Chief Operating Officer from March 6, 2002 to November 2, 2021. He has been a member of the Board of Directors of San Miguel Corporation since 1999. He is the Chairman and President of several subsidiaries of San Miguel Global Power such as SPI, SRHI, LPI, MPI, SMGP BESS, and KWPP Holdings Corporation; Chairman of AHC; and the Chairman and President and CEO of MPGC. He also holds, among others, the following positions in other listed and public companies: President and Chief Executive Officer of Top Frontier Investment Holdings, Inc., and Petron Corporation; President of Ginebra San Miguel Inc.; Chairman of the Board of Directors of San Miguel Brewery Hong Kong Limited (listed in the Hong Kong Stock Exchange), Petron Malaysia Refining & Marketing Bhd (a company publicly listed in Malaysia), and San Miguel Food and Beverage, Inc. He is the Chairman of the Board of San Miguel Brewery Inc., San Miguel Foods, Inc., San Miguel Yamamura Packaging Corporation, San Miguel Equity Investments Inc., Sea Refinery Corporation, Clariden Holdings, Inc., Anchor Insurance Brokerage Corporation, and Philippine Diamond Hotel & Resort, Inc. He is the Chairman of Northern Cement Corporation; the Chairman and President of San Miguel Properties, Inc., San Miguel Holdings Corp., San Miguel Aerocity Inc., SMC SLEX, Inc., and Trans Aire Development Holdings Corp.; and President and Chief Executive Officer of New NAIA Infra Corp. He is the Chairman and Chief Executive Officer of SMC Asia Car Distributors Corp. and RSA Motors Corporation. He is also the sole director and shareholder of Master Year Limited and the Chairman and President of Privado Holdings, Corp. He is also a director of Metro Pacific Investments Corp. Mr. Ang holds directorships in various domestic and international subsidiaries of SMC in the last five years. He has a Bachelor of Science degree in Mechanical Engineering from Far Eastern University. Mr. Ang has attended various trainings and seminars on Corporate Governance in the past five years, the most recent of which is the corporate governance training seminar conducted by Center for Global Best Practices on December 5, 2025.

John Paul L. Ang is a Director and Vice Chairman of San Miguel Global Power appointed on June 1, 2021. He is a member of the Executive Committee, the Corporate Governance Committee, the Audit and Risk Oversight Committee, the Related Party Transaction Committee, and the Sustainability Committee of San Miguel Global Power. He has been the Vice Chairman, President and Chief Operating Officer of San Miguel Corporation since June 11, 2024. He was elected director of San Miguel Corporation on January 21, 2021 and also served as a member of its Executive Committee. He is also the President and Chief Executive Officer of Eagle Cement Corporation since 2008, Southwestern Cement Corporation since 2017, and San Miguel Food and Beverage, Inc. since 2024. Mr. Ang holds directorships in other listed companies, namely, Petron Corporation, San Miguel Food and Beverage, Inc., and Top Frontier Investment Holdings, Inc. He is the President of San Miguel Equity Investments Inc. He also a director of San Miguel Brewery Inc., San Miguel Holdings Corp., San Miguel Aerocity Inc., SMC SLEX Inc., Trans Aire Development Holdings Corp., and KB Space Holdings, Inc. He was the Managing Director of Sarawak ClinkerSdn. Bhd. Malaysia

(2002 – 2008) and the Purchasing Officer of Basic Cement (2002–2003). Mr. Ang graduated with a degree in Bachelor of Arts Major in Interdisciplinary Studies at the Ateneo de Manila University. Mr. Ang has attended various trainings and seminars on Corporate Governance in the past five years, the most recent of which is the training conducted by SGV & Co. on September 26, 2025.

Aurora T. Calderon is a Director of San Miguel Global Power since August 31, 2010 and a member of its Executive Committee since September 2, 2011. Ms. Calderon is also a member of the Audit and Risk Oversight Committee, the Related Party Transaction Committee and the Sustainability Committee of San Miguel Global Power. She is a Director of several subsidiaries of San Miguel Global Power. She has been the Senior Vice President and Senior Executive Assistant to the President and Chief Operating Officer of SMC (2011 to 2024), and to the Chairman and Chief Executive Officer (since 2024). She holds the following positions in other publicly listed companies: Director and Treasurer of Top Frontier Investment Holdings, Inc. and Director of San Miguel Food and Beverage, Inc., Ginebra San Miguel, Inc., Petron Corporation and Petron Malaysia Refining & Marketing Bhd (a company publicly listed in Malaysia). She is also a member of the Board of Directors of New Ventures Realty Corporation, Las Lucas Construction and Development Corporation, Thai San Miguel Liquor Company Limited, San Miguel Equity Investments Inc., SMC Asia Car Distributors Corp., San Miguel Yamamura Packaging Corp., SMC SLEX Inc., Trans Aire Development Holdings Corp., and San Miguel Aerocity Inc.; and a Director and Treasurer of RSA Motors Corporation. A certified public accountant, Ms. Calderon graduated *magna cum laude* from the University of the East with a degree in BS Business Administration, major in Accountancy. In addition, Ms. Calderon holds directorships in various domestic and international subsidiaries of SMC. She attended a corporate governance training seminar conducted by Center for Global Best Practices. on December 5, 2025.

Virgilio S. Jacinto is the Corporate Secretary of San Miguel Global Power since August 31, 2010, a Director, and its Compliance Officer since September 2, 2011. He is also a member of the Corporate Governance Committee of San Miguel Global Power. He is the Senior Vice-President, General Counsel, Corporate Secretary and Compliance Officer of SMC (since October 2010). He is also the Corporate Secretary and Compliance Officer of Top Frontier Investment Holdings, Inc., and Ginebra San Miguel, Inc. He is a Director of Petron Corporation and is a Director and Corporate Secretary of various domestic and international subsidiaries and affiliates of SMC. He was formerly the Vice President and First Deputy General Counsel of SMC. He was a Director and Corporate Secretary of United Coconut Planters Bank, and a Partner at Villareal Law Offices. Atty. Jacinto is an Associate Professor at the University of the Philippines, College of Law. He obtained his law degree from the University of the Philippines *cum laude* where he was the class salutatorian and placed sixth in the 1981 bar examinations. He holds a Masters of Laws degree from Harvard Law School. He holds directorships in various domestic and international subsidiaries of SMC. On September 8, 2025, he attended a corporate governance training seminar conducted by SGV & Co.

Jack G. Arroyo, Jr. is an Independent Director of San Miguel Global Power since September 2, 2011. He is also the Chairperson of the Audit and Risk Oversight Committee, and a member of the Corporate Governance Committee, the Related Party Transaction

Committee, and the Sustainability Committee of San Miguel Global Power. He is a medical doctor and who specializes in Ophthalmology, and a sub-specialist in refractive surgery. He is currently affiliated with The American Eye Center, The Medical City, and Eye Referral Center. He is also a member of the Board of Directors of the Philippine Healthcare Educators, Inc., and the Philippine Health Insurance Corporation, representing the Elected Local Chief Executives. He is also a member of the Board of Trustees and Treasurer of Philippine Society of Cataract and Refractive Surgery, and the Vice-President for the National Capital Region of Centrist Democratic Political Educators, Inc. He currently serves as the President of Casino Español de Manila. Dr. Arroyo obtained his Doctor of Medicine degree from the University of the Philippines College of Medicine. He attended a corporate governance training seminar conducted by Center for Global Best Practices on October 24, 2025.

Consuelo M. Ynares-Santiago is an Independent Director of San Miguel Global Power since September 2, 2011. She is also the Chairperson of the Corporate Governance Committee, and a member of the Audit and Risk Oversight Committee, the Party Transaction Committee and the Sustainability Committee of San Miguel Global Power. She likewise serves as an Independent Director of Top Frontier Investment Holdings, Inc., SMC SLEX Inc., Anchor Insurance Brokerage Corporation, Phoenix Petroleum Phil. Inc., SPPC, EERI and LFC. She served as an Associate Justice of the Supreme Court of the Philippines; Associate Justice of the Court of Appeals of the Philippines; and a Regional Trial Court Judge of Makati City. She graduated from the University of the Philippines College of Law. She attended a corporate governance training seminar conducted by Center for Global Best Practices. on December 5, 2025.

Josefina Guevara-Salonga is an Independent Director of San Miguel Global Power since November 7, 2017. She is also the Chairperson of the Related Party Transaction Committee and the Sustainability Committee. She is also a member of the Corporate Governance Committee and the Audit and Risk Oversight Committee of San Miguel Global Power. She is an Independent Director of San Miguel Properties, Inc. since March 7, 2022. She is a former Associate Justice of the Court of Appeals. Previously, she was an Executive Judge of the Makati Regional Trial Court. She is currently a trustee of the Tahanan Outreach Program since 2010 and a member of the following associations: San Pedro, Laguna Lawyer's Association, University of the Philippines Women Lawyer's Circle since 1966 and Philippine Women's Judges Association. She also served as a trustee of the Society for Judicial Excellence from 2007 to 2014. She obtained her law degree from the University of the Philippines. On September 26, 2025, she attended a corporate governance training seminar conducted by SGV & Co.

Elenita D. Go is the General Manager of San Miguel Global Power since December 14, 2011. She joined San Miguel Global Power in June 2011 as Head of its Sales and Trading Group. She is currently the General Manager of several subsidiaries of the Company, including SPI, SRHI, LPI, MPI and SMGP BESS, and is the Chairman in other subsidiaries of San Miguel Global Power. She is also the President of SMGP Foundation, Inc. (formerly, SMGCP Philippines Power Foundation Inc.), the Managing Partner and Chief Executive Officer of MPCL and SMGP Kabankalan, and the Chief Operating Officer of MPGC. Ms. Go is also a director of SPPC, EERI, IPIEC, LFC and AHC. She is the Chairman of OEDC and Lucanin Solar Inc. ("LSI"), Treasurer and Director of the PEMC and a Trustee of the Philippine Independent Power Producers

Association. Previously, she was a Director of Manila Electric Company and Head of the Corporate Procurement Unit of SMC. She graduated with a degree in Bachelor of Science in Electrical Engineering from Mapua Institute of Technology. On December 5, 2025, she attended a corporate governance training seminar conducted by Center for Global Best Practices.

Paul Bernard D. Causon is the Chief Finance Officer of San Miguel Global Power since March 30, 2017 and was appointed Vice President of the Company on June 5, 2018. Mr. Causon is concurrently the Chief Finance Officer and Treasurer of Angat Hydropower Corporation. He is also the Chief Finance Officer of MPCL and SMGP Kabankalan, and the Chief Financial Officer of SMGP Foundation, Inc. He is the Treasurer and Chief Finance Officer of MPGC and LSI. He is a Director of SPPC, EERI, IPIEC and LFC. He previously served as Vice President, Head of Treasury and Head of Special Projects of Philippine Airlines Inc. and Air Philippines Corporation; Chief Finance Officer and Treasurer of Liberty Telecoms Holdings, Inc. and Wi-Tribe Telecoms Inc.; Partner, Audit Banks and Other Financial Institutions of Manabat Sanagustin & Co., CPAs; and Vice President and Comptroller of China Banking Corporation. He graduated *magna cum laude* from the University of the Philippines with a degree in Bachelor of Science in Business Administration and Accountancy and placed fourth in the Certified Public Accountant Licensure Examination in 2000. On December 5, 2025, he attended a corporate governance training seminar conducted by Center for Global Best Practices.

Ramon U. Agay is the Comptroller of San Miguel Global Power since September 2, 2011, and was appointed Assistant Vice President on March 25, 2015. He is also the Finance Manager of the various subsidiaries of San Miguel Global Power, such as SPI, SRHI, LPI, MPI, and SMGP BESS, and the Treasurer of LPDSI, VPDSI and several other subsidiaries of San Miguel Global Power. He is the Executive Vice President and Treasurer of Alpha Water and the Comptroller of MPGC. He had previously held finance positions in SMC and its subsidiaries. He obtained a degree in Bachelor of Science in Commerce, major in Accounting from San Sebastian College. On September 26, 2025, he attended a corporate governance training seminar conducted by SGV & Co.

Irene M. Cipriano is the Assistant Corporate Secretary of San Miguel Global Power since 2010. She is an Assistant Vice President and Associate General Counsel of SMC. She is also the Assistant Corporate Secretary of Top Frontier Investment Holdings, Inc., and the Corporate Secretary and Assistant Corporate Secretary of various subsidiaries of San Miguel Global Power and SMC. She is a Certified Public Accountant and holds a degree in B.S. Accountancy from De La Salle University. She earned her Bachelor of Laws degree from San Beda College of Law in 2000. In 2021, she completed the Executive Management Development Program of the Asian Institute of Management. On September 26, 2025, she attended a corporate governance training seminar conducted by SGV & Co.

Reynaldo S. Matillano is the Audit Manager of San Miguel Global Power since November 1, 2015 and was appointed as Internal Audit Manager on June 6, 2017. Prior thereto, he was part of the audit team of San Miguel Yamamura Packaging Corporation and SMC. He holds a degree in Bachelor of Science in Business Administration, major in Accounting from Saint Paul

University in Dumaguete City. On September 26, 2025, he attended a corporate governance training seminar conducted by SGV & Co.

Maria Floreselda S. Abalos-Sampaga was appointed as the Data Protection Officer of the San Miguel Global Power on March 11, 2019 after having joined the Company as a regulatory compliance specialist on May 1, 2018. She is also the Data Protection Officer of the subsidiaries of San Miguel Global Power. Prior thereto, she held positions in several agencies of the government such as the ERC, the National Wages and Productivity Commission and the Department of Labor and Employment. She obtained her Bachelor of Laws from Manuel L. Quezon University. On September 26, 2025, she attended a corporate governance training seminar conducted by SGV & Co.

Jeciel B. Campos is the Sales and Marketing Manager of San Miguel Global Power since September 1, 2011 and was appointed Assistant Vice President on June 5, 2018. Mr. Campos is a registered Mechanical Engineer and previously worked as a Marketing & Commercial Relations Officer for Central Luzon at the National Power Corporation Regional Office. He graduated from Mapua Institute of Technology with a Bachelor of Science degree in Mechanical Engineering. On September 26, 2025, he attended a corporate governance training seminar conducted by SGV & Co.

Jose Ferlino P. Raymundo is the Energy Sourcing & Trading Manager of San Miguel Global Power since September 1, 2011 and was appointed Assistant Vice President on June 5, 2018. Mr. Raymundo and is a Professional Electrical Engineer with over 32 years of experience in the power sector having worked for the Power Sector Assets and Liabilities Management Corporation and National Power Corporation prior to joining San Miguel Global Power. He holds a Bachelor of Science in Electrical Engineering degree from Mapua Institute of Technology. On September 26, 2025, he attended a corporate governance training seminar conducted by SGV & Co.

Danilo T. Tolarba has been the Head of the Human Resources Division of San Miguel Global Power since 2015 and was appointed Assistant Vice-President and Human Resources Group Manager of the Company on June 5, 2018. Previously, Mr. Tolarba was the Manager of HR Services, Employee Relations, HR Technology, Organization Development and Recruitment of SMC Corporate Human Resources; and also held other various senior human resources positions in SMC and its subsidiaries prior thereto. He holds a Bachelor of Science in Business Management degree from the Polytechnic University of the Philippines. On December 5, 2025, he attended a corporate governance training seminar conducted by Center for Global Best Practices.

Julie Ann B. Domino-Pablo is the Assistant Vice President and General Counsel of San Miguel Global Power effective July 1, 2020, after having served as its Legal Officer since 2014. She is also the Corporate Secretary of various subsidiaries of San Miguel Global Power, the Competition Compliance Officer for the Power Business of Top Frontier Holdings Inc., a Director of IPIEC and LSI, and a Trustee of SMGP Foundation Inc. She was admitted to the Philippine Bar and the New York State Bar in 2009 and is a Certified Public Accountant. Prior to San Miguel Global Power, Atty. Domino-Pablo was the Chief-of-Staff of the Office of the President & CEO and the concurrent Corporate Planning Department Manager of PSALM

Corporation and a consultant to the Office of the General Counsel of the Asian Development Bank. She also worked for Picazo Buyco Tan Fider Santos & Dee Law Offices until 2010 and for Sycip Gorres Velayo & Co. as an auditor until 2004. She obtained her Masters of Law degree from the University of Pennsylvania Law School and completed the Wharton Business and Law Certificate Program at the Wharton School of Business in 2013. She attended a corporate governance training seminar conducted by SGV & Co. on September 26, 2025.

Gonzalo B. Julian, Jr. is the Assistant Vice President, the Sales and Marketing Manager - RES, and the Head of the Battery Business of San Miguel Global Power effective March 1, 2020. Prior to the acquisition of MPCL and other entities of the Masinloc Group, he was the Managing Partner and CEO of MPCL and the Assistant Vice President - Commercial of SMCGP Philippines Inc. He was also a member of the Board of Directors of the Grid Management Committee of the Philippines in 2019 representing the Large Generating Companies sector and has held various positions therein from 2014 to 2019, including Chairman of the Grid Code Compliance Subcommittee and Vice Chairman of Grid Reliability Subcommittee, among others. Mr. Julian was also the Energy Manager of Holcim Philippines, Inc. and the representative of Holcim Philippines, Inc. in the Board of Directors of Trans-Asia Power Generation Corp. in 2012. He also worked in the Asset Management and Planning Division of Meralco from 1989 to 2008. He is a licensed electrical engineer, a graduate of the Mapua Institute of Technology and a holder of Master of Science in Electrical Engineering Degree (Major in Power Systems) from the University of the Philippines. At present, he is completing his Doctor of Philosophy in Electrical and Electronics Engineering Degree in the University of the Philippines. On September 26, 2025, he attended a corporate governance training seminar conducted by SGV & Co.

Significant Employees

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

Family Relationships

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

Involvement of Directors and Officers in Certain Legal Proceedings

None of the directors, nominees for election as director, executive officers or control persons of the Company have been the subject of any (a) bankruptcy petition, (b) conviction by final judgment in a criminal proceeding, domestic or foreign, (c) order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business,

securities, commodities or banking activities, which is not subsequently reversed, suspended or vacated, or (d) judgment of violation of a securities or commodities law or regulation by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, which has not been reversed, suspended or vacated, for the past five (5) years up to the latest date that is material to the evaluation of his ability or integrity to hold the relevant position in the Company.

Meeting Attendance

The directors' attendance in meetings of the Board Committees, the Board of Directors, and stockholders for 2025 is set out in the attached as **Annex "F"**.

Item 10. Executive Compensation

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

Name	Year	Salary (in millions)	Bonus (in millions)
Total compensation of the Chief Executive Officer, President and Chief Operating Officer and Senior Executive Officers ¹	2026 (estimated)	₱95.0	₱10.0
	2025	₱90.4	₱34.5
	2024	₱83.7	₱18.3
All other Officers and Directors as a group unnamed	2026 (estimated)	₱66.4	₱29.7
	2025	₱62.9	₱39.2
	2024	₱62.8	₱23.9

¹ The Chief Executive Officer, President & Chief Operating Officer, and Senior Executive Officers of the Company for 2023 to 2025 are Ramon S. Ang, Elenita D. Go, Paul Bernard D. Causon and Ramon U. Agay.

Standard Arrangements

The Amended By-Laws of the Company provides the directors, as such, shall not receive any stated salary for their services, but by resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. The Company provides its independent directors a per diem allowance of ₱40,000.00, ₱45,000.00, and ₱20,000.00.00 for their attendance to each regular board and stockholders' meeting, special board meeting, and board committee meetings, respectively. Each of the independent director received a total ₱705,000 for their attendance in the board meetings, annual stockholders' meeting, and board committee meetings in 2025.

The Amended By-Laws of the Company further provides that a director shall not be

precluded from serving the Company in any other capacity as an officer, agent or otherwise, and receiving compensation therefore. Other than the aforesaid per diem allowance, the Directors of the Company have not received any salary or compensation for their services as directors and for their committee participations for the periods indicated. There are no other special arrangements pursuant to which any director was or is to be compensated. There is no compensatory plan or arrangement for the termination, resignation, or retirement of a member of the Board.

Other Arrangements

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

Employment Contract

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

Warrants or Options Outstanding

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

(A) Security Ownership of Certain Record and Beneficial Owners of More Than 5% of the Voting Securities of the Company as of December 31, 2025

Title of Class	Name of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held by the Beneficial Owners (includes Common Shares held by their nominees)	% of Total Outstanding Shares
Common	San Miguel Corporation (Parent Company)	San Miguel Corporation (SMC)	Filipino	4,785,490,300	100%
Common	Ramon S. Ang (Director)	Nominee-director of SMC in the Board	Filipino	500	nil
Common	John Paul L. Ang (Director)	Nominee-director of SMC in the Board	Filipino	500	nil
Common	Aurora T. Calderon (Director)	Nominee-director of SMC in the Board	Filipino	500	nil
Common	Virgilio S. Jacinto (Director)	Nominee-director of SMC in the Board	Filipino	500	nil
	Total:			4,785,492,300	

(B) Security Ownership of Directors and Executive Officers of the Company as of December 31, 2025

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Position	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Total No. of Shares	% of Total Outstanding Shares
Common	Ramon S. Ang	Chairman & Chief Executive Officer and President & Chief Operating Officer	SMC; Nominee-director of SMC in the Board	Filipino	500	nil
Common	John Paul L. Ang	Vice Chairman	SMC; Nominee-director of SMC in the Board	Filipino	500	nil
Common	Aurora T. Calderon	Director	SMC; Nominee-director of SMC in the Board	Filipino	500	nil
Common	Virgilio S. Jacinto	Director	SMC; Nominee-director of SMC in the Board	Filipino	500	nil
Common	Jack G. Arroyo, Jr.	Independent Director	Jack G. Arroyo, Jr.	Filipino	500	nil
Common	Consuelo M. Ynares-Santiago	Independent Director	Consuelo M. Ynares-Santiago	Filipino	500	nil
Common	Josefina Guevara-Salonga	Independent Director	Josefina Guevara-Salonga	Filipino	500	nil

(C) Voting Trust Holders of 5% or More

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

(D) Changes in Control

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

Item 12. Certain Relationships and Related Transactions

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

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

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

Parent Company

The parent company of San Miguel Global Power is SMC. As of December 31, 2025, SMC owns 100% of the outstanding capital stock of San Miguel Global Power. On the other hand, Top Frontier Investment Holdings, Inc. owns 61.78% of the outstanding common stock of SMC as of December 31, 2025.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

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

The duty to conduct the evaluation by San Miguel Global Power to measure and determine the level of compliance of the Board of Directors and top-level management with the 3rd Amended Manual is vested by the Board of Directors on the Compliance Officer. The Compliance Officer is mandated to monitor compliance by all concerned with the provisions and requirements of the 3rd Amended Manual. Pursuant to the 3rd Amended Manual and the respective Board Committee Charters of San Miguel Global Power, the Board of Directors and the Board Committees must also assess their respective performances through self-rating forms duly approved by the Board and the Board Committees, with the end in view of ensuring that its performance accords with best practices and meets its objectives thereunder. The performance of the Board Committees, the Board of Directors, and Management for 2025 were assessed through self-rating forms approved by the Board during its meeting held on March 11, 2026 and accomplished by the Board Committees, the Board of Directors, and Management. The results of the 2025 Performance Assessments will be validated by the Compliance Officer and the Corporate Governance Committee and will be presented to the Board of Directors in its upcoming Board Meeting in May 12, 2026. The details of the foregoing matters, as well as all other disclosures made by the Company pursuant to relevant rules and regulation of the SEC are posted in the Company's website www.smcglobalpower.com.ph.

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

2022, 2023, and 2024 on June 30, 2022, June 30, 2023, June 30, 2024, and June 30, 2025 respectively, in compliance with SEC MC No. 13. For the 2025 AGCR, the same shall be filed by the Company with the SEC on or before June 30, 2026.

Pursuant to its commitment to good governance and business practice, San Miguel Global Power continues to review and strengthen its policies and procedures, giving due consideration to developments in the area of corporate governance, which it determines to be in the best interests of San Miguel Global Power, its stockholders and other stakeholders. In addition, in keeping abreast of the latest best practices in corporate governance and complying with applicable legal requirements, including SEC Memorandum Circular No. 13 (Series of 2013), directors and officers of San Miguel Global Power regularly attend corporate governance training seminars. For 2025, its directors and officers attended at least one (1) of the following corporate governance training seminars: seminars: (i) by SGV & Co. on September 8, 2025 and September 26, 2025, and (ii) by Center for Global Best Practices on October 24, 2025 and December 5, 2025.

With regard to the adequacy of the Company's internal control, the Board of Directors, during its meeting held on March 11, 2026, confirmed and certified that a sound internal audit, control and compliance system is in place and working effectively.

PART V – EXHIBITS AND SCHEDULES
17-C

Item 14. Exhibits and Reports on SEC Form

(a) Exhibits

The 2025 Audited Consolidated Financial Statements are attached as **Annex “B”** and the Supplementary Schedules required under the Revised Securities Regulation Code (SRC) Rule 68, Annex 68-J (with the covering external auditor’s report thereon, including the Reconciliation Retained earnings Available for Dividend Declaration and Map of the Conglomerate to which the Company belongs) and the Schedule on Aging of Receivables are attached as **Annex “C”** hereto. The other Schedules as indicated in the Index to Schedules are either not applicable to the Company and its subsidiaries or require no answer.

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

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

(b) Reports on Form 17-C

A summary list of the reports on Form 17-C filed during year 2025 is attached as **Annex “E”**.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on APR 15 2026 2026.

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

PAUL BERNARD D. CAUSON
Chief Finance Officer

RAMON U. AGAY
Comptroller

VIRGILIO S. JACINTO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this April 15, 2026 at Pasig City, the following persons with their Competent IDs, as follows:

Name	Passport No.	Date of Issue	Place of Issue
Ramon S. Ang	P2247867B	May 22, 2019	DFA Manila
Paul Bernard D. Causon	P8120059A	July 27, 2018	DFA NCR East
Ramon U. Agay	P8388800B	December 6, 2021	DFA Manila
Virgilio S. Jacinto	P3157226B	September 12, 2019	DFA NCR East

Doc No.: 38;
Page No.: 9;
Book No.: VI;
Series of 2026.



15 2026



Rudilcia P. Espiritu
Commission No. 274 (2025-2026)
Notary Public for Pasig City
Until December 31, 2026
5th Floor, C5 Office Building Complex,
#100 E Rodriguez Jr. Ave., C5 Road,
Bo. Ugong, Pasig City 1604, Metro Manila
Roll No. 53391
PTR No. 3977998; January 5, 2026 / Pasig City
IGP Life Member Roll No. 13322 / Camarines Sur Chapter
MCLE Compliance No. VIII-0019485; Valid until April 14, 2028



**San Miguel Global Power
Holdings Corp.**

40 San Miguel Avenue, Mandaluyong City, Metro Manila

(02) 5317 1000

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

INTRODUCTION

This discussion summarizes the significant factors affecting the consolidated financial performance, financial position and cash flows of San Miguel Global Power Holdings Corp. (“San Miguel Global Power” or “Parent Company”) and its subsidiaries (collectively referred to as the “Group”) for the three-year period ended December 31, 2025. The following discussion should be read in conjunction with the attached audited consolidated statements of financial position of the Group as at December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2025. All necessary adjustments to present fairly the Group’s consolidated financial position as at December 31, 2025 and the financial performance and cash flows for the year ended December 31, 2025, and for all the other periods presented, have been made.

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

I. FINANCIAL PERFORMANCE

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

<i>(In Millions)</i>	Years Ended December 31		
	2025	2024	2023
Revenues	P157,208	P205,091	P169,590
Cost of power sold	(102,887)	(154,684)	(130,992)
Selling and administrative expenses	(10,883)	(9,950)	(6,072)
Other operating income	332	-	-
Income from operations	43,770	40,457	32,526
Interest expense and other financing charges	(24,916)	(20,691)	(18,478)
Interest income	4,301	833	749
Equity in net earnings (losses) of associates and joint ventures - net	9,314	506	(272)
Other income (charges) - net	21,027	(3,505)	538
Income before income tax	53,496	17,600	15,063
Income tax expense	(5,190)	(5,216)	(5,160)
Net income	48,306	12,384	9,903

2025 vs. 2024

<i>In Millions</i>	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	%	2025	2024
Revenues	P157,208	P205,091	(P47,883)	(23%)	100%	100%
Cost of power sold	(102,887)	(154,684)	(51,797)	(33%)	(65%)	(75%)
Gross profit	54,321	50,407	3,914	8%	35%	25%
Selling and administrative expenses	(10,883)	(9,950)	933	9%	(7%)	(5%)
Other operating income	332	-	332	0%	0%	0%
Income from operations	43,770	40,457	3,313	8%	28%	20%
Interest expense and other financing charges	(24,916)	(20,691)	4,225	20%	(16%)	(10%)
Interest income	4,301	833	3,468	416%	3%	1%
Equity in net earnings of associates and joint ventures - net	9,314	506	8,808	1741%	6%	0%
Other income (charges) - net	21,027	(3,505)	24,532	700%	13%	(2%)
Income before income tax	53,496	17,600	35,896	204%	34%	9%
Income tax expense	5,190	5,216	(26)	0%	3%	3%
Net income	P48,306	P12,384	P35,922	290%	31%	6%

Revenues

The Group's consolidated revenues in 2025 amounted to P157,208 million, lower by 23% from the P205,091 million recognized in 2024. The decline was due primarily to the dilution of its equity interest in and resulting deconsolidation of South Premiere Power Corp. (SPPC, owner of the 1,278 megawatts [MW] Ilijan Power Plant), referred to herein as the "Chromite Transaction". In addition, the decline in revenues reflects a downward adjustment in fuel tariffs under fuel passthrough contract provisions to the Group's bilateral customers as coal fuel prices, particularly in GC Newcastle index terms, went down by 22% from an average of US\$135 per metric ton (MT) in 2024 to US\$105/MT in 2025.

The revenue decline was offset by the revenue contributions from the following business units: (a) the full-year operations of the 600 MW (4 x 150 MW) Mariveles Greenfield Power Plant and the 3 battery energy storage system (BESS) facilities, with a combined capacity of 110 megawatt hours (MWh), which started commercial operations in March 2024; (b) additional 5 BESS facilities, with a total capacity of 140 MWh, that began commercial operations in the first half of 2025; and (c) Units 1 and 2 of Excellent Energy Resources Inc. (EERI)'s Batangas Combined Cycle Gas Power Plant (BCCPP, with a net capacity of 425 MW each), which is 33% owned by the Group following the aforesaid dilution, that were declared operational on December 26, 2024 and January 7, 2025, respectively.

Cost of Power Sold

Cost of power sold decreased to P102,887 million in 2025, 33% lower than the P154,684 million incurred in 2024, on account of the following: (i) deconsolidation of SPPC which contributed a net decrease in cost of power sold by P48,426 million; and (ii) lower generation costs, as global coal prices averaged at US\$105/MT during the year – down from the US\$135/MT (in GC Newcastle terms) last year. This is despite the additional cost of power sold from the full-year operations of the 600 MW Mariveles Greenfield Power Plant, incremental depreciation expense from the additional 8 BESS facilities, and the one-month operation of EERI's BCCPP prior to its deconsolidation on January 31, 2025.

Selling and Administrative Expenses

Selling and administrative expenses increased by 9% or P933 million, from P9,950 million in 2024 to P10,883 million in 2025. The increase was mainly due to incremental operating expenses from the: (i) full-year operations of the 600 MW Mariveles Greenfield Power Plant and from the additional 8 BESS facilities, (ii) full-year impact of the turnover of the Sual Power Plant to Sual Power Inc. (SPI) in October 2024, and (iii) one-month operation of EERI's new gas plant prior to its deconsolidation last January 31, 2025. These were partly offset by the deconsolidation of SPPC, which contributed a net decrease in selling and administrative expenses by P1,744 million.

Other Operating Income

Other operating income amounting to P332 million mainly pertains to the gain on sale of investment property to third parties in 2025. The sale transaction is considered within the normal course of business and in line with the assets optimization strategies of the Group's landholding subsidiaries.

Income from Operations

Consolidated income from operations of P43,770 million in 2025 increased by 8%, from P40,457 million in 2024. Such improvement resulted mainly from (i) better margins from bilateral contracts which have existing, entered into or have been renegotiated to contain fuel passthrough arrangements, including those with Manila Electric Company (Meralco), (ii) additional contributions from BESS facilities with ancillary services rendered for the National Grid Corporation of the Philippines (NGCP) and spot sales of net available capacities to the Reserve Market. These factors offset the reduction resulting from the deconsolidation of the Ilijan Power Plant.

Such consolidated income from operations does not include the Group's share in the net earnings of SPPC and EERI amounting to P8,430 million to date, arising from its 33% interests in the underlying gas processing and power generation assets as part of its portfolio even with the aforesaid deconsolidation.

Interest Expense and Other Financing Charges

Interest expense and other financing charges went up by 20% to P24,916 million in 2025. This was mainly due to the P32,500 million and P9,400 million term loans drawn in tranches by Mariveles Power Generation Corporation (MPGC) in December 2024 and March 2025, respectively. This was partly mitigated by lower interest expense on the declining principal balances of the Group's finance lease liabilities owed to the Power Sector Assets and Liabilities Management Corporation (PSALM), with only the Independent Power Producer Administrator (IPPA) Agreement of San Roque Hydropower Inc. (SRHI) outstanding, in view of the full settlement of the finance lease liabilities arising from the Sual IPPA Agreement in October 2024.

Interest Income

Interest income amounted to P4,301 million in 2025. The higher number was due primarily to the increase in outstanding short-term placements of the Group compared to last year.

Equity in Net Earnings of Associates and Joint Ventures - net

Equity in net earnings of associates and joint ventures reached P9,314 million in 2025 from the P506 million recorded in 2024. This improvement was mainly by the Group's share in the net earnings of SPPC, EERI, and Linseed Field Corp. (LFC), and Ilijan Primeline Industrial Estate Corp. (IPIEC), and from the improved operating results of Angat Hydropower Corporation (AHC) as it added generation capacities to its portfolio during the course of the year.

Other Income (Charges) - net

Other income (net) amounting to P21,027 million in 2025, from P3,505 million in Other charges (net) in 2024, includes the revaluation gain of P21,933 million resulting from the dilution of the Group's equity interests in SPPC, EERI and IPIEC following the completion of the Chromite Transaction, as well as by the decrease in foreign exchange losses, which were primarily due to the revaluation of the Group's US Dollar-denominated net monetary liabilities.

Net Income

Consequently, the consolidated net income of the Group for the year 2025 increased to P48,306 million, almost four times over the P12,384 million reported in 2024. Even excluding the aforesaid revaluation gain on dilution of P21,933 million, the resulting net income would have still improved by 113% to P26,373 million.

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

1. POWER GENERATION

a. SPI, owner of Sual Power Plant

For 2025, the Sual Power Plant recorded net generation of 4,297 gigawatt hours (GWh), at a 41% net capacity factor, representing a 26% decline from 2024, primarily due to longer plant outages.

Revenues decreased by 35% to P36,469 million from P56,344 million in 2024. The decline was mainly attributable to lower spot sales volume brought by the aforesaid lower net generation and reduced bilateral offtake volume, following the expiration of contracts with certain distribution utilities (DUs) in December 2024. While some of these were partially replaced by new contracts that took effect in February 2025, and others are still awaiting regulatory approvals, the gap contributed to lower overall offtake volumes. Moreover, lower average realization prices further contributed to the decline in revenues, resulting from: (i) reduction in fuel tariffs as global coal prices fell from an average of US\$135/MT in 2024 to US\$105/MT in 2025, and (ii) a 30% drop in the average spot selling price from P6.09 per kilowatt hours (kWh) in 2024 to P4.26/kWh in 2025,

Consequently, operating income for 2025 amounted to P5,904 million, a 56% decline from P13,373 million posted in 2024.

b. SPPC, owner of Ilijan Power Plant

Upon completion of the Chromite Transaction on January 27, 2025, San Miguel Global Power's equity interest in SPPC was diluted from 100% to 33% resulting to a loss of control over SPPC. Accordingly, the assets and liabilities of SPPC were deconsolidated from the books of San Miguel Global Power and the recognition of share in SPPC's net earnings commenced following the deconsolidation.

For the month of January 2025, the Ilijan Power Plant contributed 424 GWh (at 47% net capacity factor), P4,346 million and P1,254 million to the Group's net generation, revenues and operating income, respectively. After the deconsolidation, share in net earnings recognized from the operations of SPPC amounted to P2,877 million during the year.

c. Limay Power Inc. (LPI), owner of Limay Greenfield Power Plant

For 2025, the Limay Greenfield Power Plant recorded net generation of 3,325 GWh at a 71% net capacity factor, representing a 14% decline from the 3,879 GWh generated in 2024 due to longer plant outages. Of the total net generation, 1,233 GWh were dispatched to LPI's power generation customers, while the remainder was allocated to its retail electricity supplier (RES) business serving contestable customers.

Total offtake volumes for 2025 registered at 2,290 GWh, down 31% from last year, primarily due to reduced bilateral sales volume. Correspondingly, revenues declined by 28%, from P17,447 million in 2024 to P12,608 million in 2025 attributable to lower offtake volumes.

Operating income amounted to P2,459 million in 2025, a 48% decrease from P4,751 million in 2024, driven by higher costs to supply.

d. Malita Power Inc. (MPI), owner of Davao Greenfield Power Plant

For 2025, the plant generated a total of 1,691 GWh at a net capacity factor rate of 73%. This was an 8% increase from 1,561 GWh in 2024, mainly driven by higher bilateral nominations. Consequently, total offtake volume rose by 10% to 1,738 GWh.

Revenues reached P10,385 million, up 7% from the previous year, supported by higher offtake volumes. This increase was partially offset by a lower average realization price due to reduced fuel tariffs following the decline in global coal prices. Despite the growth in revenues, operating income slightly declined by 1% to P2,809 million, mainly due to higher operating expenses.

e. Masinloc Power Co. Ltd. (MPCL), owner of Masinloc Power Plant

The Masinloc Power Plant's operating Units 1, 2, and 3 generated a total of 5,763 GWh in 2025, of which 5,393 GWh, or 94%, were supplied to power generation customers, with the rest dispatched to contestable customers and for its BESS requirements. This output was slightly lower by 1% compared to the 5,804 GWh generated in 2024.

Total offtake volumes of 7,342 GWh went up from 2024 resulting the increase in nominations to supply both existing and newly contracted customers in 2025. Revenues grew by 12% to P35,758 million and operating income increased by 24% to P5,408 million in 2025 compared to P31,891 million and P4,360 million in 2024, respectively. The growth was driven by higher offtake volumes primarily from new bilateral contracts.

f. MPGC, owner of Mariveles Greenfield Power Plant

For 2025, the Mariveles Greenfield Power Plant registered net generation of 3,685 GWh at a 78% net capacity factor, representing a 22% increase from 2024. The growth was primarily driven by higher plant dispatch, with Units 1 to 4 declared operational on March 28, 2024, September 26, 2024, October 26, 2024, and January 9, 2025, respectively. Total offtake volume likewise increased by 23% to 3,721 GWh, driven by higher net generation supplied to the spot market, affiliate generators, and Meralco pursuant to the commencement of the 300 MW PSA on June 2, 2025.

As a result, revenues surged by 83% to P20,254 million from P11,047 million in 2024. Likewise, operating income significantly improved to P5,777 million, up by 399% from P1,157 million in 2024.

g. EERI, owner of the new BCCPP

Testing and commissioning activities of EERI's Units 1 and 2 started in November 2024 while Unit 3 started in January 2025. Subsequently, Units 1 and 2 were declared operational starting on December 26, 2024 and January 7, 2025, respectively.

As a result of the completion of the Chromite Transaction on January 27, 2025, San Miguel Global Power's equity interest in EERI was diluted from 100% to 33% thereby resulting to a loss of control over EERI. Accordingly, the assets and liabilities of EERI were deconsolidated from the books of San Miguel Global Power and the recognition of share in EERI's net earnings commenced following the deconsolidation.

For the month of January 2025, the BCCPP of EERI contributed 364 GWh (at 41% net capacity factor), P3,058 million and P731 million to the Group's net generation, revenues and operating income, respectively. After the deconsolidation, share in net earnings recognized from the operations of EERI amounted to P5,553 million during the year.

h. SRHI, IPPA of San Roque Hydroelectric Power Plant

The San Roque Hydroelectric Power Plan recorded net generation of 1,325 GWh in 2025 at a 44% net capacity factor, representing a 56% increase from 2024. This was driven by longer operating hours, primarily due to higher reservoir water levels. Consequently, total offtake volume increased by 13% to 1,998 GWh compared to 2024 owing to improved spot sales volume.

Revenues increased by 21% to P10,072 million, up from P8,311 million in 2024, largely driven by higher offtake volumes and an improved average realization price following the start of the 340 MW PSA with Meralco on September 17, 2025. As a result, operating income grew significantly to P3,565 million, marking a 176% increase compared to the previous year.

2. RETAIL AND OTHER POWER-RELATED SERVICES

a. LPI - RES

For 2025, total offtake volumes registered at 2,566 GWh, representing a 21% decline from 3,232 GWh in 2024, mainly due to lower customer nominations. Correspondingly, revenues decreased by 15% from P19,026 million in 2024 to P16,249 million in 2025 due to lower offtake volumes.

On the other hand, operating income rose significantly to P2,390 million, up by 224% from P738 million in 2024, driven primarily by higher average realization prices.

b. MPCL - RES and BESS

For 2025, revenues (consisting of revenues from RES contracts and revenues earned from ancillary services contracts and reserve market sales generated from the 30 MWh Masinloc BESS) and operating income amounted to P10,381 million and P1,740 million, an increase of 53% and 76%, respectively, compared to 2024. The growth was primarily driven by a significant rise in offtake volume supplied under new RES contracts, as well as the start of operations of the 20 MWh Masinloc BESS Phase II during the year.

c. SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan; owner of Kabankalan BESS Phase I and II)

Revenues and operating income increased by 84% and 129% to P1,375 million and P1,040 million, respectively, in 2025 compared to the previous year mainly due to the commencement of operations of the 10 MWh Kabankalan BESS Phase II that was offered to the reserve market during the year.

d. SMGP BESS Power Inc. (SMGP BESS; owner of 13 BESS Facilities with combined installed capacity of 440 MWh)

For 2025, SMGP BESS generated revenues of P16,677 million, reflecting a 91% increase compared to last year. This growth was primarily driven by the full-year operations of the 3 BESS facilities with a combined capacity of 110 MWh, which commenced operations in March 2024, as well as the addition of 3 new BESS facilities with an aggregate capacity of 110MWh that began operations in the first half of 2025. Operating income likewise rose significantly to P12,611 million, up by 114% from P5,901 million in 2024.

2024 vs. 2023

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

Revenues

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

Cost of Power Sold

Cost of power sold increased to P154,684 million in 2024, which is 18% higher than the P130,992 million incurred in 2023. While coal global prices came down, averaging only US\$135/MT in 2024 compared to US\$173/MT (in GC Newcastle terms) in 2023, such costs increased due to the following: (i) the resumption of Ilijan Power Plant's operations from July 2023 onwards, (ii) generation costs of the Mariveles Greenfield Power Plant incurred during its testing and commissioning and eventual start of commercial operations of its 3 units in 2024, and (iii) incremental depreciation expense from the 10 BESS facilities that are now in full commercial operations. The increase in cost of power sold was mitigated by fuel passthrough arrangements under most of the Group's PSAs and Retail Supply Contracts with its customers.

Selling and Administrative Expenses

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

Income from Operations

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

Interest Expense and Other Financing Charges

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

Interest Income

Interest income increased by 11% to P833 million in 2024 due to higher balance of short-term placements of the Group compared to 2023.

Equity in Net Earnings (Losses) of an Associate and Joint Ventures - net

Equity in net earnings of an associate and joint ventures registered at P506 million in 2024, a turnaround from the P272 million loss in 2023, mainly due to the improvement in the financial performance of AHC.

Other income (charges) - net

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

Income Tax Expense

Provision for income tax amounted to P5,216 million in 2024. The slight increase was mainly due to the expiration of the income tax holiday of LPI and MPI in May and September 2023, respectively, offset by the provision for deferred tax benefit on foreign exchange losses of MPCL and MPGC.

Net Income

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

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

1. POWER GENERATION

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

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

Revenues of P56,344 million fell by 15%, from P66,238 million in 2023. The decrease was mainly due to lower average realization price resulting from lower fuel tariff as global coal prices fell from an average of US\$173/MT in 2023 vs US\$135/MT in 2024, and the 4% decline in offtake volumes.

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

b. SPPC, owner of Ilijan Power Plant

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

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

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

c. LPI, owner of Limay Greenfield Power Plant

For 2024, the net generation of Limay Greenfield Power Plant registered at 3,879 GWh, at 82% net capacity factor. This was a 2% decrease from 2023 due primarily to higher combined plant outages. Of the plant's registered net generation, 1,541 GWh was dispatched to power generation customers while the remainder was supplied to its RES customers.

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

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

d. MPI, owner of Davao Greenfield Power Plant

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

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

e. MPCL, owner of Masinloc Power Plant

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

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

f. MPGC, owner of Mariveles Greenfield Power Plant

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

g. SRHI, IPPA of San Roque Hydroelectric Power Plant

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

Revenues of P8,311 million decreased by 40% compared to 2023 due mainly to the decline in offtake volumes and lower average realization price.

Consequently, operating income of P1,292 million in 2024 dropped by 66% compared to 2023.

2. RETAIL AND OTHER POWER-RELATED SERVICES

a. LPI - RES

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

On the other hand, operating income registered at P738 million, 37% lower than the P1,180 million posted in 2023 due primarily to lower average realization price in 2024.

b. MPCL - RES and BESS

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

c. SMGP Kabankalan, owner of Kabankalan I BESS

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

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

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

II. FINANCIAL POSITION

A. MAJOR DEVELOPMENTS IN 2025

JOINT AGREEMENT WITH MERALCO AND ABOITIZ POWER CORPORATION (ABOITIZPOWER) ON THE GROUP'S LNG PROJECTS

On January 27, 2025, San Miguel Global Power completed the following transactions (collectively, the "Chromite Transaction" pursuant to the agreements executed on March 1, 2024 with Chromite Gas Holdings Inc. (CGHI), an entity owned jointly by Meralco PowerGen Corporation (a subsidiary of Meralco) and Therma NatGas Power, Inc. (a subsidiary of AboitizPower):

- Investment by CGHI of 67% equity interests in: (i) SPPC, the owner/operator of the 1,278 MW Ilijan Power Plant; (ii) EERI, the owner/operator of the 1,320 MW BCCPP; and (iii) IPIEC, the owner of the land where EERI's power plant and facilities and the Batangas LNG Terminal are located.
- Acquisition by CGHI and San Miguel Global Power of 67% and 32.98% equity interests, respectively, in LFC, the owner/operator of the Batangas LNG Terminal, which receives, stores and processes LNG to fuel the power plants of SPPC and EERI.

As a result of the Chromite Transaction, San Miguel Global Power's equity interests in SPPC, EERI and IPIEC were diluted from 100% to 33%. Consequently, San Miguel Global Power derecognized the assets and liabilities of the 3 subsidiaries and recognized the 33% equity interests retained at fair market values and a revaluation gain amounting to P52,706 million and P21,933 million, respectively.

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

On June 27, 2023, the CA released its joint decision on the separate petitions of SPI and SPPC for certiorari (the "Joint Decision"), which effectively annulled and set aside the previous Orders of the ERC denying their joint petitions with Meralco for tariff adjustments on certain "fixed price" PSAs allowing the recovery of incremental power supply costs due to Change in Circumstances (CIC, the "1st CIC Claims") and the eventual termination of the PSAs. Following the release of the Joint Decision, SPI and SPPC confirmed the termination of their respective PSAs, but without prejudice to additional claims on incremental power supply costs incurred beyond the period covered by the said petitions arising from the same CIC during the continued implementation of the PSAs by SPPC and SPI, and pending issuance of the Temporary Restraining Order (TRO) that enabled SPPC and SPI to cease supply under the PSAs. SPPC ceased supplying under its PSA only on December 7, 2022, whereas SPI ceased supplying nominations under its PSA on July 24, 2023.

The June 27, 2023 CA Decision was later on confirmed by the Supreme Court (SC) in a Resolution dated April 3, 2024 (the "SC Resolution") which denied the ERC's Petition for Review on Certiorari "for failure of petitioner [ERC] to sufficiently show that the CA committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court's discretionary appellate jurisdiction." The ERC's Motion for Reconsideration of said SC Resolution was also denied with finality in another SC Resolution dated July 10, 2024, and received on August 30, 2024. An Entry of Judgment has been issued for this case as of date.

Pursuant thereto, SPI and SPPC, respectively, filed with the ERC on October 10, 2024, a Motion for Issuance of the Writ of Execution to enforce the Joint Decision. SPPC and SPI thereafter filed separate Motions to Resolve (re: Motion for Issuance of Writ of Execution) with the ERC on February 6, 2025. After filing a Motion to Direct the Court of Origin to Issue Writ of Execution with the CA in March 2025 to compel the ERC to issue writs of execution on the Joint Decision, the CA partially granted their motions and directed the ERC to immediately implement the Joint Decision and act on SPPC's and SPI's motions without further delay.

On September 2, 2025, SPPC and SPI received the Compliance filed by the ERC with the CA. In said Compliance, the ERC submitted its Orders, promulgated on August 22, 2025, which granted SPPC's and SPI's Motions for Issuance of Writ of Execution (Re: CA Joint Decision dated June 27, 2023). The Orders allowed SPPC and SPI to recover from Meralco the 1st CIC Claims for the price adjustments prayed for in their motions and authorized Meralco to collect the adjustments from its customers over a period of 6 months commencing from the September 2025 customer billing period.

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

On November 21, 2024, SPPC and SPI separately filed a Motion for Price Adjustment with the ERC, for their respective CIC claims covering the aforesaid periods, pursuant to their respective PSAs (the "2nd CIC Claims"), with their claims anchored on essentially the same legal bases established or ruled on by the CA in its Joint Decision and confirmed by the SC with finality.

In view of the dilution of San Miguel Global Power's equity interest in SPPC from 100% to 33%, following the Chromite Transaction in January 2025 but prior to the final resolution of the pertinent case by the SC and the ERC, the parties to the Chromite Transaction acknowledged and agreed that San Miguel Global Power shall be entitled, pursuant to relevant Chromite Transaction documents and forming part of the agreed consideration thereunder, to the economic benefits, rights of recovery, and corresponding potential equivalent exposure arising from the above claims for price adjustments from Meralco.

On January 27, 2026, SPPC and SPI eventually received copies of the ERC Orders dated January 26, 2026, which granted their respective 2nd CIC Claims, allowing SPPC and SPI to recover from Meralco the aggregate amount of P15,850 million and P13,362 million, respectively, over a period of 36 months commencing from the March 2026 billing period.

As at February 25, 2026, Meralco has completed the remittances of its payments of the 1st CIC Claims to SPI and to San Miguel Global Power for SPPC's claim, amounting to P3,756 million and P1,392 million, respectively, in accordance with the ERC Orders promulgated on August 22, 2025.

SOLAR AND HYDRO POWER PROJECTS AWARDED UNDER THE GREEN ENERGY AUCTION PROGRAM

In 2025, San Miguel Global Power, through its wholly-owned subsidiaries, SRHI and SMC Global Light and Power Corp. (SGLPC) and through its associate, Pan Pacific Renewable Power Phils. Corp. (PPRPPC, in which San Miguel Global Power has 40% indirect ownership interest), participated in the Green Energy Auction Program (GEAP) administered by the Department of Energy (DOE)'s Green Energy Auction Committee. The GEAP was created pursuant to the Republic Act. No. 9513, otherwise known as Renewable Energy Act of 2008, which aims to promote the development and commercialization of renewable and environment-friendly energy resources such as biomass, solar, wind, hydro, geothermal, and ocean energy resources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce dependence on fossil fuels and minimize exposure to price fluctuations in international markets. This is in line with the Group's commitment to diversify its power generation portfolio, significantly reduce its carbon footprint, and transition to cleaner sources of energy through solar and hydro power projects as major tangible steps towards fully achieving its Sustainability Road Map.

On June 9, 2025, the DOE issued the Notices of Award for the third auction round of the GEAP ("GEA-3"), which was conducted on February 11, 2025. The GEA-3 Notices of Award included the following as among the winning bidders: (i) SRHI for an aggregate offered capacity of 1,850 MW pump storage hydropower across three facilities to be completed between 2031 and 2035, and (ii) PPRPPC for an aggregate offered capacity of 2,300 MW pump storage hydropower and impounding hydropower across three facilities to be completed between 2030 and 2031. On June 19, 2025, and June 20, 2025, PPRPPC and SRHI, respectively, accepted their respective awards as winning bidders, with the certificates of awards subsequently received from the DOE in September 2025. The planned hydro power projects will be built and operated in various locations in Aklan, Western Visayas, and in Apayao and Pangasinan, Northern Luzon.

On November 6, 2025, the DOE posted the list of winning bidders for the fourth auction round of the GEAP ("GEA-4") launched on March 29, 2025. As a winning bidder, SGLPC's bids for an aggregate offered capacity of 2,225 megawatts alternating current (MWac) floating solar and ground-mounted solar projects in the provinces of Bulacan, Davao and Isabela were accepted with expected completion dates from 2026 and 2029. San Miguel Global Power received original copies of the Certificates of Award on January 12, 2026.

As at report date, the foregoing companies are undertaking the necessary pre-development activities, key contractor negotiations, and land acquisitions for the solar and hydro projects.

UPDATE ON BESS PROJECTS OF THE GROUP

As at December 31, 2025, about 50% of the Group's ~ 1,000 MWh BESS projects are already in operation, providing ancillary services to NGCP under a 5-year ASPA or selling their spare capacities to the Reserve Market that has been established by the government, through the IEMOP, to ensure grid stability using the uncontracted capacities from qualified power plants. The remaining BESS projects in the pipeline are expected to commence commercial operations, following their respective target substantial completion dates in 2026, and are expected to participate in any future tender of ancillary services by NGCP or sell any uncontracted capacities to the Reserve Market, which is, by the Group's assessment, should continue to exhibit tight

supply-demand conditions and a relatively wide range of price volatilities over the near to medium term.

SUBSCRIPTION TO SAN MIGUEL GLOBAL POWER'S COMMON SHARES BY SAN MIGUEL CORPORATION (SMC)

On March 6, 2025, the Board of Directors (BOD) of San Miguel Global Power approved the following:

- subscription by SMC to 950,796,000 common shares out of the unissued capital stock of San Miguel Global Power in cash, at a subscription price of P30.00 per share or for a total subscription amount of P28,524 million;
- increase in the authorized capital stock of San Miguel Global Power by P4,026 million (comprising of 4,025,600,000 common shares with par value of P1.00), or from P3,774 million, divided into 3,774,400,000 common shares with par value of P1.00 to P7,800 million, divided into 7,800,000,000 common shares with par value of P1.00 (the "ACS Increase"); and
- subscription by SMC to 1,011,093,800 common shares out of the ACS Increase at P30.00 per share, or for a total subscription amount of P30,333 million.

On the same day, San Miguel Global Power and SMC executed the Subscription Agreements covering the aforesaid subscriptions approved by the BOD.

On April 14, 2025, the stockholders of San Miguel Global Power approved the ACS Increase and the amendment of the Amended Articles of Incorporation to reflect the ACS Increase and ratified the said subscription by SMC out of the ACS Increase. The application for the ACS Increase was approved by the Philippine Securities and Exchange Commission (SEC) on May 16, 2025.

The subscription amounts were fully paid by SMC to San Miguel Global Power on April 7, 2025.

PURCHASE OF COMMON SHARES OF MERALCO BY SAN MIGUEL GLOBAL POWER

By virtue of a Deed of Absolute Sale of Shares which contained the terms and conditions mutually determined by and acceptable to both parties and conformably with the decision of the Court of Appeals (CA), San Miguel Global Power purchased on various dates through the PSE a total of 46,596,596 common shares of Meralco at P90.00 per share from Land Bank of the Philippines. As at December 31, 2025, San Miguel Global Power revalued the shares at the fair market value of P574.00 per share and recognized a revaluation gain of P22,418 million (net of tax), presented under "Net gain on financial assets at fair value through other comprehensive income" account in the consolidated statement of comprehensive income for the year ended December 31, 2025.

LONG-TERM DEBTS

Availment of Term Loans

- MPGC

On March 27, 2025, MPGC drew a total of P9,400 million from its Omnibus Loan and Security Agreement (OLSA) executed with various local banks on December 17, 2024. The loan is subject to a fixed interest rate and payable quarterly up to December 2034. The proceeds of the loan were used to finance the Mariveles Greenfield Power Plant project.

- San Miguel Global Power

On May 19, 2025, San Miguel Global Power availed a US\$100 million term loan (equivalent to P5,466 million, net of transaction costs) from its facility agreement executed on May 9, 2025, with a foreign bank. The loan is subject to floating interest rate and payable in May 2030.

The net proceeds of the loan were used for general corporate purposes, including advances for capital expenditures.

On May 19, 2025, San Miguel Global Power availed a US\$100 million term loan (equivalent to P5,452 million, net of transaction costs) from a US\$100 million loan facility, with option to increase up to US\$150 million, executed on May 13, 2025, with a group of foreign banks. The loan is subject to a floating interest rate and payable in May 2028.

The proceeds of the loan were used to refinance the US\$100 million term loan drawn in May 2022.

On July 3, 2025, San Miguel Global Power availed of an additional US\$50 million (equivalent to P2,756 million, net of transaction costs) from the facility agreement executed on May 13, 2025. The net proceeds of the additional loan were used for general corporate purposes.

Issuance of P10,200 Million Fixed Rate Notes by San Miguel Global Power

On August 11, 2025, San Miguel Global Power completed the issuance of Fixed Rate Notes with an aggregate principal amount of P10,200 million (the "Notes") at the issue price of 100% of face value. The Notes were enrolled with the Philippine Dealing & Exchange Corp. on the same day for trading. The proceeds were used to refinance existing obligations of San Miguel Global Power and for general corporate purposes.

Details of the Notes are as follows:

Principal	Term	Interest Rate Per Annum
P1,625 million	3 years, due 2028	6.750%
3,438 million	5 years, due 2030	6.875%
433 million	7 years, due 2032	7.000%
4,704 million	10 years, due 2035	7.125%

Redemption of Series K Bonds by San Miguel Global Power

On July 28, 2025, San Miguel Global Power redeemed its Series K Bonds, amounting to P5,000 million, upon its maturity, pursuant to the terms and conditions of the bonds. The Series K Bonds formed part of the P40,000 million Series K-L-M fixed rate bonds issued in July 2022. San Miguel Global Power used in part the proceeds of the short-term loan availed and cash generated from operations for the redemption.

Payments of Maturing Long-term Debts

In 2025, LPI, MPI, MPCL, SMGP BESS and San Miguel Global Power paid a total of P10,257 million of their scheduled long-term debt principal amortizations pursuant to the terms and conditions of their respective facility agreements. The payments were funded by cash generated from operations.

On February 10, 2025, San Miguel Global Power fully settled its US\$50 million term loan drawn in October 2023 from a foreign bank. The payment was funded by cash generated from operations.

On May 28, 2025, San Miguel Global Power paid in full the balance of its P5,000 million term loan facility entered in May 2021, amounting to P4,825 million. The loan was paid using in part the proceeds of a short-term borrowing availed and cash generated from operations.

PERPETUAL CAPITAL SECURITIES

Issuance and Redemption of Senior Perpetual Capital Securities (SPCS) by San Miguel Global Power

- On February 19, 2025, San Miguel Global Power completed the issuance of another US\$100 million SPCS (equivalent to P5,750 million, net of directly attributable transaction costs), at an issue price of 100.503% of principal amount, plus an amount corresponding to accrued distributions from (and including) December 2, 2024 to (but excluding) February 19, 2025. The US\$100 million SPCS were consolidated into and formed a single series with the US\$500 million SPCS issued on December 2, 2024, with an initial rate of distribution of 8.125% per annum, bringing the total securities to US\$600 million. The US\$100 million SPCS are identical in all respects with the US\$500 million SPCS, except for the date of issuance and issue price.

The net proceeds from the issuance of the US\$100 million were used for the partial redemption of the outstanding 7.00% SPCS issued in October and December 2020.

The US\$100 million SPCS were listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on February 20, 2025.

- On May 9, 2025, San Miguel Global Power completed the redemption of the US\$113 million SPCS remaining out of the US\$500 million SPCS issued in November 2019, pursuant to the terms and conditions of the securities. The redemption price is equal to the principal amount of the SPCS. Any accrued but unpaid distributions up to (but excluding) the redemption date was also settled.

- On July 24, 2025, San Miguel Global Power completed the issuance of US\$400 million SPCS (equivalent to P22,329 million, net of directly attributable transaction costs), at an issue price of 100%, with an initial rate of distribution of 8.95% per annum. The US\$400 million SPCS consists of US\$223 million in aggregate principal amount of SPCS (the “Exchange Offers”) issued in exchange for the 7.00% SPCS issued on October 21 and December 15, 2020, and 5.70% SPCS issued on January 21, 2020 (collectively, the “Existing Securities”) with a carrying value equivalent to P11,143 million, and US\$177 million in aggregate principal amount of new securities (the “Additional New Securities”).

The net proceeds from the issuance of the Additional New Securities were applied to the following: (i) costs and expenses related to the Exchange Offers, including payment of accrued distribution amount in respect of the Existing Securities accepted for exchange pursuant and subject to the terms and conditions of the Exchange Offers; (ii) costs and expenses related to the issuance of the Additional New Securities; (iii) purchase, repurchase and/or redemption of all remaining outstanding Existing Securities following the Exchange Offers; and (iv) for pre-development costs of solar and hydropower energy projects, and capital expenditures related to BESS projects.

The US\$400 million SPCS were listed on the SGX-ST on July 25, 2025.

- On August 11, 2025, San Miguel Global Power completed the issuance of US\$115 million SPCS (equivalent to P6,457 million, net of directly attributable transaction costs), at an issue price of 100% plus an amount corresponding to accrued distribution from (and including) July 24, 2025 to (but excluding) August 11, 2025.

The US\$115 million SPCS were consolidated into and formed a single series with the US\$400 million SPCS issued on July 24, 2025, bringing the total securities to US\$515 million. The US\$400 million SPCS and US\$115 million SPCS are identical in all respects, other than with respect to the date of issuance.

San Miguel Global Power used the net proceeds towards (i) the partial purchase, repurchase and/or redemption of the remaining outstanding SPCS issued in October and December 2020 and in January 2020, and (ii) for pre-development costs of solar and hydropower energy projects and capital expenditures related to BESS projects.

The US\$115,000 million SPCS were listed on the SGX-ST on August 12, 2025.

- On October 17, 2025, San Miguel Global Power completed the redemption of its US\$163 million remaining SPCS (with a carrying value of P8,171 million), out of the US\$750 million SPCS issued in October and December 2020, pursuant to the terms and conditions of the securities. The redemption price is equal to the principal amount of the SPCS. Any accrued but unpaid distributions up to (but excluding) the redemption date was also settled.

Redemption of Redeemable Perpetual Capital Securities (RPCS)

In April 2025, San Miguel Global Power redeemed a portion of its outstanding RPCS issued to SMC with total carrying amount equivalent to P57,300 million and paid distributions amounting to P1,528 million.

B. MAJOR DEVELOPMENTS IN 2024

TURNOVER OF THE SUAL POWER PLANT

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

LONG-TERM DEBTS

Availment of Term Loans

- **SMGP BESS**

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

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

- **San Miguel Global Power**

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

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

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

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

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

- **MPGC**

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

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

Payments of Maturing Long-term Debts

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

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

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

Redemption of Series I and Series E Bonds by San Miguel Global Power

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

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

PERPETUAL CAPITAL SECURITIES

Issuance of US\$800 Million RPCS

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

Issuances of SPCS, Partly Applied for Exchange and Tender Offers

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

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

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

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

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

Redemption of SPCS

On April 23, 2024, San Miguel Global Power completed the redemption of its US\$783 million remaining securities (with a carrying value of P40,187 million) out of the US\$800 million SPCS issued in April and July 2019, pursuant to the terms and conditions of the securities. The redemption price includes the principal amount and any accrued but unpaid distributions up to (but excluding) the step-up date.

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

EVENTS AFTER THE REPORTING DATE

Issuance of US\$300 Million SPCS by San Miguel Global Power

On January 20, 2026, San Miguel Global Power completed the issuance of US\$300 million SPCS at an issue price of 100.00%, with an initial rate of distribution of 8.375% per annum and step-up date of January 20, 2031.

San Miguel Global Power applied the net proceeds from the issuance towards the redemption of its US\$300 million remaining securities (with a carrying value of P15,107 million), out of the US\$600 million SPCS issued in January 2020.

The US\$300 million SPCS were listed on the SGX-ST on January 21, 2026.

C. MATERIAL CHANGES PER LINE OF ACCOUNT

2025 vs. 2024

	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
<i>In Millions</i>	2025	2024	Amount	%	2025	2024
Cash and cash equivalents	P101,498	P67,867	P33,631	50%	12%	8%
Trade and other receivables - net	90,816	115,884	(25,068)	-22%	10%	13%
Inventories	11,696	14,326	(2,630)	-18%	1%	2%
Prepaid expenses and other current assets	36,243	51,562	(15,319)	-30%	4%	6%
Total Current Assets	240,253	249,639	(9,386)	-4%	27%	29%
Investments and advances - net	115,825	19,896	95,929	482%	13%	2%
Property, plant and equipment - net	375,268	459,506	(84,238)	-18%	42%	52%
Right-of-use assets - net	47,279	42,123	5,156	12%	5%	5%
Goodwill and other intangible assets - net	70,215	71,736	(1,521)	-2%	8%	8%
Deferred income tax assets	1,584	1,354	230	17%	0%	0%
Other noncurrent assets	41,197	37,619	3,578	10%	5%	4%
Total Noncurrent Assets	651,368	632,234	19,134	3%	73%	71%
Total Assets	P891,621	P881,873	P9,748	1%	100%	100%
Loans payable	P33,000	P41,350	(P8,350)	-20%	4%	5%
Accounts payable and accrued expenses	101,070	144,102	(43,032)	-30%	11%	16%
Lease liabilities - current portion	5,820	10,049	(4,229)	-42%	1%	1%
Income tax payable	140	80	60	75%	0%	0%
Current maturities of long- term debt - net of debt issue costs	43,427	28,477	14,950	52%	5%	3%
Total Current Liabilities	183,457	224,058	(40,601)	-18%	21%	25%
Long-term debt - net of current maturities and debt issue costs	241,709	249,461	(7,752)	-3%	27%	28%
Deferred income tax liabilities	17,223	23,978	(6,755)	-28%	2%	3%
Lease liabilities - net of current portion	23,881	21,357	2,524	12%	2%	2%
Other noncurrent liabilities	4,617	3,994	623	16%	1%	1%
Total Noncurrent Liabilities	287,430	298,790	(11,360)	-4%	32%	34%
Total Liabilities	470,887	522,848	(51,961)	-10%	53%	59%
<i>Forward</i>						

<i>In Millions</i>	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	%	2025	2024
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	P4,785	P2,824	P1,961	69%	0%	0%
Additional paid-in capital	104,896	48,082	56,814	118%	12%	5%
Senior perpetual capital securities	160,790	151,195	9,595	6%	18%	17%
Redeemable perpetual capital securities	88,680	145,979	(57,299)	-39%	10%	17%
Equity reserves	929	(16,385)	17,314	-106%	0%	(1%)
Retained earnings	59,596	26,387	33,209	126%	7%	3%
	419,676	358,082	61,594	17%	47%	41%
Non-controlling Interests	1,058	943	115	12%	0%	0%
Total Equity	420,734	359,025	61,709	17%	47%	41%
Total Liabilities and Equity						
	P891,621	P881,873	P9,748	1%	100%	100%

The Group's consolidated total assets as at December 31, 2025, amounted to P891,621 million, slightly higher by 1% or P9,748 million than the December 31, 2024 balance of P881,873 million. The increase was attributable to the following factors:

- a. Increase in investment and advances by P95,929 million was mainly attributable to the: (i) recognition at fair value of the 33% investments retained in SPPC, EERI, IPIEC; (ii) acquisition of 33% equity interest in LFC; (iii) recognition of share in net earnings of the said entities from February to December 2025; and (iv) acquisition of Meralco shares and its subsequent revaluation.
- b. Increase in cash and cash equivalents by P33,631 million was mainly due to the following: (i) net proceeds from the redemption by the deconsolidated entities of its redeemable preferred shares issued to San Miguel Global Power; (ii) proceeds from SMC's capital infusion in San Miguel Global Power; (iii) cash generated from operations; (iv) proceeds from various Peso and US Dollar-denominated long-term loans drawn by San Miguel Global Power and by MPGC; (v) proceeds from various short-term loans availed by SPI and by San Miguel Global Power; (vi) net proceeds from various issuances of SPCS; and (vii) cash dividends from Meralco and other affiliates. These were partly offset by the: (i) distributions paid to the holders of perpetual capital securities; (ii) capital expenditures for the Group's ongoing projects; (iii) settlement of short-term borrowings of the Group; (iv) payments of maturing term loans of the Group and redemption of Series K Bonds by San Miguel Global Power; (v) payments for acquisitions of equity interest in LFC, Meralco shares and investment advances for hydro-projects and land-holding companies; (vi) redemptions of various perpetual capital securities in April, May and October 2025; (vii) lease payments of SPI and SRHI to PSALM; and (viii) cash of deconsolidated subsidiaries.
- c. Increase in right-of-use assets - net by P5,156 million was mainly attributable to lease agreements executed during the year for Mariveles Greenfield Power Plant and related facilities. This was partially offset by amortizations during the year and reclassification to investment property account of certain land that are subleased for the Group's solar projects.
- d. Increase in other noncurrent assets by P3,578 million was mainly attributable to additional investment properties and advances to suppliers and contractors for ongoing construction projects of the Group.

- e. Increase in deferred income tax assets by P230 million was primarily due to deferred income tax benefit recognized by the Group on unrealized foreign exchange losses from the revaluation of its US Dollar-denominated net monetary liabilities.
- f. Decrease in property, plant and equipment by P84,238 million as a result of the deconsolidation of SPPC and EERI's property, plant and equipment, partially offset by additional capital expenditures for the Group's ongoing projects.
- g. Decrease in trade and other receivables by P25,068 million was mainly attributable to the deconsolidation of SPPC and EERI's receivables, partially offset by higher trade receivables of MPGC from revenues generated by its 4 units and of SMGP BESS and SMGP Kabankalan from ancillary and reserve market revenues during the year.
- h. Decrease in prepaid expenses and other current assets by P15,319 million was mainly attributable to the deconsolidation of SPPC and EERI's prepaid taxes, input value-added tax and advance payments for LNG procurements. This was partially offset by additional restricted cash set aside for debt servicing requirements of the Group.
- i. Decrease in inventories by P2,630 million was mainly attributable to the deconsolidation of SPPC and EERI's LNG and spare parts inventories and lower inventory levels of fuel and spare parts.

The Group's consolidated total liabilities as at December 31, 2025, amounted to P470,887 million, 10% or P51,961 million lower than the December 31, 2024 balance of P522,848 million. The major items accounting for the decrease are as follows:

- a. Decrease in accounts payable and accrued expenses by P43,032 million was mainly attributable to the deconsolidation of SPPC and EERI, payments made to suppliers and contractors and partially offset by additional payables to contractors relating to the Group's ongoing construction projects.
- b. Decrease in loans payable by P8,350 million was due to settlements by San Miguel Global Power, SPI and MPGC during the year and the deconsolidation of SPPC's P5,000 million short-term loan. This was partially offset by various short-term loans drawn by SPI and San Miguel Global Power during the year.
- c. Decrease in deferred income tax liabilities by P6,755 million was mainly attributable to the deconsolidation of SPPC, partially offset by additional deferred income tax expense recognized on temporary differences relating to lease liabilities during the year.
- d. Decrease in lease liabilities (including current and noncurrent portions) by P1,705 million was mainly on account of lease payments to PSALM by SPI, pursuant to its land lease agreement executed in October 2024, and by SRHI, pursuant to its IPPA Agreement, partially offset by additional lease liabilities recognized on new lease agreements executed during the year for Mariveles Greenfield Power Plant and related facilities.
- e. Increase in long-term debt - net of debt issue costs (including current and noncurrent portions) by P7,198 million was attributable to the following: (i) additional loan drawn in March 2025 by MPGC from its credit facility executed in December 2024; (ii) various USD and Peso-denominated term loans availed by San Miguel Global Power in 2025; (iii) amortization of debt issue costs during the year; (iv) unrealized foreign exchange loss recognized on the revaluation of US Dollar-denominated loans; partially offset by (v) payments of maturing long-term loans of San Miguel Global Power, LPI, MPI, MPCL and SMGP BESS, and (vi) redemption of Series K Bonds in July 2025.

- f. Increase in other noncurrent liabilities by P623 million was mainly due to additional retirement benefits liabilities, asset retirement obligations and customers' deposits.
- g. Increase in income tax payable by P60 million was mainly attributable to higher taxable income for the year.

The Group's consolidated total equity as at December 31, 2025, amounted to P420,734 million, higher by 17% or P61,709 million than the December 31, 2024 balance of P359,025 million. The increase is accounted for as follows:

- a. Increase in total paid-in capital by P58,775 million (consisting of capital stock and additional paid-in capital) was due to additional capital infusions from SMC during the year.
- b. Increase in retained earnings by P33,209 million was mainly attributable to the net income for the year, and net gain from redemptions by SPPC, EERI and IPIEC of their respective preferred shares issued to San Miguel Global Power. These were partially offset by the distributions to perpetual capital security holders.
- c. Increase in equity reserves by P17,314 million was mainly attributable to the cumulative gain on fair valuation of investments in equity instruments (Meralco shares) and partially offset by the difference between the price paid and carrying value of redeemed and exchanged perpetual capital securities during the year.
- d. Increase in SPCS by P9,595 million as a result of various issuances, net of exchange offers, in February, July, and August 2025, partially offset by redemptions completed in May and October 2025.
- e. Increase in non-controlling interests by P115 million pertains to the non-controlling interest's share in the net income of MPGC from the full-year operations of the Mariveles Greenfield Power Plant in 2025.
- f. Decrease in RPCS by P57,299 million was due to San Miguel Global Power's redemption in April 2025 of RPCS issued to SMC.

2024 vs. 2023

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

Forward

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

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

- Increase in property, plant and equipment by P120,281 million as a result of the ongoing construction of the Masinloc Power Plant Units 4 and 5, BESS projects, Mariveles Greenfield Power Plant, BCCPP project, additional construction works and improvements for Limay and Davao Greenfield Power Plants, and rehabilitation of the Ilijan Power Plant.
- Increase in cash and cash equivalents by P36,208 million was due mainly to (i) P32,500 million and P12,000 million term loans drawn by MPGC and SMGP BESS, respectively, from their OLSA and P10,000 million drawn by San Miguel Global Power, (ii) short-term loans availed by San Miguel Global Power, SPPC, and MPGC, (iii) issuances of perpetual capital securities by San Miguel Global Power and (v) cash generated from operations. These were partly offset by the (i) capital expenditures for Masinloc Power Plant Units 4 and 5, BESS projects, Mariveles Greenfield Power Plant, BCCPP project, major repair and additional construction works for Limay and Davao Greenfield Power Plants, solar projects, and rehabilitation of the Ilijan Power Plant, (ii) payments of maturing long-term borrowings of LPI, MPI, MPCL, SMGP BESS and San Miguel Global Power, (iii) finance lease payments of SPI and SRHI to PSALM, and (iv) distributions paid to the holders of perpetual capital securities.
- Increase in investment and advances by P8,943 million was mainly attributable to the additional deposits which will be applied against future stock subscriptions by San Miguel Global Power to certain companies and share in the net earnings of AHC.
- Increase in prepaid expenses and other current assets by P3,040 million was mainly attributable to the (i) the additional advances paid to suppliers for the procurement of coal and LNG; and (ii) higher restricted cash set aside by SMGP BESS, LPI and MPI for its debt servicing requirements.
- Increase in deferred income tax assets by P380 million was primarily due to the deferred income tax benefit recognized by the Group on unrealized foreign exchange losses from the revaluation of its US Dollar-denominated net monetary liabilities.

- f. Decrease in right-of-use assets - net by P62,852 million was mainly due to the (i) reclassifications to property, plant and equipment account following the turnover of the Sual Power Plant to SPI and portion of land previously leased from PSALM and subsequently acquired by SPPC in 2024, and (ii) amortization in 2024. These were partly offset by the recognition of additional right-of-use assets for the leased land, where the Sual Power Plant is situated, from PSALM.
- g. Decrease in other noncurrent assets by P5,479 million was mainly attributable to the reclassification to property, plant and equipment account of advances to suppliers and contractors that were applied to progress billings for the Group's ongoing construction projects.
- h. Decrease in inventories by P2,515 million was primarily attributable to higher consumption of LNG and coal inventories for the Ilijan and coal-fired power plants which exceeded purchases in 2024.

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

- a. Increase in accounts payable and accrued expenses by P46,469 million was mainly attributable to higher trade payables mainly for the acquisition of LNG, coal and fuel inventories and power purchases, and additional payables to contractors relating to the Group's ongoing construction projects.
- b. Increase in loans payable by P27,614 million was mainly attributable to the short-term loans availed by San Miguel Global Power, SPPC, and MPGC from various local financial institutions in 2024.
- c. Increase in long-term debt - net of debt issue costs (including current and noncurrent portions) by P19,169 million was attributable to the: (i) P32,500 million and P12,000 million term loans drawn by MPGC and SMGP BESS, respectively (ii) San Miguel Global Power's availment of P10,000 million term loan in July 2024, (iii) unrealized foreign exchange losses recognized on the revaluation of the Group's US Dollar-denominated loans, (iv) amortization of debt issue costs, partly offset by the (v) redemption by San Miguel Global Power of its Series I and Series E bonds in April and December 2024, respectively, and (vi) settlement of maturing loans of San Miguel Global Power, LPI, MPI, MPCL and SMGP BESS.
- d. Increase in deferred income tax liabilities by P2,693 million was due to (i) the additional provision for deferred income tax expense on temporary differences arising mainly from lease-related expenses of SPI, and (ii) SPPC's application of its available net operating loss carry over benefits to its income tax due.
- e. Decrease in lease liabilities (including current and noncurrent portions) by P11,381 million was mainly on account of (i) finance lease payments made by SPI and SRHI to PSALM, partly offset by the (ii) unrealized foreign exchange losses recognized on the revaluation of US Dollar-denominated lease liabilities.
- f. Decrease in other noncurrent liabilities by P3,036 million was attributable mainly to the settlement of US Dollar-denominated payables to contractors relating to the Group's ongoing construction projects.
- g. Decrease in income tax payable by P142 million was mainly attributable to lower taxable income in 2024.

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

- a. Increase in RPCS by P43,432 million was mainly attributable to the issuance of the US\$800 million RPCS in April 2024.
- b. Decrease in equity reserves by P13,365 million was mainly attributable to the difference between the price paid and carrying value of the redeemed, exchanged and repurchased SPCS in 2024.
- c. Decrease in SPCS by P10,573 million was mainly attributable to the redemption of the US\$783 million SPCS in April 2024, partly offset by various issuances of SPCS, net of exchange offers and tender offers, in September and December 2024.
- d. Decrease in retained earnings by P3,980 million was mainly attributable to the distributions to SPCS and RPCS holders and partly offset by the net income recognized in 2024.

III. CASH FLOW

SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

<i>(in Millions)</i>	December 31		
	2025	2024	2023
Net cash flows provided by operating activities	P48,363	P54,333	P16,252
Net cash flows provided by (used in) investing activities	23,597	(46,252)	(49,955)
Net cash flows provided by (used in) financing activities	(39,659)	28,335	42,302

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

Net cash flows provided by (used in) investing activities are as follows:

<i>(in Millions)</i>	December 31		
	2025	2024	2023
Proceeds from redemption of preferred shares	P78,717	P -	P -
Proceeds from installment sale of properties	2,854	1,233	1,233
Dividends received	856	-	-
Cash from newly acquired subsidiaries, net	-	-	121
Additions to investment property	(4)	(427)	(37)
Additions to intangible assets	(29)	(140)	(57)
Increase in other noncurrent assets	(1,058)	(1,703)	(3,547)
Return of proceeds from investment property sale	(2,852)	-	-
Advances paid to suppliers and contractors	(4,308)	(1,689)	(7,307)
Cash of deconsolidated subsidiaries	(5,678)	-	-
Additions to property, plant and equipment	(21,638)	(35,093)	(36,179)
Additions to investments and advances	(23,263)	(8,433)	(4,182)

Net cash flows provided by (used in) financing activities are as follows:

<i>(in Millions)</i>	December 31		
	2025	2024	2023
Proceeds from:			
Short-term borrowings	P186,000	P165,147	P95,322
Long-term debts	33,086	71,506	51,978
Proceeds from issuances of:			
Capital Stock	58,776	-	47,165
SPCS, net of exchange and tender offers	21,892	21,040	-
RPCS	-	43,432	70,833
Payments of:			
Share issuance costs	(12)	(388)	(29)
Lease liabilities	(9,536)	(18,298)	(19,315)
Long-term debts	(28,554)	(55,615)	(64,362)
Short-term borrowings	(189,412)	(137,512)	(102,586)
Distribution paid to holders of:			
SPCS	(15,904)	(13,385)	(15,035)
RPCS	(21,363)	(2,552)	-
Redemptions of:			
SPCS	(15,775)	(45,040)	-
RPCS	(58,857)	-	-
Purchase of RPCS	-	-	(21,669)

The effect of exchange rate changes on cash and cash equivalents amounted to P1,330 million, (P208 million) and P334 million in 2025, 2024 and 2023, respectively.

IV. ADDITIONAL INFORMATION ON UNAPPROPRIATED RETAINED EARNINGS

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

V. KEY PERFORMANCE INDICATORS

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

LIQUIDITY RATIO

Current Ratio	=	Current Assets	

		Current Liabilities	
<i>(in Millions Peso)</i>		December 31, 2025	December 31, 2024
(A) Current Assets		240,253	249,639
(B) Current Liabilities		183,457	224,058
Current Ratio (A) / (B)		1.31	1.11

SOLVENCY RATIO

Net Debt-to-Equity* Ratio	=	Net Debt	

		Total Equity	
<i>Per relevant Loan Covenants of San Miguel Global Power</i>			
<i>(in Millions Peso)</i>		December 31, 2025	December 31, 2024
(A) Net Debt ⁽¹⁾		142,739	219,596
(B) Total Equity ⁽²⁾		401,744	354,566
Net Debt-to-Equity Ratio (A) / (B)		0.36	0.62

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

⁽¹⁾ Consolidated net total debt plus total PSALM lease liabilities.

⁽²⁾ Consolidated total equity.

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

<i>(in Millions Peso)</i>	Conventional		Adjusted ⁽³⁾	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
(A) Total Assets	891,621	881,873	864,184	853,432
(B) Total Equity	420,734	359,025	420,734	359,025
Asset-to-Equity Ratio (A) / (B)	2.12	2.46	2.05	2.38

⁽³⁾ Net carrying amount of the IPPA power plant, in relation to the IPPA Agreement of SRHI with PSALM, was omitted in total assets as this power plant asset was capitalized with corresponding lease liabilities. As at December 31, 2025 and 2024, the net carrying amount of the IPPA power plant asset amounted to P27,437 million and P28,441 million, respectively.

PROFITABILITY RATIO

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

<i>(in Millions Peso)</i>	December 31, 2025	December 31, 2025
(A) Net Income	48,306	12,384
(B) Total Equity	420,734	359,025
Return on Equity (A) / (B)	11.5%	3.4%

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

Per relevant Loan Covenants of San Miguel Global Power

<i>(in Millions Peso)</i>	December 31, 2025	December 31, 2025
(A) EBITDA ⁽⁴⁾	39,229	37,897
(B) Interest Expense ⁽⁵⁾	15,232	14,761
Interest Coverage Ratio (A) / (B)	2.58	2.57

⁽⁴⁾ Full-year consolidated EBITDA (gross of PSALM payments and excluding amounts attributable to ring-fenced subsidiaries).

⁽⁵⁾ Full-year consolidated interest expense (excluding amounts attributable to ring-fenced subsidiaries).

OPERATING EFFICIENCY

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

<i>(in GWh)</i>	Years Ended December 31	
	2025	2024
(A) Current Period Offtake Volume	29,222	36,564
(B) Prior Period Offtake Volume	36,564	25,205
Volume Growth (Decline) [(A / B) – 1]	(20.1%)	45.1%

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

<i>(in Millions Peso)</i>	Years Ended December 31	
	2025	2024
(A) Current Period Revenues	157,208	205,091
(B) Prior Period Revenues	205,091	169,590
Revenue Growth (Decline) [(A / B) – 1]	(23.3%)	20.9%

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

<i>(in Millions Peso)</i>	Years Ended December 31	
	2025	2024
(A) Income from Operations	43,770	40,457
(B) Revenues	157,208	205,091
Operating Margin (A) / (B)	27.8%	19.7%

VI. OTHER MATTERS

a. Impact of the United States of America-Israel-Iran Conflict

The escalation of geopolitical tensions in the Middle East, following the joint attack of the United States of America (US) and Israel on Iran on February 28, 2026, has resulted in significant volatility in global oil and gas markets. This market instability has been driven primarily by concerns over potential supply chain disruptions arising from the closure of the Strait of Hormuz - a critical transit route through which a substantial portion of the world's oil and gas supply passes. In light of these developments, management continues to closely monitor the situation and assess its potential and unmitigated implications, if any, on the Group's operations and financial position.

As of the reporting date, the Group's power generation costs from its coal and hydroelectric power plants remain largely unaffected by the surge in global oil and gas prices. This resilience is attributable to the Group's diversified fuel sourcing strategy, with coal procured from Indonesian as well as local suppliers of indigenous coal resources, mostly under long-term contracts that provide supply and price security. More importantly, most of the Group's PSAs include fuel price and foreign exchange movement passthrough provisions, which further mitigate exposure to market volatility on a physical basis. The Group also engages in short-term plain vanilla derivatives such as non-deliverable forwards to hedge a significant portion of its foreign exchange exposure for supplier payments denominated in US Dollars.

SPPC and EERI, which operates power plants that run primarily on LNG, have PSAs for a total of 2,400 MW in contracted capacities with Meralco that contain similar provisions that hedge the exposure of these companies from adverse movements in LNG prices and foreign exchange rates, as well as take-or-pay provisions in case of derations in their nominated capacities below contemplated load factors.

In view of the foregoing, the Group, with its diversified portfolio and fuel sourcing, believes that the ongoing US-Israel-Iran conflict has no adverse net financial impact to its financial condition and results of operations. It shall nevertheless continue to monitor ensuing developments in the global commodity and financial markets and shall evaluate and take corrective action as necessary

b. Commitments

The outstanding purchase commitments of the Group amounted to P69,418 million and P109,085 as at December 31, 2025 and 2024, respectively.

The Group's material commitments for capital expenditure consist mainly of construction of power plants, mostly utilizing high efficiency low emission technologies, in line with the Group's expansion projects, and acquisition, upgrade or repair of property, plant and equipment 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.

- c. There are no unusual items as to nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in Management's Discussion and Analysis of Financial Position and Financial Performance.
- d. There were no material changes in estimates of amounts reported in prior interim periods of the current year or changes in estimates of amounts reported in prior financial years.

- e. 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.
- f. 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.
- g. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets since the last annual reporting date. No material contingencies and any other events or transactions exist that are material to an understanding of the current reporting period.
- h. There are no significant elements of income or loss that did not arise from continuing operations.
- i. The effects of seasonality or cyclicity on the operations of the Group's businesses are not material.
- j. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

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N	a	t	i	o	n	a	l		C	a	p	i	t	a	l		R	e	q	i	o	n							

A	A	F	S

COMPANY INFORMATION

	N/A

5317-1000

N/A

8

June / 1st Tuesday

December 31

CONTACT PERSON INFORMATION

Paul Bernard D. Causon

pcauson@smcgph.sanmiguel.com.ph

5317-1000

N/A

CONTACT PERSON'S ADDRESS

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

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

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.

(A Wholly-owned Subsidiary of San Miguel Corporation)

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025, 2024 and 2023

With Independent Auditors' Report

R.G. Manabat & Co.



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

REPORT OF INDEPENDENT AUDITORS

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

Opinion

We have audited the consolidated financial statements of San Miguel Global Power Holdings Corp. and its Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2025, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024

and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029

financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

Basis for Opinion

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

Key Audit Matter

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

Valuation of Goodwill (P69,953 million)

Refer to Note 3, Material Accounting Policy Information, Note 4, Use of Judgments, Estimates and Assumptions and Note 14, Goodwill and Other Intangible Assets

The risk -

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

Our response -

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

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A as at and for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A as at and for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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



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

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

R.G. MANABAT & CO.

Gregorio I. Sambrano Jr.

GREGORIO I. SAMBRANO, JR.

Partner

CPA License No. 088825

SEC Accreditation No. 88825-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements

Tax Identification No. 152-885-329

BIR Accreditation No. 08-001987-036-2024

Issued March 26, 2024; valid until March 26, 2027

PTR No. MKT 10764413

Issued January 5, 2026 at Makati City

April 15, 2026

Makati City, Metro Manila



**San Miguel Global Power
Holdings Corp.**

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

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of **San Miguel Global Power Holdings Corp.** (the "**Company**") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2025, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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



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



PAUL BERNARD D. CAUSON
Vice President & Chief Finance Officer


Signed this 11th day of March 2026

ACKNOWLEDGMENT

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

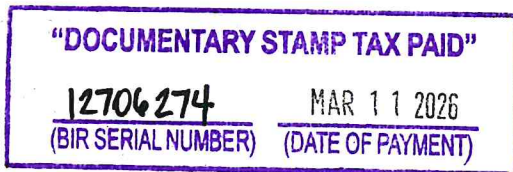
Before me, a Notary Public for and in Pasig City, this 11th day of March 2026, personally appeared the following:

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

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

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

Doc. No.: 222 ;
Page No.: 46 ;
Book No.: V ;
Series of 2026




RUDILICIA P. ESPIRITU
Commission No. 274 (2025-2026)
Notary Public for Pasig City
Until December 31, 2026
5th Floor, C5 Office Building Complex,
#100 E Rodriguez Jr. Ave., C5 Road,
Bo. Ugong, Pasig City 1604, Metro Manila
Roll No. 53391
PTR No. 3977998; January 5, 2026 / Pasig City
IBP Life Member Roll No. 13322 / Camarines Sur Chapter
NICLE Compliance No. VIII-0019485; Valid until April 14, 2028

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024
(In Thousands)

	<i>Note</i>	2025	2024
ASSETS			
Current Assets			
Cash and cash equivalents	7, 29, 30	P101,498,370	P67,867,411
Trade and other receivables - net	6, 8, 19, 29, 30	90,816,430	115,884,031
Inventories	6, 9, 19	11,695,864	14,326,383
Prepaid expenses and other current assets	6, 10	36,242,458	51,561,324
Total Current Assets		240,253,122	249,639,149
Noncurrent Assets			
Investments and advances - net	11, 29, 30	115,825,289	19,895,587
Property, plant and equipment - net	6, 12	375,268,227	459,505,829
Right-of-use assets - net	6, 13	47,278,979	42,123,333
Goodwill and other intangible assets - net	6, 14	70,214,838	71,736,078
Deferred income tax assets	26	1,584,049	1,353,752
Other noncurrent assets	15, 19, 29, 30	41,196,128	37,618,797
Total Noncurrent Assets		651,367,510	632,233,376
TOTAL ASSETS		P891,620,632	P881,872,525
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	16, 29, 30	P33,000,000	P41,350,425
Accounts payable and accrued expenses	17, 19, 29, 30	101,070,416	144,101,704
Lease liabilities - current portion	6, 29, 30	5,819,971	10,048,624
Income tax payable		139,824	79,614
Current maturities of long-term debt - net of debt issue costs	18, 29, 30	43,426,570	28,477,307
Total Current Liabilities		183,456,781	224,057,674
Noncurrent Liabilities			
Long-term debt - net of current maturities and debt issue costs	18, 29, 30	241,709,071	249,460,584
Deferred income tax liabilities	26	17,223,128	23,978,387
Lease liabilities - net of current portion	6, 29, 30	23,880,904	21,356,642
Other noncurrent liabilities	6, 19, 20, 29, 30	4,617,192	3,994,059
Total Noncurrent Liabilities		287,430,295	298,789,672
Total Liabilities		470,887,076	522,847,346

Forward

	Note	2025	2024
Equity	21		
Equity Attributable to Equity Holders of the Parent Company			
Capital stock		P4,785,494	P2,823,604
Additional paid-in capital		104,895,528	48,081,781
Senior perpetual capital securities		160,789,623	151,194,865
Redeemable perpetual capital securities		88,679,795	145,979,113
Equity reserves	21, 31	929,003	(16,384,899)
Retained earnings		59,596,183	26,387,315
		419,675,626	358,081,779
Non-controlling Interests	2, 11	1,057,930	943,400
Total Equity		420,733,556	359,025,179
TOTAL LIABILITIES AND EQUITY		P891,620,632	P881,872,525

See Notes to Consolidated Financial Statements.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(In Thousands, Except Per Share Data)

	<i>Note</i>	2025	2024	2023
REVENUES	19, 22	P157,207,590	P205,091,116	P169,590,237
COST OF POWER SOLD	19, 23	102,887,210	154,684,289	130,991,692
GROSS PROFIT		54,320,380	50,406,827	38,598,545
SELLING AND ADMINISTRATIVE EXPENSES	19, 24	(10,882,895)	(9,949,589)	(6,072,432)
OTHER OPERATING INCOME	15	332,411	-	-
INTEREST EXPENSE AND OTHER FINANCING CHARGES	6, 16, 18, 20	(24,915,683)	(20,690,563)	(18,478,128)
INTEREST INCOME	7, 8, 15, 19, 20	4,300,625	832,673	749,339
EQUITY IN NET EARNINGS (LOSSES) OF ASSOCIATES AND JOINT VENTURES - Net	11	9,314,168	505,575	(272,092)
OTHER INCOME (CHARGES) - Net	11, 12, 25	21,027,357	(3,505,388)	537,960
INCOME BEFORE INCOME TAX		53,496,363	17,599,535	15,063,192
INCOME TAX EXPENSE	26, 27	5,189,985	5,215,955	5,160,206
NET INCOME		P48,306,378	P12,383,580	P9,902,986
Attributable to:				
Equity holders of the Parent Company	28	P48,191,486	P12,345,292	P9,905,416
Non-controlling interests		114,892	38,288	(2,430)
		P48,306,378	P12,383,580	P9,902,986
Basic/Diluted Earnings (Loss) Per Common Share Attributable to Equity Holders of the Parent Company	28	P5.13	(P4.76)	(P7.06)

See Notes to Consolidated Financial Statements.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(In Thousands)

	<i>Note</i>	2025	2024	2023
NET INCOME		P48,306,378	P12,383,580	P9,902,986
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Net gain on financial assets at fair value through other comprehensive income	11, 30	45,394,859	-	-
Income tax expense	11, 26, 30	(714,863)	-	-
Remeasurements gain (loss) on net defined benefits retirement plan	20	(98,280)	50,168	(49,748)
Income tax benefit (expense)	20, 26	16,903	(14,593)	13,809
Share in other comprehensive income (loss) of a joint venture and an associate - net	11	1,491	4,329	(3,795)
		44,600,110	39,904	(39,734)
Items that may be reclassified to profit or loss				
Gain (loss) on exchange differences on translation of foreign operations		11,281	20,750	(3,008)
Net gain on cash flow hedges		-	-	31,229
		11,281	20,750	28,221
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax		44,611,391	60,654	(11,513)
TOTAL COMPREHENSIVE INCOME		P92,917,769	P12,444,234	P9,891,473
Attributable to:				
Equity holders of the Parent Company		P92,802,877	P12,405,946	P9,893,903
Non-controlling interests		114,892	38,288	(2,430)
		P92,917,769	P12,444,234	P9,891,473

See Notes to Consolidated Financial Statements.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(In Thousands)

	Note	Equity Attributable to Equity Holders of Parent Company										Non-controlling Interests	Total Equity
		Capital Stock	Additional Paid-in Capital	Senior Perpetual Capital Securities	Redeemable Perpetual Capital Securities	Equity Reserves			Retained Earnings	Total			
						Equity Reserves	Translation Reserves	Reserve for Retirement Plan			Hedging Reserve		
As at January 1, 2025		P2,823,604	P48,081,781	P151,194,865	P145,979,113	(P17,253,511)	P935,708	(P67,096)	P -	P26,387,315	P358,081,779	P943,400	P359,025,179
Net income	11, 20, 30	-	-	-	-	44,679,996	11,281	(79,886)	-	48,191,486	48,191,486	114,892	48,306,378
Other comprehensive income (loss) - net of tax		-	-	-	-	-	-	-	-	-	-	-	44,611,391
Total comprehensive income (loss)		-	-	-	-	44,679,996	11,281	(79,886)	-	48,191,486	92,802,877	114,892	92,917,769
Issuance of capital stock	21, 31	1,961,890	56,813,747	-	-	-	-	-	-	-	56,775,637	-	56,775,637
Issuance of senior perpetual capital securities, net of exchange offers	21, 31	-	-	23,392,707	-	(1,500,987)	-	-	-	-	21,891,720	-	21,891,720
Deconsolidation of subsidiaries	21, 31	-	-	-	-	-	-	-	-	33,679	33,679	-	33,679
Redemptions of:													
Senior perpetual capital securities		-	-	(13,797,949)	-	(1,977,105)	-	-	-	-	(15,775,054)	-	(15,775,054)
Redeemable perpetual capital securities		-	-	-	(57,299,318)	(1,557,375)	-	-	-	-	(58,856,693)	-	(58,856,693)
Share issuance costs		-	-	-	-	-	-	-	-	(11,319)	(11,319)	(362)	(11,681)
Transfer of net gain on financial assets at fair value through other comprehensive income	11	-	-	-	-	(22,262,022)	-	-	-	22,262,022	-	-	-
Distributions to holders of:	21												
Redeemable perpetual capital securities		-	-	-	-	-	-	-	-	(21,363,061)	(21,363,061)	-	(21,363,061)
Senior perpetual capital securities		-	-	-	-	-	-	-	-	(15,903,939)	(15,903,939)	-	(15,903,939)
As at December 31, 2025		P4,785,494	P104,895,528	P160,789,623	P68,673,795	P128,996	P946,989	(P146,982)	P -	P59,596,183	P419,675,626	P1,057,930	P420,733,556
As at January 1, 2024		P2,823,604	P48,081,781	P161,767,709	P102,546,825	(P3,827,112)	P914,958	(P107,000)	P -	P30,367,328	P342,588,093	P905,112	P343,473,205
Net income	20, 30	-	-	-	-	-	20,750	-	-	12,345,292	12,345,292	38,288	12,383,580
Other comprehensive income - net of tax		-	-	-	-	-	-	39,904	-	-	60,654	-	60,654
Total comprehensive income		-	-	-	-	-	20,750	39,904	-	12,345,292	12,405,946	38,288	12,444,234
Issuance of redeemable perpetual capital securities	21, 31	-	-	-	43,432,288	-	-	-	-	-	43,432,288	-	43,432,288
Issuance of senior perpetual capital securities, net of exchange and tender offers	21, 31	-	-	29,614,110	-	(8,573,591)	-	-	-	-	21,040,519	-	21,040,519
Redemption of senior perpetual capital securities	21, 31	-	-	(40,186,954)	-	(4,852,808)	-	-	-	-	(45,039,762)	-	(45,039,762)
Share issuance costs		-	-	-	-	-	-	-	-	(388,424)	(388,424)	-	(388,424)
Distributions to holders of:	21												
Redeemable perpetual capital securities		-	-	-	-	-	-	-	-	(2,552,418)	(2,552,418)	-	(2,552,418)
Senior perpetual capital securities		-	-	-	-	-	-	-	-	(13,384,463)	(13,384,463)	-	(13,384,463)
As at December 31, 2024		P2,823,604	P48,081,781	P151,194,865	P145,979,113	(P17,253,511)	P935,708	(P67,096)	P -	P26,387,315	P358,081,779	P943,400	P359,025,179
Forward													

Forward

Equity Attributable to Equity Holders of Parent Company												
Note	Capital Stock	Additional Paid-in Capital	Senior Perpetual Capital Securities	Redeemable Perpetual Capital Securities	Equity Reserves				Retained Earnings	Total	Non-controlling Interests	Total Equity
					Equity Reserves	Translation Reserves	Reserve for Retirement Plan	Hedging Reserve				
As at January 1, 2023	P1,250,004	P2,490,000	P161,767,709	P51,934,069	(P2,378,421)	P917,966	(P67,266)	(P31,229)	P35,526,185	P251,409,017	P907,542	P252,316,559
Net income (loss)	-	-	-	-	-	-	-	-	9,905,416	9,905,416	(2,430)	9,902,986
Other comprehensive income (loss) - net of tax	20, 30	-	-	-	-	(3,008)	(39,734)	31,229	-	(11,513)	-	(11,513)
Total comprehensive income (loss)	-	-	-	-	-	(3,008)	(39,734)	31,229	9,905,416	9,893,903	(2,430)	9,891,473
Issuance of redeemable perpetual securities	21, 31	-	-	70,832,760	-	-	-	-	-	70,832,760	-	70,832,760
Issuance of capital stock	21, 31	1,573,600	45,591,781	-	-	-	-	-	-	47,165,381	-	47,165,381
Share issuance costs	-	-	-	-	-	-	-	-	(29,200)	(29,200)	-	(29,200)
Purchase of redeemable perpetual securities issued	21, 31	-	-	(20,220,004)	(1,448,691)	-	-	-	-	(21,668,695)	-	(21,668,695)
Distributions to senior perpetual capital securities	21	-	-	-	-	-	-	-	(15,035,073)	(15,035,073)	-	(15,035,073)
As at December 31, 2023	P2,823,604	P48,081,781	P161,767,709	P102,546,825	(P3,827,112)	P914,968	(P107,000)	P -	P30,367,328	P342,588,093	P905,112	P343,473,205

See Notes to Consolidated Financial Statements.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(In Thousands)

	<i>Note</i>	2025	2024	2023
CASH FLOWS FROM				
OPERATING ACTIVITIES				
Income before income tax		P53,496,363	P17,599,535	P15,063,192
Adjustments for:				
Interest expense and other financing charges	6, 16, 18	24,873,369	20,651,404	18,442,976
Depreciation and amortization	6, 12, 13, 14, 23, 24	16,306,548	14,172,868	12,316,676
Impairment losses on trade receivables	8, 24	1,904,091	2,145,703	60,714
Unrealized foreign exchange losses (gains) - net		148,022	3,373,457	(2,951,651)
Retirement benefits costs	20	134,647	136,334	122,286
Impairment losses on property, plant and equipment	12, 25	34,991	34,991	34,991
Loss on retirement of property, plant and equipment	23	-	-	63,435
Reversal of impairment losses on trade receivables	8, 24	-	(5,081)	(107,363)
Gain on sale of investment property	15	(332,411)	-	-
Dividend income	11, 25	(501,427)	-	-
Interest income	7, 8, 19, 20	(4,300,625)	(832,673)	(749,339)
Equity in net losses (earnings) of associates and joint ventures	11	(9,314,168)	(505,575)	272,092
Gain on fair valuation of investments	11, 25	(21,933,046)	-	-
Operating income before working capital changes		60,516,354	56,770,963	42,568,009
Decrease (increase) in:				
Trade and other receivables - net	8	23,864,985	(2,350,464)	(11,324,029)
Inventories	9	(1,963,856)	3,468,659	(8,914)
Prepaid expenses and other current assets	10	(8,832,608)	(3,079,328)	(5,153,650)
Increase (decrease) in:				
Accounts payable and accrued expenses	17	(3,533,470)	20,849,278	9,768,715
Other noncurrent liabilities		491,302	(702,546)	(1,418,915)
Cash generated from operations		70,542,707	74,956,562	34,431,216
Interest income received		4,171,562	1,256,638	674,539
Income taxes paid		(1,029,254)	(912,698)	(678,781)
Interest expense and other financing charges paid		(25,322,144)	(20,967,956)	(18,174,796)
Net cash flows provided by operating activities		48,362,871	54,332,546	16,252,178

Forward

	Note	2025	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from redemption of preferred shares	11	P78,717,390	P -	P -
Proceeds from installment sale of properties	15, 19	2,853,807	1,232,903	1,232,903
Dividends received	11	856,449	-	-
Cash from newly acquired subsidiaries, net		-	-	120,664
Additions to investment property	15	(4,558)	(427,371)	(36,942)
Additions to intangible assets	6, 14	(28,709)	(140,029)	(56,971)
Increase in other noncurrent assets	15	(1,057,897)	(1,702,791)	(3,546,781)
Return of proceeds from investment property sale	15, 19	(2,852,182)	-	-
Advances paid to suppliers and contractors	15	(4,308,056)	(1,689,547)	(7,307,078)
Cash of deconsolidated subsidiaries	11	(5,678,579)	-	-
Additions to property, plant and equipment	12	(21,638,252)	(35,093,022)	(36,178,975)
Additions to investments and advances	11	(23,262,763)	(8,432,636)	(4,182,237)
Net cash flows provided by (used in) investing activities		23,596,650	(46,252,493)	(49,955,417)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Short-term borrowings	16, 31	186,000,000	165,147,050	95,322,000
Long-term debts	18, 31	33,086,427	71,506,000	51,977,500
Proceeds from issuances of:				
Capital stock	21, 31	58,775,637	-	47,165,381
Senior perpetual capital securities net of exchange and tender offers	21, 31	21,891,720	21,040,519	-
Redeemable perpetual capital securities	21, 31	-	43,432,288	70,832,760
Payments of:				
Share issuance costs		(11,681)	(388,424)	(29,200)
Lease liabilities	6, 31	(9,535,848)	(18,298,212)	(19,314,572)
Long-term debts	18, 31	(28,554,154)	(55,615,121)	(64,362,371)
Short-term borrowings	16, 31	(189,412,300)	(137,512,000)	(102,586,000)
Distributions paid to holders of:				
Senior perpetual capital securities	21	(15,903,939)	(13,384,463)	(15,035,073)
Redeemable perpetual capital securities	21	(21,363,061)	(2,552,418)	-

Forward

	Note	2025	2024	2023
Redemptions of:				
Senior perpetual capital securities	21, 31	(P15,775,054)	(P45,039,762)	P -
Redeemable perpetual capital securities	21, 31	(58,856,693)	-	-
Purchase of redeemable perpetual capital securities	21, 31	-	-	(21,668,695)
Net cash flows provided by (used in) financing activities		(39,658,946)	28,335,457	42,301,730
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		1,330,384	(207,541)	334,715
NET INCREASE IN CASH AND CASH EQUIVALENTS		33,630,959	36,207,969	8,933,206
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		67,867,411	31,659,442	22,726,236
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	P101,498,370	P67,867,411	P31,659,442

See Notes to Consolidated Financial Statements.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except Per Share Data and Number of Shares)

1. Reporting Entity

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

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

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

The Parent Company’s registered office address is located at No. 40 San Miguel Avenue, Wack-Wack Greenhills 1550, City of Mandaluyong, Second District, National Capital Region.

2. Basis of Preparation

Statement of Compliance

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

The consolidated financial statements were approved and authorized for issue in accordance with a resolution by the BOD on March 11, 2026.

Basis of Measurement

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

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

Functional and Presentation Currency

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

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries. The subsidiaries are incorporated in the Philippines and registered with the Philippine SEC. The major subsidiaries include the following:

	Percentage of Ownership	
	2025	2024
<i>Power Generation</i>		
Sual Power Inc. (SPI)	100	100
San Roque Hydropower Inc. (SRHI)	100	100
Limay Power Inc. (LPI) ^(a)	100	100
Malita Power Inc. (MPI) ^(b)	100	100
PowerOne Ventures Energy Inc. (PVEI) ^(c)	100	100
Prime Electric Generation Corporation (PEGC) ^(d)	100	100
Oceantech Power Generation Corporation (OPGC)	100	100
Masinloc Power Co. Ltd. (MPCL) ^(e)	100	100
Power Ventures Generation Corporation (PVGC) ^{(d) (e)}	100	100
Mariveles Power Generation Corporation (MPGC) ^(f)	96	95
SMC Global Light and Power Corp. (SGLPC)	100	100
<i>Retail and Other Power-related Services</i>		
SMGP BESS Power Inc. (SMGP BESS) ^(g)	100	100
SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan) ^(h)	100	100
SMC Power Generation Corp. (SPGC) ⁽ⁱ⁾	100	100

(a) Owner of the 4 x 150 megawatts (MW) Circulating Fluidized Bed (CFB) coal-fired power plant in Limay, Bataan (Phase I and II Limay Greenfield Power Plant).

(b) Owner of the 2 x 150 MW CFB coal-fired power plant in Malita, Davao (Davao Greenfield Power Plant).

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

(d) The Parent Company owns 50% interests in Isabel Ancillary Services Co. Ltd. (IASCO) through PVGC, which has a 49.31% limited partnership interest in IASCO, and through PEGC, which has a 50% equity interest in Isabel AS Holdings Corp. (Isabel AS), the sole general partner which owns 1.38% partnership interest in IASCO. IASCO operates the 70 MW Modular Engine Power Plant in Isabel, Leyte (see Note 11).

(e) Co-owned by the Parent Company with its subsidiaries, SMCGP Masinloc Power Company Limited (MaPoCo) and PVGC, and owner of the Masinloc Power Plant (see Notes 11 and 12).

Forward

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- (f) Owner of the 4 x 150 MW CFB coal-fired power plant in Mariveles, Bataan (Mariveles Greenfield Power Plant) (see Note 12). The Parent Company subscribed to the increase in authorized capital stock of MPGC in October 2025, thereby increasing its ownership interest from 94.55% to 95.51%. Non-controlling interests represent the 4.31% and 0.18% held by Meralco PowerGen Corporation (MGen) and by Zygnat Prime Holdings, Inc. (Zygnat), respectively.
 - (g) Owner of various battery energy storage system (BESS) facilities in the country (see Note 12).
 - (h) Indirectly owned by the Parent Company, through its wholly-owned subsidiaries PEGC and OPGC, and owner of the BESS facility in Kabankalan, Negros Occidental (see Note 12).
 - (i) SPGC owns 35% of the outstanding capital stock of Olongapo Electricity Distribution Company, Inc., (OEDC) as an associate (see Note 11).

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

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

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

If the Group loses control of a subsidiary, the Group, at the date when control is lost: (a) derecognizes the carrying amounts of assets and liabilities of the former subsidiary from the consolidated statement of financial position, (b) recognizes any investment retained in the former subsidiary at its remeasured fair value which shall be regarded as the fair value on initial recognition of a financial asset in accordance with PFRS 9, *Financial Instruments*, or the cost on initial recognition of an investment in associate or joint venture, if applicable, and (c) recognizes any resulting difference as a gain or loss associated with the loss of control attributable to the former controlling interest in the consolidated statement of income.

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

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

Non-controlling interests include the interests not held by the Parent Company in MPGC as at December 31, 2025 and 2024.

3. Material Accounting Policy Information

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

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

Adoption of Amendments to Standards

The Group has adopted the Lack of Exchangeability (Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates*) effective January 1, 2025. The amendments clarify that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When a currency is not exchangeable, an entity estimates a spot rate that reflects 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, and an entity can use an observable exchange rate without adjustment or another estimation technique.

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

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

New and Amendments to Standards Not Yet Adopted

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2025, and have not been applied in preparing the consolidated financial statements.

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

- Disclosures about Uncertainties in the Financial Statements (Amendments to Illustrative Examples on PFRS 7, *Financial Instruments: Disclosures*, PFRS 18, *Presentation and Disclosure in Financial Statements*, PAS 1, *Presentation of Financial Statements*, PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, PAS 36, *Impairment of Assets* and PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*). The amendments provide illustrative examples demonstrating how entities can apply PFRS Accounting Standards when reporting the effects of uncertainties in their financial statements. The examples use climate-related scenarios as practical illustrations, but the underlying principles apply more broadly to all uncertainties.

The illustrative examples are not an integral part of the PFRS Accounting Standards and do not have an effective date or transition requirements. Entities are expected to consider these examples in applying the disclosure requirements of the relevant standards on a timely basis.

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

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

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

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

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

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

- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to five standards, of which the following amendments are relevant to the Group:
 - Gain or Loss on Derecognition (Amendments to PFRS 7). The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13, *Fair Value Measurement*.
 - Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9). The amendments:
 - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in statement of income; and

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

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

- PFRS 18 replaces PAS 1. The new standard introduces the following key requirements:
 - entities are required to classify all income and expenses into five categories in the statement of income: operating, investing, financing, income tax, and discontinued operations. Subtotals and totals are presented in the statement of income for operating profit or loss, profit or loss before financing and income taxes, and profit or loss;
 - management-defined performance measures (MPM) are disclosed in a single note to the financial statements; and
 - enhanced guidance is provided on how to group information in the financial statements.

Consequential amendments to PAS 7, *Statement of Cash Flows*, require the use of the operating profit or loss subtotal as the starting point when presenting operating cash flows under the indirect method and eliminate the options for classifying interest and dividend cash flows.

PFRS 18 also amends PAS 33 *Earnings per Share* to permit companies to disclose additional amounts per share using as numerator a required income and expenses total or subtotal, a common subtotal listed in PFRS 18 or an MPM disclosed by the entity.

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

The Group continues to assess the impact of the above new and amendments to standards effective subsequent to 2025 on the consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

Current versus Noncurrent Classification

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

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

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

Financial Instruments

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

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

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

Financial Assets

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

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

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

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

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

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

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

Financial Assets at FVOCI. Upon initial recognition, the Group may make an irrevocable election to classify its equity investments as equity instruments designated at FVOCI when they meet the definition of an equity instrument under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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

Dividends earned on holding an investment in equity instrument are recognized as dividend income in the consolidated statements of income when the right to receive the payment has been established unless the dividend clearly represents a recovery of the part of the cost of the investment. When investment in equity instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the consolidated statements of changes in equity are never reclassified to the consolidated statements of income, however, the accumulated gains or losses may be reclassified within equity on a per financial instrument basis upon derecognition. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify its investments in quoted and unquoted shares under this category as at December 31, 2025 (see Notes 11, 29 and 30).

Financial Liabilities

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

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

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

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

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

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

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

Derecognition of Financial Assets and Financial Liabilities

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

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

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

Impairment of Financial Assets

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

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

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

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

The Group recognizes lifetime ECLs for receivables that do not contain significant financing component. The Group uses provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment. Receivables from counterparties are also subjected to an individual assessment to determine whether specific impairment should be recognized.

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

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

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

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

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

Classification of Financial Instruments between Liability and Equity

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

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

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

Derivative Financial Instruments

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

Freestanding Derivatives

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

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

Inventories

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

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

Prepaid Expenses and Other Current Assets

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

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

Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at the acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included as part of "Selling and administrative expenses" account in the consolidated statements of income.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair value and any resulting gain or loss is recognized in the consolidated statements of income.

The Group measures goodwill at the acquisition date as: a) the fair value of the consideration transferred; plus b) the recognized amount of any non-controlling interests in the acquiree; plus c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statements of income. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated statements of income. Costs related to the acquisition, other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the consolidated statements of income.

Investments in Shares of Stock of Associates and Joint Ventures

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

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

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

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

Property, Plant and Equipment

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

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

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

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

	Number of Years
Power plants	5 - 42
Leasehold improvements	5 - 25 or term of the lease, whichever is shorter
Other equipment	2 - 40
Building	5 - 50

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

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

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

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

Leases

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

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

Group as Lessee

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

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

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

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

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

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

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

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

Group as Lessor

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

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

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

If an arrangement contains lease and non-lease components, the Group applies PFRS 15, to allocate the consideration in the contract.

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

Intangible Assets

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

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

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

Amortization is computed using the straight-line method over the estimated useful life of intangible assets with finite life of 3 years.

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

Investment Property

Investment property consist of properties held to earn rentals and/or for capital appreciation but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment properties, except for land, are measured at cost including transaction costs less accumulated depreciation and any accumulated impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Land is stated at cost less any impairment in value.

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

Depreciation is computed using the straight-line method over the estimated useful life of right-of-use assets with 25 years.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement and disposal of investment property are recognized in the statements of income in the period of retirement and disposal.

Transfers are made to investment property when, and only when, there is an actual change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property, the cost of property for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Impairment of Non-financial Assets

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

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

Fair Value Measurements

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

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

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

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

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

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

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

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

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

Provisions

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

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

Capital Stock and Additional Paid-in Capital

Common Shares

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

Additional Paid-in Capital

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

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

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

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

Equity Reserves

Equity reserves include mainly the effects of: (i) transactions with holders of the Parent Company's SPCS and RPCS and with non-controlling interests and equity adjustments arising from group restructuring transactions, (ii) changes in the fair value of an investment in equity instrument presented in other comprehensive income, and (iii) re-measurements of net defined benefit retirement liability or asset comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest).

Retained Earnings

Retained earnings represent the accumulated net income or losses, including any accumulated gains or losses that were reclassified from equity reserves upon the derecognition of related investments in equity instruments designated as financial assets at FVOCI, net of any dividend distributions and other capital adjustments. Appropriated retained earnings represent that portion which is restricted and therefore not available for any dividend declaration.

Revenues

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

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

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

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

Sale of Power

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

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

Revenue from Other Services

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

Other Income

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

Costs and Expenses

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

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

Borrowing Costs

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

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

Employee Benefits

Short-term Employee Benefits

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

Retirement Benefits Costs

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

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

Defined benefits costs comprise the following:

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

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

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

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

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

Foreign Currency Transactions

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

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

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

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

Taxes

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

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

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

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

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

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

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

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

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

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

Related Parties

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

Basic and Diluted Earnings (Loss) Per Common Share

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

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

Operating Segments

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

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

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

Contingencies

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

Events After the Reporting Date

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

4. Use of Judgments, Estimates and Assumptions

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

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

Judgments

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

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

The Independent Power Producer Administration (IPPA) Agreements with the Power Sector Assets and Liabilities Management Corporation (PSALM) provide the Group with a right to receive a transfer of the power plant upon termination of the IPPA Agreement at the end of the cooperation period or in case of buy-out.

MPCL also entered into a lease agreement with PSALM for the lease of land where a portion of the Masinloc Power Plant is situated.

The Group's management has exercised its judgment that these agreements with PSALM contain a lease and that it has substantially acquired all the risks and rewards incidental to the ownership of the power plants and land. Accordingly, the Group recognized the power plants, land and finance lease liabilities at the present value of the agreed payments to PSALM (see Notes 6 and 13).

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

Rent income recognized in the consolidated statements of income amounted to P192,341, P98,050 and P83,640 in 2025, 2024 and 2023, respectively (see Note 6).

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

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

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

The Group's lease liabilities amounted to P29,700,875 and P31,405,266 as at December 31, 2025 and 2024, respectively (see Notes 6, 19, 29, 30, 31).

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

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

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

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

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

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

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

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

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

Estimates and Assumptions

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

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

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

Impairment losses recognized on trade and other receivables relate to specific customer accounts based on management's assessment of their current financial condition and ability to settle obligations as of each reporting date.

In 2025 and 2024, the Group recognized impairment losses on trade and other receivables amounting to P1,904,091 and P2,145,703, respectively (see Notes 8 and 24). The allowance for impairment losses on trade and other receivables amounted to P6,366,364 and P4,867,019 as at December 31, 2025 and 2024, respectively (see Notes 8 and 29). The carrying amount of trade and other receivables amounted to P90,816,430 and P115,884,031 as at December 31, 2025 and 2024, respectively (see Notes 8, 29 and 30).

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

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

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

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

The Group has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no additional provision for ECL on other financial assets at amortized cost was recognized in 2025 and 2024.

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

	Note	2025	2024
Cash and cash equivalents (excluding cash on hand)	7	P101,496,244	P67,864,985
Long-term receivables	15	2,571,243	9,035,675
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	10, 15	15,324,737	8,495,006
	29, 30	P119,392,224	P85,395,666

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

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

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

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

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

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

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

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

The Group assessed that no write-down of inventories to net realizable value is necessary as at December 31, 2025 and 2024.

The carrying amounts of inventories amounted to P11,695,864 and P14,326,383 as at December 31, 2025 and 2024, respectively (see Note 9).

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

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

Property, plant and equipment, net of accumulated depreciation, amounted to P375,583,165 and P459,785,776 as at December 31, 2025 and 2024, respectively. Accumulated depreciation of property, plant and equipment amounted to P57,177,372 and P46,997,446 as at December 31, 2025 and 2024, respectively (see Note 12).

Right-of-use assets, net of accumulated depreciation and amortization, amounted to P47,278,979 and P42,123,333 as at December 31, 2025 and 2024, respectively. Accumulated depreciation and amortization of right-of-use assets amounted to P8,671,059 and P7,603,913 as at December 31, 2025 and 2024, respectively (see Note 13).

Investment property, net of accumulated depreciation, amounted to P10,812,639 and P4,347,628 as at December 31, 2025 and 2024, respectively. Accumulated depreciation of investment property amounted to P268,354 and nil as at December 31, 2025 and 2024, respectively (see Note 15).

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

Intangible assets with finite useful lives, such as computer software and licenses, and others, net of accumulated amortization, amounted to P261,616 and P1,782,856 as at December 31, 2025 and 2024, respectively. Accumulated amortization of computer software and licenses, and others amounted to P548,687 and P636,842 as at December 31, 2025 and 2024, respectively (see Note 14).

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

The recoverable amount of goodwill arising from the acquisition of SMCGP Masin Pte. Ltd., SMCGP Transpower Pte. Ltd. (SMCGP Transpower) and SMCGP Philippines Inc. (collectively referred to as Masinloc Group) in 2018, has been determined based on the value in use using discounted cash flows. Assumptions used in the discounted cash flows include discount rates of 10.7% in 2025, 10.4% in 2024, and 10.5% in 2023, and terminal growth rates of 2.8% in 2025, 3.2% in 2024, and 3.0% in 2023 (see Note 14).

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

No impairment loss was recognized in 2025, 2024 and 2023 in relation to the goodwill arising from the acquisition of the Masinloc Group, which accounts for almost 100% of the goodwill in the consolidated statements of financial position as at December 31, 2025 and 2024.

The carrying amount of goodwill amounted to P69,953,222 as at December 31, 2025 and 2024 (see Note 14).

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

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

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

The carrying amount of goodwill arising from business combinations amounted to P69,953,222 as at December 31, 2025, and 2024 (see Note 14).

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

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

Deferred income tax assets from temporary differences amounted to P1,584,049 and P1,353,752 as at December 31, 2025 and 2024, respectively (see Note 26).

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

Accumulated impairment losses on property, plant and equipment amounted to P314,938 and P279,947 as at December 31, 2025 and 2024, respectively (see Note 12).

The combined carrying amounts of investments and advances (excluding investments in equity securities), property, plant and equipment, right-of-use assets, intangible assets with finite useful lives, and investment property (presented under "Other noncurrent assets" account) amounted to P522,689,304 and P527,655,233 at December 31, 2025 and 2024, respectively (see Notes 11, 12, 13, 14 and 15).

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

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

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

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

The present value of defined benefits retirement obligation amounted to P842,383 and P694,780 as at December 31, 2025 and 2024, respectively (see Note 20).

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

The Group's ARO, presented under "Other noncurrent liabilities" account in the consolidated statements of financial position, amounted to P1,248,525 and P667,805 as at December 31, 2025 and 2024, respectively.

5. Segment Information

Operating Segments

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

Segment Assets and Liabilities

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

Inter-segment Transactions

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

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

Major Customers

The Group sells, retails and distributes power, through power supply agreements (PSAs), retail supply contracts (RSCs), ancillary service procurement agreements (ASPA) and other power-related service agreements (see Note 6), either directly to customers (other generators, distribution utilities [DUs], including Manila Electric Company [Meralco], electric cooperatives, industrial customers and National Grid Corporation of the Philippines [NGCP]) or through the Philippine Wholesale Electricity Spot Market (WESM). Sale of power to external customers that represents more than 10% of the Group's total revenues, is as follows:

	Note	2025	2024	2023
Meralco		P51,580,250	P91,443,650	P70,420,268
WESM		34,729,946	36,253,811	24,054,007
	22	P86,310,196	P127,697,461	P94,474,275

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

Operating Segments

Financial information about reportable segments follows:

For the Years Ended December 31												
	Power Generation						Retail and Other					
	2025		2024		2023		2025		2024		2023	
Revenues												
External	P111,268,410	P168,629,230	P145,190,801	P44,634,172	P35,261,929	P23,973,021	P1,315,008	P1,199,957	P426,415	P -	P -	P -
Inter-segment	21,690,873	26,605,883	38,012,203	47,913	-	-	2,116,832	2,054,227	1,783,533	(23,855,618)	(28,660,110)	(39,795,736)
	132,949,283	195,235,113	183,203,004	44,682,085	35,261,929	23,973,021	3,431,840	3,254,184	2,209,948	(23,855,618)	(28,660,110)	(39,795,736)
Costs and Expenses												
Cost of power sold	98,725,769	154,192,639	149,771,305	24,890,528	25,421,698	18,853,044	2,982,519	2,643,693	1,268,522	(23,711,596)	(27,573,741)	(38,901,179)
Selling and administrative expenses	6,720,209	9,143,239	4,775,626	4,417,520	1,802,784	1,173,026	1,191,420	911,582	1,668,315	(1,446,254)	(1,908,016)	(1,544,535)
	105,445,968	163,335,878	154,546,931	29,308,048	27,224,482	20,026,070	4,173,939	3,555,275	2,936,837	(25,157,850)	(29,481,757)	(40,445,714)
Other Operating income	-	-	-	-	-	-	-	-	-	-	-	332,411
Segment Result												
Interest expense and other financing charges	P27,503,315	P31,899,235	P28,656,073	P15,374,037	P8,037,447	P3,946,951	(P409,688)	(P301,091)	(P726,889)	1,302,232	P821,647	P649,978
Interest income	-	-	-	-	-	-	-	-	-	-	-	-
Equity in net earnings (losses) of associates and joint ventures - net	-	-	-	-	-	-	-	-	-	-	-	-
Other income (charges) - net	-	-	-	-	-	-	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-
Consolidated Net Income												
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As at and For the Years Ended December 31

As at and For the Years Ended December 31												
	Power Generation			Retail and Other			Eliminations			Consolidated		
	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023
Other information												
Segment assets	P557,595,549	P716,667,127	P82,193,061	P94,812,527	P82,193,061	P277,474,883	P259,941,743	(P225,886,503)	(P269,914,823)	P703,996,456	P788,887,108	
Investments and advances - net	7,470,084	7,251,335	256,211	262,400	256,211	352,670,128	284,502,022	(244,577,323)	(272,113,981)	115,825,289	19,995,587	
Goodwill and other intangible assets - net										70,214,838	71,736,078	
Deferred income tax assets										1,584,049	1,353,752	
Consolidated Total Assets	P326,146,503	P409,354,613	P31,680,751	P37,805,499	P31,680,751	P58,599,785	P83,456,792	(P254,163,304)	(P303,640,702)	P168,388,483	P220,851,454	
Segment liabilities										285,135,641	277,937,891	
Long-term debt - net										139,824	79,614	
Income tax payable										17,223,128	23,978,387	
Deferred income tax liabilities												
Consolidated Total Liabilities										P470,887,076	P522,847,346	
Capital expenditures	P22,509,510	P47,246,555	P11,341,437	P1,457,580	P11,341,437	P191,900	P119,262	(P59,256)	(P5,370,685)	P24,099,734	P53,336,569	
Coal, fuel oil and other consumables	45,257,355	92,265,094	9,498,823	8,476,894	9,498,823	-	5	-	-	53,734,249	101,763,922	
Power purchases	35,157,765	45,622,234	10,639,701	9,789,144	10,639,701	-	-	(21,689,949)	(26,597,361)	23,256,960	29,664,574	
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets	11,751,164	10,803,126	3,166,256	3,754,609	3,166,256	279,861	243,229	520,912	(39,743)	16,306,546	14,172,868	
Noncash items other than depreciation and amortization	(30,108,821)	5,475,625	(133,165)	1,984,203	(133,165)	(900,844)	(162,631)	-	-	(29,025,462)	5,179,829	

*Noncash items other than depreciation and amortization include gain on fair valuation of investments, equity in net losses (earnings) of associates and joint ventures, impairment losses on trade receivables and property, plant and equipment, net unrealized foreign exchange losses (gains), and retirement benefits costs.

6. Significant Agreements and Lease Commitments

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

As a result of the biddings conducted by PSALM for the appointment of the IPP Administrator for the capacity of the following power plants, the Group was declared the winning bidder to act as IPP Administrator through the following appointed subsidiaries:

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

South Premiere Power Corp. (SPPC) also became the IPP Administrator for the Ilijan Power Plant, a natural gas-fired combined cycle power plant located in Ilijan, Batangas, in June 2010 until the Ilijan Power Plant was turned over to SPPC upon the expiration of the Ilijan IPPA Agreement in June 2022.

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

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

- i. the right and obligation to manage and control the capacity of the power plant for its own account and at its own cost and risks;
- ii. the right to trade, sell or otherwise deal with the capacity (whether pursuant to the spot market, bilateral contracts with third parties or otherwise) and contract for or offer related ancillary services, in all cases for its own account and at its own cost and risks. Such rights shall carry the rights to receive revenues arising from such activities without obligation to account therefore to PSALM or any third party;
- iii. the right to receive a transfer of the power plant upon termination of the IPPA Agreement at the end of the cooperation period or in case of buy-out;
- iv. previously for SPI, the right to receive an assignment of NPC's interest in existing short-term bilateral power supply contracts and 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;
- v. maintain the performance bond in full force and effect with a qualified bank; and
- vi. the obligation to pay PSALM the monthly payments and energy fees in respect of all electricity generated from the capacity, net of outages.

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

Pursuant to the IPPA Agreements, SRHI has to pay PSALM monthly payments for 18 years until April 26, 2028 and SPI for 15 years until October 1, 2024. Energy fees amounted to P1,722,853, P1,574,006 and P1,640,693 in 2025, 2024 and 2023, respectively (see Note 23). SRHI renewed its performance bonds amounting to US\$20,305 which will expire on January 25, 2027.

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

The discount determined at inception of the agreement is amortized over the period of the IPPA Agreement and recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income. Interest expense amounted to P800,757, P1,346,972, and P2,421,465 in 2025, 2024 and 2023, respectively.

The power plants under the IPPA lease arrangements with PSALM, presented under "Right-of-use assets" account in the consolidated statements of financial position, amounted to P27,436,920 and P28,440,709 as at December 31, 2025 and 2024, respectively (see Note 13).

Maturity analysis of lease payments as at December 31, 2025 and 2024 are disclosed in Note 29.

b. Market Participation Agreements (MPA)

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

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

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

Under the WESM Rules, the cost of administering and operating the WESM shall be recovered through a charge imposed on all WESM members or transactions, as approved by the ERC. Market fees charged by IEMOP to the relevant subsidiaries, recognized as part of “Plant operations and maintenance, and other fees” under “Cost of power sold” account in the consolidated statements of income, amounted to P1,248,923, P1,102,372 and P372,095 in 2025, 2024 and 2023, respectively (see Note 23).

MPCL and LPI each has a guarantee, in the form of surety bond or standby letter of credit, to secure the full and prompt performance of obligations for its transactions as a Direct Member and trading participant in the WESM, which is valid until July 21, 2026 and October 24, 2026, respectively.

c. PSAs and RSCs

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

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

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

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

SPI, SPPC, SRHI, MPI, LPI, MPCL and MPGC can also purchase power from WESM or other power generation companies during periods when power generated from the power plants is not sufficient to meet the customers’ power requirements. Power purchases amounted to P23,256,960, P29,664,574 and P25,249,742 in 2025, 2024 and 2023, respectively (see Note 23).

The Group regularly participates in competitive selection process (CSPs) to contract its capacity. In a CSP conducted by Meralco on January 5 and January 23, 2024, EERI, MPGC and SPPC emerged as winning bidders for the supply of 2,700 MW out of the 3,000 MW power requirement of Meralco with 1,200 MW, 300 MW and 1,200 MW in offered capacities, respectively, for a term of 15 years. With the issuance by the ERC of a Notice of Resolution on December 10, 2024 providing for the approval of the PSA of EERI, Unit 1 and Unit 2 of the Batangas Combined Cycle Power Plant (BCCPP) were declared operational in December 2024 and January 2025, respectively, for the supply of 400 MW each to Meralco. SPPC on the other hand, commenced supply to Meralco in June 2024. The PSA of MPGC with Meralco commenced in June 2025 after securing the approval of ERC.

On March 20, 2024, LPI also executed a PSA with Meralco, pursuant to a CSP conducted on February 26, 2024, for an interim supply of 400 MW baseload power requirement which took effect starting in August 2024 until February 2025.

On July 31, 2024, Meralco awarded in favor of SRHI a PSA for the supply of 340 MW (net) renewable energy mid-merit supply capacity to be sourced from the San Roque Hydroelectric Power Plant for a term of 10 years which commenced in September 2025.

In another CSP conducted by Meralco on August 28, 2024, MPCL emerged as the winning bidder to supply 500 MW out of the 600 MW baseload power requirement of Meralco for a term of 15 years. The PSA commenced in August 2025.

Retail sales to contestable customers, recognized as part of “Revenues” account in the consolidated statements of income, amounted to P26,271,126, P25,712,433 and P21,047,120 in 2025, 2024 and 2023, respectively (see Notes 5 and 22).

d. ASPA

- i. On May 2, 2023, MPCL entered into an ASPA with NGCP for a period of 5 years to allocate the 8 MWh capacity of the Masinloc Phase 1 BESS as contingency reserve. On August 15, 2023, the ERC granted provisional authority to MPCL for the implementation of the ASPA which commenced on September 9, 2023.
- ii. On May 6, 2021, SMGP Kabankalan entered into an ASPA with NGCP for a period of 5 years commencing on January 26, 2022, allocating its 20 MWh Kabankalan 1 BESS to provide ancillary services to the Visayas grid based on the Provisional Authority granted by the ERC (see Note 12).
- iii. On May 2, 2023, SMGP BESS entered into several ASPAs with NGCP for its 330 MWh BESS located in various sites nationwide, to provide ancillary services for a period of 5 years, of which 220 MWh and 110 MWh commenced operations in 2023 and March 2024, respectively, following the Provisional Authority granted by the ERC for the implementation of the relevant ASPA.

Revenue from ancillary services of MPCL, SMGP Kabankalan and SMGP BESS, recognized as part of “Revenues” account in the consolidated statements of income, amounted to P5,819,989, P8,071,539 and P2,852,341 in 2025, 2024 and 2023, respectively (see Notes 5 and 22).

e. Coal Supply Agreements

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

f. LNG Supply Agreements

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

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

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

h. Distribution Wheeling Service (DWS) Agreements

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

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

i. Agreement for the use of LNG Terminal

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

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

j. Lease Agreements

Group as Lessee

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

i. Land Lease Agreement with PSALM

SPPC

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

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

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

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

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

SPI

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

The total lease charges, covering the entire leased premises and whole duration of the lease term, was fully paid in advance by SPI in October 2024 and in March 2025 for P277,048 and P6,459,228, respectively.

MPCL

MPCL has an existing lease agreement with PSALM covering certain parcels of land, with an area 183,747 square meters, located in Barangay Bani, Masinloc, Zambales. The lease agreement includes an assignable option in favor of MPCL to purchase the leased premises and will expire on April 11, 2028.

- ii. In November 2015, LPI leased parcels of land from New Ventures Realty Corporation (NVRC), an entity under common control, for its Phase I Limay Greenfield Power Plant and ash dump facility. This is covered by two lease agreements, each having an initial term of 25 years with an option to renew further for 25 years. The agreements contain a clause allowing annual escalation adjustments of rental rates starting on certain anniversary dates.
- iii. On December 7, 2015, Lumiere Energy Technologies Inc. (LETI), a wholly-owned subsidiary, leased a parcel of land from NVRC for its Phase II Limay Greenfield Power Plant for a period of 25 years from the effective date with an option to renew this lease for another 25 years. The rent shall be increased annually by 6.0% starting from the second anniversary of the lease execution. The lease agreement was assigned to LPI pursuant to the sale of the Phase II Limay Greenfield Power Plant on June 22, 2017.
- iv. In 2016, MPI entered into an agreement with Kyron Landholdings Inc. (KLI), an entity under common control, for the sublease of a parcel of land for its Davao Greenfield Power Plant. The initial term of the sublease is for a period of 25 years with the option to renew further for 25 years. Beginning January 1, 2018 until the end of the term, the rental shall be increased by 5.1% per annum. In 2020, an amendment was made to the agreement reducing the parcel of land to 919,820 square meters. In 2024, such agreement was deemed terminated following the acquisition by MPI of the subleased parcel of land (see Note 25).

- v. On December 13, 2017, LPI leased a foreshore area aggregating to 465,967 square meters from the Department of Environment and Natural Resources (DENR) for its pier and jetty facility. The lease is for a period of 25 years with an option to renew for another 25 years. The agreement contains a clause to increase annual rental based on appraised value of land and improvements every 10 years.
- vi. On March 7, 2017, LPI leased a parcel of land with approximate area of 66,000 square meters from PNOG Alternative Fuels Corporation for the construction of auxiliary facilities of the Limay Greenfield Power Plant. The lease is for a period of 25 years with an option to renew for another 25 years. The agreement contains a clause to increase the annual rental by 3% and every 5 years, the amount equivalent to 5% of the re-appraised value shall be the new rental rate.
- vii. On May 5, 2023, February 8, 2023 and October 3, 2018, MPI leased a foreshore area with approximate total area of 81,025 square meters, 18,784 square meters and 68,779 square meters, respectively, from the DENR for its pier and jetty facility. The lease is for a period of 25 years with an option to renew for another 25 years. The agreement contains a clause to increase annual rental based on appraised value of land and improvements every 10 years.
- viii. On December 5, 2019, MPGC leased a total of 1,654,400 square meters of land from E-Fare Investment Holdings Inc. (E-Fare), an entity under common control, for a period of 24 years and 6 months from the effective date with an option to renew this lease for another 25 years. The agreement contains a clause to increase annual rental by 5% starting from the first anniversary of the effective date.

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

On December 2, 2024, MPGC executed a second supplemental agreement with E-Fare reducing the leased area to 622,790 square meters. The agreement includes a clause providing that the monthly rental shall increase by 3% on every third anniversary of the effective date.

On July 15, 2025, MPGC executed a third supplemental agreement with E-Fare revising the start date of increased rental from 3 months to 6 months counted from ERC approval and commencement of supply to Meralco (see Note 25).

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

On December 2, 2024, MPGC executed a supplemental agreement with E-Fare increasing the leased area to 126,213 square meters. The agreement includes a clause providing that the monthly rental shall increase by 3% on every third anniversary of the effective date.

On July 15, 2025, MPGC executed a second supplemental agreement with E-Fare revising the start date of the increased rental from 3 months to 6 months counted from ERC approval and commencement of supply to Meralco.

- x. On December 2, 2024, MPGC leased a total of 6,787,395 square meters of land from E-Fare for a period of 25 years from the effective date with an option to renew this lease for another 25 years. The agreement includes a clause providing that the monthly rental shall increase by 3% on every third anniversary of the effective date. Rental payments started on December 2025.

On July 15, 2025, MPGC executed a supplemental agreement with E-Fare revising the effective date from 3 months to 6 months counted from ERC approval and commencement of supply to Meralco.

- xi. In February 2020, SMGP BESS has entered into an agreement with KLI for the sublease of a parcel of land for its BESS facilities. The initial term of the sublease is for a period of 18 years and 4 months with the option to renew further for 25 years. Beginning January 1, 2021 until the end of the term, the rental shall be increased by 5.1% per annum. This sublease agreement was novated from KLI to MPI in 2025 following the acquisition by MPI of the subleased parcel of land.
- xii. In 2021, EERI leased a total of 390,829 square meters of land for its BCCPP from Ilijan Primeline Industrial Estate Corp. (IPIEC), for a period of 25 years from the effective date with an option to renew further for 25 years. Beginning the fourth anniversary of the effective date, the rental shall be increased by 5% per annum.

In April 2023, the Parent Company acquired 100% ownership interest in IPIEC.

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

In 2024, SMGP BESS reported a gain on lease modification as a result of the decrease in the leased area for various BESS sites (see Note 25).

- xiv. In 2021, MPGC leased a total of 47,772 square meters of land from the Authority of Freeport Area of Bataan (AFAB) for the construction and development of a transmission line for a period of 25 years with an option to renew and extend. The terms of agreement include an option for MPGC to pay the total rental in full for the entire period.
- xv. On March 23, 2022, Grand Planters International, Inc. (GPII), a wholly-owned subsidiary, leased a parcel of land with a total area of 2,321 square meters located in Mandaluyong City, from a third party. The lease term is for a period of 15 years from the effective date with an option to renew further for another 15 years. The rental shall be increased by 5% on the 5th anniversary of the lease agreement and on every 5th year thereafter.

- xvi. On March 14, 2022, SGLPC leased a total of 10,000,000 square meters of land for its solar power plant project in Brgy. San Luis, City of Cauayan, Isabela, from San Miguel Foods, Inc. (SMFI), an entity under common control, for a period of 25 years from the effective date with an option to renew further for 25 years. The rental shall be increased by 5% per annum on each anniversary after the 24-month lease free period and 1 year thereafter.
 - xvii. On January 19, 2022, , SGLPC executed a lease agreement with Ruzena Estates Development Corporation (REDC), an entity under common control, as amended on February 5, 2024, for the lease of a total area of 1,579,969.41 square meters of land for its solar power plant project in Mariveles, Bataan. The lease term is for 25 years, with option to renew further for 25 years, commencing upon receipt by REDC of the AFAB approval on January 13, 2023. The rental shall be increased by 5% per annum on each anniversary.
- On April 1, 2025, SGLPC executed an amendment to the land lease agreement with REDC reducing the leased area to 1,575,744.41 square meters (see Note 25).
- xviii. On June 24, 2025, SGLPC executed a lease agreement with SMFI for the lease of a total area of 2,432,175 square meters of land for its solar power plant project in Brgy. Ibabang Polo, Pagbilao, Quezon, for a period of 27 years from the effective date with an option to renew for further 25 years. The rental shall be increased by 5% per annum on each anniversary after the 24-month lease free period.
 - xix. In 2021, the Parent Company entered into a lease agreement with Mabini Properties, Inc., an entity under common control, for the use of office and parking spaces for a term of 5 years, with an option to renew upon mutual agreement of both parties. The agreement contains a clause to increase annual rental by 3% starting from the first anniversary of the effective date.

The Group's land and office space under lease arrangements, presented under "Right-of-use assets" account in the consolidated statements of financial position, amounted to P19,842,059 and P13,682,624 as at December 31, 2025 and 2024, respectively (see Note 13).

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

SPI and MPCL had short-term lease agreements with Challenger Aero Air Corporation, an entity under common control, for the lease of aircrafts, which expired on December 31, 2025, with an option to renew upon mutual agreement of both parties. Both leases did not qualify under PFRS 16 as these were short-term in nature.

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

Maturity analysis of lease payments as at December 31, 2025 and 2024 are disclosed in Note 29.

Interest expense recognized in the consolidated statements of income amounted to P735,915, P158,838 and P126,698 in 2025, 2024 and 2023, respectively.

Rent expense recognized in the consolidated statements of income amounted to P381,249, P427,657 and P365,651 in 2025, 2024, and 2023, respectively (see Notes 19, 23 and 24).

Total cash outflows relating to the Group's lease liabilities amounted to P11,072,519, P19,804,022 and P21,526,735 in 2025, 2024 and 2023, respectively.

Group as Lessor

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

- i. On June 20, 2017, NVRC assigned the leasehold rights, over its leased property from GPII located in Limay, Bataan with a total area of 130,980 square meters, to Petron Corporation (Petron). On October 25, 2021, GPII and Petron agreed to adjust the existing lease rates and further extend the lease term for another 10 years. Subsequently, the leased area was reduced to 115,233 square meters effective February 12, 2024.
- ii. On April 5, 2021, the IPIEC leased a parcel of land with a total area of 160,079 square meters to LFC, for a period of 25 years from April 5, 2021 to April 1, 2046. On September 22, 2021, both parties executed a supplementary agreement to increase the leased area to 162,915 square meters. On April 5, 2022, both parties executed another supplementary agreement to further increase the leased area to 170,977 square meters.
- iii. On April 10, 2025, SGLPC entered into an agreement with LSI, an entity under joint control by SGLPC and its partner, to sublease the entire property being leased from REDC. The initial term of the sublease is for a period of 25 years with the option to renew for a further 5 years. Beginning January 1, 2026 and every 1st day of each year thereafter, the monthly rental shall be increased by 2.5%.

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

Rent income recognized in the consolidated statements of income amounted to P192,341, P98,050 and P83,640 in 2025, 2024 and 2023, respectively (see Notes 19 and 25).

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

	2025	2024
Within one year	P180,788	P89,733
More than one to five years	727,723	356,095
More than five years	4,414,401	1,433,746
	P5,322,912	P1,879,574

7. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	<i>Note</i>	2025	2024
Cash in banks and on hand		P42,747,132	P27,206,205
Short-term investments		58,751,238	40,661,206
	29, 30	P101,498,370	P67,867,411

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

Interest income from cash and cash equivalents amounted to P3,199,180, P609,733, and P334,862 in 2025, 2024, and 2023, respectively.

8. Trade and Other Receivables

Trade and other receivables consist of:

	<i>Note</i>	2025	2024
Trade		P78,488,797	P101,798,812
Non-trade	<i>11, 15</i>	12,293,775	11,504,874
Amounts owed by related parties	<i>11, 15, 19</i>	6,400,222	7,447,364
	<i>6</i>	97,182,794	120,751,050
Less allowance for impairment losses		6,366,364	4,867,019
	29, 30	P90,816,430	P115,884,031

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

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

	<i>Note</i>	2025	2024
Balance at beginning of year		P4,867,019	P2,665,606
Impairment losses during the year	<i>24</i>	1,904,091	2,145,703
Reversal during the year	<i>24</i>	-	(5,081)
Deconsolidation of subsidiaries and others	<i>11, 25</i>	(404,746)	60,791
Balance at end of year		P6,366,364	P4,867,019

Impairment losses recognized in the consolidated statements of income under "Selling and administrative expenses" account amounted to P1,904,091, P2,145,703, and P60,714 in 2025, 2024 and 2023, respectively (see Note 24). In 2024, certain trade receivables were collected and the related allowance for impairment losses recognized in prior years were reversed accordingly.

Non-trade receivables include the following:

- a. Due from PSALM amounting to US\$60,000 which pertains to SPPC's performance bond pursuant to the Ilijan IPPA Agreement that was drawn by PSALM on September 4, 2015. The validity of PSALM's action was the subject of a case filed by SPPC with the Regional Trial Court (RTC) of Mandaluyong City which was later ruled in favor of SPPC on June 13, 2025. PSALM filed an appeal to this decision before the Court of Appeals which remains pending to date (see Note 32). In January 2025, this receivable from PSALM was transferred by SPPC to the Parent Company pursuant to an agreement executed by both parties (see Note 11).
- b. Receivables recognized by Albay Power and Energy Corp., a wholly-owned subsidiary, from Albay Electric Cooperative, Inc. amounting to P1,641,132 as at December 31, 2025 and 2024, following the termination of the Concession Agreement on November 21, 2022. As at December 31, 2025, the said receivable has been fully provided with allowance.
- c. SPI's receivables recognized for WESM transactions as well as the cost of fuel, market fees and other charges related to the dispatch of the excess capacity of the Sual Power Plant.

On March 5, 2022, SPI entered into a Settlement Agreement with Team (Philippines) Energy Corporation (TPEC) and Team Sual Corporation (TSC) that aimed to resolve all pending disputes on the dispatch of the excess capacity of the Sual Power Plant, including the claims of TPEC and SPI on historic imbalances arising from WESM transactions, cost of fuel, market fees and other charges. Pursuant to said agreement, SPI, TPEC and TSC have agreed to cause the dismissal of all ongoing cases and settle the historic imbalances and the corresponding amounts claimed relative to the excess capacity of the Sual Power Plant (see Note 32) in 5 equal annual installments from 2022 up to 2026.

As at December 31, 2024, the receivables recognized by SPI in accordance with the Settlement Agreement amounted to P1,102,946, with noncurrent portion amounting to P549,128, presented as part of "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).

On February 25, 2025, the parties agreed to fully settle all pending obligations under the Settlement Agreement through the prepayment of the remaining balance of P1,148,948 (inclusive of interest income amounting to P46,002). Such amount was collected in full from TPEC on March 3, 2025.

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

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

As at December 31, 2025 and 2024, the total outstanding receivable from HCML amounting to P343,890, has been fully provided with allowance.

- e. Receivables from a third party amounting to P240,000 as at December 31, 2025 and 2024, for the sale of Strategic Energy Development Inc. (SEDI) in 2022.
- f. LPI made advances for the construction of transmission assets on behalf of NGCP. The reimbursement shall take place after full payment and proper turnover of the transmission assets to NGCP.
- g. The remaining balance mainly pertains to billings for demurrage charges, refundable security deposit for bid purposes, reimbursable charges from third parties, and receivables from customers which will be remitted to the Government upon collection.

9. Inventories

Inventories at cost consist of:

	<i>Note</i>	2025	2024
Materials and supplies		P5,777,103	P5,992,159
Coal	6	5,420,569	5,695,799
Fuel oil	19	269,906	817,604
LNG	6	-	1,585,329
Other consumables		228,286	235,492
		P11,695,864	P14,326,383

There were no inventory write-downs to net realizable value in 2025, 2024 and 2023. Inventories charged to cost of power sold amounted to P53,734,249, P101,763,922, and P86,906,429 in 2025, 2024 and 2023, respectively (see Note 23).

10. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of:

	<i>Note</i>	2025	2024
Input VAT		P13,578,855	P26,053,480
Prepaid taxes		11,696,900	15,362,120
Restricted cash	15, 29, 30	9,875,103	3,861,546
Advances to suppliers		278,496	5,686,312
Other prepaid expenses	19	813,104	597,866
		P36,242,458	P51,561,324

Input VAT consists of VAT on purchases of goods and services which can be offset against the output VAT payable (see Note 17).

Prepaid taxes consist of local business taxes and permits, creditable withholding taxes and excess tax credits which can be used as a deduction against future income tax payable.

Advances to suppliers mainly pertain to advance payments for inventories of the Group.

Restricted cash pertains to funds maintained in various financial institutions: (a) as cash flow waterfall accounts required under the respective credit facilities of SMGP BESS, LPI, MPI, MPGC, and MPCL, (b) as environmental guarantee fund for remittance to the DENR, and (c) as financial benefits to host communities, as required by law (see Notes 15 and 18).

The methods and assumptions used to estimate the fair values of restricted cash are discussed in Note 30.

Other prepaid expenses mainly pertain to the following:

- Prepaid insurance of the Group for power plants amounted to P530,208, and P234,162 as at December 31, 2025 and 2024, respectively.
- Prepaid rent of the Group from various short-term lease agreements amounted to P103,533, and P41,561 as at December 31, 2025 and 2024, respectively (see Note 6).
- Prepaid legal and financial advisory fees relating to the Group's financing activities and prepayments of various operating expenses.

11. Investments and Advances

Investments and advances consist of:

	2025	2024
Investments in Shares of Stock of Associates and Joint Ventures - at Equity		
Acquisition Cost		
Balance at beginning of year	P8,124,208	P8,122,208
Additions	12,280,455	2,000
Fair value of remaining interests in the deconsolidated subsidiaries	52,706,102	-
Balance at end of year	73,110,765	8,124,208
Accumulated Equity in Net Losses (Earnings)		
Balance at beginning of year	2,535,654	3,045,558
Equity in net earnings during the year	(9,316,954)	(564,627)
Share in other comprehensive loss (income) during the year	(1,680)	(5,535)
Adjustment to share in other comprehensive losses in prior year	189	1,206
Adjustment to equity in net losses in prior year	2,786	59,052
Dividends	355,032	-
Share in movement in equity reserves during the year	11,455,708	-
Balance at end of year	5,030,735	2,535,654
	68,080,030	5,588,554
Financial Assets at FVOCI	26,757,446	-
Advances for Investments	20,987,813	14,307,033
	P115,825,289	P19,895,587

Investments in Shares of Stock of Associates

a. FPSP (Holdings) Corp. (FPSP)

On December 19, 2024, the Parent Company acquired 40% equity interest in FPSP for a total consideration of P2,000. A foreign corporation holds the remaining equity interest in FPSP and exercises control thereon.

FPSP is a holding company with 100% ownership interests in Pan Pacific Renewable Power Phils. Corp. (PPRPPC), a company incorporated in the Philippines and primarily engaged in exploration, development and generation of energy such as but not limited to geothermal sources of heat and power, hydro-electric power resources, wind and solar energy, as well as the development, acquisition and generation of conventional sources of energy.

In June 2025, the DOE awarded PPRPPC, as among the winning bidders in the third auction round of the Green Energy Auction Program (GEAP, GEA-3) conducted in February 2025, for its offered aggregate capacity of 2,300 MW pump storage hydropower and impounding hydropower projects across 3 facilities in Luzon that are to be completed between 2030 and 2031.

b. SPPC, EERI, IPIEC and LFC

On March 1, 2024, MGen and Therma NatGas Power, Inc. (TNGP, a subsidiary of Aboitiz Power Corporation [AboitizPower]), through their jointly owned entity, Chromite Gas Holdings Inc. (CGHI), entered into binding agreements with the Parent Company and its relevant subsidiaries, for MGen and TNGP to jointly invest for a 67% equity interest in the Parent Company's gas-fired power plants, namely (i) the brownfield 1,278 MW Ilijan Power Plant owned by SPPC, (ii) the greenfield 1,320 MW BCCPP owned by EERI, and (iii) land owned by IPIEC where the gas-fired power plant and related facilities of EERI as well as the Batangas LNG Terminal are located.

The transaction also involved the acquisition of LFC by CGHI and the Parent Company. LFC is the owner of the Batangas LNG Terminal, which receives, stores and processes LNG to fuel SPPC's Ilijan Power Plant and for EERI's BCCPP.

The transaction had a customary closing conditions and was issued the requisite regulatory approvals, including the review and approval of the Philippine Competition Commission (PCC). On May 17, 2024, Top Frontier filed its application for the approval of the transaction with the PCC. On December 23, 2024, the PCC publicly disclosed its approval of the acquisition of power facilities and Batangas LNG Terminal by MGen, TNGP and the Parent Company, subject to certain commitments from the parties aimed at ensuring fair competition and promoting transparency in the power industry.

On January 27, 2025, the Parent Company completed the following transactions (collectively, the "Chromite Transaction") pursuant to the agreements executed on March 1, 2024 with CGHI:

- Investment by CGHI of 67% equity interests in: (i) SPPC, (ii) EERI, and (iii) IPIEC.

As a result of this transaction, the Parent Company's equity interests in SPPC, EERI and IPIEC were diluted from 100% to 33%, thereby resulting to a loss of control and deconsolidation of the assets and liabilities of the three subsidiaries from the books of the Parent Company, and the recognition of the 33% equity interests retained in SPPC, EERI and IPIEC at their fair market values totaling to P52,706,102, classified as "Investments in shares of stock of associates and joint ventures" under "Investment and advances - net" account in the consolidated statement of financial position as at December 31, 2025, and the resulting revaluation gain of P21,933,046, included as part of "Other income (charges) - net" account, in the consolidated statement of income for the year ended December 31, 2025 (see Note 25).

The following summarizes the derecognized accounts at the deconsolidation date:

Current assets	P62,419,630
Noncurrent assets	99,364,389
Current liabilities	(71,747,551)
Noncurrent liabilities	(59,263,412)
Net assets	P30,773,056

- Acquisition by CGHI and the Parent Company of 67% and 32.98% equity interests, respectively, in LFC.

Total consideration paid by the Parent Company for the acquisition of 32.98% equity interests in LFC amounted to P4,340,406, classified as “Investments in shares of stock of associates and joint ventures” under “Investment and advances - net” account in the consolidated statement of financial position as at December 31, 2025.

Subsequently, SPPC, EERI, and IPIEC redeemed and paid their respective redeemable preferred shares issued to the Parent Company, in cash totaling to P78,717,390. Moreover, SPPC assigned certain receivables and payables, with a carrying value of P8,232,942 and P1,888,854, respectively, to the Parent Company as part of the consideration for the redemption. Consequently, the Parent Company recognized a net gain on investments in equity instruments amounting to P22,262,022 (net of tax amounting to P688,117), presented under “Net gain on financial assets at fair value through other comprehensive income” account in the consolidated statement of comprehensive income and under the “Retained earnings” account in the consolidated statement of changes in equity for the year ended and as at December 31, 2025.

For the year ended December 31, 2025, the Group recognized share in net earnings of EERI, SPPC, IPIEC and LFC amounting to P8,707,952, presented under “Equity in net earnings of associates and joint ventures - net” account in the consolidated statement of income.

In 2025, the Parent Company recognized additional investments to its associates amounting to P7,929,061 in accordance with its relevant agreements.

Investments in Shares of Stock of Joint Ventures

a. AHC and KWPP

The Parent Company, through PVEI, and Korea Water Resources Corporation (K-water) entered into a joint venture for the acquisition, rehabilitation, operation and maintenance of the 218 MW Angat Hydroelectric Power Plant (Angat Power Plant) awarded by PSALM to K-water.

On November 18, 2014, PVEI acquired from the individual stockholders and K-water, 2,817,270 shares or 60% of the outstanding capital stock of AHC and from the individual stockholders, 75 shares representing 60% of KWPP's outstanding capital stock.

Subsequently, AHC and KWPP each issued shares in favor of nominee directors of PVEI and K-water to complete their respective shareholding interest.

AHC was incorporated on November 15, 2013 and was created to engage in the operations and maintenance of the Angat Power Plant and to supply power generated to power corporations and to electric utilities, to import hydro-electric facilities and equipment, and to do all acts necessary and incidental thereto, in accordance with RA No. 9136.

KWPP was incorporated on November 27, 2013 and was established for the purpose of acquiring, holding or leasing water and flowage rights.

b. LSI

On June 28, 2024, the Parent Company through its subsidiary, SGLPC, signed an agreement with Citicore Renewable Energy Corporation (CREC) for a 130.005 megawatts alternating current (MWac) peak solar power plant to be constructed in Barangay Lucanin, Mariveles, Province of Bataan, that is expected to be completed in 2027. The solar power plant to be owned by a wholly-owned subsidiary of SGLPC, LSI, shall be located in a property with an area of approximately 158 hectares owned by an affiliate. Upon commencement of operations, all capacity to be generated by the solar power plant shall be supplied to the Group or any of its affiliates under long-term energy supply contracts.

LSI was incorporated in the Philippines and registered with the Philippine SEC on August 9, 2024 primarily to carry on the business of producing, generating and storing electricity and processing fuels alternatives for the power generation.

On May 21, 2025, CREC subscribed to 105,560 common shares of LSI at a subscription price of P100.00 per share or for a total subscription amount of P10,556. As a result of the subscription, CREC now owns 49% of the outstanding capital stock of LSI while SGLPC retains 51% equity interest in the same.

The details of the Group's material investments in shares of stock of associates and joint ventures which are accounted for using the equity method are as follows:

December 31, 2025									
SPPC, EERI, IPIEC and LFC									
Country of Incorporation	Philippines	AHC	Philippines	OEDC	Philippines	IASCO	Philippines	Others	Total
Percentage of Ownership	33%	60%	35%	50%	50%	50%	35%	50%	
Share in net income (loss)	P8,707,952	P497,408	P7,326	P77,153	P27,115	P9,316,954			
Share in other comprehensive income (loss)	-	(1,503)	1,672	-	1,511	1,680			
Share in total comprehensive income (loss)	8,707,952	495,905	8,998	77,153	28,626	9,318,634			
Share in movement in equity reserves	(11,455,708)	-	-	-	-	(11,455,708)			
Dividends received	-	-	-	(355,032)	-	(P355,032)			
Carrying amounts of investments in shares of stock of associates and joint ventures	P57,578,486	P5,165,545	P265,208	P314,537	P4,756,254	P68,080,030			

The following are the condensed financial information of the Group's material investments in shares of stock of associates and joint ventures:

December 31, 2025									
SPPC, EERI, IPIEC and LFC									
	AHC	OEDC	IASCO	Others		AHC	OEDC	IASCO	Others
Current assets	P76,179,614	P2,215,679	P952,530	P1,244,693	P11,926,010	P1,338,078	P394,104	P2,029,438	P3,923
Noncurrent assets	139,051,626	16,398,470	1,368,425	224,172	10,791,357	16,911,133	1,864,806	285,351	26,122
Current liabilities	(47,291,074)	(383,185)	(1,583,849)	(676,202)	(5,890,734)	(2,011,682)	(1,336,227)	(1,372,590)	(7,249)
Noncurrent liabilities	(27,034,735)	(11,790,627)	(26,566)	(204,692)	(3,780,858)	(10,623,431)	(237,782)	(28,535)	(12,642)
Net Assets	P140,905,431	P6,440,337	P710,540	P587,971	13,045,775	P5,614,098	P684,901	P913,664	P10,154
Revenue	P117,352,600*	P2,699,969	(P1,842,406)	P1,996,699	P6,709,565	P2,356,206	P2,126,629	P3,989,068	P1199
Net income (loss)	27,818,353*	829,013	12,974	154,306	988,671	578,033	13,077	420,982	(65)
Other comprehensive income (loss)	-	(2,779)	4,708	-	5,211	7,053	3,724	-	-
Total comprehensive income (loss)	27,818,353*	826,234	17,682	154,306	993,882	585,086	16,801	420,982	(65)
Equity Reserves	(P34,714,281)*	P -	P -	P -	P -	P -	P -	P -	P -

*From the Chromite Transaction date of January 27, 2025 to December 31, 2025. Equity reserves mainly pertain to effects of SPPC, EERI and IPIEC's redemption of their respective redeemable preferred shares.

Investments in Shares of Stock of Subsidiaries

MPGC

In November 2024, the BOD and stockholders of MPGC approved the increase in its authorized capital stock from P18,600,000, divided into 186,000,000 common shares with a par value of P100.00 per share, to P22,600,000, divided into 226,000,000 common shares with a par value of P100.00 per share from which the Parent Company subscribed to an additional 39,729,608 common shares at a subscription price of P100.00 per share or a total subscription amount of P3,972,961. MGen and Zygnnet waived their rights to subscribe to their pro-rata share in favor of the Parent Company. The increase in authorized capital stock of MPGC was approved by the Philippine SEC on July 21, 2025.

Following the subscription and securing the regulatory approval, the Parent Company's ownership interest in MPGC further increased from 94.55% to 95.51% while the non-controlling interests held by MGen and Zygnnet were reduced from 5.24% to 4.31% and from 0.21% to 0.18%, respectively, as at December 31, 2025.

Financial Assets at FVOCI

Financial assets at FVOCI, amounting to P26,757,446 as at December 31, 2025, pertain to the following investments in shares of stocks carried at fair value (see Note 4):

a. Common shares of Meralco

By virtue of a Deed of Absolute Sale of Shares which contained the terms and conditions mutually determined by and acceptable to both parties and conformably with the decision of Court of Appeals, the Parent Company purchased on various dates through the PSE, a total of 46,596,596 common shares of Meralco at P90.00 per share from Land Bank of the Philippines.

As at December 31, 2025, the Meralco shares were revalued at the fair market value of P574.00 per share or for a total of P26,746,446. Consequently, the Parent Company recognized a revaluation gain of P22,417,974 (net of tax amounting to P26,746), presented under "Net gain on financial assets at fair value through other comprehensive income" account in the consolidated statement of comprehensive income for the year ended December 31, 2025.

The Parent Company recognized dividend income amounting to P501,427, from its investment in Meralco shares, included as part of "Other income (charges) - net" account in the consolidated statement of income for the year ended December 31, 2025 (see Note 25).

b. Redeemable Preferred Shares of SPPC, EERI, IPIEC and LFC

The Parent Company's investments in SPPC, EERI, IPIEC, and LFC consists of 110,000 redeemable preferred shares amounting to P11,000 as at December 31, 2025.

The salient common features of the RPS include, among others, the following: (i) redeemable at the option of the issuer at the issue price, after all dividends to which it is entitled have been fully paid, and, once redeemed, shall not be reissuable, (ii) entitled to dividends as determined by the BOD of issuer, (iii) shall have preference in the distribution of dividends/assets upon liquidation, (iv) no voting rights except on fundamental matters prescribed under Section 6 of the Revised Corporation Code, and (v) no pre-emptive right to any issue or disposition of any shares of any class of the issuer.

The Parent Company has elected to classify these investments as financial assets at FVOCI.

The methods and assumptions used to estimate the fair value of investments in equity instruments are discussed in Note 30.

Advances for Investments

The Group made deposits to certain holding companies amounting to P20,987,813 and P14,307,033 as at December 31, 2025 and 2024, respectively. These deposits will be applied against future stock subscriptions.

12. Property, Plant and Equipment

Property, plant and equipment consist of:

	Note	Power Plants	Land and Leasehold Improvements	Other Equipment	Building	CPIP	Total
Cost							
January 1, 2024		P197,100,391	P15,291,863	P8,444,101	P4,947,573	P149,927,769	P375,711,697
Additions		2,738,578	1,276,495	368,710	33,470	48,919,316	53,336,569
Reclassifications and others	13, 15	128,627,113	4,869,464	757,469	228,324	(56,747,414)	77,734,956
December 31, 2024		328,466,082	21,437,822	9,570,280	5,209,367	142,099,671	506,783,222
Additions		1,814,430	101,562	451,913	30,614	21,701,215	24,099,734
Deconsolidation of subsidiaries	11	(64,552,454)	(1,619,225)	(466,914)	(422,127)	(34,368,368)	(101,429,088)
Reclassifications, retirement and others	13, 14, 15	33,102,458	828,592	526,416	1,023,479	(32,174,276)	3,306,669
December 31, 2025		298,830,516	20,748,751	10,081,695	5,841,333	97,258,242	432,760,537
Accumulated Depreciation							
January 1, 2024		32,397,121	1,140,409	2,147,669	556,568	-	36,241,767
Depreciation		9,465,586	455,052	655,410	151,632	-	10,727,680
Reclassifications and others		-	96	27,903	-	-	27,999
December 31, 2024		41,862,707	1,595,557	2,830,982	708,200	-	46,997,446
Depreciation		13,127,731	562,449	863,655	166,793	-	14,720,628
Deconsolidation of subsidiaries	11	(4,231,395)	(8,720)	(28,729)	(36,290)	-	(4,305,134)
Reclassifications, retirement and others		(233,543)	(247)	(593)	(1,185)	-	(235,568)
December 31, 2025		50,525,500	2,149,039	3,665,315	837,518	-	57,177,372
Accumulated Impairment Losses							
January 1, 2024		-	-	244,956	-	-	244,956
Impairment	25	-	-	34,991	-	-	34,991
December 31, 2024		-	-	279,947	-	-	279,947
Impairment	25	-	-	34,991	-	-	34,991
December 31, 2025		-	-	314,938	-	-	314,938
Carrying Amount							
December 31, 2024		P286,603,375	P19,842,265	P6,459,351	P4,501,167	P142,099,671	P459,505,829
December 31, 2025		P248,305,016	P18,599,712	P6,101,442	P5,003,815	P97,258,242	P375,268,227

- a. Other equipment includes machinery and equipment, transportation equipment, office equipment and furniture and fixtures.
- b. CPIP pertains to the following:

- i. Expenditures of MPGC related to the construction of its 4 x 150 MW Circulating Fluidized Bed coal-fired power plant in Mariveles, Bataan (Mariveles Greenfield Power Plant).

Units 1, 2, 3 and 4 of the Mariveles Greenfield Power Plant were declared operational on March 28, September 26, and October 26, 2024, and January 9, 2025, respectively. Following the declarations, all CPIP costs related to all 4 generation units were reclassified to the appropriate property, plant and equipment account.

- ii. Projects of SMGP BESS for the construction of BESS facilities situated in various locations in the Philippines.

Following the start of commercial operations during the first quarter of 2024 of 3 BESS facilities located in Tarlac, Leyte and Jasaan, Misamis Oriental, and 3 additional BESS facilities in Isabela, Laguna and Tagoloan, Misamis Oriental in the first half of 2025, all CPIP costs, including directly attributable costs necessary to bring the BESS facilities to their intended use, were reclassified to the appropriate property, plant and equipment account.

Remaining BESS facilities undergoing construction are expected to be substantially completed in 2026.

- iii. Projects of MPCL for the construction of the Masinloc Power Plant Units 4 and 5, and related facilities and 20 MWh BESS.

Following the commercial operation of the 20 MWh Masinloc BESS Phase 2 in the first half of 2025, all related CPIP costs were reclassified to the appropriate property, plant and equipment account.

Remaining construction of Units 4 and 5 are expected to be substantially completed in 2026.

- iv. Project of SMGP Kabankalan for the construction of its BESS facility in Kabankalan, Negros Occidental.

Following the commercial operation of the 10 MWh Kabankalan BESS Phase 2 in the first half of 2025, all related CPIP costs were reclassified to the appropriate property, plant and equipment account.

- v. Various construction works relating to the solar and hydro power projects of SGLPC and SRHI, respectively.

On January 8, 2026, the DOE awarded SGLPC, as among the winning bidders under the fourth auction round of the GEAP (GEA-4) launched on March 29, 2025, covering its offered aggregate capacity of 2,225 MWac for solar power projects located in Luzon and Mindanao, with target completion between 2026 and 2029.

On June 9, 2025, the DOE awarded SRHI, as among the winning bidders under the third auction round of the GEAP (GEA-3) conducted in February 2025, covering its offered aggregate capacity of 1,850 MW pump storage hydropower projects located in Luzon and Visayas, with target completion between 2031 and 2035.

- c. Reclassifications in 2025 and 2024 mainly pertain to:
- i. the 1,200 MW Sual Power Plant and related facilities, which were reclassified from the “Right-of-use assets” and “Goodwill and other intangible assets - net” accounts following the expiration of its IPPA Agreement with PSALM in October 2024 and the full settlement of all obligations under the Settlement Agreement with TPEC and TSC in March 2025, and its full turnover to SPI (see Notes 6, 13 and 14);
 - ii. the portion of land where the Ilijan Power Plant is located that was previously leased by SPPC and subsequently acquired from PSALM in 2024 (see Notes 6 and 13); and
 - iii. application of advances to contractors against progress billings for ongoing capital projects (see Note 15).
- d. Depreciation of property, plant and equipment are recognized in the consolidated statements of income as follows:

	Note	2025	2024	2023
Cost of power sold	23	P13,909,945	P10,131,995	P7,959,780
Selling and administrative expenses	24	810,683	595,685	464,799
		P14,720,628	P10,727,680	P8,424,579

Total depreciation, recognized in the consolidated statements of income, include amortization of capitalized interest and decommissioning and dismantling costs amounting to P961,444, P580,530 and P267,365 in 2025, 2024 and 2023, respectively. The Group recognized impairment losses amounting to P34,991 in 2025, 2024 and 2023, and presented as part of “Other income (charges)” account in the consolidated statements of income (see Note 25).

The Group has borrowing costs amounting to P2,231,892, P3,113,142 and P1,759,105 which were capitalized in 2025, 2024 and 2023, respectively. The capitalization rates used to determine the amount of interest eligible for capitalization range from 6.16% to 7.93% in 2025, and 7.47% to 8.59% in 2024 and 2023. The unamortized capitalized borrowing costs amounted to P15,127,505 and P13,857,057 as at December 31, 2025 and 2024, respectively (see Note 18).

As at December 31, 2025 and 2024, certain property, plant and equipment amounting to P281,944,512 and P268,670,559, respectively, are pledged as security for syndicated project finance loans (see Note 18).

Certain fully depreciated property, plant and equipment with aggregate costs amounting to P9,605,871 and P6,660,416 as at December 31, 2025 and 2024, respectively, are still being used in the Group’s operations.

- e. The additions to property, plant and equipment in the consolidated statements of cash flows reflects the actual cash flow of the Group during the year. The difference against the total additions to property, plant and equipment disclosed in this note, represents noncash or unpaid portions.

13. Right-of-Use Assets

The movements in right-of-use assets are as follows:

	Note	Land	Buildings and Improvements	Power Plants	Total
Cost					
January 1, 2024		P10,536,598	P312,763	P113,398,830	P124,248,191
Additions	6	6,673,462	-	-	6,673,462
Reclassification and others	12	(2,259,025)	-	(78,935,382)	(81,194,407)
December 31, 2024		14,951,035	312,763	34,463,448	49,727,246
Additions	6	10,664,234	15,628	-	10,679,862
Deconsolidation of subsidiaries	11	(591,320)	-	-	(591,320)
Reclassification and others	6, 15	(3,865,750)	-	-	(3,865,750)
December 31, 2025		21,158,199	328,391	34,463,448	55,950,038
Accumulated Depreciation and Amortization					
January 1, 2024		1,244,275	174,626	17,853,970	19,272,871
Depreciation and amortization		123,671	62,553	3,142,960	3,329,184
Reclassification and others	12	(23,951)	-	(14,974,191)	(14,998,142)
December 31, 2024		1,343,995	237,179	6,022,739	7,603,913
Depreciation and amortization		141,282	77,530	1,003,789	1,222,601
Deconsolidation of subsidiaries	11	(63,074)	-	-	(63,074)
Reclassification and others		(92,381)	-	-	(92,381)
December 31, 2025		1,329,822	314,709	7,026,528	8,671,059
Carrying Amount					
December 31, 2024		P13,607,040	P75,584	P28,440,709	P42,123,333
December 31, 2025		P19,828,377	P13,682	P27,436,920	P47,278,979

The carrying amount of the power plants of the IPPAs under lease arrangements amounted to P27,436,920 and P28,440,709 as at December 31, 2025 and 2024, respectively (see Note 6).

The carrying amount of the land under lease arrangements of SPI and MPCL with PSALM amounted to P6,823,003 and P7,223,111 as at December 31, 2025 and 2024, respectively (see Note 6).

The combined asset retirement costs of the Group amounted to P821,042 and P346,527 as at December 31, 2025 and 2024, respectively.

Reclassifications in 2025 pertain to: (i) SGLPC's execution of sublease agreement with LSI, and (ii) lease modification on the execution of MPGC's lease agreement with E-fare (see Notes 6 and 15).

Reclassifications in 2024 pertains to: (i) the Sual Power Plant and related facilities, following the expiration of the Sual IPPA Agreement and its turnover to SPI in October 2024, and (ii) the portion of the land where the Ilijan Power Plant is located that was acquired from PSALM by SPPC in 2024 (see Notes 6 and 12).

14. Goodwill and Other Intangible Assets

Goodwill and other intangible assets consist of:

	<i>Note</i>	2025	2024
Goodwill		P69,953,222	P69,953,222
Computer software and licenses - net		261,616	316,887
Others	8, 12	-	1,465,969
		P70,214,838	P71,736,078

Impairment of Goodwill from Masinloc Group

Goodwill arising from the acquisition of Masinloc Group in 2018, amounting to P69,944,356 which accounts for almost 100% of the total goodwill in the consolidated statements of financial position as at December 31, 2025 and 2024, is allocated to the cash generating unit of the Masinloc Group.

The recoverable amount of goodwill has been determined based on the value in use using discounted cash flows and was based on the following key assumptions:

- Cash flows were projected based on experience and actual operating results and cover forecast until 2030 in 2025 and 2029 in 2024 based on long range plans approved by management. Management believes that the forecast was justifiable due to long-term contracts with major customers. Cash flows beyond the forecasted period are extrapolated using a constant growth rate determined per cash-generating unit.
- A discount rate of 10.7% and 10.4% in 2025 and 2024, respectively, was applied based on the weighted-average cost of capital, which reflects the management's estimate of the risk specific to the cash-generating unit.
- Terminal growth rate of 2.8% and 3.2% in 2025 and 2024, respectively, was applied as the Group continues to upgrade its facilities and therefore expects sustained growth in cash flows generated perpetually. This growth rate is consistent with the long-term average growth rate for the industry.

The values assigned to the key assumptions represent the management's assessment of future trends in the industry and are based on internal sources (historical data).

For purposes of discount rate sensitivity, discount rate scenarios of 10.2% and 9.9% in 2025 and 2024 were applied on the discounted cash flows analysis. Management believes that any reasonably possible change in the discount rate on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

Based on management's assessment, goodwill is not impaired since the recoverable amount of the related net assets for which the goodwill was attributed still exceeds its carrying amount as at December 31, 2025 and 2024.

Computer Software and Licenses

The movements in computer software and licenses are as follows:

	Note	2025	2024
Cost			
Balance at beginning of year		P790,844	P650,815
Additions		28,709	140,029
Deconsolidation of subsidiaries	11	(9,250)	-
Balance at end of year		810,303	790,844
Accumulated Amortization			
Balance at beginning of year		473,957	417,184
Amortization	24	80,157	56,773
Deconsolidation of subsidiaries	11	(5,427)	-
Balance at end of year		548,687	473,957
		P261,616	P316,887

Other Intangible Asset

In 2022, SPI obtained full dispatch rights on the 200 MW capacity of Sual Power Plant, following its agreement with TPEC and TSC. As a result, SPI recognized this right under "Goodwill and other intangible assets" account amounting to P1,628,854 in 2022 (see Notes 6, 8 and 32).

The movements in other intangible asset are as follows:

	Note	2025	2024
Cost			
Balance at beginning of year		P1,628,854	P1,628,854
Reclassification	12	(1,628,854)	-
Balance at end of year		-	P1,628,854
Accumulated Amortization			
Balance at beginning of year		162,885	103,654
Amortization	24	14,808	59,231
Reclassification	12	(177,693)	-
Balance at end of year		-	162,885
		P -	P1,465,969

In March 2025, following the turnover the Sual Power Plant and the full settlement of all obligations under the Settlement Agreement, SPI reclassified the carrying amount of P1,451,161 to "Property, plant and equipment" account (see Notes 8 and 12). Amortization expense recognized under "Selling and administrative expenses" account in the consolidated statements of income, amounted to P14,808 in 2025 and P59,231 in 2024 and 2023 (see Note 24).

15. Other Noncurrent Assets

Other noncurrent assets consist of:

	<i>Note</i>	2025	2024
Advances to suppliers and contractors		P21,665,880	P18,907,575
Investment property - net	19	10,812,639	4,347,628
Restricted cash - net of current portion	29, 30	5,449,634	4,633,460
Noncurrent receivables	29, 30	2,421,323	3,765,688
Deposits on land for future development		621,804	577,485
Amounts owed by related parties	19, 29, 30	149,920	5,269,987
Others		74,928	116,974
		P41,196,128	P37,618,797

Advances to suppliers and contractors pertain to advance payments to contractors for the construction of the Group's power plants and BESS projects (see Note 12).

Investment property mainly pertains to (a) parcels of land owned by the Group, through its wholly-owned subsidiaries, Multi-ventures Investment Holdings, Inc. (MVIHI), TopGen Energy Development Inc., Blue Eagle Star, Corp. (Blue Eagle), and MPI; and (b) subleased land by SGLPC (see Notes 6 and 13).

The movements in investment property - net are as follows:

	<i>Note</i>	Land	CPIP	Right-of-Use Asset	Total
Cost					
January 1, 2024		P2,302,615	P916,167	P -	P3,218,782
Additions		427,371	-	-	427,371
Reclassification and others		701,475	-	-	701,475
December 31, 2024		3,431,461	916,167	-	4,347,628
Additions	19	2,856,740	-	-	2,856,740
Disposals		(129,083)	-	-	(129,083)
Deconsolidation of subsidiaries	11	(218,808)	(916,167)	-	(1,134,975)
Reclassification and others	6, 13, 19	2,852,382	-	2,288,301	5,140,683
December 31, 2025		8,792,692	-	2,288,301	11,080,993
Accumulated Depreciation					
Depreciation		-	-	268,354	268,354
December 31, 2025		-	-	268,354	268,354
Carrying Amount					
December 31, 2024		P3,431,461	P916,167	P -	P4,347,628
December 31, 2025		P8,792,692	P -	P2,019,947	P10,812,639

On December 20, 2023, MVIHI and Blue Eagle entered into an agreement with third parties for the planned sale of certain parcels of land located in Naic and Maragondon, Cavite, which is subject to certain conditions prior to closing of the sale transaction. In 2025, certain conditions were fulfilled and the sale of a particular portion of the subject property was completed. Accordingly, a gain amounting to P332,411 was recognized and presented as part of "Other operating income" account in the consolidated statement of income for the year ended December 31, 2025.

The fair value of investment property, amounting to P13,854,313 as at December 31, 2025, has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation techniques.

The fair value of investment property was mainly determined by external, independent property appraisers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent appraisers provide the fair value of the Group's investment property on a regular basis.

Total income recognized from the lease of these real estate properties amounted to P192,090, P95,147 and 80,797 in 2025, 2024 and 2023, respectively (see Notes 6, 19, and 25). There are no direct selling and administrative expenses arising from investment property that generated income in 2025, other than the real property taxes paid by the lessee pursuant to the terms of the relevant lease agreements. Direct operating expenses arising from investment properties that did not generate rental income, mainly consist of real property taxes and property maintenance fees amounting to P34,026, P17,768 and 9,682 in 2025, 2024 and 2023, respectively, presented as part of "Selling and administrative expenses" account in the consolidated statements of income (see Note 24).

Valuation Technique

The valuation of investment property applied the *Sales Comparison Approach*. The market value was determined using the Sales Comparison Approach. The comparative approach considers the sale of similar or substitute property, registered within the vicinity, and the related market data. The estimated value is established by process involving comparison. The property being valued is then compared with sales of similar property that have been transacted in the market. Listings and offerings may also be considered. The observable inputs to determine the market value of the property are the following: location characteristics, size, time element, quality and prospective use, bargaining allowance and marketability.

Restricted cash mainly comprises of the cash flow waterfall accounts of MPCL, LPI, MPGC and SMGP BESS and environmental guarantee fund of MPCL (see Notes 10 and 18). Interest income from restricted cash (including current portion) amounted to P606,742 and P67,133 and P188,069 in 2025, 2024, and 2023, respectively.

Noncurrent receivables mainly pertain to (a) SPI's receivables from a third party for the sale of its mining subsidiaries in December 2022; and (b) Parent Company's receivable from a third party for the sale of SEDI (see Note 8).

The methods and assumptions used to estimate the fair values of restricted cash and long-term receivables are discussed in Note 30.

Others mainly pertain to retention asset and costs incurred in relation to long-term customer contracts.

16. Loans Payable

Loans payable account consist of:

	<i>Note</i>	2025	2024
Philippine Peso-denominated			
SPI		P23,000,000	P -
Parent Company		10,000,000	28,736,000
SPPC		-	5,000,000
MPGC		-	383,800
		33,000,000	34,119,800
Foreign Currency-denominated			
Parent Company		-	7,230,625
	29, 30	P33,000,000	P41,350,425

The loans are unsecured short-term loans obtained from various financial institutions, to partially refinance maturing obligations, for working capital and for general corporate purposes.

The interest rates applied for the Philippine Peso-denominated loans ranged from 5.15% to 6.50% and from 6.25% to 7.95% as at December 31, 2025 and 2024, respectively. The interest rate applied for foreign currency-denominated loan was 7.60% as at December 31, 2024. There were no foreign currency-denominated loan as at December 31, 2025.

Interest expense on loans payable amounted to P1,443,917, P1,652,197 and P1,098,603 in 2025, 2024 and 2023, respectively.

17. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	<i>Note</i>	2025	2024
Trade	6	P23,221,122	P28,244,901
Non-trade	6	46,117,502	80,682,106
Output VAT		14,369,292	17,541,261
Amounts owed to related parties	19	13,037,189	11,608,134
Withholding and other accrued taxes		2,693,678	4,006,200
Accrued interest	6, 16, 18	1,631,633	2,005,377
Derivative liabilities not designated as cash flow hedge		-	13,725
	29, 30	P101,070,416	P144,101,704

Trade payables consist of payable related to energy fees, inventories and power purchases. These are generally on a 30-day term and are non-interest bearing.

Non-trade payables include liability relating to payables to contractors, power rate adjustments, and other payables to the Government excluding output VAT and withholding taxes.

The methods and assumptions used to estimate the fair values of financial liabilities are discussed in Note 30.

18. Long-term Debt

Long-term debt consists of:

	Note	2025	2024
Bonds and Notes			
<i>Parent Company</i>			
Philippine Peso-denominated:			
Fixed interest rate of 6.7500%, 6.8750%, 7.0000% and 7.1250% maturing in 2028, 2030, 2032 and 2035, respectively (a)		P10,100,632	P -
Fixed interest rate of 5.9077%, 7.1051% and 8.0288% matured in July 2025, and maturing in 2028 and 2032, respectively (b)		34,736,923	39,650,721
Fixed interest rate of 7.6000% maturing in April 2026 (c)		6,917,950	6,902,264
Fixed interest rate of 6.6250% maturing in December 2027 (d)		3,598,968	3,594,372
Fixed interest rate of 5.1792% maturing in July 2026 (e)		4,752,743	4,746,231
		60,107,216	54,893,588
Term Loans			
<i>Parent Company</i>			
Philippine Peso-denominated and fixed interest rate:			
- with maturities up to 2029 (f)		9,204,688	9,684,184
- maturing in 2028 (g)		7,463,930	7,451,212
- matured in May 2025 (h)		-	4,818,722
Foreign currency-denominated and floating interest rate based on Secured Overnight Financing Rate (SOFR) plus margin:			
- maturing in 2030 (i)		5,788,478	-
- maturing in 2028 (j) (n)		8,677,485	-
- maturing in 2027 (k)		17,377,476	16,953,726
- maturing in 2027 (l)		17,465,839	17,084,579
- maturing in 2026 (m)		17,619,636	17,248,607
- matured in May 2025 (n) (j)		-	5,769,644
- settled in February 2025 (o)		-	2,880,001
<i>Subsidiaries</i>			
Philippine Peso-denominated:			
Fixed interest rate with maturities up to:			
- 2031 and 2034 (p)		41,333,704	31,853,575
- 2033 (q)		36,571,852	38,502,565
- 2030 (r)		12,158,688	13,410,025
- 2029 (s)		26,097,424	29,414,962
Floating rate based on Bloomberg Valuation (BVAL) plus margin, with maturities up to 2030 (t)		4,907,614	6,049,990
Foreign currency-denominated:			
Fixed interest rate with maturities up to 2030 (u)		15,319,688	16,494,080
Floating interest rate based on SOFR plus margin, with maturities up to 2030 (u)		5,041,923	5,428,431
		225,028,425	223,044,303
	29, 30	285,135,641	277,937,891
Less current maturities		43,426,570	28,477,307
		P241,709,071	P249,460,584

- a. The amount represents the Parent Company's Fixed Rate Notes, with an aggregate principal amount of P10,200,000 (the "Notes"), issued on August 11, 2025 at the issue price of 100% of face value. The Notes were enrolled with the Philippine Dealing & Exchange Corp. (PDEX) on the same day for trading. The proceeds were used to refinance existing obligations of the Parent Company and for general corporate purposes.

Details of the Notes are as follows:

Principal	Term	Interest Rate Per Annum
P1,625,000	3 years, due 2028	6.7500%
3,438,000	5 years, due 2030	6.8750%
433,000	7 years, due 2032	7.0000%
4,704,000	10 years, due 2035	7.1250%

The Notes were offered and sold to eligible investors pursuant to Section 10.1 (L) of the SRC and Rules 10.1.3 and 10.1.11 of the 2015 Implementing Rules and Regulations of the SRC. Hence, the offer and sale of the Notes qualified as exempt transactions for which no confirmation of exemption from the registration requirements of the SRC were required to be filed with the Philippine SEC.

- b. The amount represents the Parent Company's fixed rate bonds, with an aggregate principal amount of P40,000,000, issued and listed on the PDEX for trading on July 26, 2022 at the issue price of 100% of face value.

It comes in three series, with terms and interest rates as follows:

	Term	Interest Rate Per Annum
Series K Bonds	3 years, matured and redeemed in 2025	5.9077%
Series L Bonds	5.75 years, due 2028	7.1051%
Series M Bonds	10 years, due 2032	8.0288%

Interest on the bonds shall be payable quarterly in arrears every April 26, July 26, October 26 and January 26 of each year starting October 26, 2022, as the first interest payment date.

The proceeds from the issuance of the bonds were used: (i) to partially finance the Parent Company's investments in power-related assets, particularly LNG projects and related assets, coal power plant projects, BESS and solar power plant projects; (ii) for general corporate purposes; and (iii) for payment of transaction-related fees, costs and expenses.

On July 28, 2025, the Parent Company redeemed its Series K Bonds, amounting to P5,000,000, upon its maturity pursuant to the terms and conditions of the bonds. The Parent Company used in part the proceeds of the short-term loan availed and cash generated from operations for the redemption.

- c. The amount represents the Parent Company's fixed rate bonds, with an aggregate principal amount of P30,000,000, issued and listed on the PDEX for trading on April 24, 2019 at the issue price of 100% of face value.

It comes in three series, with terms and interest rates as follows:

	Term	Interest Rate Per Annum
Series H Bonds	3 years, matured and redeemed in 2022	6.8350%
Series I Bonds	5 years, matured and redeemed in 2024	7.1783%
Series J Bonds	7 years, due 2026	7.6000%

Interest on the bonds shall be payable quarterly in arrears every April 24, July 24, October 24 and January 24 of each year starting July 24, 2019, as the first interest payment date.

The proceeds were used by the Parent Company for partial refinancing of existing loan obligations and/or re-denomination of US Dollar-denominated obligations (partly used for Masinloc Group acquisition in 2018), investments in power-related assets and for payment of transaction-related fees, costs and expenses.

On April 24, 2024, the Parent Company redeemed its Series I Bonds, amounting to P9,232,040, upon its maturity pursuant to the terms and conditions of the bonds. The Parent Company used in part the proceeds of the P5,000,000 short-term loan availed in April 2024 and cash generated from operations for the redemption.

- d. The amount represents the Parent Company's fixed rate bonds, with an aggregate principal amount of P20,000,000, issued and listed on the PDEX for trading on December 22, 2017 at the issue price of 100% of face value.

It comes in three series, with terms and interest rates as follows:

	Term	Interest Rate Per Annum
Series D Bonds	5 years, matured and redeemed in 2022	5.3750%
Series E Bonds	7 years, matured and redeemed in 2024	6.2500%
Series F Bonds	10 years, due 2027	6.6250%

Interest on the bonds shall be payable quarterly in arrears every March 22, June 22, September 22 and December 22 of each year starting March 22, 2018 as the first interest payment date.

Proceeds from the issuance were used by the Parent Company to refinance its short-term loans obtained from local banks.

On December 23, 2024, the Parent Company redeemed its Series E Bonds, amounting to P6,478,020, upon its maturity pursuant to the terms and conditions of the bonds. The Parent Company used cash generated from operations for the redemption.

- e. The amount represents the balance of the Parent Company's fixed rate bonds issued with an aggregate principal amount of P15,000,000. The Bonds were issued in three series, at the issue price of 100% of face value, and listed on the PDEX on July 11, 2016, with terms and interest rates as follows:

	Term	Interest Rate Per Annum
Series A Bonds	5 years, matured and redeemed in 2021	4.3458%
Series B Bonds	7 years, matured and redeemed in 2023	4.7575%
Series C Bonds	10 years, due 2026	5.1792%

Interest is payable quarterly in arrears every January 11, April 11, July 11 and October 11 of each year starting October 11, 2016, as the first interest payment date.

Proceeds from the issuance were used to refinance the US\$300,000 short-term loan that matured on July 25, 2016.

- f. The amount represents the balance of the P10,000,000 term loan availed by the Parent Company on July 19, 2024 from a facility agreement executed on July 17, 2024 with a local bank. The loan is subject to a fixed interest rate and will mature in June 2029.

The proceeds of the loan were used for the refinancing of an existing loan.

- g. The amount represents the P5,000,000 and P2,500,000 loans drawn by the Parent Company on June 15 and August 8, 2023, respectively, from a P10,000,000 Corporate Notes Facility Agreement executed on June 9, 2023. The loan is subject to a fixed interest rate and will mature in June 2028.

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

- h. The amount represents the P5,000,000, fixed rate 4-year term loan facility drawn by the Parent Company on May 28, 2021 from a local bank. Interest was payable quarterly in arrears and principal repayment was in semi-annual installments up to May 2025. The proceeds were used for general corporate purposes.

On May 28, 2025, the Parent Company fully paid the remaining balance amounting to P4,825,000, pursuant to the terms and conditions of the credit facility. The loan was paid using in part the proceeds of a short-term borrowing availed and cash generated from operations.

- i. The amount represents the US\$100,000 (equivalent to P5,465,688, net of transaction costs) availed by the Parent Company on May 19, 2025. This was drawn from a US\$100,000 credit facility executed on May 9, 2025 with a foreign bank. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in May 2030.

The net proceeds of the loan were used for general corporate purposes, including advances for capital expenditures.

- j. The amount represents the US\$100,000 (equivalent to P5,451,732, net of transaction costs) availed by the Parent Company on May 19, 2025. This was drawn from a US\$100,000 credit facility, with option to increase up to US\$150,000, executed on May 13, 2025 with a group of foreign banks. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in May 2028. The loan proceeds were used to refinance the US\$100,000 term loan that matured in May 2025.

On July 3, 2025, the Parent Company availed of an additional US\$50,000 (equivalent to P2,755,694, net of transaction costs) from the aforesaid credit facility. The net proceeds of the additional loan were used for general corporate purposes.

- k. The amount represents the US\$200,000 (equivalent to P11,010,270, net of transaction costs) 3-year term loan drawn by the Parent Company on September 9, 2024 from a US\$200,000 loan facility, with option to increase up to US\$300,000, executed on August 30, 2024 with a foreign bank. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in August 2027.

On October 9, 2024, the Parent Company exercised its option and availed of the additional US\$100,000 (equivalent to P5,558,384, net of transaction costs) from this facility agreement.

The proceeds of the loans were used to fully refinance term loans that matured in September and October 2024.

- l. The amount represents the US\$300,000 5-year term loan drawn by the Parent Company on August 26, 2022, from a facility agreement with a group of foreign banks executed on August 18, 2022. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in August 2027.

The proceeds were used for general corporate purposes, including capital expenditures and refinancing, and payment of other transaction-related fees, costs and expenses of the facility.

- m. The amount represents the US\$300,000 5-year term loan availed in tranches by the Parent Company on March 12, 2021 and June 7, 2021. These were drawn from a Syndication Agreement executed on May 21, 2021, which amended the Facility Agreement dated March 9, 2021, thereby increasing the loan facility from US\$200,000 to US\$300,000. The loan was subject to floating interest rate based on SOFR plus margin and subsequently settled upon its maturity on March 9, 2026 pursuant to the terms and conditions of the credit facility.

The proceeds were used as repayment of Facility A Loan that matured on March 12, 2021 and the redemption of Series A Bonds in July 2021.

- n. The amount represents the US\$100,000 3-year term loan drawn by the Parent Company on May 24, 2022, from a facility agreement with a group of foreign banks executed on May 18, 2022. The loan was subject to a floating interest rate based on SOFR plus margin, and was fully paid upon its maturity on May 19, 2025 pursuant to the terms and conditions of the facility agreement.

The proceeds were used for working capital requirements relating to expansion projects, for general corporate purposes, and payment of other transaction-related fees, costs and expenses of the facility.

- o. The amount represents the US\$50,000 term loan availed on October 31, 2023 from a facility agreement executed on October 24, 2023 with a foreign bank. The loan was subject to a floating interest rate based on SOFR plus margin and was set to mature in April 2025.

On February 10, 2025, the Parent Company fully paid the loan using cash from operations.

- p. The amount represents the (i) Tranches A and B, amounting to P20,000,000 and P12,500,000, respectively, drawn on December 27, 2024 under the fixed-rate long-term Omnibus Loan and Security Agreement (OLSA) executed by MPGC with a syndicate of local banks on December 17, 2024, and (ii) Tranches A-1 and B-1, amounting to P8,500,000 and P900,000, respectively, drawn on March 27, 2025 pursuant to the terms of the First Amendment Agreement to the OLSA dated March 21, 2025. The loan is payable quarterly up to December 2031 for Tranches A and A-1 and up to December 2034 for Tranches B and B-1.

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

The loan includes the P7,500,000 amount payable to Bank of Commerce (BOC), an associate of an entity under common control, as at December 31, 2025 and 2024 (see Note 19).

- q. The amount represents the first and second tranches, amounting to P28,000,000 and P12,000,000 drawn on October 27, 2023 and March 25, 2024, respectively, from the P40,000,000 fixed rate 10-year OLSA executed by SMGP BESS on October 23, 2023, with various local banks. The loan is payable quarterly up to October 2033.

The proceeds were used (i) for the purchase of outstanding perpetual securities issued to SMC and repayment of reimbursable advances from the Parent Company, (ii) for payment of interest during construction, (iii) to fund the costs and expenses in relation to the design, construction and the operation of its BESS projects, and (iv) for transaction costs.

The loan includes the P5,365,000 and P5,655,000 amount payable to BOC as at December 31, 2025 and 2024, respectively (see Note 19).

- r. The amount represents the balance of the P20,322,000 and P978,000 drawn by MPI in tranches on August 17, 2018 and July 31, 2019, respectively, from the P21,300,000, 12-year OLSA with a syndicate of local banks, signed on August 9, 2018. The loan is payable in 47 quarterly installments up to August 2030. The proceeds were used mainly by MPI for the following purposes:
 - i. the repayment in full of the P5,930,000 short-term loan used to fund the design, construction and operation of the Davao Greenfield Power Plant;
 - ii. the partial financing of the remaining works for the Davao Greenfield Power Plant;
 - iii. the repayment of advances from the Parent Company; and
 - iv. the payment of transaction-related fees and expenses.

The loan includes the P1,836,672 and P2,031,488 amount payable to BOC as at December 31, 2025 and 2024, respectively (see Note 19).

On August 17, 2025, the applicable fixed interest rate on the outstanding balance of the loan facility was repriced from 8.2443% to 8.5915%, pursuant to the terms of the OLSA.

- s. The amount represents the balance of the P42,000,000 and P2,000,000 drawn by LPI on June 28, 2017 and January 31, 2018, respectively, from the P44,000,000, 12-year OLSA with a syndicate of local banks dated June 22, 2017. The loan is payable quarterly up to June 2029. The proceeds were used mainly by LPI for the following purposes:
 - i. the settlement of the US\$360,000 short-term loan availed on May 8, 2017 from a local bank;
 - ii. the funding of the acquisition from LETI of the Phase II of Limay Greenfield Power Plant which was then under construction;
 - iii. the repayment of advances from the Parent Company; and
 - iv. the payment of transaction-related fees and expenses.
- t. On January 17, 2023, MPCL agreed with local bank lenders to amend its Omnibus Refinancing Agreement (the "Amended ORA"), with an outstanding obligation amounting to US\$148,550 as at the agreement date, into a Philippine Peso-denominated loan pegged at P8,155,000, subject to floating interest rate with maturities up to January 2030.

The loan includes the P2,984,643 and P3,686,912 amount payable to BOC as at December 31, 2025 and 2024, respectively (see Note 19).

On January 30, 2026, MPCL made principal repayments amounting to P291,134 pursuant to the terms and conditions of its Amended ORA.

- u. The amount represents the US\$382,200 outstanding balance of the loan drawn in tranches by MPCL from its Omnibus Expansion Financing Agreement (OEFA) dated December 1, 2015, with local banks, to finance the construction of the additional 335 MW (gross) coal-fired plant within MPCL existing facilities. The loan is divided into fixed interest tranche and floating interest tranche based on a 6-month SOFR plus margin with maturities up to December 15, 2030.

On December 16, 2023, the applicable fixed interest rate on the outstanding balance of the loan facility was repriced to 8.3310%, pursuant to the terms of the OEFA.

Unamortized debt issue costs amounted to P2,571,446 and P3,069,044 as at December 31, 2025 and 2024, respectively. Accrued interest amounted to P1,677,004 and P1,905,165 as at December 31, 2025 and 2024, respectively. Interest expense amounted to P22,132,787, P19,337,205, and P14,435,118 (including P1,972,943, P2,645,529, and P1,756,826 capitalized as part of CPIP, respectively) in 2025, 2024 and 2023, respectively (see Note 12).

The gross amount of long-term debt payable to BOC amounted to P17,686,315 and P18,873,400 as at December 31, 2025 and 2024, respectively (see Note 19).

Valuation Technique for Philippine Peso-denominated Bonds and Notes

The market value was determined using the market comparison technique. The fair values are based on PDEX. The Bonds and Notes are traded in an active market and the quotes reflect the actual transactions in identical instruments.

The fair value of the Bonds and Notes amounting to P62,014,330 and P57,219,517 as at December 31, 2025 and 2024, respectively, has been categorized as Level 1 in the fair value hierarchy based on the inputs used in the valuation techniques (see Note 30).

The debt agreements of the Parent Company, LPI, MPI, MPCL, SMGP BESS and MPGC impose a number of covenants including, but not limited to, maintenance of certain financial ratios throughout the duration of the term of the debt agreements. The terms and conditions of the debt agreements also contain negative pledge provision with certain limitations on the ability of the Parent Company and its material subsidiaries, LPI, MPI, MPCL, SMGP BESS and MPGC to create or have outstanding any security interest upon or with respect to any of the present or future business, undertaking, assets or revenue (including any uncalled capital) of the Parent Company or any of its material subsidiaries, LPI, MPI, MPCL, SMGP BESS and MPGC to secure any indebtedness, subject to certain exceptions.

The loans of LPI, MPI, SMGP BESS and MPGC are secured by real estate and chattel mortgages, on all present and future assets, amounting to P44,100,000, P21,325,000, P40,000,000, and P41,900,000 respectively, and reserves of LPI, MPI, SMGP BESS and MPGC as well as a pledge by the Parent Company of all its outstanding shares of stock in LPI, MPI, SMGP BESS and MPGC.

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

As at December 31, 2025 and 2024, the Group is in compliance with the covenants, including the required financial ratios, of the debt agreements.

The movements in debt issue costs are as follows:

	<i>Note</i>	2025	2024
Balance at beginning of year		P3,069,044	P2,684,515
Additions		460,073	1,250,648
Amortization		(698,722)	(398,506)
Capitalized amount	12	(258,949)	(467,613)
Balance at end of year		P2,571,446	P3,069,044

Repayment Schedule

The annual maturities of long-term debt are as follows:

Year	Gross Amount			Debt Issue Costs	Net
	US Dollar	Peso Equivalent of US Dollar	Peso		
2026	US\$334,913	P19,689,506	P24,177,188	P440,124	P43,426,570
2027	636,487	37,419,100	21,094,131	732,959	57,780,272
2028	188,168	11,062,367	52,973,945	603,994	63,432,318
2029	39,952	2,348,807	29,355,278	210,954	31,493,131
2030	299,290	17,595,259	22,075,506	264,167	39,406,598
2031 and thereafter	-	-	49,916,000	319,248	49,596,752
	US\$1,498,810	P88,115,039	P199,592,048	P2,571,446	P285,135,641

Contractual terms of the Group's interest bearing loans and borrowings and exposure to interest rate, foreign currency and liquidity risks are discussed in Note 29.

19. Related Party Disclosures

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

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

The following are the transactions with related parties and the outstanding balances as at December 31:

	Note	Year	Revenues from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
SMC	22, 24	2025 2024	P441,247 546,201	P4,520,380 4,388,136	P74,897 51,985	P9,084,981 6,849,349	On demand or 30 days; non-interest bearing	Unsecured; no impairment
Entities under Common Control	6, 8, 9, 11, 12, 17, 22, 23, 24	2025 2024	9,086,648 7,941,539	4,853,566 4,606,848	2,298,694 1,810,683	18,697,036 11,503,950	On demand or 30 days; non-interest bearing	Unsecured; no impairment
	8, 12, 15	2025 2024	- -	- -	2,071,277 8,645,305	- -	Installment basis up to 2026; interest bearing	Unsecured; no impairment
Associate	8, 11, 17, 22	2025 2024	3,688,552 1,298,826	969 -	2,126,218 663,448	71,818 28,101	On demand or 30 days; non-interest bearing	Unsecured; no impairment
	8, 15	2025 2024	- 1,608	- -	- 2,129	- -	9 years; interest bearing	Unsecured; no impairment
Joint Venture	8	2025 2024	194,928 33,598	2,710,190 1,028,812	177,323 5,011	257,032 427,591	30 days; non-interest bearing	Unsecured; no impairment
	8, 11	2025 2024	5,997 5,990	- -	183,022 180,732	- -	92 days; interest bearing	Unsecured; no impairment
	11, 15	2025 2024	46,486 74,927	- -	157,629 1,564,475	- -	10.5 years interest bearing	Unsecured; no impairment
Associate and Joint Venture of Entities under Common Control	6, 8, 22	2025 2024	- -	73,023 -	8,195 481	79,291 1,157	30 days; non-interest bearing	Unsecured; no impairment
	18	2025 2024	- -	1,481,799 952,088	- -	17,810,727 19,014,637	7 to 12 years; interest bearing	Secured
		2025	P13,463,858	P13,639,927	P7,097,255	P46,000,885		
		2024	P9,902,689	P10,975,884	P12,924,249	P37,824,785		

- a. Amounts owed by related parties consist of trade and non-trade receivables, receivables pertaining to the sale of certain parcels of raw land and investments in 2022, included as part of "Trade and other receivables" and "Other noncurrent assets" accounts in the consolidated statements of financial position, prepayments for rent and insurance, and security deposits (see Notes 8, 10 and 15).

In December 2025, following an evaluation by MVIHI of the use of the Cavite properties that were sold to an entity under common control, the parties have mutually agreed to terminate the agreement resulting to the termination of the sale of land, the return of the total installments collected amounting to P2,852,182, reversal of the remaining receivables amounting to P2,852,181, and recognition of the raw land at fair value of P5,704,363 presented as part of "Investment property" account classified under "Other noncurrent assets" account in the statement of financial position as at December 31, 2025 (see Note 15).

In December 2025, the Parent Company received from an entity under common control the full settlement of the remaining installment receivables totaling P1,932,350, plus interest amounting P375,378, for the sale of investments in 2022.

- b. Amounts owed to related parties consist of trade and non-trade payables including management fees, purchases of fuel, reimbursement of expenses, rent, insurance, services rendered, customers' deposits and subscriptions payable to OEDC (see Notes 11 and 17). As at December 31, 2025 and 2024, amounts owed to related parties for the lease of office space and parcels of land presented as part of "Lease liabilities - current portion" and "Lease liabilities - net of current portion" amounted to P15,095,658 and P7,066,765, respectively (see Notes 6, 29 and 30).
- c. Amounts owed by associates mainly consist of advances granted to EERI, included as part of "Trade and other receivables" account in the consolidated statement of financial position as at December 31, 2025. As at December 31, 2024, amounts owed by an associate consisted of an interest bearing loan granted to OEDC by SPGC, included in "Trade and other receivables" account in the consolidated statements of financial position, that was fully collected in 2025 (see Notes 8 and 15).
- d. Amounts owed by a joint venture pertains to (i) interest bearing loans granted and management fees charged to AHC by PVEI, and (ii) sublease fees charged by SGLPC to LSI, included as part of "Trade and other receivables" and "Other noncurrent assets" accounts in the consolidated statements of financial position as at December 31, 2025 and 2024 (see Notes 6, 8, 11, and 15).
- e. Amounts owed to an associate and joint venture of entities under common control include interest bearing long-term loans of MPI, MPCL, SMGP BESS and MPGC payable to BOC, amounting to P17,686,315 and P18,873,400, presented as part of "Long-term debt" account in the consolidated statements of financial position as at December 31, 2025 and 2024, respectively (see Note 18). These long-term debts are secured by certain property, plant and equipment (see Note 12). The interest expense incurred on the loans amounted to P1,481,799 and P952,088 in 2025 and 2024, respectively.
- f. The compensation of key management personnel of the Group, by benefit type, follows:

	Note	2025	2024	2023
Short-term employee benefits	24	P197,576	P133,074	P129,041
Retirement benefits costs	20	10,053	13,020	17,523
		P207,629	P146,094	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.

20. Retirement Plans

The Parent Company and its subsidiaries, SPI, LPI, MPI, VisMin Power Dynamics Services Inc. and Luzon Power Dynamics Services Inc., have funded, noncontributory, defined benefits retirement plans (collectively, the "Retirement Plans") covering all of their permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the Retirement Plans. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is December 31, 2025. Valuations are obtained on a periodic basis.

The Retirement Plans are registered with the Bureau of Internal Revenue (BIR) as tax-qualified plans under RA No. 4917, as amended. The control and administration of the Retirement Plans are vested in the Board of Trustees (BOT), as appointed by the BOD of the Parent Company. The BOT of the Retirement Plans, who exercises voting rights over the shares and approves material transactions, are also officers of the Parent Company and of SMC. The Retirement Plan's accounting and administrative functions are undertaken by SMC's Retirement Funds Office of SMC.

The following table shows a reconciliation of the net defined benefits retirement liability and its components:

	Fair Value of Plan Assets		Present Value of Defined Benefits Retirement Obligation		Net Defined Benefits Retirement Liability	
	2025	2024	2025	2024	2025	2024
Balance at Beginning of Year	P80,629	P70,378	(P694,780)	(P640,443)	(P614,151)	(P570,065)
Recognized in Profit or Loss						
Service costs	-	-	(92,333)	(97,175)	(92,333)	(97,175)
Interest expense	-	-	(42,314)	(39,159)	(42,314)	(39,159)
Interest income	5,342	4,535	-	-	5,342	4,535
	5,342	4,535	(134,647)	(136,334)	(129,305)	(131,799)
Recognized in Other Comprehensive Income						
Remeasurements:						
Actuarial gains (losses) arising from:						
Changes in financial assumptions	-	-	33,139	(1,791)	33,139	(1,791)
Changes in demographic assumptions	-	-	(22,045)	99,553	(22,045)	99,553
Experience adjustments	-	-	(103,436)	(45,704)	(103,436)	(45,704)
Return on plan assets excluding interest income	(5,938)	(1,890)	-	-	(5,938)	(1,890)
	(5,938)	(1,890)	(92,342)	52,058	(98,280)	50,168
Others						
Contributions	93,518	37,545	-	-	93,518	37,545
Benefits paid	(77,537)	(29,939)	77,537	29,939	-	-
Transfer to/from other plans	(1,849)	-	1,849	-	-	-
	14,132	7,606	79,386	29,939	93,518	37,545
Balance at End of Year	P94,165	P80,629	(P842,383)	(P694,780)	(P748,218)	(P614,151)

The Group's annual contribution to the Retirement Plans consists of payments covering the current service cost plus amortization of unfunded past service liability.

Retirement benefits costs recognized in the consolidated statements of income by the Parent Company amounted to P42,257, P41,344 and P37,960 in 2025, 2024 and 2023, respectively (see Note 24).

Retirement benefits costs recognized in the consolidated statements of income by the subsidiaries amounted to P92,390, P94,990 and P84,326 in 2025, 2024 and 2023, respectively (see Notes 23 and 24).

The net interest expense on the defined benefits retirement liability recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income by the Parent Company amounted to P16,318 and P14,756 in 2025 and 2024, respectively.

The net interest expense on the defined benefits retirement liability recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income by the subsidiaries amounted to P20,654 and P19,868 in 2025 and 2024, respectively.

The equity reserve for retirement plan, which includes the accumulated net actuarial gains and losses recognized in other comprehensive income, net of tax, of the Group and an associate, amounted to P146,982 and P67,096 as at December 31, 2025 and 2024, respectively.

Net defined benefits retirement liability included as part of "Other noncurrent liabilities" account in the consolidated statements of financial position, amounted to P748,218 and P614,151 as at December 31, 2025 and 2024, respectively.

The carrying amounts of the Group's retirement fund approximate fair values as at December 31, 2025 and 2024.

The Group's plan assets consist of the following:

	In Percentages	
	2025	2024
Cash and cash equivalents	68.08%	61.20%
Investments in marketable securities	31.57%	38.28%
Others	0.35%	0.52%

As at December 31, 2025 and 2024, the plan assets include investments in marketable securities pertaining to common and preferred shares of SMC and entities under common control, with a total fair market value of P50,585 and P34,724, respectively.

The fair market value of the above marketable securities was determined based on quoted market prices in active markets as at the reporting date.

The Group's Retirement Plans recognized a loss on the investment in marketable securities amounting to P98 in 2025 and 2024.

Dividend income from the investments in marketable securities of the plan assets amounted to P1,508 and P983 in 2025 and 2024, respectively.

The BOT reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Group's ALM objective is to match maturities of the plan assets to the defined benefits retirement obligation as they fall due. The Group monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefits obligation. The Group is expected to contribute P184,354 to the Retirement Plans in 2026.

The Retirement Plans expose the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk as follows:

Investment and Interest Rate Risks. The present value of the defined benefits retirement obligation is calculated using a discount rate determined by reference to market yields to government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the defined benefits retirement obligation. However, this will be partially offset by an increase in the return on the Retirement Plans' investments and if the return on plan asset falls below this rate, it will create a deficit in the Retirement Plans. Due to the long-term nature of the defined benefits retirement obligation, a level of continuing equity investments is an appropriate element of the long-term strategy of the Group to manage the Retirement Plans efficiently.

Longevity and Salary Risks. The present value of the defined benefits retirement obligation is calculated by reference to the best estimates of: (1) the mortality of the plan participants, and (2) the future salaries of the plan participants. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the defined benefits retirement obligation.

The overall expected rate of return is determined based on historical performance of the investments.

The principal actuarial assumptions used to determine retirement benefits are as follows:

	2025	2024
Discount rate	6.35% to 6.54%	6.09% to 6.17%
Salary increase rate	5.00%	5.00%

Assumptions for mortality and disability rates are based on published statistics and mortality and disability tables.

The weighted average duration of the defined benefits retirement obligation ranges from 8.90 to 15.80 years and from 6.00 to 16.30 years as at December 31, 2025 and 2024, respectively.

Sensitivity Analysis

As at December 31, 2025 and 2024, the reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefits retirement obligation by the amounts shown below:

	Defined Benefits Retirement Obligation			
	2025		2024	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	(P77,238)	P92,024	(P63,450)	P75,650
Salary increase rate	92,472	(78,916)	75,720	(64,618)

21. Equity

Capital Stock

The details of the Parent Company's authorized, subscribed, issued and outstanding shares of common stock as at December 31 are as follows:

	2025	2024	2023
Authorized - par value of P1.00	7,800,000,000	3,774,400,000	3,774,400,000
Subscribed capital stock:			
Balance at beginning of period	2,823,604,000	2,823,604,000	1,250,004,000
Subscription	1,961,889,800	-	1,573,600,000
Issued and outstanding	4,785,493,800	2,823,604,000	2,823,604,000

- On March 6, 2025, the BOD of the Parent Company approved the subscription by SMC to 950,796,000 common shares out of the unissued capital stock of the Parent Company in cash, at a subscription price of P30.00 per share or for a total subscription amount of P28,523,880;
- increase in the authorized capital stock of the Parent Company by P4,025,600 (comprising of 4,025,600,000 common shares with par value of P1.00), or from P3,774,400, divided into 3,774,400,000 common shares with par value of P1.00 to P7,800,000, divided into 7,800,000,000 common shares with par value of P1.00 (the "2025 ACS Increase"); and
- subscription by SMC to 1,011,093,800 common shares out of the 2025 ACS Increase at P30.00 per share, or for a total subscription amount of P30,332,814.

On the same day, the Parent Company and SMC executed the Subscription Agreements covering the aforesaid subscriptions approved by the BOD.

On April 14, 2025, the stockholders of the Parent Company approved the 2025 ACS Increase and the amendment of the Amended Articles of Incorporation to reflect the increase and ratified the said subscription by SMC out of the increase. The application for the 2025 ACS Increase was approved by the Philippine SEC on May 16, 2025.

The subscription amounts were fully paid by SMC to Parent Company on April 7, 2025.

Accordingly, the Parent Company recognized additional paid-in capital of P56,813,747, net of share issuance cost paid amounting to P81,057.

On July 25, 2023, the Parent Company and SMC executed a Subscription Agreement to subscribe to an additional 410,000,000 common shares out of the unissued capital stock of the Parent Company for a total subscription price of P12,300,000 or P30.00 per share, which was fully paid in 2023.

On July 25, 2023, the BOD of the Parent Company approved the additional increase in its authorized capital stock by P1,774,400 (comprising of 1,774,400,000 common shares with par value of P1.00), or from P2,000,000, divided into 2,000,000,000 common shares with par value of P1.00 to P3,774,400, divided into 3,774,400,000 common shares with par value of P1.00 (the "2023 ACS Increase"). On August 1, 2023, SMC in a Subscription Agreement, subscribed to 443,600,000 common shares out of the 2023 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 2023 ACS Increase in authorized capital and the amendment of the Articles of Incorporation to reflect the increase and ratified the said subscription by SMC out of the 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 infusions of SMC were used to finance maturing obligations and for general corporate purposes, including capital expenditures of the Group.

Retained Earnings

The Parent Company's retained earnings available for dividend declaration, calculated based on the regulatory requirements of the Philippine SEC, amounted to P16,198,367 and P9,929,576 as at December 31, 2025 and 2024, respectively. The difference between the consolidated retained earnings and the Parent Company's retained earnings available for dividend declaration primarily consist of undistributed earnings of subsidiaries and equity method investees. Stand-alone earnings of the subsidiaries and share in net earnings of equity method investees are not available for dividend declaration by the Parent Company until declared by the subsidiaries and equity investees as dividends.

There were no cash dividend declarations to stockholders in 2025, 2024, and 2023.

Appropriated Retained Earnings

Parent Company

There were no appropriations of retained earnings of the Parent Company in 2025, 2024 and 2023.

SPI, SPPC and SRHI

In 2025, 2024 and 2023, the total appropriations utilized by SPI, SRHI and SPPC amounted to P1,000,000, P5,285,000, and P2,440,000, respectively.

The BOD of SRHI approved the appropriation of retained earnings amounting to P4,700,000 for the fixed monthly payments due to PSALM under its IPPA Agreement in 2023.

MVIHI

The BOD of MVIHI approved the appropriation of retained earnings amounting to P3,325,000 for its power-related expansion projects in the next 5 years in 2022 and the reversals of appropriation amounting to P1,385,000 and P1,940,000 in 2024 and 2023, respectively.

There were no appropriations of retained earnings of the subsidiaries in 2025 and 2024.

As at December 31, 2025 and 2024, the total appropriated retained earnings pertains to SRHI's amounting to P1,000,000 and P2,000,000, respectively.

SPCS

The outstanding SPCS of the Parent Company are as follows:

December 31, 2025

Date of Issuance	Initial Rate of Distribution Per Annum	Step-Up Date	Amount of Outstanding SPCS Issued	Amount in Philippine Peso*
July 24 and August 11, 2025	8.950%	July 24, 2030	US\$515,000	P28,785,715
December 2, 2024 and February 19, 2025	8.125%	March 2, 2030	600,000	34,631,915
September 12 and 30, 2024	8.75%	September 12, 2029	900,000	49,849,177
June 9 and September 15, 2021	5.45%	December 9, 2026	683,548	32,416,245
January 21, 2020	5.70%	January 21, 2026	300,423	15,106,571
			US\$2,998,971	P160,789,623

* Net of directly attributable transaction costs.

December 31, 2024

Date of Issuance	Initial Rate of Distribution Per Annum	Step-Up Date	Amount of Outstanding SPCS Issued	Amount in Philippine Peso*
December 2, 2024	8.125%	March 2, 2030	US\$500,000	P28,882,140
September 12 and 30, 2024	8.75%	September 12, 2029	900,000	49,849,177
June 9 and September 15, 2021	5.45%	December 9, 2026	683,548	32,416,245
October 21 and December 15, 2020	7.00%	October 21, 2025	193,392	9,613,079
January 21, 2020	5.70%	January 21, 2026	493,337	24,807,124
November 5, 2019	5.95%	May 5, 2025	113,282	5,627,100
			US\$2,883,559	P151,194,865

* Net of directly attributable transaction costs.

Issuances of SPCS

On February 19, 2025, the Parent Company completed the issuance of another US\$100,000 SPCS (equivalent to P5,749,775, net of directly attributable transaction costs amounting to P88,243), at an issue price of 100.503% of principal amount, plus an amount corresponding to accrued distribution from (and including) December 2, 2024 to (but excluding) February 19, 2025. The US\$100,000 SPCS was consolidated into and formed a single series with the US\$500,000 SPCS issued on December 2, 2024, bringing the total securities to US\$600,000. The US\$100,000 SPCS are identical in all respects with the US\$500,000 SPCS, other than with respect to the date of issuance and issue price.

The net proceeds from the issuance of the US\$100,000 SPCS were used for the redemption of the outstanding 7.00% SPCS issued in October and December 2020.

On July 24, 2025, the Parent Company completed the issuance of US\$400,000 SPCS (equivalent to P22,328,615, net of directly attributable transaction costs amounting to P331,385), at an issue price of 100%, with an initial rate of distribution of 8.95% per annum.

The US\$400,000 SPCS consists of the following:

- (i) US\$223,191 (equivalent to P12,458,865, net of directly attributable transaction costs amounting to P184,905) in aggregate principal amount of SPCS (the “Concurrent Exchange Offers”) issued in exchange for the remaining 7.00% SPCS issued on October 21 and December 15, 2020, and 5.70% SPCS issued on January 21, 2020 (collectively, the “Remaining Existing Securities”), with a carrying value equivalent to P11,142,783; and
- (ii) US\$176,809 (equivalent to P9,869,750, net of directly attributable transaction costs amounting to P146,480) in aggregate principal amount of new securities (the “Additional New Securities”).

The net proceeds from the issuance of the Additional New Securities were applied to the following: (i) costs and expenses related to the Concurrent Exchange Offers, including payment of accrued distribution amounts in respect of the Remaining Existing Securities accepted for exchange pursuant and subject to, the terms and conditions of the Concurrent Exchange Offers; (ii) costs and expenses related to the issuance of the Additional New Securities; (iii) purchase, repurchase and/or redemption of all outstanding Remaining Existing Securities following the Concurrent Exchange Offers; and (iv) for pre-development costs of solar and hydropower energy projects, and capital expenditures related to BESS projects.

As a result of the foregoing exchange, the movements in the Remaining Existing Securities are as follows:

Title of Existing Securities	Principal of Existing Securities	Accepted Exchange Offers	Remaining Principal of Existing Securities	Amount in Philippine Peso*
7.00% SPCS issued on October 21 and December 15, 2020	US\$193,392	(US\$30,277)	US\$163,115	P8,170,849
5.70% SPCS issued on January 21, 2020	493,337	(192,914)	300,423	15,106,571
	US\$686,729	(US\$223,191)	US\$463,538	P23,277,420

**Net of transaction costs.*

The difference between the price and the carrying value of the outstanding Remaining Existing Securities accepted pursuant to the Concurrent Exchange Offers amounted to P1,500,987 and was recognized as part of the “Equity reserves” account in the consolidated statements of financial position.

On August 11, 2025, the Parent Company completed the issuance of US\$115,000 SPCS (equivalent to P6,457,100, net of directly attributable transaction costs amounting to P102,500) at an issue price of 100% plus an amount corresponding to accrued distributions from (and including) July 24, 2025 to (but excluding) August 11, 2025.

The US\$115,000 SPCS was consolidated into and formed a single series with the US\$400,000 SPCS issued on July 24, 2025, bringing the total securities to US\$515,000. The US\$400,000 SPCS and US\$115,000 SPCS are identical in all respects, other than with respect to the date of issuance.

The Parent Company used the net proceeds for (i) the partial purchase, repurchase and/or redemption of the remaining outstanding SPCS issued in October and December 2020 and in January 2020, and (ii) for pre-development costs of solar and hydropower energy projects and capital expenditures related to BESS projects.

The US\$100,000, US\$400,000 and US\$115,000 SPCS were listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on February 20, July 25 and August 12, 2025, respectively.

On August 27 and November 14, 2024, the Parent Company announced on the SGX-ST website the following:

- a. that it will undertake to invite eligible holders of the Parent Company's outstanding US Dollar-denominated SPCS listed with the SGX-ST (collectively, the "Existing Securities"):
 - (i) 7.00% SPCS issued on October 21 and December 15, 2020;
 - (ii) 5.70% SPCS issued on January 21, 2020; and
 - (iii) 5.95% SPCS issued on November 5, 2019
 - (1) to offer to exchange some or all of its Existing Securities for new US Dollar-denominated SPCS to be issued by the Parent Company (the "2024 Exchange Offers"); and
 - (2) to tender for purchase for cash some or all of its Existing Securities up to an aggregate nominal amount and at a purchase price, to be determined by the Parent Company (the "Tender Offers", and together with the 2024 Exchange Offers, the "Offers"); and
- b. that it will undertake the offers and issuances of a total of up to US\$600,000 in SPCS or such other amount as the Parent Company may later determine (collectively together with the Tender Offers, the "Additional New Securities").

On September 12, 2024, the Parent Company completed the issuance of US\$800,000 SPCS (equivalent to P44,299,924, net of directly attributable transaction costs amounting to P660,076) at an issue price of 100%, with an initial rate of distribution of 8.75% per annum and step-up date of September 12, 2029.

The US\$800,000 SPCS consist of the following:

- (i) US\$531,938 (equivalent to P29,456,016, net of directly attributable transaction costs amounting to P438,899) in aggregate principal amount of SPCS issued in exchange for Existing Securities (with a carrying value of P25,801,222) pursuant to the 2024 Exchange Offers; and
- (ii) US\$268,062 (equivalent to P14,843,908, net of directly attributable transaction costs amounting to P221,177) in aggregate principal amount of Additional New Securities. This will fund the purchase of Existing Securities, amounting to US\$157,381 (with a carrying value equivalent to P7,678,653), accepted pursuant to the Tender Offers.

On September 30, 2024, the Parent Company completed the issuance of US\$100,000 SPCS (equivalent to P5,549,253, net of directly attributable transaction costs amounting to P53,747) at an issue price of 100% plus an amount corresponding to accrued distribution from and including September 12, 2024 to, but excluding, September 30, 2024.

The US\$100,000 SPCS is consolidated into and form a single series with the US\$800,000 SPCS issued on September 12, 2024, bringing the total securities to US\$900,000. The US\$800,000 SPCS and US\$100,000 SPCS are identical in all respects, other than with respect to the date of issuance and issue price.

On December 2, 2024, the Parent Company completed the issuance of US\$500,000 SPCS (equivalent to P28,882,140, net of directly attributable transaction costs amounting to P445,360) at an issue price of 100%, with an initial rate of distribution of 8.125% per annum and step-up date of March 2, 2030.

The US\$500,000 SPCS consist of the following:

- (i) US\$273,925 (equivalent to P15,823,080, net of directly attributable transaction costs amounting to P243,990) in aggregate principal amount of SPCS issued in exchange for Existing Securities (with a carrying value of P13,401,616) pursuant to the 2024 Exchange Offers; and
- (ii) US\$226,075 (equivalent to P13,059,060, net of directly attributable transaction costs amounting to P201,370) in aggregate principal amount of Additional New Securities. This will fund the purchase of Existing Securities, amounting to US\$46,099 (with a carrying value equivalent to P2,235,716), accepted pursuant to the Tender Offers.

As a result of the foregoing, the movements in the Existing Securities are as follows:

Title of Existing Securities	Principal of Existing Securities	Accepted Exchange Offers	Accepted Tender Offers	Remaining Principal of Existing Securities	Amount in Philippine Peso*
7.00% SPCS issued on October 21 and December 15, 2020	US\$723,904	(US\$435,745)	(US\$94,767)	US\$193,392	P9,613,079
5.70% SPCS issued on January 21, 2020	593,337	(100,000)	-	493,337	24,807,124
5.95% SPCS issued on November 5, 2019	492,113	(270,118)	(108,713)	113,282	5,627,100
	US\$1,809,354	(US\$805,863)	(US\$203,480)	US\$800,011	P40,047,303

*Net of transaction costs.

The difference between the price and carrying value of the Existing Securities accepted pursuant to the Offers amounted to P8,573,591 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

The net proceeds from the issuances of the Additional New Securities and the US\$100,000 SPCS were applied to the following: (i) costs and expenses related to the 2024 Exchange Offers, including payment of accrued distribution amount in respect of the Existing Securities accepted for exchange pursuant to the terms and conditions of the 2024 Exchange Offers; (ii) costs and expenses related to the Tender Offers, including payment of the purchase price and the accrued distribution amount in respect of the Existing Securities accepted for purchase pursuant to the terms and conditions of the Tender Offers; and (iii) for pre-development costs of solar energy projects and BESS projects.

The US\$800,000, US\$100,000 and US\$500,000 SPCS were listed on the SGX-ST on September 13, October 1 and December 3, 2024, respectively.

The securities were offered to holders of existing securities pursuant to the Offers and were sold mainly offshore and to a limited number of qualified buyers in the Philippines. Hence, the Offers and sale of the securities qualified as exempt transactions for which no confirmation of exemption from the registration requirements of the SRC were required to be filed with the Philippine SEC.

The holders of the securities have conferred a right to receive distributions on a semi-annual basis from their issuance dates at the initial rate of distribution, subject to the step-up rate. The Parent Company has a right to defer this distribution under certain conditions.

The securities constitute direct, unconditional, unsecured and unsubordinated obligations of the Parent Company with no fixed redemption date and are redeemable in whole, but not in part, at the Parent Company's option on step-up date, or any distribution payment date thereafter or upon the occurrence of certain other events, at the principal amounts of the Securities plus any accrued, unpaid or deferred distribution.

Redemption of SPCS

On May 9, 2025, the Parent Company completed the redemption of its US\$113,282 remaining securities (with a carrying value of P5,627,100) out of the US\$500,000 SPCS issued in November 2019.

On October 17, 2025, the Parent Company completed the redemption of its US\$163,115 remaining securities (with a carrying value of P8,170,849) out of the US\$750,000 SPCS issued in October and December 2020.

The securities were redeemed at a price equal to its principal amount pursuant to the terms and conditions of the securities. Any unpaid distributions up to (but excluding) the redemption date was also settled. The difference between the price paid and the carrying value of securities redeemed amounted to P1,977,105 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

On April 23, 2024, the Parent Company completed the redemption of its US\$783,164 remaining securities (with a carrying value of P40,186,954) out of the US\$800,000 SPCS issued in April and July 2019, at the redemption price equal to its principal amount and settled the distributions related thereto pursuant to the terms and conditions of the securities.

The difference between the price paid and the carrying value of the US\$783,164 securities amounted to P4,852,808 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

The US\$783,164 securities were redeemed using in part the proceeds from the RPCS issued in April 2024 and cash generated from operations.

On January 20, 2026, the Parent Company completed the redemption of its US\$300,423 remaining securities (with a carrying value of P15,106,571), out of the US\$600,000 SPCS issued in January 2020, at the redemption price equal to its principal amount pursuant to the terms and conditions of the securities.

Distributions to SPCS Holders

The Parent Company paid P15,903,939, P13,384,463, and P15,035,073 to the SPCS holders in 2025, 2024 and 2023, respectively, as distributions in accordance with the terms and conditions of their respective subscription agreements.

In 2026, the Parent Company paid distributions totaling US\$70,983 to the holders of the SPCS issued in January 2020, July and August 2025, and September 2024.

RPCS

The outstanding RPCS of the Parent Company are as follows:

December 31, 2025

Date of Issuance	Initial Rate of Distribution Per Annum	Amount of Outstanding RPCS Issued	Amount in Philippine Peso*
April 19, 2024	8.50%	US\$800,000	P43,432,288
May 2, 2023	8.00%	145,000	7,964,118
November 8, 2022	6.25%	78,354	4,531,819
March 16, 2018	6.25%	650,000	32,751,570
			P88,679,795

**Net of directly attributable transaction costs.*

December 31, 2024

Date of Issuance	Initial Rate of Distribution Per Annum	Amount of Outstanding RPCS Issued	Amount in Philippine Peso*
US Dollar-denominated:			
April 19, 2024	8.50%	US\$800,000	P43,432,288
May 2, 2023	8.00%	145,000	7,964,118
March 10, 2023	8.00%	500,000	27,378,112
November 8, 2022	6.25%	85,000	4,916,225
March 16, 2018	6.25%	650,000	32,751,570
Philippine Peso-denominated:			
July 10, 2023	7.50%	P5,000,000	4,962,500
June 13, 2023	7.50%	6,760,000	6,709,300
June 5, 2023	7.50%	5,000,000	4,962,500
June 1, 2023	7.50%	7,000,000	6,947,500
May 30, 2023	7.50%	6,000,000	5,955,000
			P145,979,113

**Net of directly attributable transaction costs.*

Issuances of RPCS

On April 19, 2024, the Parent Company issued US\$800,000 RPCS to a third party (equivalent to P43,432,288, net of directly attributable transaction costs amounting to P2,687,712) at an issue price of 100%, with an initial rate of distribution of 8.5% per annum. Proceeds from the issuance were used for general corporate purposes, including capital expenditures, and refinancing of maturing obligations.

In 2023, the Parent Company and SMGP BESS issued US Dollar-denominated and Philippine Peso-denominated RPCS to SMC:

Date of Issuance	Initial Rate of Distribution Per Annum	Amount of RPCS Issued	Amount in Philippine Peso*
Parent Company			
US Dollar-denominated:			
May 2, 2023	8.00%	US\$145,000	P7,964,118
March 10, 2023	8.00%	500,000	27,378,112
Philippine Peso-denominated:			
July 10, 2023	7.50%	P5,000,000	4,962,500
June 13, 2023	7.50%	6,760,000	6,709,300
June 5, 2023	7.50%	5,000,000	4,962,500
June 1, 2023	7.50%	7,000,000	6,947,500
May 30, 2023	7.50%	6,000,000	5,955,000
SMGP BESS			
US Dollar-denominated:			
April 5, 2023	8.00%	US\$58,800	3,174,730
Philippine Peso-denominated:			
April 24, 2023	7.50%	P1,300,000	1,290,250
April 20, 2023	7.50%	1,500,000	1,488,750
			P70,832,760

* Net of directly attributable transaction costs.

The RPCS are direct, unconditional, unsecured and subordinated capital securities with no fixed redemption date. The RPCS holders shall have the right to receive distribution on a quarterly basis at the prescribed rates per annum for US Dollar-denominated and Philippine Peso-denominated RPCS. The Parent Company and SMGP BESS have a right to defer distribution under certain conditions.

The proceeds from the issuances in 2023 were used for general corporate purposes, including capital expenditures and repayment by SMGP BESS of its advances from the Parent Company, and refinancing of maturing obligations.

Redemption/Purchase of RPCS

In April 2025, the Parent Company redeemed the following RPCS issued to SMC with a total carrying value of P57,299,318:

Date of Issuance	Initial Rate of Distribution	Amount of RPCS Issued	Amount of RPCS Redeemed
US Dollar-denominated:			
March 10, 2023	8.00%	US\$500,000	US\$500,000
November 8, 2022	6.25%	85,000	6,646
Philippine Peso-denominated:			
July 10, 2023	7.50%	P5,000,000	P5,000,000
June 13, 2023	7.50%	6,760,000	6,760,000
June 5, 2023	7.50%	5,000,000	5,000,000
June 1, 2023	7.50%	7,000,000	7,000,000
May 30, 2023	7.50%	6,000,000	6,000,000

The difference between the price paid and the carrying value of the securities amounted to P1,557,375 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

On October 27, 2023, SMGP BESS purchased its outstanding RPCS issued to SMC (with a total carrying value of P20,220,004), for a total consideration of P21,668,695, pursuant to the terms of the RPS. The purchase was financed using in part the proceeds of the long-term debt drawn by SMGP BESS from its OLSA (see Note 18).

The difference between the price paid and the carrying value of the securities purchased amounted to P1,448,691 and was recognized as part of the “Equity reserves” account in the consolidated statements of financial position.

Distributions to RPCS Holders

The Parent Company paid distribution to RPCS holders, amounting to P21,363,061 (including distributions in arrears of P14,617,039) and P2,552,418 in 2025 and 2024, respectively, in accordance with the terms and conditions of the relevant subscription agreements. There were no distributions paid to the RPCS holder in 2023.

In 2026, the Parent Company paid distributions amounting to US\$17,000 to the US\$800,000 RPCS holder.

22. Revenues

Revenues consist of:

	Note	2025	2024	2023
Sale of power:				
Power generation and trading	6	P111,258,410	P168,629,230	P145,190,801
Retail and other power-related services	6	44,634,172	35,261,929	23,973,021
Other services		1,315,008	1,199,957	426,415
	5, 19	P157,207,590	P205,091,116	P169,590,237

Revenues from other services mainly pertain to operations and maintenance services provided to various customers, including entities under common control (see Note 19).

23. Cost of Power Sold

Cost of power sold consists of:

	Note	2025	2024	2023
Coal, fuel oil and other consumables	9, 19	P53,734,249	P101,763,922	P86,906,429
Power purchases	6	23,256,960	29,664,574	25,249,742
Depreciation and amortization	6, 12, 13, 14	15,021,925	13,339,048	11,664,266
Plant operations and maintenance, and other fees	6, 19, 20	9,151,223	8,342,739	5,530,562
Energy fees	6	1,722,853	1,574,006	1,640,693
	5	P102,887,210	P154,684,289	P130,991,692

24. Selling and Administrative Expenses

Selling and administrative expenses consist of:

	Note	2025	2024	2023
Taxes and licenses		P2,462,539	P2,286,870	P1,876,156
Impairment losses on trade receivables (reversals) - net	8	1,904,091	2,140,622	(46,650)
Depreciation and amortization	12, 13, 14	1,284,623	833,820	652,410
Outside services	19	1,064,957	704,423	523,675
Salaries, wages and benefits	19, 20	1,020,835	891,290	1,012,493
Management fees	19	905,808	749,616	711,196
Repairs and maintenance		727,612	804,061	108,731
Corporate special program		259,706	220,547	248,836
Professional fees		343,340	310,992	267,922
Supplies		187,569	128,843	133,855
Rent - net	6, 19	185,239	323,638	278,863
Advertising and promotions		118,222	165,253	88,261
Donations		197,782	45,501	21,309
Miscellaneous		220,572	344,113	195,375
	5	P10,882,895	P9,949,589	P6,072,432

Corporate special program pertains to the Group's corporate social responsibility projects. Donations represent contributions to registered donee institutions for their programs on education, environment and disaster-related projects.

25. Other Income (Charges) - net

Other income (charges) consists of:

	Note	2025	2024	2023
Gain on fair valuation of investments	11	P21,933,046	P -	P -
Dividend income	11	501,427	-	-
Insurance claims		31,598	58,896	104,487
Marked-to-market gains (losses) on derivatives - net	30	(54,210)	104,350	(875,946)
Foreign exchange gains (losses) - net	29	(1,912,377)	(4,006,812)	1,258,912
Miscellaneous income - net	6, 12, 13	527,873	338,178	50,507
	5	P21,027,357	(P3,505,388)	P537,960

Miscellaneous income mostly pertains to gain on lease modification relating to certain lease agreements of MPGC, SMGP BESS, SGLPC, and MPI, terminal fee, sale of scrap, and impairment losses on property, plant and equipment.

26. Income Taxes

The components of income tax expense are as follows:

	Note	2025	2024	2023
Current	27	P3,610,659	P2,917,184	P1,924,391
Deferred		1,579,326	2,298,771	3,235,815
		P5,189,985	P5,215,955	P5,160,206

In 2025, the Parent Company recognized a MCIT, amounting to P688,117, relating to the net gain on investments in equity instruments recognized and presented under “Net gain on financial assets at fair value through other comprehensive income” account in the consolidated statement of comprehensive income for the year ended December 31, 2025 (see Note 11).

The movements of deferred income tax assets and liabilities are as follows:

2025	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Deconsolidation of Subsidiaries and Others	Balance at December 31
Allowance for impairment losses on trade receivables	P1,545,318	P476,023	P -	(P101,187)	P1,920,154
Defined benefits retirement obligation	85,652	23,197	-	-	108,849
Difference of amortization of borrowing costs over payment and others	(1,043,904)	138,247	-	-	(905,657)
Difference of depreciation and other related expenses over monthly lease payments	(26,116,159)	(582,641)	-	8,675,912	(18,022,888)
Equity reserve for retirement plan	(5,016)	-	16,903	-	11,887
NOLCO and MCIT	3,629,662	(2,277,942)	-	-	1,351,720
Gain on sale of ordinary assets and investments	(720,188)	643,790	-	-	(76,398)
Fair value reserves	-	-	(26,746)	-	(26,746)
	(P22,624,635)	(P1,579,326)	(P9,843)	P8,574,725	(P15,639,079)

2024	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Balance at December 31
Allowance for impairment losses on trade receivables	P524,096	P1,021,222	P -	P -	P1,545,318
Defined benefits retirement obligation	85,191	461	-	-	85,652
Difference of amortization of borrowing costs over payment and others	928,086	(1,971,990)	-	-	(1,043,904)
Difference of depreciation and other related expenses over monthly lease payments	(27,582,758)	1,466,628	-	(29)	(26,116,159)
Equity reserve for retirement plan	9,577	-	(14,593)	-	(5,016)
NOLCO and MCIT	8,457,980	(4,828,318)	-	-	3,629,662
Gain on sale of ordinary assets and investments	(2,733,414)	2,013,226	-	-	(720,188)
	(P20,311,242)	(P2,298,771)	(P14,593)	(P29)	(P22,624,635)

The deferred income taxes are reported in the consolidated statements of financial position as follows:

	2025	2024
Deferred income tax assets	P1,584,049	P1,353,752
Deferred income tax liabilities	(17,223,128)	(23,978,387)
	(P15,639,079)	(P22,624,635)

Deferred income tax assets on NOLCO and MCIT of the Group amounting to P9,268,820 and P13,801,435 as at December 31, 2025 and 2024, respectively, has not been recognized because it is not probable that future taxable income will be available against which the Group can utilize the benefits therefrom.

As at December 31, 2025, the NOLCO and MCIT of the Group that can be claimed as deduction from future taxable income and deduction from corporate income tax due, respectively, are as follows:

Year Incurred/ Paid	Carryforward Benefits Up To	NOLCO	MCIT
2025	December 31, 2028	P2,566,671	P750,713
2024	December 31, 2027	16,142,539	711,111
2023	December 31, 2026	16,917,021	36,568
2021	December 31, 2026	862,739	94
		P36,488,970	P1,498,486

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 to implement Section 4 (bbbb) of the RA No. 11494, otherwise known as the Bayanihan to Recover as One Act, relative to NOLCO which provides that the net operating loss of a business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next 5 consecutive taxable years immediately following the year of such loss.

The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next 5 consecutive taxable years following the year such loss was incurred.

For taxable years 2025, 2024 and 2023, the expiration period of NOLCO reverted to 3 years.

The reconciliation between the statutory income tax rate on income before income tax and the Group's effective income tax rate is as follows:

	2025	2024	2023
Statutory income tax rate	25.00%	25.00%	25.00%
Increase (decrease) in income tax rate resulting from:			
Unrecognized deferred income tax assets	6.69%	15.80%	28.09%
Availment of income tax holiday and others	(11.74%)	(11.16%)	(18.83%)
Gain on fair valuation of investments	(10.25%)	-	-
Effective income tax rate	9.70%	29.64%	34.26%

RA No. 11534, Otherwise Known as the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

Pursuant to the CREATE Act which was passed into law on March 26, 2021 and took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or on April 11, 2021, the MCIT was computed using the income tax rates of 2% in 2025 and 2024 and 1.5% in 2023.

RA No. 12066 or the CREATE to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act

The CREATE MORE Act, which seeks to improve the country's fiscal incentives policies by clarifying issues in the implementation of the CREATE Act, took effect on November 28, 2024. Key provisions of the CREATE MORE Act which have an impact on the Group are: (i) reduction of RCIT rate from 25% to 20% and expanded deductions for Registered Business Enterprises (RBEs) under the Enhanced Deductions Regime; and (ii) broadened eligibility and extended period of incentives for RBEs.

International Tax Reform - Pillar Two Model Rules

The Group has adopted the amendments to PAS 12, *Income Taxes*, relating to the International Tax Reform: Pillar Two Model Rules. These amendments provide a mandatory temporary exception from the recognition and disclosure of deferred income taxes arising from Pillar Two income taxes. Accordingly, no deferred income tax assets or liabilities have been recognized in respect of Pillar Two legislation.

'Pillar Two legislation' has been substantively enacted in Singapore where the Group operates but not yet effective as of December 31, 2025. As part of the of the Top Frontier Group, the Group is within the scope of the substantively enacted legislation. In this regard, the Top Frontier Group has performed a Transitional Country-by-Country (CbCR) Safe Harbor (TCSH) test to identify jurisdictions that may be excluded from the full Pillar Two calculations. The assessment was based on the most recent tax filings, CbCR reports, and financial statements for the covered entities of the Group. Based on the results of the TCSH test, Singapore failed to qualify for safe harbor exclusion.

In line with the assessment of the Top Frontier Group, a provision for top-up tax has been recognized to the extent that it is reasonably estimable. The computation remains subject to refinement pending the Top Frontier Group's finalization of detailed calculations and any additional guidance or clarifications from relevant tax authorities.

The Group will continue to monitor developments and will provide additional disclosures when the legislation becomes effective and the impact becomes reasonably estimable.

27. Registrations and Licenses

Registrations with the Board of Investments (BOI)

- i. In 2013, MPI and LPI were granted incentives by the BOI on a pioneer status for 6 years subject to the representations and commitments set forth in the application for registration, the provisions of Omnibus Investments Code of 1987, (Executive Order [EO] No. 226), the rules and regulations of the BOI and the terms and conditions prescribed. On October 5, 2016, BOI granted LPI's request to move the start of its commercial operation and Income Tax Holiday (ITH) reckoning date from February 2016 to September 2017 or when the first kilowatt-hour (kWh) of energy was transmitted after commissioning or testing, or 1 month from the date of such commissioning or testing, whichever comes earlier as certified by the NGCP. Subsequently, on December 21, 2016, BOI granted a similar request of MPI to move the start of its commercial operation and ITH reckoning date from December 2015 to July 2016, or the actual date of commercial operations subject to compliance with the specific terms and conditions, due to delay in the implementation of the project for reasons beyond its control. MPI's request for the further extension of the ITH reckoning date from July 2016 to September 2017 was likewise approved by the BOI on December 5, 2018. The ITH incentives shall only be limited to the conditions given under their respective BOI registrations' specific terms and conditions. The ITH period for Unit 1 and Unit 2 of LPI commenced on May 26, 2017, and expired on May 25, 2023. The ITH incentives of MPI expired on September 26, 2023.
- ii. On September 20, 2016, LETI was registered with the BOI under EO No. 226 as an expanding operator of 2 x 150 MW CFB Coal-fired Power Plant (Phase II Limay Greenfield Power Plant) on a non-pioneer status. The BOI categorized LETI as an "Expansion" based on the 2014 to 2016 IPP's Specific Guidelines for "Energy" in relation to LPI's 2 x 150 MW Coal-fired Power Plant (Phase I Limay Greenfield Power Plant). As a registered entity, LETI is entitled to certain incentives that include, among others, an ITH for 3 years from January 2018 or the date of actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The ITH incentives shall only be limited to the conditions given under the specific terms and conditions of LETI's BOI registrations.

In June 2017, the BOI approved the transfer of ownership and registration of Phase II Limay Greenfield Power Plant from LETI to LPI. On July 13, 2018, the BOI granted LPI's request to move the start of its commercial operation and ITH reckoning date from January 2018 to March 2018 or the actual start of commercial operations, whichever is earlier. The ITH period for Phase II Limay Greenfield Power Plant (Unit 3 and Unit 4) commenced on March 26, 2018, and expired in 2021.

- iii. On October 12, 2012, MPCL received the BOI approval for the application as an expanding operator of a 600 MW Coal-Fired Thermal Power Plant. As a registered entity, MPCL is entitled to ITH for 3 years from June 2017 or the actual start of commercial operations, whichever is earlier (but not earlier than the date of registration) subject to compliance with the specific terms and conditions set forth in the BOI registration. On May 27, 2014, the BOI approved MPCL's request to move the start of its commercial operation and the reckoning date of the ITH entitlement from June 2017 to December 2018. On June 17, 2015, the BOI subsequently granted MPCL's requests to downgrade the registered capacity from 600 MW to 300 MW.

On December 21, 2015, MPCL received the BOI approval for the application as new operator of 10 MW BESS Project on a pioneer status. The BESS facility provides 10 MW of interconnected capacity and enhances the reliability of the Luzon grid using the *Advancion* energy storage solution. As a registered entity, MPCL is entitled to incentives that include, among others, an ITH for 6 years from December 2018 or the date of the actual start of commercial operations, whichever is earlier (but not earlier than the date of registration) subject to compliance with the specific terms and conditions of MPCL's BOI registration. The ITH period for the 10 MW BESS of MPCL commenced on December 1, 2018. On October 1, 2020, MPCL likewise received the BOI approval on the additional 20 MW BESS Phase 2 Project of MPCL.

On February 23, 2021, MPCL received the BOI approval for the applications as the new operator of a 315 MW Super Critical Pulverized Coal Thermal Power Plant Unit 4, and as the new operator of 315 MW Super Critical Pulverized Coal Thermal Power Plant Unit 5. Each registered activity is entitled to a 4-year ITH reckoned from the start of commercial operations.

On November 12 and December 26, 2024, MPCL submitted to BOI the request to transfer its registration from EO No. 226 to CREATE Act for Units 4 and 5, and BESS Phase 2 Project, respectively.

- iv. On August 24, 2016, SMGP Kabankalan received the BOI approval for the application as the new operator of the 2 x 20 MW Kabankalan *Advancion* Energy Storage Array on a pioneer status. SMGP Kabankalan, a registered entity, is entitled to incentives that include, among others, an ITH for 6 years from July 2019 to December 2024 or the date of the actual start of commercial operations, whichever is earlier (but not earlier than the date of registration). On November 27, 2019, SMGP Kabankalan filed a request with the BOI to move the reckoning date of the ITH entitlement from July 2019 to July 2021. Due to the delays brought about by the pandemic, a subsequent request was filed to move the reckoning date to January 2022. On December 17, 2021, the BOI granted the request of SMGP Kabankalan for the movement of the start of commercial operations and ITH reckoning to January 2022. The incentives shall be limited to the specific terms and conditions of SMGP Kabankalan's BOI registration.
- v. On November 29, 2019, the BOI approved the application of SMGP BESS as the new operator of BESS Component of the Integrated Renewable Power Facility ("R-Hub") covering various sites across the Philippines. The BOI also approved SMGP BESS' subsequent applications covering additional sites. Each registered site was granted certain incentives including ITH, among others. On November 12, 2024, SMGP BESS submitted to BOI the request to transfer its registration from EO No. 226 to CREATE Act. Said request was subsequently approved by the BOI on November 26, 2025.
- vi. On November 29, 2022, the BOI approved the application of SGLPC as a Renewable Energy Developer of Solar Energy Resources located at Lucanin Industrial Estate, Mariveles, Bataan. SGLPC was granted certain incentives including a 7-year ITH reckoned from the start of commercial operation in October 2023, among others. SGLPC requested BOI to move the start of commercial operation due to events that are beyond its control.

On November 7, 2025, the BOI approved the transfer of SGLPC's BOI registration to LSI subject to certain conditions.

Registration with the AFAB

- i. On April 24, 2019, MPGC was registered with AFAB, subject to annual renewal, as engaged in business of producing and generating electricity, and processing fuels alternative for power generation, among others, at the Freeport Area of Bataan (FAB). As a FAB enterprise, MPGC will operate 4 x 150 MW power plant located in Mariveles, Bataan. AFAB granted MPGC certain incentives that include, among others, an ITH of 4 years for original project effective on the committed date or actual date of start of commercial operations, whichever is earlier. MPGC, however, due to circumstances brought about by Corona Virus Disease in 2019, has requested with AFAB to move the reckoning date of the start of commercial operations and the ITH for each unit. The said request was approved by AFAB on October 11, 2024.

On December 13, 2021, MPGC has been granted a renewed certificate of registration with AFAB which now remains valid and in effect as long as MPGC remains in good standing or until revoked or cancelled.

- ii. On October 8, 2025, AFAB has approved the registration of SMGP BESS as the new operator of BESS Component of the Integrated Renewable Power Facility ("R-Hub") in Mariveles, Bataan. As a FAB registered enterprise, SMGP BESS is entitled to incentives that includes ITH for 6 years and enhanced deductions for 10 years, among others.

License Granted by the ERC

On August 4, 2008 and August 24, 2016, MPCL and LPI, respectively, were granted a RES License by the ERC pursuant to Section 29 of the EPIRA, which requires all suppliers of electricity to the contestable market to secure a license from the ERC. The term of the RES License is for a period of 5 years from the time it was granted and renewable thereafter.

On December 13, 2023, the ERC granted the renewal of the RES License of MPCL and LPI for another 5 years valid from September 30, 2023, until September 29, 2028.

On August 13, 2025, MPI was granted a RES License by the ERC pursuant to Section 29 of the EPIRA. The term is for a period of 5 years from August 13, 2025 until August 12, 2030 and renewable thereafter.

28. Basic and Diluted Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share is computed as follows:

	2025	2024	2023
Net income attributable to equity holders of the Parent Company	P48,191,486	P12,345,292	P9,905,416
Distributions for the year to:			
RPCS holder	(9,719,483)	(11,737,628)	(6,088,171)
SPCS holders	(16,876,277)	(14,049,817)	(15,034,200)
Net income (loss) attributable to common shareholders of the Parent Company (a)	21,595,726	(13,442,153)	(11,216,955)
Weighted average number of common shares outstanding (in thousands) (b)	4,210,764	2,823,604	1,588,937
Basic/Diluted Earnings (Loss) Per Share (a/b)	P5.13	(P4.76)	(P7.06)

As at December 31, 2025, 2024 and 2023, the Parent Company has no dilutive debt or equity instruments.

The basic/diluted loss per common share in 2024 and 2023 resulted mainly from the impact of foreign exchange losses and interest costs and other financing charges (including distributions to perpetual capital securities) for the Group's various financing activities. These were undertaken to fund the ongoing construction of several power plant expansion projects intended to significantly increase the capacities and modernize the existing power generation portfolio of the Group. These expansion projects, including, among others, the ~1,000 MW BESS facilities and the 4 x 150 MW Mariveles Greenfield Power Plant, with several sites and all 4 units commencing commercial operations in 2024 and 2025, and the 2 x 350 MW Masinloc Power Generation Units 4 and 5 that are expected to be declared operational in the next two years (see Note 12). The projects' capacities are contracted or to be contracted to creditworthy offtakers such as Meralco and NGCP, and are expected to contribute significantly to the profitability of the Group in the coming years following the start of their commercial operations (see Note 6).

29. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Liquidity Risk
- Credit Risk
- Market Risk (Interest Rate Risk, Foreign Currency Risk and Commodity Price Risk)

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

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

The outstanding derivative instruments of the Group, such as forwards, are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to foreign currency and commodity price risks arising from the operating and financing activities. The accounting policies in relation to derivatives are set out in Note 3 to consolidated financial statements.

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

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

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

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

Liquidity Risk

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

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

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

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

December 31, 2025	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	P101,498,370	P101,498,370	P101,498,370	P -	P -	P -
Trade and other receivables - net	87,689,285	87,689,285	87,689,285	-	-	-
Long-term receivables (including current portion)	5,503,179	5,503,179	2,931,936	1,485,031	622,543	463,669
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	15,324,737	15,324,737	9,875,103	3,753,772	1,695,837	25
Financial Liabilities						
Loans payable	33,000,000	33,128,533	33,128,533	-	-	-
Accounts payable and accrued expenses	83,785,524	83,785,524	83,785,524	-	-	-
Long-term debt - net (including current maturities)	285,135,641	358,016,578	63,535,653	75,532,389	161,699,619	57,248,917
Lease liabilities (including current portion)	29,700,875	44,389,359	6,299,603	7,346,347	6,169,433	24,573,976
Other noncurrent liabilities	560,435	560,435	-	241,272	270,479	48,684

*Excluding statutory receivables and payables.

December 31, 2024	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P67,867,411	P67,867,411	P67,867,411	P -	P -	P -
Trade and other receivables - net	110,776,695	110,776,695	110,776,695	-	-	-
Long-term receivables (including current portion)	14,140,044	14,140,044	5,104,369	7,393,836	1,352,637	289,202
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	8,495,006	8,495,006	3,865,243	2,973,551	1,656,202	10
Financial Liabilities						
Loans payable	41,350,425	41,662,148	41,662,148	-	-	-
Accounts payable and accrued expenses	122,229,914	122,229,914	122,229,914	-	-	-
Derivative liabilities not designated as cash flow hedge (included under "Accounts payable and accrued expenses" account)	13,725	13,725	13,725	-	-	-
Long-term debt - net (including current maturities)	277,937,891	362,378,837	49,276,576	60,537,755	170,496,680	82,067,826
Lease liabilities (including current portion)	31,405,266	40,231,022	10,324,934	6,169,050	9,646,282	14,090,756
Other noncurrent liabilities	502,869	502,869	-	199,972	183,678	119,219

*Excluding statutory receivables and payables.

Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Trade and Other Receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on the credit risk.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group ensures that sales on account are made to customers with appropriate credit history. The Group has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

Financial information on the Group's maximum exposure to credit risk as at December 31, without considering the effects of other risk mitigation techniques, is presented below:

	Note	2025	2024
Cash and cash equivalents (excluding cash on hand)	7	P101,496,244	P67,864,985
Trade and other receivables - net*	8	87,689,285	110,776,695
Long-term receivables (including current portion)	8, 15	5,503,179	14,140,044
Restricted cash	10, 15	15,324,737	8,495,006
		P210,013,445	P201,276,730

*Excluding statutory receivables

The table below presents the Group's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

	Financial Assets at Amortized Cost			Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	
December 31, 2025				
Cash and cash equivalents (excluding cash on hand)	P101,496,244	P -	P -	P101,496,244
Trade and other receivables	-	87,689,285	6,366,364	94,055,649
Long-term receivables (including current portion)	-	5,503,179	-	5,503,179
Restricted cash	15,324,737	-	-	15,324,737
	P116,820,981	P93,192,464	P6,366,364	P216,379,809

December 31, 2024	Financial Assets at Amortized Cost			Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	
Cash and cash equivalents (excluding cash on hand)	P67,864,985	P -	P -	P67,864,985
Trade and other receivables	-	110,776,695	4,867,019	115,643,714
Long-term receivables (including current portion)	-	14,140,044	-	14,140,044
Restricted cash	8,495,006	-	-	8,495,006
	P76,359,991	P124,916,739	P4,867,019	P206,143,749

Receivables that are not credit impaired are considered high grade since the customers or counterparties have strong financial capacity and business performance and with the lowest default risk.

The aging of trade and other receivables (excluding statutory receivables) is as follows:

	December 31, 2025				December 31, 2024			
	Trade	Non-trade	Amounts Owed by Related Parties	Total	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P51,579,651	P5,239,814	P3,148,216	P59,967,681	P57,027,864	P4,845,403	P1,089,041	P62,962,308
Past due:								
1 - 30 days	5,542,565	77,483	776,836	6,396,884	12,002,438	45,266	365,300	12,413,004
31 - 60 days	844,345	20,971	45,766	911,082	2,030,425	15,809	81,464	2,127,698
61 - 90 days	164,921	10,175	36,609	211,705	1,042,048	9,942	13,071	1,065,061
Over 90 days	20,165,951	6,080,828	321,518	26,568,297	29,696,037	6,209,073	1,170,533	37,075,643
	P78,297,433	P11,429,271	P4,328,945	P94,055,649	P101,798,812	P11,125,493	P2,719,409	P115,643,714

Past due trade receivables more than 30 days pertain mainly to generation charges and output VAT. The Group believes that the unimpaired amounts that are past due and those that are neither past due nor impaired are still collectible based on historical payment behavior and analyses of the underlying customer credit ratings.

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. Except for specific customer accounts for which impairment losses have been recognized based on their current financial condition as of each reporting date, there were no significant indicators of a significant change in the credit quality of the unimpaired accounts of other customers or counterparties as of each reporting date.

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 33%, 45%, and 42% of the Group's total revenues in 2025, 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:

December 31, 2025	< 1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated Interest rate	P23,012,654 5.1792% to 8.6228%	P19,929,597 6.6250% to 8.6228%	P51,809,411 6.7500% to 8.6228%	P28,190,744 7.5758% to 8.6228%	P21,784,372 6.8750% to 8.5915%	P49,916,000 7.0000% to 8.2104%	P194,642,778
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	1,544,266 8.3310%	1,613,932 8.3310%	1,688,243 8.3310%	1,767,198 8.3310%	8,815,090 8.3310%	-	15,428,729
Floating Rate							
Philippine Peso-denominated Interest rate	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	291,134 BVAL + Margin	-	4,949,270
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	18,145,240 SOFR + Margin	35,805,168 SOFR + Margin	9,374,124 SOFR + Margin	581,609 SOFR + Margin	8,780,169 SOFR + Margin	-	72,686,310
	P43,866,694	P58,513,231	P64,036,312	P31,704,085	P39,670,765	P49,916,000	P287,707,087

December 31, 2024	< 1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated Interest rate	P17,004,744 5.0000% to 8.6228%	P22,339,154 5.1792% to 8.6228%	P18,370,097 6.6250% to 8.6228%	P48,394,411 7.1051% to 8.6228%	P26,400,744 7.5758% to 8.6228%	P59,538,372 7.5758% to 8.2443%	P192,047,522
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	1,453,182 8.3310%	1,519,443 8.3310%	1,587,990 8.3310%	1,661,106 8.3310%	1,738,792 8.3310%	8,673,395 8.3310%	16,633,908
Floating Rate							
Philippine Peso-denominated Interest rate	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	291,134 BVAL + Margin	6,113,804
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	9,155,013 SOFR + Margin	17,853,571 SOFR + Margin	35,229,629 SOFR + Margin	546,693 SOFR + Margin	572,260 SOFR + Margin	2,854,535 SOFR + Margin	66,211,701
	P28,777,473	P42,876,702	P56,352,250	P51,766,744	P29,876,330	P71,357,436	P281,006,935

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's net income before tax (through the impact on floating rate borrowings) by P776,356, P723,255, and P710,947 in 2025, 2024 and 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.

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

		December 31, 2025		December 31, 2024	
			Peso		Peso
	Note	US Dollar	Equivalent	US Dollar	Equivalent
Assets					
Cash and cash equivalents	7	US\$889,224	P52,277,472	US\$168,440	P9,743,423
Trade and other receivables	8	111,450	6,552,117	198,748	11,496,606
Long-term receivables	15	35,154	2,066,705	33,855	1,958,324
		1,035,828	60,896,294	401,043	23,198,353
Liabilities					
Loans payable		-	-	125,000	7,230,625
Accounts payable and accrued expenses	17	1,248,509	73,399,840	1,288,607	74,539,484
Long-term debt (including current maturities)	18	1,498,810	88,115,039	1,432,200	82,845,609
Lease liabilities (including current portion)	6	132,587	7,794,794	277,111	16,029,502
		2,879,906	169,309,673	3,122,918	180,645,220
Net Foreign Currency-denominated Monetary Liabilities					
		US\$1,844,078	P108,413,379	US\$2,721,875	P157,446,867

The Group reported net gains (losses) on foreign exchange amounting to (P1,912,377), (P4,006,812), and P1,258,912 in 2025, 2024, and 2023, respectively, with the translation of its foreign currency-denominated assets and liabilities (see Note 25).

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

US Dollar to Philippine Peso	
December 31, 2025	P58.790
December 31, 2024	57.845
December 31, 2023	55.370

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various foreign currency exchange rate scenarios.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Group's income before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to translation of results and financial position of foreign operations):

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
December 31, 2025				
Cash and cash equivalents	(P881,746)	(P668,787)	P881,746	P668,787
Trade and other receivables	(111,450)	(83,587)	111,450	83,587
Long-term receivables	(35,154)	(26,366)	35,154	26,366
	(1,028,350)	(778,740)	1,028,350	778,740
Accounts payable and accrued expenses	1,248,375	936,415	(1,248,375)	(936,415)
Long-term debt (including current maturities)	1,498,810	1,124,108	(1,498,810)	(1,124,108)
Lease liabilities (including current portion)	132,587	99,440	(132,587)	(99,440)
	2,879,772	2,159,963	(2,879,772)	(2,159,963)
	P1,851,422	P1,381,223	(P1,851,422)	(P1,381,223)
	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
December 31, 2024				
Cash and cash equivalents	(P165,301)	(P127,114)	P165,301	P127,114
Trade and other receivables	(198,734)	(149,068)	198,734	149,068
Long-term receivables	(33,855)	(25,391)	33,855	25,391
	(397,890)	(301,573)	397,890	301,573
Loans Payable	125,000	93,750	(125,000)	(93,750)
Accounts payable and accrued expenses	1,288,337	966,523	(1,288,337)	(966,523)
Long-term debt (including current maturities)	1,432,200	1,074,150	(1,432,200)	(1,074,150)
Lease liabilities (including current portion)	277,111	207,833	(277,111)	(207,833)
	3,122,648	2,342,256	(3,122,648)	(2,342,256)
	P2,724,758	P2,040,683	(P2,724,758)	(P2,040,683)

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency-denominated transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

Commodity Price Risk

Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in commodity prices.

The Group, through SMC and the Parent Company, enters into commodity derivatives to manage its price risks on strategic commodities. Commodity hedging allows stability in prices, thus offsetting the risk of volatile market fluctuations. Through hedging, prices of commodities are fixed at levels acceptable to the Group, thus protecting raw material cost and preserving margins. For hedging transactions, if prices go down, hedge positions may show marked-to-market losses; however, any loss in the marked-to-market position is offset by the resulting lower physical raw material cost.

Commodity Swaps. Commodity swaps are used to manage the Group's exposures to volatility in prices of coal.

Other Market Price Risk

The Group's market price risk arises from its investments carried at fair value (financial assets at FVOCI). The Group manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

Capital Management

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, distribution payment, pay-off existing debts, return capital to shareholders or issue new shares, subject to compliance with certain covenants of its long-term debts, SPCS and RPCS (see Notes 18 and 21).

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

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

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

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

30. Financial Assets and Financial Liabilities

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

	December 31, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P101,498,370	P101,498,370	P67,867,411	P67,867,411
Trade and other receivables - net*	87,689,285	87,689,285	110,776,695	110,776,695
Financial assets at FVOCI (included under "Investments and advances" account)	26,757,446	26,757,446	-	-
Long-term receivables (including current portion)	5,503,179	5,503,179	14,140,044	14,140,044
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	15,324,737	15,324,737	8,495,006	8,495,006
	P236,773,017	P236,773,017	P201,279,156	P201,279,156
Financial Liabilities				
Loans payable	P33,000,000	P33,000,000	P41,350,425	P41,350,425
Accounts payable and accrued expenses	83,785,524	83,785,524	122,229,914	122,229,914
Derivative liabilities not designated as cash flow hedge (included under "Accounts payable and accrued expenses" account)	-	-	13,725	13,725
Long-term debt - net (including current maturities)	285,135,641	301,593,484	277,937,891	295,112,421
Lease liabilities (including current portion)	29,700,875	29,700,875	31,405,266	31,405,266
Other noncurrent liabilities	560,435	560,435	502,869	502,869
	P432,182,475	P448,640,318	P473,440,090	P490,614,620

*Excluding statutory receivables and payables

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Trade and Other Receivables (excluding statutory receivables), Long-term Receivables and Restricted Cash. The carrying amounts of cash and cash equivalents, and trade and other receivables approximate their fair values primarily due to the relatively short-term maturities of these financial instruments. In the case of long-term receivables and restricted cash, the carrying amounts approximate their fair values, since the effect of discounting is not considered material.

Financial Assets at FVOCI. The fair values of publicly traded equity instruments are based on quoted market prices in an active market. For equity instruments with no quoted market prices, 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 4.64% to 8.56% and from 5.65% to 6.16% as at December 31, 2025 and 2024, respectively. Discount rates used for foreign currency-denominated loans range from 3.44% to 3.73% and from 4.20% to 5.99% as at December 31, 2025 and 2024, respectively. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

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

Derivative Financial Instruments

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

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

Derivative Instruments not Designated as Hedges

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

Freestanding Derivatives

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

Currency Forwards

The Group had an outstanding short-term foreign currency forward contracts with aggregate notional amount of US\$45,000 as at December 31, 2024 which matured in 2025. As at December 31, 2024, the negative fair value of these currency forwards, included under "Accounts payable and accrued expenses" account amounted to P13,725 (see Note 17).

The Group recognized marked-to-market gains (losses) from freestanding derivatives amounting to (P54,210), P104,350, and (P875,946) in 2025, 2024, and 2023, respectively (see Note 25).

Fair Value Changes on Derivatives

The net movements in fair value of all derivative instruments are as follows:

	2025	2024
Balance at beginning of year	(P13,725)	(P13,925)
Net change in fair value of derivatives not designated as accounting hedge	(54,210)	104,350
	(67,935)	90,425
Less fair value of settled instruments	(67,935)	104,150
Balance at end of year	P -	(P13,725)

31. Supplemental Cash Flows Information

The following table summarizes the changes in liabilities and equity arising from financing activities, including both changes arising from cash flows and non-cash changes:

	Loans Payable	Long-term Debt	Lease Liabilities	Capital Stock	Additional Paid-in Capital	SPCS	RPCS	Total
Balance as at January 1, 2025	P41,350,425	P277,937,891	P31,405,266	P2,823,604	P48,081,781	P151,194,865	P145,979,113	P698,772,945
Changes from Financing Activities								
Proceeds from borrowings	186,000,000	33,086,427	-	-	-	-	-	219,086,427
Proceeds from issuance of capital stock	-	-	-	1,961,890	56,813,747	-	-	58,775,637
Proceeds from issuances of SPCS, net of exchange offers	-	-	-	-	-	21,891,720	-	21,891,720
Payments of lease liabilities	-	-	(9,535,848)	-	-	-	-	(9,535,848)
Payments for redemption of SPCS	-	-	-	-	-	(15,775,054)	-	(15,775,054)
Payments for redemption of RPCS	-	-	-	-	-	-	(58,856,693)	(58,856,693)
Payments of borrowings	(189,412,300)	(28,554,154)	-	-	-	-	-	(217,966,454)
Total Changes from Financing Activities	(3,412,300)	4,532,273	(9,535,848)	1,961,890	56,813,747	6,116,666	(58,856,693)	(2,380,265)
Effect of changes in foreign exchange rates	61,875	1,707,806	37,798	-	-	-	-	1,807,479
Other changes	(5,000,000)	957,671	7,793,659	-	-	3,478,092	1,557,375	8,786,797
Balance as at December 31, 2025	P33,000,000	P285,135,641	P29,700,875	P4,785,494	P104,895,528	P160,789,623	P88,679,795	P706,986,956

	Loans Payable	Long-term Debt	Lease Liabilities	SPCS	RPCS	Total
Balance as at January 1, 2024	P13,736,000	P258,769,473	P42,787,300	P161,767,709	P102,546,825	P579,607,307
Changes from Financing Activities						
Proceeds from borrowings	165,147,050	71,506,000	-	-	-	236,653,050
Proceeds from issuance of RPCS	-	-	-	-	43,432,288	43,432,288
Proceeds from issuances of SPCS, net of exchange and tender offers	-	-	-	21,040,519	-	21,040,519
Payments of lease liabilities	-	-	(18,298,212)	-	-	(18,298,212)
Payments of borrowings	(137,512,000)	(55,615,121)	-	-	-	(193,127,121)
Payments for redemption of SPCS	-	-	-	(45,039,762)	-	(45,039,762)
Total Changes from Financing Activities	27,635,050	15,890,879	(18,298,212)	(23,999,243)	43,432,288	44,660,762
Effect of changes in foreign exchange rates						
Other changes	(20,625)	2,298,695	709,615	-	-	2,987,685
	-	978,844	6,206,563	13,426,399	-	20,611,806
Balance as at December 31, 2024	P41,350,425	P277,937,891	P31,405,266	P151,194,865	P145,979,113	P647,867,560

Other changes pertain to deconsolidated loans payable of SPPC (see Note 11), additions for new lease agreements, amortization of lease liabilities and debt-issue costs on long-term debts, and the net effect of issuances, redemption and purchases of perpetual capital securities in 2025 and 2024.

32. Other Matters

a. EPIRA

The EPIRA sets forth the following: (i) Section 49 created PSALM to take ownership and manage the orderly sale, disposition and privatization of all existing NPC generation assets, liabilities, IPP contracts, real estate and all other disposable assets; (ii) Section 31(c) requires the transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP Administrators as one of the conditions for retail competition and open access; and (iii) Pursuant to Section 51(c), PSALM has the power to take title to and possession of the IPP contracts and to appoint, after a competitive, transparent and public bidding, qualified independent entities who shall act as the IPP Administrators in accordance with the EPIRA. In accordance with the bidding procedures and supplemented bid bulletins thereto to appoint an IPP Administrator relative to the capacity of the IPP contracts, PSALM has conducted a competitive, transparent and open public bidding process following which the Group was selected winning bidder of the IPPA Agreements (see Note 6).

The EPIRA requires generation and DU companies to undergo public offering within 5 years from the effective date, and provides cross ownership restrictions between transmission and generation companies. If the holding company of generation and DU companies is already listed with the PSE, the generation company or the DU need not comply with the requirement since such listing of the holding company is deemed already as compliance with the EPIRA.

A DU is allowed to source from an associated company engaged in generation up to 50% of its demand except for contracts entered into prior to the effective date of the EPIRA. Generation companies are restricted from owning more than 30% of the installed generating capacity of a grid and/or 25% of the national installed generating capacity. The Group is in compliance with the restrictions as at December 31, 2025 and 2024.

b. Contingencies

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

i. Petition to Stop the Imposition of the Increase in Generation Charge

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

On December 19, 2013, Petitioners Bayan Muna representatives, et al. filed a petition against the ERC and Meralco, questioning the increase in the generation cost for November 2013 supply month. On December 20, 2013, Petitioner National Association of Electricity Consumers for Reforms (NASECORE) et al. filed a petition against the ERC, DOE and Meralco assailing the automatic adjustment of generation cost. On December 23, 2013, the Supreme Court (SC) issued a resolution consolidating both petitions and issued a Temporary Restraining Order (TRO), originally for a period of 60 days, 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.

On January 8, 2014, Meralco filed its Consolidated Comment/Opposition with Counter-Petition (the "Counter-Petition") which prayed, among others, for the inclusion of SPI, SPPC, SRHI, MPCL and several generators as respondents to the case. On January 10, 2014, the SC issued an Order treating the Counter-Petition as in the nature of a third party complaint and granting the prayer to include SPI, SPPC, SRHI and MPCL as respondents in the Petition.

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

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

A decision was promulgated by the SC En Banc on August 3, 2021 (the "SC Decision"), affirming the December 9, 2013 ERC Order, which approved the staggered imposition by Meralco of its generation rate for November 2013 from its consumers and declared as null and void the March 3, 2014 ERC Order. SPI, SPPC, and SRHI however received a copy of the SC Decision through their counsel only on July 5, 2022, while MPCL received the same on July 6, 2022.

On July 26, 2022, the special interest groups sought reconsideration of the SC Decision by filing separate Motions for Reconsideration where they prayed that the SC Petition be granted. The ERC likewise filed a Motion for Partial Reconsideration of the SC Decision and sought the reinstatement of the March 3, 2014 ERC Order, among others.

These motions were denied with finality by the SC En Banc, in its Resolution dated October 11, 2022, which also directed the entry of judgment of the SC Decision be made immediately. On January 4, 2023, the external counsel of SPPC, SPI and SRHI received a copy of the Entry of Judgement from the SC En Banc dated October 11, 2022, while the external counsel of MPCL received a copy of the same on January 5, 2023.

With this, the relevant subsidiaries namely, SPPC, MPCL and SPI are pursuing the implementation of the SC Decision as at December 31, 2025. SPPC, MPCL and SPI have aggregate outstanding receivables from Meralco estimated at P1,275,985 included under "Trade and other receivables - net" account in the consolidated statements of financial position as at December 31, 2025.

ii. ERC Order Voiding WESM Prices

Relative to the above-cited Petition, on December 27, 2013, the DOE, ERC and PEMC, acting as a tripartite committee, issued a joint resolution setting a reduced price cap on the WESM of P32.00 per kWh. The price was set to be effective for 90 days until a new cap is decided upon.

On March 3, 2014, the ERC, in the exercise of its police power, issued an order in Miscellaneous Case No. 2014-021, declaring the November and December 2013 Luzon WESM prices void, imposed the application of regulated prices and mandated PEMC, the operator of the WESM, to calculate and issue adjustment bills using recalculated price (the "March 3, 2014 ERC Order").

Subsequent orders were issued by the ERC setting the period for compliance of the March 3, 2014 ERC Order (collectively, together with the March 3, 2014 ERC Order, the "2014 ERC Orders"). Based on these orders, SPI and SRHI recognized a reduction in the sale of power while MPCL, San Miguel Electric Corp. (SMELC) and SPPC recognized a reduction in its power purchases. Consequently, a payable and receivable were also recognized for the portion of over-collection or over-payment, the settlement of which have been covered by a 24-month Special Payment Arrangement with PEMC which was already completed on May 25, 2016.

SPI, SPPC, SRHI and MPCL filed various pleadings requesting ERC for the reconsideration of the March 3, 2014 ERC Order. Other generators also requested the SC to stop the implementation of the March 3, 2014 ERC Order. The ERC denied the motions for reconsideration filed by the generators.

On June 26, 2014, SPI, SPPC and SRHI, and on December 12, 2014, MPCL appealed the said ERC denial before the Court of Appeals through their respective Petitions for Review.

After consolidating the cases, the CA, in its Decision dated November 7, 2017 (the "November 7, 2017 Decision"), granted the Petition for Review filed by SPI, SPPC, SRHI and MPCL, declared the 2014 ERC Orders null and void and accordingly reinstated and declared as valid the WESM prices for Luzon for the supply months of November to December 2013.

Motions for Reconsideration of the November 7, 2017 Decision and several other motions which were filed by various intervenors, were denied by the CA through its Omnibus Resolution dated March 29, 2019. The intervenors filed Petitions for Review on Certiorari before the SC, which were also denied by the SC through its resolutions dated September 11, 2019 and October 1, 2019. Entries of judgment were subsequently issued by the SC.

The ERC and Meralco also filed separate Petitions for Review appealing the above orders, which nullified and set aside the 2014 ERC Orders, declaring the WESM prices for November and December 2013 void. The SC directed the consolidation of the separate petitions to the 3rd Division of the SC.

The SC has not yet promulgated a decision as at December 31, 2025. However, on August 3, 2021, a Decision was rendered by the SC En Banc in a separate case (as discussed under "*Petition to Stop the Imposition of the Increase in Generation Charge*") declaring the March 3, 2014 ERC Order as null and void, which is the subject of the aforementioned Petition. Considering that this decision of the SC En Banc covers the March 3, 2014 ERC Order, the difference between the actual Luzon WESM prices and the regulated prices (based on the March 3, 2014 ERC Order) for WESM sales and purchases by SPI, SPPC, SRHI, SMELC and MPCL amounting to up to P2,321,785 will have to be settled with the IEMOP the current operator of the WESM, in favor of the relevant subsidiaries of the Group.

iii. *Ilijan IPPA Agreement Dispute*

SPPC and PSALM were parties to the Ilijan IPPA Agreement covering the appointment of SPPC as the IPP Administrator of the Ilijan Power Plant.

SPPC and PSALM have an ongoing dispute arising from differing interpretations of certain provisions related to generation payments under the Ilijan IPPA Agreement. As a result of such dispute, the parties have arrived at different computations regarding the subject payments. In a letter dated August 6, 2015, PSALM has demanded payment of the difference between the generation payments calculated based on its interpretation and the amount which has already been paid by SPPC, plus interest, covering the period December 26, 2012 to April 25, 2015.

On August 12, 2015, SPPC initiated a dispute resolution process with PSALM as provided under the terms of the Ilijan IPPA Agreement, while continuing to maintain its position that it has fully paid all of its obligations to PSALM. Notwithstanding the bona fide dispute, PSALM issued a notice terminating the Ilijan IPPA Agreement on September 4, 2015. On the same day, PSALM also called on the performance bond posted by SPPC pursuant to the Ilijan IPPA Agreement (see Notes 6 and 8).

On September 8, 2015, SPPC filed a Complaint with the RTC of Mandaluyong City 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, and a Preliminary Injunction was later on granted maintaining status quo while the main case is pending.

Despite the pendency of the proceedings, the Ilijan Power Plant was turned over by PSALM to SPPC pursuant to the Ilijan IPPA Agreement and the Deed of Sale executed between PSALM and SPPC on June 3, 2022 (see Note 6).

Trial on the merits proceeded until the RTC rendered a decision in favor of SPPC on June 13, 2025 (the “June 13, 2025 Decision”), which was received by SPPC on October 7, 2025. The June 13, 2025 Decision stated that PSALM’s termination of the Ilijan IPPA Agreement, drawing of the Performance Bond, and issuance of the Cessation Notice were unauthorized and without factual and legal basis, ordered PSALM to among others return to SPPC the amount of the Performance Bond drawn by PSALM, with interests, and dismissed PSALM’s counterclaim for lack of merit.

On October 22, 2025, PSALM filed a Motion for Reconsideration of the June 13, 2025 Decision. SPPC filed its Opposition to the Motion for Reconsideration on October 28, 2025.

On January 16, 2026, the RTC issued an order denying PSALM’s Motion for Reconsideration of the June 13, 2025 Decision (the “January 16, 2026 RTC Order”).

On March 5, 2026, SPPC through its external counsel received the Notice of Appeal dated February 24, 2026, filed by PSALM where it notified the RTC that it is appealing the June 13, 2025 Decision and the January 16, 2026 RTC Order.

iv. Complaint against PSALM, TPEC, and TSC

On October 21, 2015, SPI filed a criminal complaint for Plunder and violation of Sections 3(e) and 3(f) of RA No. 3019, otherwise known as the “Anti-Graft and Corrupt Practices Act”, before the DOJ against a certain officer of PSALM, and certain officers of TPEC and TSC, relating to the illegal grant of the so-called “excess capacity” of the Sual Power Plant in favor of TPEC which enabled it to receive a certain amount at the expense of the Government and SPI.

In a Resolution dated July 29, 2016, the DOJ found probable cause to file an Information against the respondents for Plunder and violation of Sections 3(e) and 3(f) of RA No. 3019 (the “July 29, 2016 DOJ Resolution”). The DOJ further resolved to forward the entire records of the case to the Office of the Ombudsman for their proper action. The TPEC and TSC officers have respectively appealed said July 29, 2016 DOJ Resolution, through the filing of a Petition for Review with the Secretary of Justice while the PSALM officer filed a Verified Motion for Reconsideration.

On October 25, 2017, the DOJ issued a Resolution partially granting the Petition for Review of the TPEC and TSC officers by reversing the July 29, 2016 DOJ Resolution insofar as the conduct of the preliminary investigation was concerned, ruling that the Office of the Prosecutor General should have endorsed the case to the Office of the Ombudsman. On November 17, 2017, SPI filed a motion for partial reconsideration of said DOJ Resolution dated October 25, 2017.

While the said Motion for Partial Reconsideration was pending, SPI, TPEC, TSC and the TPEC and TSC officers filed before the DOJ a Joint Motion to Dismiss dated June 6, 2022 praying for the dismissal of the criminal complaint filed by SPI against TPEC and TSC.

In a Resolution promulgated on May 5, 2023, the DOJ affirmed its Resolution dated October 25, 2017. The DOJ held that considering SPI's desistance, SPI's Motion for Partial Reconsideration of the DOJ's Resolution of October 25, 2017 was considered dismissed and/or withdrawn. The PSALM officer's Verified Motion for Reconsideration remains unresolved as at report date.

v. *SPI Consignation Case*

On June 17, 2016, SPI filed with the RTC of Pasig City (the "RTC Pasig") a civil complaint for consignation against PSALM arising from PSALM's refusal to accept SPI's remittances corresponding to the proceeds from the sale to the WESM of 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 from the Sale of the Excess Capacity and that the consigned amount should belong to TPEC as it is rightfully entitled to the 200 MW excess capacity of the Sual Power Plant (the "Excess Capacity") (see Notes 8 and 14).

On October 3, 2016, SPI filed an Omnibus Motion to Admit Supplemental Complaint and to Allow Future Consignation without Tender (the "Omnibus Motion"). Together with this Omnibus Motion, SPI consigned with the RTC Pasig an additional amount corresponding to the proceeds of the Sale of the Excess Capacity for the billing periods from April 26, 2016 to July 25, 2016. Subsequently, SPI continuously consigned additional proceeds from the Sale of the Excess Capacity for succeeding billing periods, with the RTC Pasig.

On May 22, 2018, the RTC Pasig issued an Order dismissing the complaint for consignation filed by SPI on the ground that the court has no jurisdiction over the subject matter of the complaint and finding that the ERC has the technical competence to determine the proper interpretation of "contracted capacity", the fairness of the settlement formula and the legality of the memorandum of agreement. SPI filed its Motion for Reconsideration (MR) to this Order.

After the case was re-raffled, the RTC Pasig Branch 268, in an Order dated September 30, 2021, (a) granted SPI's Motion for Reconsideration and Supplemental Motion for Reconsideration of the Order dated May 22, 2018, which dismissed the case for lack of jurisdiction; (b) granted SPI's Omnibus Motion to Admit Supplemental Complaint and Allow Future Consignations without Tender; and (c) reinstated the Complaint.

On October 5, 2022, SPI and PSALM filed an Omnibus Motion to Dismiss and Release Deposited Monies, whereby PSALM, agreed to the release of the said amounts to TPEC. Relying on PSALM's representation and acknowledgment, SPI did not object to the release of the consigned amounts to TPEC, which was later granted by the RTC Pasig Branch 268.

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 issues on the Excess Capacity, which have already been raised in the abovementioned cases. SPI filed a Motion to Dismiss and Motion to Suspend Proceeding of the instant case.

On June 6, 2022, SPI, TPEC and TSC filed a Joint Motion to Dismiss the ERC complaint. SPI received the Order from the ERC on June 22, 2022, asking the parties to submit a copy of the settlement agreement within 5 days from receipt of such order. TPEC, TSC and SPI filed with the ERC a Compliance and Submission attaching the settlement agreement on June 28, 2022. As at December 31, 2025, the case is still pending as the ERC has not issued any resolution granting the Joint Motion to Dismiss filed by the parties.

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

vi. *Claims for Contract Price Adjustments on Certain "Fixed Price" PSAs with Meralco*

On October 22, 2019, SPI and SPPC each filed before the ERC a Joint Application with Meralco for the approval of their respective PSA with Meralco with prayer for provisional authority (the "Application"). The PSA of SPPC covers the supply of 670 MW baseload capacity to Meralco ("SPPC PSA") while the PSA of SPI covers the supply of 330 MW baseload capacity to Meralco ("SPI PSA") both for a period of 10 years. The SPPC PSA and SPI PSA were awarded by Meralco to each of SPPC and SPI after they emerged as the winning bidders in the CSP conducted by Meralco in September 2019.

On March 16, 2020, the ERC released Orders both dated December 10, 2019, granting provisional authority to implement the SPPC PSA and SPI PSA.

On May 11, 2022, SPPC and SPI each filed a Joint Motion for Price Adjustment with Meralco (the "Joint Motion") seeking approval from the ERC to temporarily increase the contract price under the SPPC PSA and SPI PSA for a period of 6 months, to recover incremental fuel costs covering January to May 2022 billing periods arising from a Change in Circumstances (CIC) (as defined in the PSAs) to be collected over a period of 6 months.

On September 29, 2022, the ERC denied the foregoing Joint Motions filed by each of SPPC and SPI with Meralco requesting for the proposed price adjustments (the "September 29, 2022 ERC Orders").

SPPC 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"). The CA issued a TRO on December 2, 2022, and a writ of preliminary injunction on February 23, 2023.

On July 10, 2023, SPPC received the CA's Joint Decision dated June 27, 2023 (the "June 27, 2023 CA Decision") which granted the consolidated petitions of SPPC and SPI. The CA: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the June 27, 2023 CA Decision); and (iii) made permanent the writ of preliminary injunction issued in favor of SPPC. The Motions for Reconsideration filed by NASECORE and the ERC were also subsequently denied.

The June 27, 2023 CA Decision was later on confirmed by the SC in a Resolution dated April 3, 2024 which denied the ERC's Petition for Review on Certiorari "for failure of petitioner [ERC] to sufficiently show that the CA committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court's discretionary appellate jurisdiction." The ERC's Motion for Reconsideration of the SC Resolution dated April 3, 2024 was also denied with finality in another SC Resolution dated July 10, 2024, and received on August 30, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPPC filed with the ERC a Motion for Issuance of Writ of Execution to enforce the June 27, 2023 CA Decision on October 10, 2024 and a Motion to Resolve (re: Motion for Issuance of Writ of Execution) on February 6, 2025. After filing a Motion to Direct the Court of Origin to Issue Writ of Execution with the CA in March 2025 to compel the ERC to issue writs of execution on the June 27, 2023 CA Decision, the CA partially granted its motions and directed the ERC to immediately implement the June 27, 2023 CA Decision and act on SPPC's motions without further delay.

On September 2, 2025, SPPC received the Compliance filed by the ERC with the CA. In said Compliance, the ERC submitted its Order in ERC Case No. 2019-081 RC, promulgated on August 22, 2025, which granted SPPC's Motions for Issuance of Writ of Execution (Re: Court of Appeals Joint Decision dated June 27, 2023). The order allowed SPPC to recover from Meralco the price adjustments prayed for in its motions and authorized Meralco to collect the adjustments from its customers over a period of 6 months from the September 2025 customer billing period. As at February 25, 2026, Meralco has fully remitted its payment of the price adjustments to the Parent Company (see Note 11).

Related thereto, pursuant to the June 27, 2023 CA Decision, SPPC issued a Notice of CIC on August 18, 2023, informing Meralco of its request for price adjustments for the period May 26, 2022 to December 6, 2022 and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under the SPPC PSA, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco acknowledged SPPC's right to the adjustment in the Contract Price as a result of the CIC under the SPPC PSA and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPPC filed a Motion for Price Adjustment with the ERC, for its CIC claim for the period May 26, 2022 to December 6, 2022 pursuant to the SPPC PSA (the “2nd SPPC CIC Claim”), with its claims anchored on essentially the same legal bases established or ruled on by the CA in its June 27, 2023 CA Decision and confirmed by the SC with finality.

On January 27, 2026, SPPC received a copy of the ERC's Order dated January 26, 2026 which granted the 2nd SPPC CIC Claim allowing SPPC to recover from Meralco the aggregate amount of P15,850,120 over a recovery period of 36 months commencing from the March 2026 billing period.

SPI Petition

On November 10, 2022, SPI also filed with the CA a Petition for Certiorari under Rule 65 with Application for the Issuance of a TRO and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPI (the “SPI CA Petition”).

On January 13, 2023, the CA (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.

On July 10, 2023, SPI received the CA's Joint Decision dated June 27, 2023 (the “June 27, 2023 CA Decision”) which granted the consolidated petitions of SPPC and SPI. The CA: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the June 27, 2023 CA 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.

The June 27, 2023 CA Decision was later on confirmed by the SC in a Resolution dated April 3, 2024, and received on May 21, 2024, which denied the ERC's Petition for Review on Certiorari “for failure of petitioner [ERC] to sufficiently show that the Court of Appeals committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court's discretionary appellate jurisdiction.” The ERC's Motion for Reconsideration of the SC Resolution dated April 3, 2024 was denied with finality in an SC Resolution dated July 10, 2024, and received on August 30, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPI filed with the ERC a Motion for Issuance of Writ of Execution to enforce the June 27, 2023 CA Decision on October 10, 2024 and a Motion to Resolve (re: Motion for Issuance of writ of Execution) on February 6, 2025. After filing a Motion to Direct the Court of Origin to Issue Writ of Execution with the CA in March 2025 to compel the ERC to issue writs of execution on the June 27, 2023 CA Decision, the CA partially granted its motions and directed the ERC to immediately implement the June 27, 2023 CA Decision and act on SPI's motions without further delay.

On September 2, 2025, SPI received the Compliance filed by the ERC with the CA. In said Compliance, the ERC submitted its Order in ERC Case No. 2019-083 RC, promulgated on August 22, 2025, which granted SPI's Motions for Issuance of Writ of Execution (Re: Court of Appeals Joint Decision dated June 27, 2023). The order allowed SPI to recover from Meralco the price adjustments prayed for in its motions and authorized Meralco to collect the adjustments from its customers over a period of 6 months from the September 2025 customer billing period. As at February 25, 2026, Meralco has fully remitted its payment of the price adjustments to SPI.

Related thereto, pursuant to the June 27, 2023 CA Decision, SPI issued a Notice of CIC on August 18, 2023, informing Meralco of its request for price adjustments for the period June 2022 to July 2023 and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under the SPI PSA, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco acknowledged SPI's right to the adjustment in the Contract Price as a result of the CIC under the SPI PSA, and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPI filed a Motion for Price Adjustment with the ERC, for its CIC claim for the period June 2022 to July 2023 pursuant to the SPI PSA (the "2nd SPI CIC Claim"), with its claims anchored on essentially the same legal bases established or ruled on by the CA in its June 27, 2023 CA Decision and confirmed by the SC with finality.

On January 27, 2026, SPI received a copy of the ERC's Order dated January 26, 2026 which granted the 2nd SPI CIC Claim allowing SPI to recover from Meralco the aggregate amount of P13,362,490 over a recovery period of 36 months commencing from the March 2026 billing period.

In view of the dilution of the Parent Company's equity interest in SPPC from 100% to 33%, following the Chromite Transaction in January 2025 but prior to the final resolution of these cases by the relevant court and/or the ERC, the parties to the Chromite Transaction acknowledged and agreed that the Parent Company shall be entitled, pursuant to the relevant Chromite Transaction documents and forming part of the agreed consideration thereunder, to the economic benefits, rights of recovery, and corresponding potential equivalent exposure arising from the aforesaid cases and claims involving SPPC.

c. Events After the Reporting Date

i. *Issuance of US\$300,000 SPCS by the Parent Company*

On January 20, 2026, the Parent Company completed the issuance of US\$300,000 SPCS at an issue price of 100.00%, with an initial rate of distribution of 8.375% per annum and step-up date of January 20, 2031.

The Parent Company applied the net proceeds from the issuance towards the redemption of all outstanding 5.70% SPCS issued in January 2020.

The US\$300,000 SPCS were listed on the SGX-ST on January 21, 2026.

ii. *Distributions to RPCS Holder*

On March 11, 2026, the Parent Company's BOD approved the payment of distributions amounting to US\$17,000 to the holder of the US\$800,000 RPCS issued in April 2024.

iii. Impact of the United States of America-Israel-Iran Conflict

The escalation of geopolitical tensions in the Middle East, following the joint attack of the United States of America (US) and Israel on Iran on February 28, 2026, has resulted in significant volatility in global oil and gas markets. This market instability has been driven primarily by concerns over potential supply chain disruptions arising from the closure of the Strait of Hormuz - a critical transit route through which a substantial portion of the world's oil and gas supply passes. In light of these developments, management continues to closely monitor the situation and assess its potential and unmitigated implications, if any, on the Group's operations and financial position.

As of date, the Group's power generation costs from its coal and hydroelectric power plants remain largely unaffected by the surge in global oil and gas prices. This resilience is attributable to the Group's diversified fuel sourcing strategy, with coal procured from Indonesian as well as local suppliers of indigenous coal resources, mostly under long-term contracts that provide supply and price security. More importantly, most of the Group's PSAs include fuel price and foreign exchange movement passthrough provisions, which further mitigate exposure to market volatility on a physical basis. The Group also engages in short-term plain vanilla derivatives such as non-deliverable forwards to hedge a significant portion of its foreign exchange exposure for supplier payments denominated in US Dollars.

SPPC and EERI, which operates power plants that run primarily on LNG, have PSAs for a total of 2,400 MW in contracted capacities with Meralco that contain similar provisions that hedge the exposure of these companies from adverse movements in LNG prices and foreign exchange rates, as well as take-or-pay provisions in case of derations in their nominated capacities below contemplated load factors.

In view of the foregoing, the Group, with its diversified portfolio and fuel sourcing, believes that the ongoing US-Israel-Iran conflict has no adverse net financial impact to its financial condition and results of operations. It shall nevertheless continue to monitor ensuing developments in the global commodity and financial markets and shall evaluate and take corrective action as necessary.

d. Commitments

The outstanding purchase commitments of the Group amounted to P69,417,939 and P109,084,701 as at December 31, 2025 and 2024, respectively.

The Group's material commitments for capital expenditure consist mainly of construction of power plants, mostly utilizing high efficiency low emission technologies, in line with the Group's expansion projects, and acquisition, upgrade or repair of property, plant and equipment 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.* Certain accounts in the consolidated statements of cash flows in prior years have been reclassified for consistency with the current year presentation to provide more reliable and relevant information and better referencing to other information in the notes to the consolidated financial statements. These reclassifications had no effect on the reported financial performance for any period.

R.G. Manabat & Co.



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Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING
WITH THE SECURITIES AND EXCHANGE COMMISSION**

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of San Miguel Global Power Holdings Corp. and its Subsidiaries (the "Group") as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, included in this Form 17-A, and have issued our report thereon dated April 15, 2026.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group's management. Such additional components include:

- Map of the Conglomerate
- Supplementary Schedules of Annex 68-J
- Reconciliation of Retained Earnings Available for Dividend Declaration

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029
financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

R.G. Manabat & Co.



These supplementary information are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements. Such information have been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

Gregorio I. Sambrano Jr.
GREGORIO I. SAMBRANO, JR.

Partner

CPA License No. 088825

SEC Accreditation No. 88825-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements

Tax Identification No. 152-885-329

BIR Accreditation No. 08-001987-036-2024

Issued March 26, 2024; valid until March 26, 2027

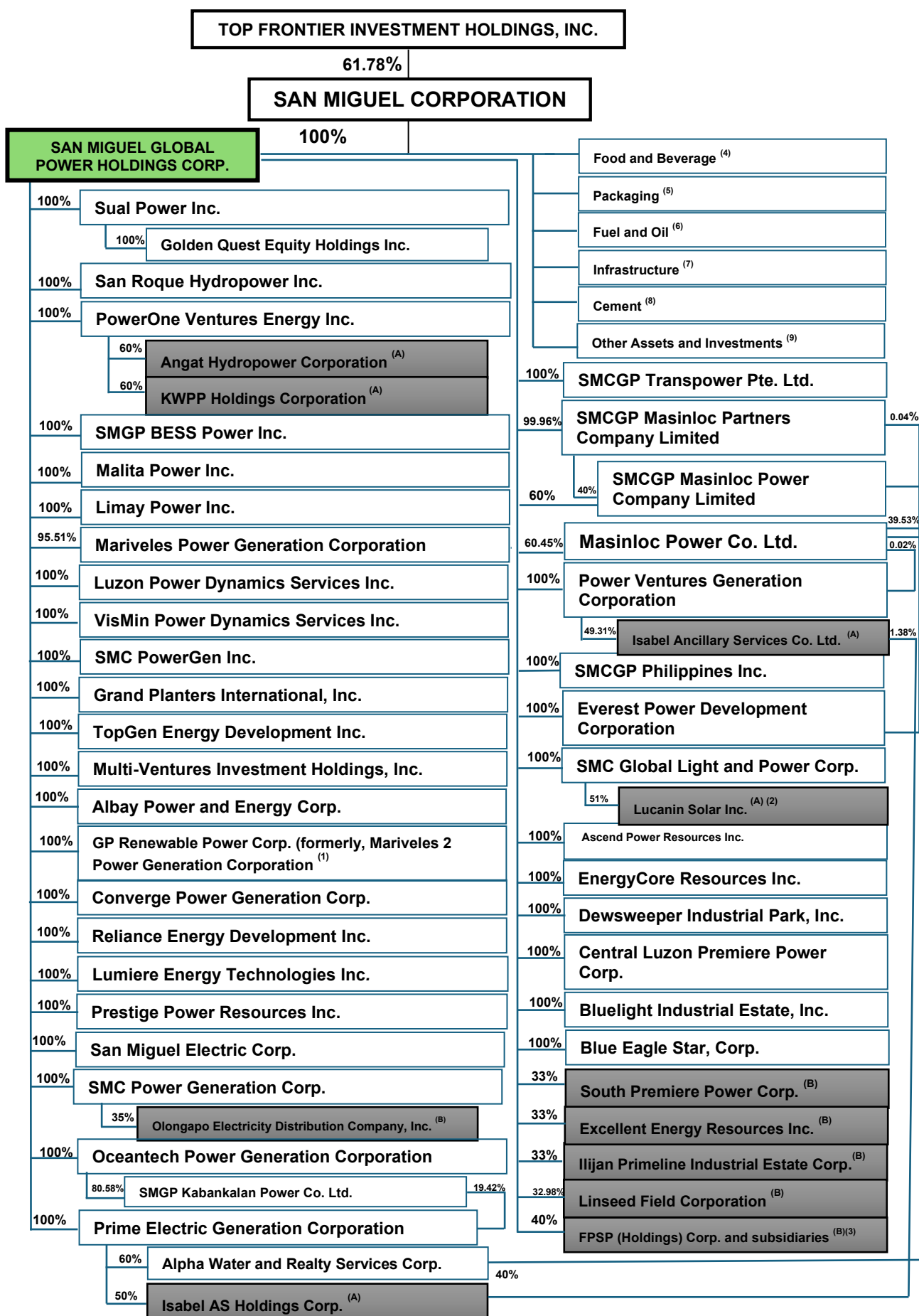
PTR No. MKT 10764413

Issued January 5, 2026 at Makati City

April 15, 2026

Makati City, Metro Manila

**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
GROUP STRUCTURE ***



- (1) The change of the corporate name of "Premiere Energy Resources, Inc." to "Mariveles 2 Power Generation Corporation" was approved by the Philippine SEC on June 9, 2025. Further, the change of corporate name from "Mariveles 2 Power Generation Corporation" to "GP Renewable Power Corp." was approved by the Philippine SEC on January 19, 2026.
- (2) Incorporated in August 2024. On May 21, 2025, Citicore Renewable Energy Corporation completed its share capital subscription in Lucanin Solar Inc. (LSI). As a result of the subscription, SMC Global Light and Power Corp. retains 51% equity interest in LSI.
- (3) On December 19, 2024, San Miguel Global Power acquired 40% ownership interest in FPSP (Holdings) Corp. and subsidiaries, including Pan Pacific Renewable Power Phils. Corp.
- (4) Food and Beverage business consist of San Miguel Food and Beverage, Inc. and subsidiaries including San Miguel Foods, Inc. and subsidiaries, San Miguel Mills, Inc. and subsidiaries, Magnolia Inc. and subsidiary, The Purefoods-Hormel Company Inc., Ginebra San Miguel Inc. and subsidiaries, and San Miguel Brewery Inc. and subsidiaries, Nine Dots Media Consulting Corporation, Single Kitchen Ventures Inc., San Miguel Super Coffeemix Co., Inc., San Miguel Foods International, Limited and subsidiary, San Miguel Foods Investment (BVI) Limited and subsidiary, San Miguel Pure Foods (VN) Co., Ltd.; Ginebra San Miguel Inc. subsidiaries including Distileria Bago, Inc., and East Pacific Star Bottlers Phils Inc.; San Miguel Brewery Inc. subsidiaries including Iconic Beverages, Inc., Brewery Properties Inc. and subsidiary and San Miguel Brewing International Limited and subsidiaries including, San Miguel Brewery Hong Kong Limited and subsidiaries, PT. Delta Djakarta Tbk. and subsidiary, San Miguel Brewery Vietnam Company Limited, San Miguel Beer (Thailand) Limited and San Miguel Marketing (Thailand) Limited. San Miguel (Baoding) Brewery Co. Ltd. and PT San Miguel Foods Indonesia are in the process of liquidation as at December 31, 2025.
- (5) Packaging business consist of San Miguel Yamamura Packaging Corporation and subsidiaries including SMC Yamamura Fuso Molds Corporation, Can Asia, Inc., Wine Brothers Philippines Corporation, San Miguel Yamamura Packaging International Limited and subsidiaries including San Miguel Yamamura Glass (Vietnam) Limited, San Miguel Yamamura Phu Tho Packaging Co. Ltd., San Miguel Yamamura Haiphong Glass Company Ltd., Zhaoqing San Miguel Yamamura Glass Company Ltd., Foshan San Miguel Yamamura Packaging Co., Ltd. and subsidiary, San Miguel Yamamura Packaging and Printing Sdn. Bhd., San Miguel Yamamura Woven Products Sdn. Bhd. and subsidiary, San Miguel Yamamura Plastic Films Sdn. Bhd., San Miguel Yamamura Australasia Pty. Ltd. and subsidiaries including SMYC Pty. Ltd. and subsidiary, SMYV Pty. Ltd., SMYP Pty. Ltd. and subsidiary, Cospak Ltd., SMYBB Pty. Ltd., SMYJ Pty. Ltd., SMYV Ltd. and SMYJ Ltd.
- (6) Fuel and Oil business include SEA Refinery Corporation, Petron Corporation and subsidiaries including Petron Marketing Corporation, Petron Freeport Corporation, Overseas Ventures Insurance Corporation Ltd., New Ventures Realty Corporation and subsidiaries, Mema Holdings Inc. and subsidiaries, Petron Singapore Trading Pte. Ltd., Petron Global Limited, Petron Oil & Gas Mauritius Ltd. and subsidiary, Petron Oil & Gas International Sdn. Bhd. and subsidiaries including Petron Fuel International Sdn. Bhd., Petron Oil (M) Sdn. Bhd. and Petron Malaysia Refining & Marketing Bhd. (collectively Petron Malaysia), and Petrochemical Asia (HK) Limited and subsidiaries.
- (7) Infrastructure business consists of San Miguel Holdings Corp. and subsidiaries including SMC NAIAX Corporation, Trans Aire Development Holdings Corp., SMC TPLEX Holdings Company Inc., SMC TPLEX Corporation, Universal LRT Corporation (BVI) Limited, Atlantic Autum Investments BV and subsidiaries, Wiselink Investment Holdings, Inc., Cypress Tree Capital Investments, Inc. and subsidiaries, San Miguel Aerocity Inc., SMC Mass Rail Transit 7 Inc., Luzon Clean Water Development Corporation, SMC Bulacan Water Services Corporation and Subsidiaries, Manila North Harbour Port, Inc. ^(A) and New NAIA Infra Corp. ^(A) San Miguel Holdings Corp. and subsidiaries also include Alloy Manila Toll Expressways Inc., SMC Infraventures Inc. and subsidiary, SMC Skyway Stage 4 Corporation, Pasig River Expressway Corporation, Intelligent E-Processes Technologies Corp., SMC Northern Access Link Expressway Corp., SMC Southern Access Link Expressway Corp., South Luzon Toll Road-5 Expressway, Inc., TPLEX Operations and Maintenance Corporation, SMC NBEX Inc., SMC CBEX Inc., SMC PLEX Inc., SMC TPLEX Extension Infrastructure Corp. and Jethandler Asia Services Inc. Atlantic Aulum Investments B.V. subsidiaries include SMC Tollways Corporation and subsidiaries including Stage 3 Connector Tollways Holdings Corporation and subsidiary, SMC Skyway Stage 3 Corporation, and SMC Skyway Corporation and subsidiary, Skyway O & M Corporation, SMC SLEX Holdings Company Inc. and subsidiaries including Manila Toll Expressway Systems Inc., SMC SLEX Inc. and SMC Tollway Holdings S.à.r.l. Cypress Tree Capital Investments, Inc. subsidiaries include Star Infrastructure Development Corporation and Star Tollway Corporation (collectively the Star Tollways Group). SMCBulacan Water Services Corporation subsidiaries include Obando Water Company, Inc. and Bulakan Water Company, Inc.
- (8) Cement business include San Miguel Equity Investments Inc. and subsidiaries including Northern Cement Corporation, Eagle Cement Corporation and subsidiaries, and Southern Concrete Industries, Inc.
- (9) Other Assets and Investments include San Miguel Properties, Inc. and subsidiaries, Bank of Commerce ^(A), SMC Shipping and Lighterage Corporation and subsidiaries, SMC Asia Car Distributors Corp. and subsidiaries, SMC Equivest Corporation, Petrogen Insurance Corp., San Miguel International Limited and subsidiary, San Miguel Holdings Limited and subsidiaries, SMC Stock Transfer Service Corporation, ArchEn Technologies Inc., SMITS, Inc. and subsidiaries, San Miguel Integrated Logistics Services, Inc., Anchor Insurance Brokerage Corporation, Davana Heights Development Corporation and subsidiaries, Silvertides Holdings Corporation and subsidiary, Deity Holdings Corporation, Fonterra Verde Holdings Inc., One Verdana Holdings Inc. and Worldsummit Holdings Corporation. San Miguel Properties, Inc. and subsidiaries include SMPI Makati Flagship Realty Corp., Bright Ventures Realty, Inc. and Tierra Verdosa Services Corp. SMC Shipping and Lighterage Corporation and subsidiaries include SL Harbour Bulk Terminal Corporation. San Miguel Holdings Limited and subsidiaries include San Miguel Insurance Company, Ltd.

* The group structure includes the ultimate parent company, Top Frontier Investment Holdings, Inc., the intermediate parent company, San Miguel Corporation and its major subsidiaries, associates and joint ventures, and San Miguel Global Power and subsidiaries.

Note: ^(A) Joint Venture

^(B) Associate

**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2025**

A	FINANCIAL ASSETS	
B	AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)	NOT APPLICABLE
C	AMOUNTS RECEIVABLE/PAYABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS	
D	LONG-TERM DEBT	
E	INDEBTEDNESS TO RELATED PARTIES	NOT APPLICABLE*
F	GUARANTEES OF SECURITIES OF OTHER ISSUERS	NOT APPLICABLE
G	CAPITAL STOCK	

* Balance of account is less than 5% of total assets of the Group

**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2025**

(Amounts in Thousands, Except No. of Shares Data)

Name of Issuing Entity/ Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at December 31, 2025	Income Received and Accrued
Cash and cash equivalents	-	101,498,370	Not applicable	P 3,199,180
Trade and other receivables - net	-	87,689,285	Not applicable	21,495
Financial assets at FVOCI*	46,706,596	26,757,446	P 26,746,446	501,427
Long-term receivables	-	5,503,179	Not applicable	467,866
Restricted cash	-	15,324,737	Not applicable	606,742
		P 236,773,017	P	4,796,710

* The Parent Company has a total of 46,596,596 common shares of Manila Electric Company valued based on the market quotation on December 31, 2025 (at P574.00 per share) and a total of 110,000 redeemable preferred shares of its associates, South Premiere Power Corp., Excellent Energy Resources Inc., Linseed Field Corporation and Ilijan Primeline Industrial Estate Corp., not quoted in the market and with carrying value of P11,000.

See Notes 7, 8, 10, 11, 15, 19, 29 and 30 of the Consolidated Financial Statements.

**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
AND SUBSIDIARIES**

**SCHEDULE C - AMOUNTS RECEIVABLE TO RELATED PARTIES WHICH ARE ELIMINATED
DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS**

DECEMBER 31, 2025

(Amounts In Thousands)

NAME OF RELATED PARTY	BEGINNING BALANCE	ADDITIONS/ CTA/RECLASS/ OTHERS	AMOUNTS COLLECTED/ CREDIT MEMO	AMOUNTS WRITTEN OFF	TOTAL	CURRENT	NONCURRENT	ENDING BALANCE
San Miguel Global Power Holdings Corp.	P 211,826,851	P 10,844,029	P (54,852,875)	-	167,818,005	P 133,032,155	P 34,585,850	P 167,618,005
SMCGP Masinloc Power Company Limited	14,971,855	1,620,730	-	-	16,592,585	16,592,585	-	16,592,585
Sual Power Inc.	21,599,759	4,590,783	(10,678,718)	-	15,511,824	15,511,824	-	15,511,824
Limay Power Inc.	10,678,503	4,271,580	(2,177,113)	-	12,772,970	12,772,970	-	12,772,970
San Roque Hydropower Inc.	7,016,673	2,954,338	-	-	9,971,011	9,971,011	-	9,971,011
Mariveles Power Generation Corporation	5,865,245	8,951,211	(5,234,869)	-	9,581,587	9,581,587	-	9,581,587
SMCGP Masinloc Partners Company Limited	5,972,880	648,292	-	-	6,621,172	6,621,172	-	6,621,172
SMCGP BESS Power Inc.	4,955,028	85,506	-	-	5,040,534	5,040,534	-	5,040,534
Masinloc Power Co. Ltd.	2,343,143	679,822	-	-	3,022,965	3,022,965	-	3,022,965
Masinloc Power Inc.	5,396,584	1,017,100	(4,143,743)	-	2,269,921	2,269,921	-	2,269,921
SMC Powergen Inc.	786,756	-	(136,986)	-	649,770	649,770	-	649,770
Oceanitech Power Generation Corporation	604,363	-	-	-	604,363	604,363	-	604,363
Golden Quest Equity Holdings Inc.	545,307	33,626	-	-	578,933	40,514	538,419	578,933
SMCGP Transpower Pte. Ltd. - Singapore Office	248,810	2,027,857	(1,843,092)	-	433,575	433,575	-	433,575
Mallia Power Inc.	516,670	2,901,076	(3,119,004)	-	298,742	298,742	-	298,742
Prime Electric Generation Corporation	226,038	126,230	(159,244)	-	193,024	193,024	-	193,024
SMC Power Generation Corp.	157,587	-	-	-	157,587	157,587	-	157,587
Lumiere Energy Technologies Inc.	118,968	-	-	-	118,968	118,968	-	118,968
VisMin Power Dynamics Services Inc.	30,226	308,509	(292,531)	-	46,204	46,204	-	46,204
Central Luzon Premiere Power Corp.	39,832	-	-	-	39,832	39,832	-	39,832
Grand Planters International Inc.	87,145	79,772	(142,685)	-	24,232	24,232	-	24,232
SMCGP Transpower Pte Ltd Phils - ROHQ								
Philippine Branch	18,441	-	(1,356)	-	17,085	17,085	-	17,085
Multi-Ventures Investment Holdings, Inc.	17,105	-	(3,131)	-	13,974	13,974	-	13,974
Alpha Water and Realty Services Corp.	8,851	4,475	-	-	13,326	13,326	-	13,326
Power Ventures Generation Corporation	8,570	237,501	(236,681)	-	9,390	9,390	-	9,390
Everest Power Development Corporation	2,294	259	-	-	2,553	2,553	-	2,553
Topden Energy Development Inc.	9,087	17,252	(25,693)	-	646	646	-	646
San Miguel Electric Corp.	48	-	-	-	48	48	-	48
South Premiere Power Corp.	6,338,289	(6,338,289)	-	-	-	-	-	-
Excellent Energy Resources Inc.	1,874,499	(1,874,499)	-	-	-	-	-	-
Ilijan Primeline Industrial Estate Corp.	14,459	(14,459)	-	-	-	-	-	-
Lucanin Solar Inc.	10,877	(10,877)	-	-	-	-	-	-
SMC Global Light and Power Corp.	4,474	(4,474)	-	-	-	-	-	-
P	302,295,217	P 32,957,350	P (83,047,721)	-	252,204,846	P 217,080,577	P 35,124,269	P 252,204,846

**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
AND SUBSIDIARIES**

**SCHEDULE C - AMOUNTS PAYABLE TO RELATED PARTIES WHICH ARE ELIMINATED
DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS**

DECEMBER 31, 2025

(Amounts In Thousands)

NAME OF RELATED PARTY	BEGINNING BALANCE	ADDITIONS/ CTA/RECLASS/ OTHERS	AMOUNTS PAID/ DEBIT MEMO	AMOUNTS WRITTEN OFF	TOTAL	CURRENT	NONCURRENT	ENDING BALANCE
Sual Power Inc.	P 93,688,725	P 35,802,824	P (57,616,627)	-	71,874,922	P 71,874,922	P 14,233,327	71,874,922
Masinloc Power Co. Ltd.	49,986,375	15,538,231	(5,173,572)	-	60,351,034	46,117,707	-	60,351,034
Mariveles Power Generation Corporation	29,825,197	(2,983,042)	(5,584,507)	-	21,257,648	11,285,931	9,971,717	21,257,648
San Roque Hydropower Inc.	13,606,943	8,638,561	(1,466,972)	-	20,778,532	20,778,532	-	20,778,532
Limay Power Inc.	16,065,566	10,172,969	(9,383,189)	-	16,855,346	16,855,346	-	16,855,346
SMCGP Masinloc Power Company Limited	14,932,205	1,620,730	-	-	16,552,935	16,552,935	-	16,552,935
SMCGP Masinloc Partners Company Limited	5,761,483	648,292	-	-	6,409,775	6,409,775	-	6,409,775
Malita Power Inc.	5,714,816	1,685,097	(1,007,436)	-	6,392,477	6,392,477	-	6,392,477
SMGP BESS Power Inc.	5,341,222	1,477,297	(823,712)	-	5,994,807	5,994,807	-	5,994,807
Multi-Ventures Investment Holdings, Inc.	3,126,041	1,477,297	(1,052,181)	-	5,508,437	2,714,843	2,793,594	5,508,437
Albay Power and Energy Corporation	4,188,691	3,434,577	(5,784)	-	4,182,907	4,182,907	-	4,182,907
San Miguel Global Power Holdings Corp.	6,218,744	-	(3,131,872)	-	3,086,872	3,086,872	-	3,086,872
VisMin Power Dynamics Services Inc.	2,247,105	103,238	(16,082)	-	2,334,261	80,796	2,253,465	2,334,261
SMGP Kabaikalan Power Co. Ltd.	1,936,392	683,503	(833,308)	-	1,786,587	1,786,587	-	1,786,587
PowerOne Ventures Energy, Inc.	1,572,210	41,396	(49,762)	-	1,563,844	211,207	1,352,637	1,563,844
TopOpen Energy Development Inc.	1,092,131	58,838	-	-	1,150,969	25,269	1,125,700	1,150,969
San Miguel Electric Corp.	1,024,663	-	-	-	1,024,663	1,024,663	-	1,024,663
SMC Global Light and Power Corporation	425,610	422,058	(632,135)	-	815,533	64,350	783,318	847,668
Grand Planters International Inc.	1,178,609	216,587	(260,000)	-	1,135,196	190,730	572,331	763,061
Dewsweeper Industrial Park, Inc.	970,965	-	(260,000)	-	710,965	710,965	-	710,965
Oceantech Power Generation Corporation	779,000	-	(130,680)	-	648,320	648,320	-	648,320
SMCGP Transpower Pie Ltd Phils - ROHQ Philipine Branch	526,484	33,608	-	-	560,092	21,673	538,419	560,092
Power Ventures Generation Corporation	487,333	120	-	-	487,453	48,015	439,438	487,453
Alpha Water and Realty Services Corp.	327,106	-	(4,317)	-	322,789	322,789	-	322,789
Bluelight Industrial Estate, Inc.	216,596	-	(19,000)	-	197,596	-	197,596	197,596
Prime Electric Generation Corporation	204,000	125,680	(154,000)	-	175,680	175,680	-	175,680
Blue Eagle Star, Corp.	126,214	-	(452)	-	125,762	-	125,762	125,762
Luzon Power Dynamics Services Inc.	30,399	250,566	(166,647)	-	114,318	114,318	-	114,318
SMCGP Philippines Inc.	98,666	-	(9,340)	-	89,326	89,326	-	89,326
Everest Power Development Corporation	29,049	120	-	-	29,169	29,169	-	29,169
Reliance Energy Development Inc.	11,700	-	-	-	11,700	-	11,700	11,700
Converge Power Generation Corp.	7,400	120	-	-	7,520	160	7,400	7,400
Prestige Power Resources Inc.	6,940	120	-	-	7,060	171	6,900	7,060
EnergyCore Resources Inc.	51	100	-	-	151	160	-	160
Ascend Power Resources Inc.	60	-	-	-	60	95	-	95
SMC Powergen Inc.	95	-	-	-	95	34	-	34
SMCGP Transpower Pie, Ltd - Singapore Office	11	-	-	-	11	11	-	11
Premiere Energy Resources Inc.	26,155,814	(26,155,814)	-	-	-	-	-	-
South Premiere Power Corp.	14,139,615	(14,139,615)	-	-	-	-	-	-
Excellent Energy Resources Inc.	233,786	(233,786)	-	-	-	-	-	-
Ilijian Primeline Industrial Estate Corp.	6,667	5,903	(12,570)	-	-	-	-	-
SMC Power Generation Corp.	4,504	(4,504)	-	-	-	-	-	-
Lucanin Solar Inc.	302,295,217	P 37,443,774	P (87,534,145)	-	252,204,846	P 217,080,577	P 35,124,269	P 252,204,846

**SAN MIGUEL GLOBAL POWER HOLDINGS CORP
AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2025
(Amounts in Thousands)**

TOTAL OF ISSUE	AGENT / LENDER	Principal	Current Portion of Debt	Current Transaction Cost	Amount Shown as Current	Noncurrent Portion of Debt	Noncurrent Transaction Cost	Amount Shown as Noncurrent	Outstanding Balance	Interest Rates	Number of Periodic Installments	Interest Payments	Final Maturity
Peso denominated :													
San Miguel Global Power Holdings Corp. Fixed	P	4,756,310	P	4,756,310	P	3,567	P	4,752,743	P	5.1792%	Bullet	Quarterly	July 2026
	Philippine Depository & Trust Corp.												
	Philippine Depository & Trust Corp.	3,609,020	-	-	-	3,609,020	10,052	3,598,968	3,598,968	6.6250%	Bullet	Quarterly	December 2027
	Philippine Depository & Trust Corp.	6,923,100	6,923,100	5,150	6,917,950	-	-	-	6,917,950	7.6000%	Bullet	Quarterly	April 2028
	Philippine Depository & Trust Corp.	25,000,000	-	-	-	25,000,000	158,995	24,841,005	24,841,005	7.1051%	Bullet	Quarterly	April 2028
	Philippine Depository & Trust Corp.	10,000,000	-	-	-	10,000,000	104,082	9,895,918	9,895,918	8.0288%	Bullet	Quarterly	July 2032
	Philippine Depository & Trust Corp.	7,500,000	-	-	-	7,500,000	36,070	7,463,930	7,463,930	7.9680%	Bullet	Quarterly	June 2028
	China Banking Corporation									8.5411%	Amortized	Quarterly	June 2029
	BDO Unibank Inc.	9,250,000	1,750,000	29,707	1,720,293	7,500,000	15,605	7,484,395	9,204,688	7.9276%	Amortized	Quarterly	August 2028, 2030, 2032 and 2035
	Philippine Commercial Capital, Inc. - Trust and Investment Group	10,200,000	-	-	-	10,200,000	99,368	10,100,632	10,100,632	6.7500%, 6.8750%, 7.0000% and 7.125%	Bullet	Quarterly	
		77,238,430	13,429,410	38,424	13,390,986	63,809,020	424,172	63,384,848	76,775,834				
Linway Power Inc. Fixed	Philippine National Bank - Trust Banking Group (Facility Agent)	26,279,000	3,613,000	60,388	3,552,612	22,666,000	121,188	22,544,812	26,097,424	8.6228%	Amortized	Quarterly	June 2029
Malita Power Inc. Fixed	Rizal Commercial Banking Corporation - Trust & Investments Group (Facility Agent)	12,225,348	1,296,744	16,368	1,280,376	10,928,604	50,292	10,878,312	12,158,688	8.5915%	Amortized	Quarterly	August 2030

TOTAL OF ISSUE	AGENT / LENDER	Principal	Current Portion of Debt	Current Transaction Cost	Amount Outstanding as of Current	Noncurrent Portion of Debt	Noncurrent Transaction Cost	Amount Outstanding as of Current	Outstanding Balance	Interest Rates	Number of Periodic Installments	Interest Payments	Final Maturity
SMGP BESS Power Inc Fixed	Bank of Commerce - Trust Services Group (Facility Agent)	P 37,000,000	P 2,000,000	P 69,448	P 1,930,552	P 35,000,000	P 358,700	P 34,841,300	P 36,571,852	7.7497% and 8.2104%	Amortized	Quarterly	October 2033
Mariveles Power Corporation Corp. Fixed	Commerce - Trust Services Group (Facility Agent)	41,900,000	2,673,500	183,489	2,490,011	39,226,500	382,807	38,843,693	41,333,704	7.5759% and 8.0808%	Amortized	Quarterly	December 2031 and 2034
Masirloc Power Co. Ltd Floating	Philippine National Bank - Trust Banking Group (Facility Agent)	4,949,270	1,164,534	17,450	1,147,084	3,784,736	24,206	3,760,530	4,907,614	BVAL + Margin	Amortized	Quarterly	January 2030
		199,592,048	24,177,188	385,567	23,791,621	175,414,860	1,381,365	174,053,495	197,845,116				
Foreign denominated Term Loan:													
San Miguel Global Power Holdings Corp.													
	Standard Bank (Hong Kong) Limited (Facility Agent)	17,637,000	17,637,000	17,364	17,619,636	-	-	-	17,619,636	SOFR + Margin	Bullet	Monthly	March 2026
	Mizuno Bank Ltd. (Facility Agent)	17,637,000	-	-	-	17,637,000	259,524	17,377,476	17,377,476	SOFR + Margin	Bullet	Monthly	August 2027
	Standard Bank (Hong Kong) Limited (Facility Agent)	17,637,000	-	-	-	17,637,000	171,161	17,465,839	17,465,839	SOFR + Margin	Bullet	Monthly	August 2027
	Standard Bank (Hong Kong) Limited (Facility Agent)	5,879,000	-	-	-	5,879,000	90,522	5,788,478	5,788,478	SOFR + Margin	Bullet	Monthly	May 2030
	Standard Bank (Hong Kong) Limited (Facility Agent)	8,818,500	-	-	-	8,818,500	141,015	8,677,485	8,677,485	SOFR + Margin	Bullet	Quarterly	May 2028
	CTBC Bank Co., Ltd. Singapore Branch (Facility Agent)	67,608,500	17,637,000	17,364	17,619,636	49,971,500	682,222	49,309,278	66,928,914		Amortized	Semi-annual	December 2030
Masirloc Power Co. Ltd Fixed	Philippine National Bank - Trust Banking Group (Facility Agent)	15,428,730	1,544,266	27,983	1,516,283	13,884,464	81,059	13,803,405	15,319,688	8.3310%	Amortized	Semi-annual	December 2030
	Philippine National Bank - Trust Banking Group (Facility Agent)	5,077,809	508,240	9,210	499,030	4,569,569	26,676	4,542,893	5,041,923	SOFR + Margin	Amortized	Semi-annual	December 2030
		20,506,539	2,052,506	37,193	2,015,313	18,454,033	107,735	18,346,298	20,361,611				
		88,115,039	19,689,506	54,557	19,634,949	68,425,533	769,957	67,655,576	87,290,525				
Total Long-term Debt		287,707,087	43,866,694	440,124	43,426,570	243,840,393	2,131,322	241,709,071	285,135,641				

See Notes 18, 29 and 30 of the Consolidated Financial Statements.

**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2025**

DESCRIPTION	NUMBER OF SHARES AUTHORIZED	NUMBER OF SHARES ISSUED	TREASURY SHARES	NUMBER OF SHARES OUTSTANDING	NUMBER OF SHARES RESERVED FOR OPTIONS	NUMBER OF SHARES HELD BY:		
						AFFILIATES	DIRECTORS, OFFICERS AND EMPLOYEES	
ISSUED SHARES COMMON STOCK	7,800,000,000	4,785,493,800	-	4,785,493,800	-	-	3,500	

See Note 21 of the Consolidated Financial Statements.

R.G. Manabat & Co.



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**INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of San Miguel Global Power Holdings Corp. and Subsidiaries (the "Group") as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 15, 2026.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029
financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

R.G. Manabat & Co.



This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

R.G. MANABAT & CO.

Gregorio I. Sambrano Jr.
GREGORIO I. SAMBRANO, JR.

Partner

CPA License No. 088825

SEC Accreditation No. 88825-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements

Tax Identification No. 152-885-329

BIR Accreditation No. 08-001987-036-2024

Issued March 26, 2024; valid until March 26, 2027

PTR No. MKT 10764413

Issued January 5, 2026 at Makati City

April 15, 2026

Makati City, Metro Manila

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

LIQUIDITY RATIO

Current Ratio	=	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	
		<i>Conventional</i>	
<i>(in Millions Peso)</i>		December 31, 2025	December 31, 2024
(A) Current Assets		240,253	249,639
(B) Current Liabilities		183,457	224,058
Current Ratio (A) / (B)		1.31	1.11

SOLVENCY RATIO

Net Debt-to-Equity* Ratio	=	$\frac{\text{Net Debt}}{\text{Total Equity}}$	
		<i>Per relevant Loan Covenants of San Miguel Global Power Holdings Corp.</i>	
<i>(in Millions Peso)</i>		December 31, 2025	December 31, 2024
(A) Net Debt ⁽¹⁾		142,739	219,596
(B) Total Equity ⁽²⁾		401,744	354,566
Net Debt-to-Equity Ratio (A) / (B)		0.36	0.62

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

⁽¹⁾ Consolidated net total debt plus total PSALM lease liabilities.

⁽²⁾ Consolidated total equity.

Asset-to-Equity Ratio	= $\frac{\text{Total Assets}}{\text{Total Equity}}$			
	<i>Conventional</i>		<i>Adjusted</i> ⁽³⁾	
(in Millions Peso)	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
(A) Total Assets	891,621	881,873	864,184	853,432
(B) Total Equity	420,734	359,025	420,734	359,025
Asset-to-Equity Ratio (A) / (B)	2.12	2.46	2.05	2.38

⁽³⁾ Net carrying amount of the IPPA power plants, in relation to the IPPA Agreements of SRHI with PSALM, was omitted in total assets as these power plant assets were capitalized with corresponding lease liabilities. As at December 31, 2025 and 2024, the net carrying amount of the IPPA power plant assets amounted to P27,437 million and P28,441 million, respectively.

PROFITABILITY RATIO

Return on Equity	= $\frac{\text{Net Income}}{\text{Total Equity}}$	
(in Millions Peso)	December 31, 2025	December 31, 2024
(A) Net Income	48,306	12,384
(B) Total Equity	420,374	359,025
Return on Equity (A) / (B)	11.5%	3.4%

		Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)
Interest Coverage Ratio	=	-----
		Interest Expense
<i>Per relevant Loan Covenants of San Miguel Global Power Holdings Corp.</i>		
<i>(in Millions Peso)</i>	December 31, 2025	December 31, 2024
(A) EBITDA ⁽⁴⁾	39,229	37,897
(B) Interest Expense ⁽⁵⁾	15,232	14,761
Interest Coverage Ratio (A) / (B)	2.58	2.57

⁽⁴⁾ Full-year consolidated EBITDA (gross of PSALM payments and excluding amounts attributable to ring-fenced subsidiaries).

⁽⁵⁾ Full-year consolidated interest expense (excluding amounts attributable to ring-fenced subsidiaries).

OPERATING EFFICIENCY

Volume Growth (Decline)	$= \frac{\text{Current Period Offtake Volume}}{\text{Prior Period Offtake Volume}} - 1$	
	Years Ended December 31	
<i>(in GWh)</i>	2025	2024
(A) Current Period Offtake Volume	29,222	36,564
(B) Prior Period Offtake Volume	36,564	25,205
Volume Growth (Decline) [(A / B) - 1]	(20.1%)	45.1%

Revenue Growth (Decline)	$= \frac{\text{Current Period Revenues}}{\text{Prior Period Revenues}} - 1$	
	Years Ended December 31	
<i>(in Millions Peso)</i>	2025	2024
(A) Current Period Revenues	157,208	205,091
(B) Prior Period Revenues	205,091	169,590
Revenue Growth (Decline) [(A / B) - 1]	(23.3%)	20.9%

Operating Margin	$= \frac{\text{Income from Operations}}{\text{Revenues}}$	
	Years Ended December 31	
<i>(in Millions Peso)</i>	2025	2024
(A) Income from Operations	43,770	40,457
(B) Revenues	157,208	205,091
Operating Margin (A) / (B)	27.8%	19.7%

**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
AND SUBSIDIARIES
TRADE AND OTHER RECEIVABLES
DECEMBER 31, 2025
(Amounts in Thousands)**

	Total	Current	Past Due			
			1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days
Trade	P 78,488,797	P 51,597,533	P 5,548,763	P 849,896	P 164,921	P 20,327,684
Non-trade	12,293,775	6,100,684	77,832	21,133	10,178	6,083,948
Amounts owed by related parties	6,400,222	5,219,494	776,836	45,766	36,609	321,517
Total	97,182,794	P 62,917,711	P 6,403,431	P 916,795	P 211,708	P 26,733,149
Less allowance for impairment losses	6,366,364					
Net	P 90,816,430					

**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
AND SUBSIDIARIES**

**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED
INFORMATION**

DECEMBER 31, 2025 AND 2024

(Amounts In Thousands)

	2025	2024
Total Audit Fees	P14,604	P14,476
Non-audit services fees:		
Other assurance services	6,450	10,000
Tax services	500	3,600
All other services	-	635
Total Non-audit Fees	6,950	14,235
Total Audit and Non-audit Fees	P21,554	P28,711

**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025**
(In Thousands)

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
40 San Miguel Avenue, Wack-Wack Greenhills, 1550
City of Mandaluyong, Second District, National Capital Region

Unappropriated Retained Earnings, beginning	P9,929,576
Add: Item that are directly credited to unappropriated retained earnings	
Transfer of net gain on financial assets at fair value through other comprehensive income	33,717,730
Less: Item that are directly debited to unappropriated retained earnings	
Distributions declared during the reporting period	37,267,000
Unappropriated Retained Earnings, as adjusted	6,380,306
Add: Net Income for the current year	30,484,658
Less: Unrealized income recognized in profit or loss during the reporting period (net of tax)	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	2,131,591
Add: Unrealized income recognized in profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	P1,413,214
Realized fair value adjustment (mark-to-market gains) on currency forwards	196
	1,413,410
Add: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	1,776,061
Adjusted Net Income	31,542,538
Less: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Gain on fair valuation of investments	21,724,477
Total Retained Earnings, end of the reporting period available for dividend	P16,198,397

**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
AND SUBSIDIARIES
PRINCIPAL PROPERTIES
AS OF DECEMBER 31, 2025**

	Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PHP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
1	SUAL POWER INC. 1200 MW Sual Coal-Fired Thermal Power Plant Land (where the 1200 MW Sual Coal-Fired Power Plant and related facilities are situated)	Brgy. Pangascasan, Sual, Pangasinan Brgy. Pangascasan, Sual, Pangasinan	Owned Rented	Good Good	Initial Tranche - 277,048,301 Final Payment prior to March 2025 - 6,462,841,411	October 25, 2049	Renewable for another 25 years or the remaining corporate life of the Lessor if its original corporate life is extended, whichever is shorter, upon mutual written agreement of both parties.
	Land	Brgy. Pangascasan, Sual, Pangasinan	Owned	Good			With assignable option to purchase upon issuance by the Lessor of an Option Existence Notice.
2	SAN ROQUE HYDROPOWER INC. 345 MW San Roque Multi-Purpose Hydroelectric Power Plant	Brgy. San Roque, San Manuel, Pangasinan	IPPA with PSALM	Good			
3	LIMAY POWER INC. ^(a) Phase I - 2 X 150 MW Coal-Fired Power Plant (Units 1 and 2) Phase II - 2 X 150 MW Coal-Fired Power Plant (Units 3 and 4) Land - Site 1 (where a portion of the Phase I power plant and related facilities are situated) Land - Site 2 (where a portion of the Phase II power plant and related facilities are situated)	Brgy. Lamao, Limay, Bataan Brgy. Lamao, Limay, Bataan Brgy. Lamao, Limay, Bataan Brgy. Lamao, Limay, Bataan	Owned Owned Rented Rented	Good Good Good Good	1,723,252.60 96,497.94	November 2040 December 2040	Renewable for another 25 years at the option of the Lessee Renewable for another 25 years at the option of the Lessee
	Land (Ash Dump Facility) Offshore/Foreshore Land Land - Site 3 (where a portion of the Phase II power plant and related facilities are situated)	Brgy. Lamao, Limay, Bataan Brgy. Lamao, Limay, Bataan Brgy. Lamao, Limay, Bataan	Rented Rented Rented	Good Good Good	2,220,304.45 2,034,084.17 543,444.36	November 2040 December 2042 March 2042	Renewable for another 25 years at the option of the Lessee Renewable for another 25 years at the option of the Lessor Renewable for another 25 years to be agreed by both parties
4	MALITA POWER INC. ^(b) 2 X 150 MW Coal-Fired Power Plant (Units 1 and 2) 5 X 1.6 MW Diesel Generator Set Land (where Units 1 and 2 power plant and related facilities are situated) Offshore/Foreshore Land Offshore/Foreshore Land 1 X TM2500 60Hz Mobile Gas Turbine Generator	Brgy. Culaman, Malita, Davao Occidental Brgy. Sangali, Zamboanga, Philippines Brgy. Culaman, Malita, Davao Occidental Brgy. Culaman, Malita, Davao Occidental Brgy. Culaman, Malita, Davao Occidental Brgy. Sangali, Zamboanga, Philippines	Owned Owned Owned Rented Owned	Good Good Good Good Ongoing construction	55,300.51 558,354.47	February 2043 February 2043	Renewable for another 25 years at the option of the Lessor Renewable for another 25 years at the option of the Lessor
	Offshore/Foreshore Land Offshore/Foreshore Land	Brgy. Culaman, Malita, Davao Occidental Brgy. Culaman, Malita, Davao Occidental	Rented Rented	Good Good	387,903.40 570,000.00	February 2048 May 2048	Renewable for another 25 years at the option of the Lessor Renewable for another 25 years at the option of the Lessor
	Offshore/Foreshore Land	Brgy. Culaman, Malita, Davao Occidental	Rented	Good	754,780.02	May 2048	Renewable for another 25 years at the option of the Lessor

Forward

	Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PHP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
5	GRAND PLANTERS INTERNATIONAL, INC. Land - Site 1 (where a portion of the LPI Phase I and II power plants and related facilities are situated) ^(a) Land - Site 1 (where the 50 MW Lamao battery energy storage system [BESS] facility of SMGP BESS Power Inc. is situated) ^(a) Land - Site 2 Land Land Land Land Land	Brgy. Lamao, Limay, Bataan Brgy. Lamao, Limay, Bataan Brgy. Alangan, Limay, Bataan No. 169 E. Delos Santos Avenue, Mandalayong City Brgy. Balañ, Mariveles, Bataan Brgy. Batangas II, Mariveles, Bataan Brgy. Allon, Mariveles, Bataan	Owned Owned Rented Owned Owned Owned	Good Good Good Good Good	 892,587.14	March 22, 2036 Renewable	
6	MASINLOC POWER CO. LTD. ^(a) 344 MW coal-fired power plant (Unit 1) 344 MW coal-fired power plant (Unit 2) 335 MW coal-fired power plant (Unit 3) 350 MW coal-fired power plant (Unit 4) 350 MW coal-fired power plant (Unit 5) 10 MW battery energy storage system (Phase 1) 20 MW battery energy storage system (Phase 2) Land (where a portion of Unit 3, and Units 4, 5 power plants and related facilities are situated)	Brgy. Bani, Masinloc, Zambales Brgy. Bani, Masinloc, Zambales Brgy. Bani, Masinloc, Zambales Brgy. Bani, Masinloc, Zambales Brgy. Bani, Masinloc, Zambales Brgy. Bani, Masinloc, Zambales Brgy. Bani, Masinloc, Zambales Brgy. Bani, Masinloc, Zambales	Owned Owned Owned Owned Owned Owned Owned Rented	Good Good Good Ongoing construction Ongoing construction Good Good	 US\$3,966.43	April 2028	With assignable option to purchase
7	ALPHA WATER REALTY SERVICES CORPORATION ^(a) Land (where Units 1, 2, 3, 4 and 5 power plant and related facilities, and the 10 MW and 20 MW BESS projects of MPCL are situated) Land (where the transmission line of Units 4 and 5 of MPCL is situated)	Brgy. Bani, Masinloc, Zambales Brgy. Bani, Masinloc, Zambales	Owned Owned	Good Good	 		
8	SMGP KABANKALAN POWER CO. LTD. Land (where the 20 MW and 10 MW BESS projects are situated) 20 MW BESS (Phase 1) 10 MW BESS (Phase 2)	Brgy. Binicuil, Kabankalan, Negros Occidental Brgy. Binicuil, Kabankalan, Negros Occidental Brgy. Binicuil, Kabankalan, Negros Occidental	Owned Owned Owned Owned	Good Good Good	 		
9	MARIVELES POWER GENERATION CORPORATION ^(a) Units 1, 2 and 3 Coal-Fired Power Plant Unit 4 Coal-Fired Power Plant Land (where the 4 x 150 MW coal-fired power plant project is situated) Land (where the transmission network project is situated) Land (for transmission line) Land (for transmission line) Land (Expansion Area)	Siteo Lusong, Brgy. Balañ, Mariveles, Bataan Siteo Lusong, Brgy. Balañ, Mariveles, Bataan Siteo Lusong, Brgy. Balañ, Mariveles, Bataan Siteo Lusong, Brgy. Balañ, Mariveles, Bataan Brgys. Malaya and Maligaya, Mariveles Bataan Brgy. Balañ, Mariveles, Bataan Siteo Lusong, Brgy. Balañ, Mariveles, Bataan	Owned Owned Rented Rented Rented Owned Rented	Good Good Good Good Good Good Good	 6,537,118.40 1,372,395.49 33,528,000 (one time payment) 71,267,647.50	May 31, 2044 May 31, 2044 October 31, 2046 November 30, 2050	Renewable upon mutual agreement by both parties Renewable upon mutual agreement by both parties Renewable upon mutual agreement by both parties Renewable upon mutual agreement by both parties

Forward

	Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PHP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
10	TOPGEN ENERGY DEVELOPMENT INC. Land (where the 10 MW Tagum BESS project of SMGP BESS is situated) ^{h)} Land	Brgy. Magdum Tagum City, Davao del Norte Barrio Centro Occidental, Polangui, Albay	Owned Owned	Good Good			
	Land	Brgy. Penafancia, Daraga, Albay	Owned	Good			
	Land	Sta. Maria, Davao del Sur	Owned	Good			
	Land	Culaman, Malita, Davao del Sur	Owned	Good			
	Land	Lais, Malita, Davao del Sur	Owned	Good			
	Land (for planned Solar Power Project under SMC Global Light and Power Corp.)	Lais, Malita, Davao Occidental	Owned	Good			
	Land	Sulop, Davao del Sur	Owned	Good			
11	SMGP BESS POWER INC. ^(a) 20 MW Malita BESS	Brigy. Culaman, Malita, Davao Occidental	Land - Rented; BESS - Owned	Land - Good; BESS - Good	50,610.65	May 31, 2038	Renewable upon mutual agreement by both parties
	50 MW Lamiao BESS	Brigy. Lamiao, Limay, Bataan	Land - Rented; BESS - Owned	Land - Good; BESS - Good	118,800.00	April 1, 2035	Renewable upon mutual agreement by both parties
	40 MW Bataan Combined Cycle Power Plant BESS	Brigy. Luz, Limay, Bataan	Land - Rented; BESS - Owned	Land - Good; BESS - Good	215,804.45	April 15, 2045	Renewable upon mutual agreement by both parties
	20 MW Jasaan BESS	Jasaan, Misamis Oriental	Land - Rented; BESS - Owned	Land - Good; BESS - Good	300,000.00	April 15, 2045	Renewable upon mutual agreement by both parties
	20 MW Toledo BESS	Calong-calong and Talevera, Toledo City, Cebu	Land - Rented; BESS - Owned	Land - Good; BESS - Good	110,000.00	April 15, 2045	Renewable upon mutual agreement by both parties
	20 MW Villanueva BESS	Bigys, Sta. Ana, Tagalacan and San Martin, Villanueva, Phividec Industrial Estate of Misamis Oriental - Special Economic Zone (PEMO-SEZ)	Land - Rented; BESS - Owned	Land - Good; BESS - Good	342,368.34	June 23, 2045	Renewable upon mutual agreement by both parties
	20 MW Tabango BESS	Brigy. Tugas, Tabango, Leyte	Land - Rented; BESS - Owned	Land - Good; BESS - Ongoing Construction	4,326.85	March 1, 2036	Renewable upon mutual agreement by both parties
	Land - for the underground facility interconnecting the 20MW Tabango BESS to National Grid Corporation of the Philippines transmission lines	Barrio Tabango, San Isidro, Leyte	Rented	Good	95,250.23	September 26, 2032	Renewable upon mutual agreement by both parties
	50 MW Mexico BESS	Brigy. San Jose Matulid, Mexico, Pampanga	Land - Rented; BESS - Owned	Land - Good; BESS - Substantially complete	246,233.32	June 30, 2035	Renewable upon mutual agreement by both parties
	20 MW Mexico-2 BESS	Brigy. San Jose Matulid, Mexico, Pampanga	Land - Rented; BESS - Owned	Land - Good; BESS - Substantially complete	372,023.81	June 3, 2036	Renewable upon mutual agreement by both parties
	20 MW Maco BESS	Brigs. Dumlan and Concepcion, Maco, Compostela Valley, Davao del Norte	Land - Rented; BESS - Owned	Land - Good; BESS - Good	163,629.48	April 15, 2035	Renewable upon mutual agreement by both parties
	40 MW Gamu BESS	Brigy. Lenzon, Gamu, Isabela	Land - Rented; BESS - Owned	Land - Good; BESS - Good	49,282.37	June 30, 2035	Renewable upon mutual agreement by both parties
	40 MW Magapit BESS	Brigy. Magapit, Lai-lo, Cagayan	Land - Rented; BESS - Owned	Land - Good; BESS - Substantially complete	276,692.95	August 27, 2035	Renewable upon mutual agreement by both parties
	20 MW Ubay BESS	Brigy. Imelda, Ubay, Bohol	Land - Rented; BESS - Owned	Land - Good; BESS - Good	54,871.57	May 4, 2035	Renewable upon mutual agreement by both parties
	50 MW San Manuel BESS	Brigy. Sto. Domingo, San Manuel, Pangasinan	Land - Rented; BESS - Owned	Land - Good; BESS - Good	62,718.88	April 1, 2035	Renewable upon mutual agreement by both parties
					152,597.23	April 1, 2035	Renewable upon mutual agreement by both parties

Forward

	Company Name / Subsidiary	Address	Rented / Owned	Condition	Monthly Rental (In PHP, Unless Otherwise Indicated)	Expiry of Lease Contract	Terms of Renewal / Options
	50 MW Concepcion BESS	Brgy. Sta. Rosa, Concepcion, Tarlac	Land - Rented; BESS - Owned	Land - Good; BESS - Good	303,408.95	March 1, 2036	Renewable upon mutual agreement by both parties
	40 MW Omoc BESS	Brgy. Dolores, Omoc City, Leyte	Land - Rented; BESS - Owned	Land - Good; BESS - Good	22,319.07	June 01, 2037	Renewable upon mutual agreement by both parties
	50 MW Lumban BESS	Brgy. Halang & Lewin, Lumban, Laguna	Land - Rented; BESS - Owned	Land - Good; BESS - Good	139,643.52	June 01, 2037	Renewable upon mutual agreement by both parties
	10 MW Tagum BESS	Brgy. Magdum Tagum City, Davao del Norte	Land - Rented; BESS - Owned	Land - Good; BESS - Substantially complete	202,935.53	March 22, 2037	Renewable upon mutual agreement by both parties
	80 MW Mariveles BESS	Mariveles, Bataan	Land - Rented; BESS - Owned	Land - Good; BESS - Ongoing Construction	400,000.00	February 2, 2044	Renewable upon mutual agreement by both parties
12	SAN MIGUEL GLOBAL POWER HOLDINGS CORP. C-5 Office Space	100 E. Rodriguez Jr. Avenue (C-5 Road) Brgy. Ugong, Pasig City, Metro Manila	Rented	Good	6,330,097.65	March 14, 2026	Renewable upon mutual agreement by both parties
13	MULTI-VENTURES INVESTMENT HOLDINGS, INC. Land	Ternate, Naic and Maragondon, Cavite	Owned	Good			
14	SMC GLOBAL LIGHT AND POWER CORP. Land (for planned Solar Power Project)	Barangay San Luis, Cauayan City, Isabela	Rented	Good	4,200,000.00	March 14, 2047	Renewable for another 25 years upon mutual agreement of both parties
	Land (for planned Solar Power Project)	Barangay Lucanin, Mariveles, Bataan	Rented	Good	13,029,436.59	January 13, 2048	Renewable upon mutual agreement by both parties
		Brgy. Ibabang Polo, Pagbilao, Quezon	Rented	Good	4,864,350.00	June 24, 2052	Renewable for another 25 years upon mutual agreement of both parties
15	SMC POWERGEN INC. Land (where the 20 MW Ubay BESS facility of SMGP BESS is situated) ^(e)	Brgy. Imelda, Ubay, Bohol	Owned	Good			
16	BLUE EAGLE STAR CORP. Land	Maragondon and Naic, Cavite	Owned	Good			

Notes:

All owned properties are free of liens and encumbrances, except for the following:

^(a) The Power Plant, including all related facilities therein, and the leasehold rights for the leased land are mortgaged in favor of the lenders to secure the loan obligation of LPI;

^(b) The Power Plant, including all related facilities therein, and the leasehold rights for the leased land are mortgaged in favor of the lenders to secure the loan obligation of MPI; and

^(c) The Power Plant, including all related facilities therein, and the land are mortgaged in favor of the lenders to secure the loan obligation of MPCL

^(d) The Power Plant, including all related facilities therein, and the leasehold rights for the leased land are mortgaged in favor of the lenders to secure the loan obligation of MPGC;

^(e) The BESS, including all related facilities therein, and the leasehold rights for the leased land are mortgaged in favor of the lenders to secure the loan obligation of SMGP BESS.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP. (the "Corporation")
SUMMARY LIST OF REPORTS UNDER SEC FORM 17-C DURING THE YEAR 2025

Date of Report	Subject
27 January 2025	Advisory on the completion of the following transactions: (1) Acquisition by Meralco PowerGen Corp. and Therma Natgas Power Inc., through their joint venture corporation, Chromite Gas Holdings Inc. ("Chromite"), of a 67% equity interest in the following entities namely: a. South Premiere Power Corp. ("SPPC") - the owner/operator of the 1,278 megawatt Ilijan Combined Cycle Gas Power Plant; b. Excellent Energy Resources, Inc. ("EERI") - the owner/operator of the 1,320 megawatt Combined Cycle Gas Power Plant under construction; and c. Ilijan Primeline Industrial Estate Corp. ("IPIEC") - the owner of the plant sites of SPPC and EERI. Previously, SPPC, EERI and IPIEC were wholly-owned subsidiaries of the San Miguel Global Power Holdings Corp. (the "Corporation"). As a result of the above-mentioned transactions, the Corporation retains a 33% equity interest in SPPC, EERI and IPIEC. (2) Acquisition by Chromite and the Corporation of 67% and 32.98%, respectively, of Linseed Field Corporation, the owner/operator of the import and regasification Liquefied Natural Gas ("LNG") terminal which will process, handle, and deliver the LNG requirements of the power plants of SPPC and EERI.
12 February 2025 (1st Disclosure)	On 12 February 2025, the Board of Directors of the Corporation approved the offer and issuance of additional Senior Perpetual Capital Securities with an aggregate principal amount of at least USD100,000,000 or such offer amount as may be advantageous to the Corporation subject to prevailing market conditions and as may be beneficial to the Corporation (the "USD100M Additional Securities"). The USD100M Additional Securities shall be consolidated with and shall form a single series with the Securities issued on 02 December 2024 (the "New Securities"). It will be constituted by a Supplemental Trust Deed, which shall supplement the trust deed of the New Securities, and listed in the Singapore Exchange Securities Trading Limited ("SGX-ST"). The net proceeds of the USD100M Additional Securities shall be applied primarily for partial purchase, repurchase and/or redemption of the outstanding 7.00% Senior Perpetual Capital Securities issued on 21 October 2020 and 15 December 2020. For the issuance of the USD100M Additional Securities, the Corporation has engaged (i) Deutsche Bank AG, Singapore Branch as sole placement agent; (ii) DB Trustees (Hong Kong) Limited as trustee and Deutsche Bank AG, Hong Kong Branch as paying agent, calculation agent, registrar; and (iii) Latham & Watkins as listing agent. A copy of the preliminary offering circular for the offer of the USD100M Additional Securities was attached to the disclosure.
12 February 2025 (2nd Disclosure)	The Board of Directors of the Corporation approved the payment of the Distributions in arrears under the Redeemable Perpetual Securities previously issued, payable on 12 February 2025, as follows:

	a. the capital security distribution in arrears of USD650 Million Redeemable Perpetual Securities which the Corporation issued on 16 March 2018, amounting to USD91,406,250.00; b. the capital security distribution in arrears of USD85 Million Redeemable Perpetual Securities which the Corporation issued on 08 November 2022, amounting to USD11,953,125.00; c. the capital security distribution in arrears of USD500 Million Redeemable Perpetual Securities which the Corporation issued on 10 March 2023, amounting to USD70,000,000.00; d. the capital security distribution in arrears of USD145 Million Redeemable Perpetual Securities which the Corporation issued on 02 May 2023, amounting to USD20,300,000.00; e. the capital security distribution in arrears of PHP6 Billion Redeemable Perpetual Securities which the Corporation issued on 30 May 2023, amounting to PHP675,000,000.00; f. the capital security distribution in arrears of PHP7 Billion Redeemable Perpetual Securities which the Corporation issued on 01 June 2023, amounting to PHP787,500,000.00; g. the capital security distribution in arrears of PHP5 Billion Redeemable Perpetual Securities which the Corporation issued on 05 June 2023, amounting to PHP562,500,000.00; h. the capital security distribution in arrears of PHP6.76 Billion Redeemable Perpetual Securities which the Corporation issued on 13 June 2023, amounting to PHP760,500,000.00; and i. the capital security distribution in arrears of PHP5 Billion Redeemable Perpetual Securities which the Corporation issued on 10 July 2023, amounting to PHP562,500,000.00.
20 February 2025	On 19 February 2025, the Corporation: (i) issued USD100,000,000 senior perpetual securities (the “Additional Securities”), and (ii) obtained the approval in-principle from the SGX-ST for the listing and quotation of the Additional Securities with the SGX-ST.
24 February 2025 (1st Disclosure)	The disclosure of San Miguel Corporation (“SMC”) to the Securities and Exchange Commission (“SEC”) and the Philippine Stock Exchange, Inc. (“PSE”) relating to its clarification on the news article entitled “SMC power firm lines up 4,000 MW of projects” posted in business.inquirer.net on 24 February 2025.
24 February 2025 (2nd Disclosure)	The disclosure of the Corporation to the Philippine Dealing & Exchange Corp. (“PDEX”) for confirmation of the news report published on 24 February 2025 in The Philippine Star entitled “SMGP earmarks P87 billion for baseload expansion”.
06 March 2025	The following matters were approved by the Board of Directors of the Corporation in its Regular Meeting held on 06 March 2025, among others: a. the financial performance and financial position of the Corporation as of 31 December 2024, the details of which shall be reported to the SEC and the PDEX under SEC Form 17-A due to be filed on or before 15 April 2025; b. the capital security distribution to holders of the USD 900 Million Senior Perpetual Capital Securities which the Corporation issued on 12 September 2024, amounting to USD39,375,000.00, plus additional taxes, payable on 12 March 2025; c. the capital security distribution to holders of the USD 750 Million Senior Perpetual Capital Securities which the Corporation issued on 21 October 2020, amounting to USD6,768,720.00, plus additional taxes, payable on 21 April 2025; d. the capital security distribution to holders of the USD 500 Million Senior Perpetual Capital Securities which the Corporation issued on 05 November 2019, amounting to USD 3,370,139.50, plus additional taxes, payable on 05 May 2025;

	e. the capital security distribution to holders of the USD 800 Million Redeemable Perpetual Securities which the Corporation issued on 19 April 2024, amounting to USD 17,000,000.00, plus additional taxes, payable on 12 April 2025; f. the subscription by SMC to 950,796,000 shares of stock of the Corporation with par value of Php1.00 per share, out of the current unissued capital stock of the Corporation, at the subscription price of Php30.00 per share or for a total subscription amount of Php28,523,880,000.00 (the “Additional Subscription”); g. the increase in the authorized capital stock of the Corporation from Php3,774,400,000.00 divided into 3,774,400,000 shares with a par value of Php1.00 per share to Php7,800,000,000.00 divided into 7,800,000,000 shares with a par value of Php1.00 per share (“ACS Increase”) and amendment of the Seventh Article of the Amended Articles of the Corporation (“AOI”) to reflect the ACS Increase (the “Amendment to the Seventh Article of the AOI”); h. the opening for subscription of the shares out of the ACS Increase and subscription by SMC to 1,011,093,800 shares of stock of the Corporation with par value of Php1.00 per share, out of the ACS Increase and conditioned upon the approval by the stockholders and the SEC of the ACS Increase, at the subscription price of Php30.00 per share or for a total subscription amount of Php30,332,814,000.00 (the “ACS Subscription”); i. the amendment of the Second Article of the AOI on the primary and secondary purposes of the Corporation (the “Amendment to the Second Article of the AOI”); j. the amendment of the Fourth Article of the AOI to reflect the perpetual corporate term of the Corporation (the “Amendment to the Fourth Article of the AOI”); k. to secure the approval by the stockholders of the Corporation of the ACS Increase, Amendment to the Seventh Article of the AOI, Amendment to the Second Article of the AOI, Amendment to the Fourth Article of the AOI, and ratification of the ACS Increase Subscription and the execution of the Omnibus Agreement by the Corporation as sponsor and shares security grantor in the term loan facility of Mariveles Power Generation Corporation, in a special stockholders’ meeting to be convened on 14 April 2025 via remote communication with the details for attending, participating, and casting of votes to be set on the Notice and Definitive Information Statement; l. the appointment of Atty. Julie Ann B. Domino as Head, Competition Compliance for SMGP Power Group Business; and m. the 2025 Internal Audit Plan of the Corporation. The Corporation further reports that on even date, the Corporation and SMC executed the Subscription Agreements covering the Additional Subscription and the ACS Subscription.
21 March 2025	The disclosure of SMC to the SEC and the PSE relating to its clarification on the news article entitled “San Miguel seeks ERC nod to recover P34b from Meralco customers” posted in ManilaStandard.net on 20 March 2025.
26 March 2025	The disclosure of SMC to the SEC and the PSE relating to its clarification on the news article entitled “Meralco, San Miguel expand power supply deal by 290MW” posted on Inquirer.net on 26 March 2025.
7 April 2025	The following matters were approved by the Board of the Directors of the Corporation during its Special Meeting held on 07 April 2025, among others: a. the redeemable perpetual security distributions payable on even date to the holder of: (i) the USD500 Million Redeemable Perpetual Securities which the Corporation issued on 10 March 2023, amounting to

	USD13,111,111.11; (ii) the USD85 Million Redeemable Perpetual Securities which the Corporation issued on 08 November 2022, amounting to USD855,902.78; (iii) the Php6 Billion Redeemable Perpetual Securities which the Corporation issued on 30 May 2023, amounting to Php160,000,000.00; (iv) the Php7 Billion Redeemable Perpetual Securities which the Corporation issued on 01 June 2023, amounting to Php185,208,333.33; (v) the Php5 Billion Redeemable Perpetual Securities which the Corporation issued on 05 June 2023, amounting to Php128,125,000.00; (vi) the Php6.76 Billion Redeemable Perpetual Securities which the Corporation issued on 13 June 2023, amounting to Php161,958.333.33; and (vii) the Php5 Billion Redeemable Perpetual Securities which the Corporation issued on 10 July 2023, amounting to Php90,625,000.00; b. the redemption on even date of Redeemable Perpetual Securities amounting to a total amount of USD506,646,247.61 and Php29,760,000,000.00, respectively; as well as the authority of the Corporation's authorized signatories to execute the relevant documents relating thereto; and c. the acceptance by the Corporation (as the minority shareholder) of the terms and conditions issued by the Board of Investments ("BOI") under the Certificate of Registration of Excellent Energy Resources Inc. and Linseed Field Corporation ("LFC"), as well as the assumption of the liabilities of the transferor of LFC as required by the BOI.
10 April 2025	During its Special Meeting held on 07 April 2025, the Board of Directors of the Corporation, approved the redemption by the Corporation in full on 12 May 2025 (the "Redemption Date") of the USD500 Million Senior Perpetual Capital Securities issued on 05 November 2019 (the "Securities"), pursuant to and in accordance with Condition 5.6 of the Trust Deed dated 05 November 2019, as amended and/or supplemented. The redemption will be made after the notice to the holders of the Securities is issued on 10 April 2025, a copy of which was attached to the disclosure. The redemption price of the Securities shall include the principal amount of USD113,282,000.00 and any accrued but unpaid distributions up to (but excluding) the Redemption Date. Following such redemption, distributions on the Securities will cease to accrue as of the Redemption Date and the Securities will be cancelled and delisted from the SGX-ST.
14 April 2025	The following matters were unanimously approved by the stockholders during the Special Stockholders Meeting of the Corporation held on 14 April 2025: a. the increase in the authorized capital stock of the Corporation from Php3,774,400,000.00 divided into 3,774,400,000 shares with a par value of Php1.00 per share to Php7,800,000,000.00 divided into 7,800,000,000 shares with a par value of Php1.00 per share ("ACS Increase"); the amendment of the Seventh Article of the Amended Articles of the Corporation ("AOI") to reflect the ACS Increase; and the ratification of the subscription by San Miguel Corporation (the Corporation's parent company) to 1,011,093,800 shares of stock of the Corporation with par value of Php1.00 per share at the subscription price of Php30.00 per share or for a total subscription amount of Php30,332,814,000.00 out of the ACS Increase; subject to the approval by the Securities and Exchange Commission of the applications to be filed thereon for the ACS Increase and amendment of the AOI to reflect the ACS Increase; b. the amendment of the Second Article of the AOI on the primary and secondary

	purposes of the Corporation, as presented; c. the amendment of the Fourth Article of the AOI to reflect the perpetual corporate term of the Corporation in accordance with the Revised Corporation Code; and d. the ratification of the execution, delivery, performance by the Corporation (as Sponsor and Shares Security Granter) of the Omnibus Loan and Security Agreement executed by Mariveles Power Generation Corporation (the "Borrower" and the subsidiary of the Corporation which owns 4 x 150MW Circulating Fluidized Bed Coal-fired Power Plant located in Mariveles, Bataan), the Corporation, and the Senior Term Lenders (namely: Asia United Bank Corporation, Bank of Commerce, China Banking Corporation, Development Bank of the Philippines, Philippine National Bank, and other financial institutions) in the aggregate principal amount of up to Php50,000,000,000.00, the Notes, the Counterparty Consents, and any Additional Senior Term Loan Financing Agreements that may be subsequently executed by the Borrower and the Corporation in relation thereto.
13 May 2025 (1st Disclosure)	The Corporation, as Issuer of the USD 500 Million Senior Perpetual Capital Securities issued on 05 November 2019 (the "Securities"), completed the redemption in full of the outstanding Securities on 12 May 2025 (the "Redemption Date"), pursuant to and in accordance with the terms and conditions of the Securities. The redemption was made after the issuance of the notice to the holders of the Securities dated 10 April 2025 and payment of the redemption price has been effected on 12 May 2025. Following such redemption, distributions on the Securities will cease to accrue as of the Redemption Date, and the redeemed Securities will be cancelled and delisted from the SGX-ST.
13 May 2025 (2nd Disclosure)	The following matters were approved by the Board of Directors of the Corporation in its Regular Meeting held on 13 May 2025, among others: a. the financial performance and financial position of the Corporation as of 31 March 2025, the details of which shall be reported to the SEC and the PDEX under SEC Form 17-Q; b. the capital security distribution to holders of the USD600 Million Senior Perpetual Capital Securities which the Corporation issued on 02 December 2024, amounting to USD24,378,000.00, plus applicable taxes, payable on 02 June 2025; c. the capital security distribution to holders of the USD750 Million Senior Perpetual Capital Securities which the Corporation issued on 09 June 2021, amounting to USD18,626,683.00, plus applicable taxes, payable on 09 June 2025; d. the capital security distribution to holders of the USD600 Million Senior Perpetual Capital Securities which the Corporation issued on 21 January 2020, amounting to USD14,060, 104.50, plus applicable taxes, payable on 21 July 2025; e. the redeemable perpetual security distribution to holders of the USD800 Million Redeemable Perpetual Securities which the Corporation issued on 19 April 2024, amounting to USD17,000,000.00, plus applicable taxes, payable on 12 July 2025; f. the relevant dates and details of the 2025 Annual Stockholders' Meeting of the Corporation, to wit: ► Date: 03 June 2025 (Tuesday) ► Time: 2:00 pm ► Chairman will preside at 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR). ► Stockholders are requested to attend through videoconference through the Zoom Meeting ID to be provided in the Definitive Information Statement. ► Dedicated email address: ASM@smcgp.ph ► Important Dates: 06 May 2025 – Record Date

	13 May 2025 – SEC Form 20-IS (Definitive Information Statement) to be file with SEC & PDEX, and copies to be sent to the stockholders on the same date 19 May 2025 – Submission of Ballots/Proxies 26 May 2025 (12 noon) - Last day to signify attendance by videoconferencing 26 May 2025 (2 p.m.) - Validation of Ballots and Proxies by Stockholders 02 June 2025 – Sending out of the password to Stockholders for the videoconference ► The Notices and the Definitive Information Statement will contain all the information needed by the stockholders in connection with the 2025 Annual Stockholders' Meeting; and the approval of the procedure for the holding/conduct of the 2025 Annual Stockholders' Meeting via videoconferencing, including the attendance, participation, and voting of the stockholders, in compliance with pertinent rules and guidelines promulgated by the SEC; g. the report on the qualifications of the nominees for the election to the Board of Directors of the Corporation in the 2025 Annual Stockholders' Meeting; h. the appointment of R.G. Manabat & Co. as external auditors of the Corporation for 2025, as favorably endorsed by the Corporate Governance Committee, to be submitted for approval, confirmation, and ratification of the stockholders in the 2025 Annual Stockholders' Meeting; i. the issuance, offer and sale of Philippine Peso-denominated fixed-rate notes that are exempt from SEC-registration in the aggregate principal amount of up to Php15,000,000,000.00 to qualified buyers thereof, under such terms and conditions determined by Management to be most beneficial to the Corporation (the "Offer"), and the appointment of Bank of Commerce and BOO Capital & Investment Corporation as Joint Issue Managers, Bank of Commerce, BOO Capital & Investment Corporation, Philippine Commercial Capital, Inc. and SB Capital Investment Corporation as Joint Lead Arrangers, the PDEX as Listing Agent, Philippine Depository & Trust Corp. as Registrar and Paying Agent and such other institutions and persons as may be required in connection with the Offer; j. the report on the validation of the results by the Corporate Governance Committee and the Compliance Officer of the Performance Assessments of the Board Committees, the Board of Directors, and Management of the Corporation for 2024; and k. the report on the filing of the 2024 Annual Corporate Governance Report of the Corporation.
20 May 2025	The receipt of the Corporation on 20 May 2025, of the Certificate of Approval of Increase of Capital Stock and Certificate of Filing of Amended Articles of Incorporation, both issued by the SEC on 16 May 2025, setting out the approval by the SEC of the following matters: - the increase in the authorized capital stock of the Corporation from Php3,774,400,000.00 divided into 3,774,400,000 shares with a par value of Php1.00 per share to Php7,800,000,000.00 divided into 7,800,000,000 shares with a par value of Php1.00 per share ("ACS Increase") and amendment of the Seventh Article of the Amended Articles of the Corporation ("AOI") to reflect the ACS Increase; - the amendment of the Second Article of the AOI on the primary and secondary purposes of the Corporation; and - the amendment of the Fourth Article of the AOI to reflect the perpetual corporate term of the Corporation.

21 May 2025	Following the Corporation's receipt of the approval by the SEC of the Corporation's application for the increase in its authorized capital stock to Php7,800,000,000.00, divided into 7,800,000,000 shares with par value of Php1.00 per share (the "ACS Increase") on 20 May 2025, the Corporation issued on 20 May 2025 the stock certificate in favor of its parent company, SMC, covering 1,011,093,800 shares subscribed by SMC to support the ACS Increase.
03 June 2025	The following matters were unanimously approved during the meetings held on 03 June 2025: a. Annual Meeting of the Stockholders i. Approval of the Minutes of the Annual Stockholders' Meeting of the Corporation held on 04 June 2024 and the Minutes of the Special Stockholders' Meeting held on 14 April 2025; ii. Approval of the 2024 Audited Financial Statements of the Corporation; iii. Ratification of all acts and proceedings of the Board of Directors and corporate officers of the Corporation since the Annual Stockholders' Meeting of the Corporation held on 04 June 2024; iv. Appointment of R.G. Manabat & Co. as external auditors of the Corporation for fiscal year 2025; v. Election of the following as members of the Board of Directors: 1. Ramon S. Ang 2. John Paul L. Ang 3. Aurora T. Calderon 4. Virgilio S. Jacinto 5. Jack G. Arroyo, Jr. - Independent Director 6. Consuelo M. Ynares-Santiago - Independent Director 7. Josefina Guevara-Salonga - Independent Director The stockholders likewise approved the re-election of Jack G. Arroyo, Jr. and Consuelo M. Ynares-Santiago, as Independent Directors of the Corporation, beyond their cumulative term of nine (9) years, taking into consideration the meritorious justifications presented by the Board for their retention as Independent Directors of the Corporation. vi. Approval of the Directors' Fee for Independent Directors representing per diem allowance for meetings attended; b. Organizational Meeting of the Board of Directors i. Approval of the Minutes of the Organizational Meeting of the Board of Directors held on 04 June 2024; ii. Election of Consuelo M. Ynares-Santiago as the Lead Independent Director of the Corporation; iii. Election of the following as officers of the Corporation:

	1. Ramon S. Ang – Chairman & Chief Executive Officer and President & Chief Operating Officer 2. John Paul L. Ang – Vice Chairman 3. Elenita D. Go – General Manager 4. Virgilio S. Jacinto – Corporate Secretary and Compliance Officer 5. Paul Bernard D. Causon – Vice President and Chief Finance Officer 6. Ramon U. Agay – Assistant Vice President and Comptroller 7. Jeciel B. Campos – Assistant Vice President and Sales & Marketing Manager 8. Gonzalo B. Julian, Jr. - Assistant Vice President, Sales & Marketing Manager – RES, and Head of the Battery Business 9. Julie Ann B. Domino-Pablo - Assistant Vice President and General Counsel 10. Jose Ferlino P. Raymundo - Assistant Vice President and Energy Sourcing & Trading Manager 11. Danilo T. Tolarba - Assistant Vice President and Human Resources Group Manager 12. Irene M. Cipriano - Assistant Corporate Secretary 13. Reynaldo S. Matillano - Internal Audit Manager 14. Maria Floreselda S. - Data Protection Officer Abalos-Sampaga iv. Appointment of following members of the Board Committees of the Corporation: Executive Committee 1. Ramon S. Ang - Chairman 2. John Paul L. Ang - Member 3. Aurora T. Calderon - Member Corporate Governance Committee 1. Consuelo M. Ynares-Santiago – Chairperson** 2. Jack G. Arroyo, Jr. - Member** 3. Josefina Guevara-Salonga - Member** 4. John Paul L. Ang - Member 5. Virgilio S. Jacinto - Member Audit and Risk Oversight Committee 1. Jack G. Arroyo, Jr. - Chairperson** 2. Consuelo M. Ynares-Santiago - Member** 3. Josefina Guevara-Salonga - Member** 4. John Paul L. Ang - Member 5. Aurora T. Calderon – Member Related Party Transaction Committee 1. Josefina Guevara-Salonga - Chairperson** 2. Consuelo M. Ynares-Santiago - Member** 3. Jack G. Arroyo, Jr. - Member** 4. John Paul L. Ang - Member 5. Aurora T. Calderon – Member

	Sustainability Committee 1. Josefina Guevara-Salonga - Chairperson** 2. Consuelo M. Ynares-Santiago - Member"" 3. Jack G. Arroyo, Jr. - Member** 4. John Paul L. Ang - Member 5. Aurora T. Calderon – Member **Independent Director v. Designation of depository banks and appointment of authorized signatories for banking and other corporate transactions.
10 July 2025	The following matters were approved by the Board of the Directors of the Corporation during its Special Meeting held on 10 July 2025, among others: (a) in respect of the Corporation’s outstanding US Dollar-denominated Senior Perpetual Capital Securities that are listed with the SGX-ST (collectively, the “Existing Securities”), namely: (i) 7.00% Senior Perpetual Capital Securities issued on 21 October 2020 (ISIN: XS2239056174; Common Code: 223905617), and (ii) 5.70% Senior Perpetual Capital Securities issued on 21 January 2020 (ISIN: XS2098881654; Common Code: 209888165), undertake to invite eligible holders of Existing Securities to offer to exchange some or all of its Existing Securities for an equal principal amount of new US Dollar-denominated Senior Perpetual Capital Securities (the “Exchanged New Securities”) to be issued by the Corporation and (if applicable) for the relevant accrued distribution amount (each an “Exchange Offer” and collectively the “Exchange Offers”); (b) undertake the offer and issuance of up to USD 150,000,000 in Senior Perpetual Capital Securities or such other amount as Management may later determine (the “Additional New Securities” and, together with the Exchanged New Securities, the “Securities”), based on prevailing market conditions and as may be advantageous to the Corporation (the “New Securities Offer” and, together with the Exchange Offers, the “Transactions”). The Securities shall be constituted by a Trust Deed by and between the Corporation and the trustee (the “Trust Deed”) and listed on the SGX-ST; (c) in respect of the Exchange Offers, the Board of Directors hereby approves and confirms the appointment of (i) Standard Chartered Bank as the sole dealer manager; (ii) Sodali & Co Limited as the information and exchange agent; and (iii) such other agents, legal counsel, auditors and other relevant parties as may be necessary for the conduct of the Exchange Offers, in each case, under such terms and conditions as the Management of the Corporation may deem to be advantageous to the Corporation; and (d) in respect of the New Securities Offer and the issuance and listing of the Securities with the SGX-ST, the Board of Directors hereby approves and confirms the appointment of (i) Standard Chartered Bank as sole bookrunner and sole lead manager; (ii) DB Trustees (Hong Kong) Limited

	as trustee and Deutsche Bank Aktiengesellschaft, Hong Kong Branch as paying agent, calculation agent, transfer agent, and registrar; (iii) Latham & Watkins as listing agent; and (iv) such other agents, legal counsel, auditors and other relevant parties as may be necessary for the Transactions and the issuance and listing of the Securities, in each case, under such terms and conditions as the Management of the Corporation may deem to be advantageous to the Corporation. The Management of the Corporation is authorized and empowered to determine (i) the terms and conditions of the Exchange Offers, (ii) the terms and conditions of the New Securities Offer and the Securities including, but not limited to, the determination of the distribution rate of the Securities and the timing of the offering of the Additional New Securities; and (iii) appointment of such other agents, legal counsel, auditors and other relevant parties as may be necessary for the Transactions and the issuance and listing of the Securities, in each case, under such terms and conditions as the Management of the Corporation may deem to be advantageous to the Corporation. The Corporation intends to apply the net proceeds from the Additional New Securities, at the Corporation's discretion, for: (i) the costs and expenses related to the Exchange Offers, including payment of accrued distribution amounts in respect of the Existing Securities accepted for exchange pursuant to and subject to the terms and conditions of the Exchange Offers; (ii) the costs and expenses related to issuance of the Additional New Securities; and (iii) to the extent there are additional proceeds after the application described above, (a) the purchase, repurchase and/or redemption of all remaining outstanding Existing Securities following the Exchange Offers and (b) pre-development costs of solar and hydropower energy projects and capital expenditures related to battery energy storage systems projects. For the avoidance of doubt, the net proceeds will not be applied in connection with any of the Corporation's existing and planned coal-fired power assets and/or liquefied natural gas assets (including, but not limited to, their construction and working capital requirements). Copies of the Preliminary Offering Circular and the Exchange Offer Memorandum to be issued pursuant to the Transactions were attached to the disclosure. The Corporation shall make an announcement on the Transactions with the SGX-ST on even date.

14 July 2025	CA-G.R. SP Nos. 176036 and 176037 Receipt on 11 July 2025, from Poblador Bautista and Reyes Law Offices, the counsel of record of South Premiere Power Corp. ("SPPC") and San Miguel Energy Corporation (now named Sual Power Inc.), an affiliate and wholly-owned subsidiary of the Corporation, respectively, a copy of the Resolution promulgated the Special Former Thirteenth Division of the Court of Appeals, dated 27 June 2025, which partially granted the motions of SPC and Sual Power Inc. The relevant portions of the Resolution state: “WHEREFORE, premises considered, South Premiere Power Corporation's Motion to Direct the Court of Origin to Issue a Writ of Execution is PARTIALLY GRANTED. Likewise, San Miguel Energy Corporation's Motion to Direct the Court of Origin to Issue a Writ of Execution is PARTIALLY GRANTED. The Energy Regulatory Commission is DIRECTED to immediately implement <i>Our Decision dated June 27, 2023</i> and without further delay, act on the motions and make the necessary computation and breakdown of the appropriate amount for payments to petitioners South Premiere Power Corporation and San Miguel Energy Corporation, pursuant to their joint motions for price adjustments with Manila Electric Company. The Energy Regulatory Commission is hereby also DIRECTED to submit proof of its compliance with this Resolution within THIRTY (30) DAYS from notice. SO ORDERED.” With the issuance of the Resolution, the previous orders of the Energy Regulatory Commission, dated 29 September 2022, were annulled by the CA for having been issued with grave abuse of discretion. SPPC assigned in favor of the Corporation all its rights and interest arising from the pending case referred to above under the terms of the agreement executed on 15 January 2025 between SPPC and the Corporation.
17 July 2025	Further to the disclosure of the Corporation on 10 July 2025, the Corporation furnished the SEC a copy of its announcement with the SGX-ST, dated 17 July 2025, in relation to the Existing Securities that were validly offered for exchange pursuant to the Exchange Offers.
18 July 2025	Further to the disclosures of the Corporation on 10 July 2025 and 17 July 2025, the Corporation furnished the SEC a copy of its second announcement with the SGX-ST, dated 17 July 2025, in relation to the Pricing Terms and Aggregate Principal Amount of the Additional New Securities and Results of the Exchange Offers.
23 July 2025	The Corporation purchased a total of 43,229,796 common shares of Manila Electric Company (“Meralco”) from Land Bank of the Philippines through a special block sale crossed through the PSE on 23 July 2025, by virtue of the Deed of Absolute Sale of Shares executed by the parties, in connection with the decision of the Court of Appeals under CA-G.R. CV No 118341 which was promulgated on 03 November 2022, as disclosed by the Corporation on 17 November 2022.
24 July 2025	Further to the disclosures of the Corporation on 10 July 2025, 17 July 2025 and 18 July 2025, the Corporation furnished the SEC a copy of its announcement with the SGX-ST dated 24 July 2025 on the settlement of the Exchange Offers and the issuance of the Additional New Securities.
05 August 2025	Further to the disclosures of the Corporation on 10 July 2025, 17 July 2025, 18 July 2025, and 24 July 2025, the Board of Directors of the Corporation approved, on 05 August 2025, the offer and issuance of additional Senior Perpetual Capital Securities, with an aggregate

	principal amount of up to USD150,000,000 or such other amount as Management may later determine, subject to prevailing market conditions and as may be advantageous to the Corporation (the "August 2025 Securities"). The Corporation intends to apply the net proceeds from the August 2025 Securities, at the Corporation's discretion, for: (i) the partial purchase, repurchase and/or redemption of the remaining outstanding 7.00% Senior Perpetual Capital Securities issued on 21 October 2020 (ISIN:XS2239056174; Common Code: 223905617) and 5.70% Senior Perpetual Capital Securities issued on 21 January 2020 (ISIN: XS2098881654; Common Code: 209888165); and (ii) towards pre-development costs of solar and hydropower energy projects and capital expenditures related to battery energy storage systems projects. For the avoidance of doubt, the net proceeds will not be applied in connection with any of the Corporation's existing and planned coal-fired power assets and/or liquefied natural gas assets (including, but not limited to, their construction and working capital requirements). The August 2025 Securities shall be consolidated with and shall form a single series with the 8.95% Senior Perpetual Capital Securities issued on 24 July 2025 (ISIN: XS3121131125; Common Code: 312113112) (the "Additional Securities"). It will be constituted by a Supplemental Trust Deed, which shall supplement the trust deed of the Additional Securities, and listed in the SGX-ST. For the issuance of the August 2025 Securities, the Corporation has engaged (i) Standard Chartered Bank as sole bookrunner and sole lead manager; (ii) DB Trustees (Hong Kong) Limited as trustee and Deutsche Bank Aktiengesellschaft, Hong Kong Branch as paying agent, calculation agent, transfer agent, and registrar; (iii) Latham & Watkins as listing agent; and (iv) such other agents, legal counsel, auditors and other relevant parties as may be necessary for the Offer and the issuance and listing of the August 2025 Securities, in each case, under such terms and conditions as the Management of the Corporation may deem to be advantageous to the Corporation.
11 August 2025 (1st Disclosure)	The Corporation reported that its ₱10,200,000,000 Corporate Notes comprised of: (i) 3-Year 6.750% Fixed Rate Notes Due 2028, (i) 5-Year 6.875% Fixed Rate Notes Due 2030, (iii) 7-Year 7.000% Fixed Rate Notes Due 2032, and (iv) 10-Year 7.125% Fixed Rate Notes Due 2035, were issued and listed in the PDEX.
11 August 2025 (2nd Disclosure)	Further to the disclosure of the Corporation on 5 August 2025, the Corporation furnished the SEC, a copy of its announcement with the SGX-ST, dated 11 August 2025, on the issuance of the additional Senior Perpetual Capital Securities ("SPCS") with an aggregate principal amount of USD115,000,000 to be consolidated and to form a single series with the Corporation's existing USD400,000,000 SPCS issued last 24 July 2025.
12 August 2025	The following matters were approved by the Board of the Directors of the Corporation during its Regular Meeting held on 12 August 2025, among others: - the financial performance and financial position of the Corporation as of 30 June 2025, the details of which shall be reported to the SEC and the PDex under SEC Form 17-Q to be filed on or before 14 August 2025; - the capital security distribution to holders of the USD900 Million Senior Perpetual Capital Securities which the Corporation issued on 12 September 2024, amounting to USD39,375,000.00 plus applicable taxes, payable on 12 September 2025; - the capital security distribution to holders of the USD750 Million Senior Perpetual Capital Securities which the Corporation issued on 21 October 2020, amounting to USD6,768,720.00 plus applicable taxes, payable on 21 October 2025; - the capital security distribution to holders of the USD800 Million Redeemable Perpetual Capital Securities which the Corporation issued on 19 April 2024, amounting to USD17,000,000.00, plus applicable taxes, payable on 12 October 2025; and

	e. the approval of the redemption in full by the Corporation of all the outstanding Senior Perpetual Capital Securities which was constituted by the Trust Deed dated 21 October 2020, as supplemented on 15 December 2020.
22 August 2025	The Corporation reported that it purchased a total of 1,034,624 common shares of Meralco from Land Bank of the Philippines through a special block sale crossed through the Philippine Stock Exchange on 22 August 2025, by virtue of the Deed of Absolute Sale of Shares executed by the parties.
09 October 2025	The Corporation reports that on 13 June 2025, the Regional Trial Court, Branch 212 of Mandaluyong City rendered a decision on the complaint filed by South Premiere Power Corp. on 8 September 2015 and docketed as Civil Case No. MC 15-9629, entitled: "South Premiere Power Corp. v. Power Sector Assets and Liabilities Management Corporation". A copy of the decision was received by the Corporation from its external counsel, Poblador, Bautista and Reyes Law Offices, on 8 October 2025, the dispositive portion of which states: “WHEREFORE, judgment is hereby rendered in favor of South Premiere Power Corporation (SPPC) and against Power Sector Assets and Liabilities Management Corporation (PSALM), as follows: I. PSALM's acts of terminating the “Agreement Between Power Sector Assets and Liabilities Management Corporation and San Miguel Corporation Relative to the Administration of the Ilijan Natural Gas Fired Combined Cycle Power Plant Project with an Installed Capacity of 1200MW”, drawing on the Performance Bond, and issuing the Cessation Notice, are unauthorized and without factual and legal basis. Thus, PSALM is ORDERED to: 1. RETURN to SPPC, the amount of Sixty Million US Dollars (US\$60,000,000.00), the amount Performance Bond drawn on or forfeited by Defendant, with interest on such amount at the rate of six percent 6% per annum from 8 September 2015, the date of judicial demand. 2. COMPLY with the "Agreement Between Power Sector Assets and Liabilities Management Corporation and San Miguel Corporation Relative to the Administration of the Ilijan Natural Gas Fired Combined Cycle Power Plant Project with an Installed Capacity of 1200MW" particularly by: a. REVISING its billings to Plaintiff for Generation Payments for Meralco nominations under the power supply contracts between NPC and Meralco to supply the Sunpower and Ecozone requirements by using the ERC-approved Sunpower and Ecozone rates in the said PSCs as bases for T1 Price; b. REVISING its billings to Plaintiff for Generation Payments for Meralco nominations under the power supply contracts between NPC and Meralco to supply the Sunpower and Ecozone requirements by removing VAT for the Sunpower and Ecozone portions; c. REVISING its billings to Plaintiff by reducing the Must Pay Amounts during hours when the Power Station did not generate and deliver energy when maintenance KEILCO, its agents, authorized representatives, or contractors: d. REVISING its billings to Plaintiff for Generation Payments for

	Meralco nominations up to Must Pay Volume under the power supply agreements between SPC and Meralco by adopting T1 Price to such nominations using the rate in such power supply agreements; 3. PAY SPC attorney's fees in the amount of FIVE MILLION PESOS (Php5,000,000.00). II. PSALM's counterclaim for SPP's alleged underpayment of generation charges or outstanding obligations to PSALM which as of 31 August 2024, already accrued in the amount of Php38,178,178,244.03 is DISMISSED FOR LACK OF MERIT. SO ORDERED."
22 October 2025	The Corporation, as Issuer of the 7% Senior Perpetual Capital Securities issued on 21 October 2020 and 15 December 2020, and constituted by the Trust Deed, dated October 21, 2020, as supplemented by the Trust Deed, dated December 15, 2020 - US\$750,000,000 Senior Perpetual Capital Securities, ISIN: XS2239056174, Common Code: 223905617 (the "Securities"), completed the redemption of the outstanding Securities on 21 October 2025 (the "Redemption Date"), pursuant to and in accordance with the terms and conditions of the Securities. The redemption was made after the issuance of the notice to the holders of the Securities, dated 16 September 2025. Following such redemption, distributions on the Securities will cease to accrue as of the Redemption Date, and the redeemed Securities will be cancelled and delisted from the SGX-ST.
12 November 2025	The following matters were approved by the Board of the Directors of the Corporation during its Regular Meeting held on 12 November 2025, among others: a) the approval of the Financial Performance and Financial Position of the Corporation as of 30 September 2025, the details of which shall be reported to the SEC and the PDEX under SEC Form 17-Q to be filed on or before 14 November 2025; b) the capital security distribution to holders of the USD600 Million Senior Perpetual Capital Securities which the Corporation issued on 02 December 2024, amounting to USD24,375,000.00, plus applicable taxes, payable on 02 December 2025; c) the capital security distribution to holders of the USD750 Million Senior Perpetual Capital Securities which the Corporation issued on 09 June 2021, amounting to USD18,626,683.00, plus applicable taxes, payable on 09 December 2025; d) the capital security distribution to holders of the USD800 Million Redeemable Perpetual Capital Securities which the Corporation issued on 19 April 2024, amounting to USD17,000,000.00, plus applicable taxes, payable on 12 January 2026; e) the capital security distribution to holders of the USD600 Million Senior Perpetual Capital Securities which the Corporation issued on 21 January 2020, amounting to USD8,562,055.50, plus applicable taxes, payable on 21 January 2026; f) the capital security distribution to holders of the USD515 Million Senior Perpetual Capital Securities which the Corporation issued on 24 July 2025, amounting to USD23,046,250.00, plus applicable taxes, payable on 24 January 2026; g) the capital security distribution to holders of the USD900 Million Senior

	Perpetual Capital Securities which the Corporation issued on 12 September 2024, amounting to USD39,375,000.00, plus applicable taxes, payable on 12 March 2026; and h) the redemption of all the outstanding USD600 Million Senior Perpetual Capital Securities which the Corporation issued on 21 January 2020 and designation of authorized signatories to sign all documents relating to the redemption.
14 November 2025	The Corporation purchased common shares of Meralco from Land Bank of the Philippines by virtue of the Deed of Absolute Sale of Shares executed by the parties, the Corporation hereby reports that, as of 10 November 2025, a total of 46,596,596 common shares of Meralco have been purchased by the Corporation on various dates through the PSE pursuant to the aforementioned Deed of Absolute Sale.
24 November 2025	The following matters were approved by the Board of the Directors of the Corporation during its Special Meeting held on 24 November 2025, a) to undertake to invite eligible holders of the Corporation's outstanding 5.70% US Dollar-denominated Senior Perpetual Capital Securities, Issued on 21 January 2020 (ISIN: XS2098881654 Common Code: 209888165), listed with the SGX-ST (the "Existing Securities") to: (i) offer for exchange any and all of their Existing Securities for an equal principal amount of new US Dollar-denominated Senior Perpetual Capital Securities to be issued by the Corporation (the "Exchanged New Securities") and the relevant accrued distribution amount (the "Exchange Offer"); and/or (ii) tender their Existing Securities for purchase for cash by the Corporation up to an aggregate nominal amount and for the tender consideration amount, in each case, to be determined by the Management of the Corporation (the "Tender Offer"); b) in addition to the Exchanged New Securities, to undertake the offer and issuance of up to US 300,000,000 in Senior Perpetual Capital Securities, or such other amount as Management may later determine (the "Additional New Securities"), based on prevailing market conditions and as may be advantageous to the Corporation (the "New Securities Offer"); and c) to undertake the listing of the Exchanged New Securities and the Additional New Securities (collectively, the "Securities") on the SGX-ST; d) in respect of the Exchange Offer and the Tender Offer, the appointment of (i) Australia and New Zealand Banking Group Limited, Deutsche Bank AG, Singapore Branch, The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Standard Chartered Bank as the dealer managers; (ii) Sodali & Co Limited as the exchange and tender agent; e) in respect of the New Securities Offer and the issuance and listing of the Securities with the SGX-ST, the appointment of (i) Standard Chartered Bank as sole global coordinator and Australia and New Zealand Banking Group Limited Deutsche Bank AG, Singapore Branch, The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Standard Chartered Bank as joint lead managers; (ii) DB Trustees (Hong Kong) Limited as trustee and Deutsche Bank Aktiengesellschaft, Hong Kong Branch as paying agent, calculation agent, transfer agent, and registrar, and (iii) Latham & Watkins as listing agent. The Management of the Corporation was also authorized and empowered to determine

	(i) the terms and conditions of the Exchange Offer and the Tender Offer, (ii) the terms and conditions of the New Securities Offer and the Securities including, but not limited to, the determination of the distribution rate of the Securities and the timing of the offering of the Additional New Securities; and (iii) appointment of such other agents, legal counsel, auditors and other relevant parties as maybe necessary for the Exchange Offer, Tender Offer and New SEC Form 17-C December 2003 Securities Offer (collectively, the "Transactions") and the issuance and listing of the Securities, in each case, under such terms and conditions as the Management of the Corporation may deem to be advantageous to the Corporation. The Corporation intends to apply the net proceeds from the New Securities Offer in the following order: (i) the costs and expenses related to the Exchange Offer, including payment of accrued distribution amounts in respect of the Existing Securities accepted for exchange, pursuant to and subject to, the terms and conditions of the Exchange Offer; (ii) the costs and expenses related to the Tender Offer, including payment of the purchase price and accrued distribution amounts in respect of the Existing Securities accepted for purchase, pursuant and subject to, the terms and conditions of the Tender Offer; (iii) the purchase, repurchase and/or redemption of all remaining outstanding Existing Securities following the Exchange Offer and Tender Offer, and (iv) the costs and expenses related to the issuance of the Additional New Securities. To the extent there are additional proceeds after the application described above, the Corporation may, at its discretion, apply such proceeds towards pre-development costs of solar and hydropower energy projects and capital expenditures related to battery energy storage system projects. For the avoidance of doubt, the net proceeds will not be applied in connection with any of the Corporation's existing and planned coal-fired power assets and/or liquefied natural gas assets (including, but not limited to, their construction and working capital requirements). The Corporation also furnished a copy of the Preliminary Offering Circular and the Offer Memorandum to be issued pursuant to the Transactions. The Corporation shall make an announcement on the Exchange Offer and Tender Offer with the SGX-ST on even date.
01 December 2025	Furnished the SEC, a copy of its announcement with the SGX-ST, dated 01 December 2025 on its decision to terminate the Exchange Offer and the Tender Offer in view of current market conditions and the terms of the Offer Memorandum. Accordingly, as stated in the aforementioned announcement, any Existing Securities offered for exchange pursuant to the Exchange Offer, and tendered for purchase pursuant to the Tender Offer on or before the Expiration Deadline, will not be accepted by the Corporation, will be unblocked in the relevant account in the relevant clearing system and returned to the relevant security holder, as soon as practicable. The Corporation remains committed to redeeming the Existing Securities on the step-up date of such Existing Securities and expects to make the relevant announcements in due course.

Annex “F”

DIRECTORS’ ATTENDANCE IN MEETINGS OF THE BOARD COMMITTEES, THE BOARD OF DIRECTORS, AND STOCKHOLDERS FOR 2025

Directors’ Name	Feb 12, 2025	Mar 6, 2025	Mar 6, 2025	Mar 6, 2025	Mar 6, 2025	Mar 6, 2025	Apr 7, 2025	Apr 14, 2025	May 13, 2025	May 13, 2025	May 13, 2025	June 3, 2025	June 3, 2025	July 10, 2025	Aug 5, 2025	Aug 12, 2025	Aug 12, 2025	Aug 12, 2025	Nov 12, 2025	Nov 12, 2025	Nov 12, 2025	Nov 24, 2025
	Special BOD Mtg	AROC Mtg	CG Mtg	RPT Mtg	SC Mtg	Regular BOD Mtg	Special BOD Mtg	Special SH Mtg	AROC Mtg	CG Mtg	Regular BOD Mtg	ASM	Org BOD Mtg	Special BOD Mtg	Special BOD Mtg	AROC Mtg	CG Mtg	Regular BOD Mtg	AROC Mtg	CG Mtg	Regular BOD Mtg	Special BOD Mtg
Ramon S. Ang	✓	N/A	N/A	N/A	N/A	✓	✓	✓	N/A	N/A	✓	✓	✓	✓	✓	N/A	N/A	✓	N/A	N/A	✓	✓
John Paul L. Ang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Aurora T. Calderon	✓	✓	N/A	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	✓	✓	✓	N/A	✓	✓	N/A	✓	✓
Virgilio S. Jacinto	✓	N/A	✓	N/A	N/A	✓	✓	✓	N/A	✓	✓	✓	✓	✓	✓	N/A	✓	✓	N/A	✓	✓	✓
Jack G. Arroyo, Jr.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Consuelo M. Ynares-Santiago	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Josefina Guevara-Salonga	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

LEGEND:
ASM – Annual Stockholders’ Meeting
Special SH Mtg – Special Stockholders’ Meeting
Regular BOD Mtg – Regular Meeting of the Board of Directors
Special BOD Mtg – Special Meeting of the Board of Directors
Org BOD Mtg – Organizational Meeting of the Board of Directors
AROC Mtg – Audit & Risk Oversight Committee Meeting
CG Mtg – Corporate Governance Committee Meeting
RPT Mtg – Related Party Transaction Committee Meeting
SC Mtg – Sustainability Committee Meeting