COVER SHEET

CS200801099
S. E. C. Registration Number

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.

(Company's Full Name)

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

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

Contact Person	Company Telephone Number
Julie Ann B. Domino-Pablo	(02) 5317-1000

Fiscal Year (Month)	Fiscal Year (Day)	FORM TYPE	Annual Meeting (Month)	Annual Meeting (Day)
12	31	SEC Form 17-Q (2nd Quarter ended 30 June 2026)	06	1st Tues

Secondary License Type, If Applicable:

Dept. Requiring this Doc.:

Amended Articles Number/Section:

Total No. of Stockholders:

Total Amount of Borrowings

Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

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Cashier

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **June 30, 2026**

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

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

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

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

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

7. **40 San Miguel Avenue, Wack-Wack Greenhills**
   City of Mandaluyong City, Second District
   National Capital Region — **1550**
   Address of issuer's principal office — Postal Code

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

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

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

Securities	Amount Outstanding (as of June 30, 2026) (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 L-M Fixed Rate Bonds issued in July 2022	35,000,000
Series N-O-P Fixed Rate Bonds issued in April 2026	30,000,000
Total	₱73,365,330

	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of June 30, 2026)
Common Shares	**4,785,495,300**
Consolidated Total Liabilities (in Thousands)	**₱514,041,258**

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

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

12. Indicate by check mark whether the registrant:

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

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

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited consolidated financial statements of San Miguel Global Power Holdings Corp. ("San Miguel Global Power" or "Parent Company") and its subsidiaries (collectively, the "Group") as of and for the period ended June 30, 2026 (with comparative figures as of December 31, 2025 and for the period ended June 30, 2025) and Selected Notes to the Consolidated Financial Statements are hereto attached as **Annex "A"**.

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

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

PART II - OTHER INFORMATION

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

SIGNATURES

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

Issuer	**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.**
Signature and Title	**DENNIS Y. ILAN** Acting Chief Finance Officer/ Authorized Signatory
Date	August 14, 2026
Signature and Title	**RAMON U. AGAY** Comptroller/ Authorized Signatory
Date	August 14, 2026

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2026 AND DECEMBER 31, 2025
(In Thousands)

	Note	2026 (Unaudited)	2025 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	*7, 17, 18*	**P181,091,285**	P101,498,370
Trade and other receivables - net	*8, 11, 17, 18*	**95,168,247**	90,816,430
Inventories	*11*	**15,270,013**	11,695,864
Prepaid expenses and other current assets	*11, 17, 18*	**41,013,796**	36,242,458
Total Current Assets		**332,543,341**	240,253,122
Noncurrent Assets			
Investments and advances - net	*18*	**129,493,192**	115,825,289
Property, plant and equipment - net	*9*	**391,107,211**	375,268,227
Right-of-use assets - net	*6*	**46,501,670**	47,278,979
Goodwill and other intangible assets - net		**70,201,596**	70,214,838
Deferred income tax assets		**1,861,789**	1,584,049
Other noncurrent assets	*11, 17, 18*	**49,434,472**	41,196,128
Total Noncurrent Assets		**688,599,930**	651,367,510
TOTAL ASSETS		**P1,021,143,271**	P891,620,632
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	*17,18*	**P33,000,000**	P33,000,000
Accounts payable and accrued expenses	*11, 17, 18*	**92,744,731**	101,070,416
Lease liabilities - current portion	*6, 11, 17, 18*	**6,126,046**	5,819,971
Income tax payable		**201,956**	139,824
Current maturities of long-term debt - net of debt issue costs	*10, 17, 18*	**23,533,629**	43,426,570
Total Current Liabilities		**155,606,362**	183,456,781
Noncurrent Liabilities			
Long-term debt - net of current maturities and debt issue costs	*10, 17, 18*	**314,736,843**	241,709,071
Deferred income tax liabilities		**17,512,147**	17,223,128
Lease liabilities - net of current portion	*6, 11, 17, 18*	**21,078,017**	23,880,904
Other noncurrent liabilities	*17, 18*	**5,107,889**	4,617,192
Total Noncurrent Liabilities		**358,434,896**	287,430,295
Total Liabilities		**514,041,258**	470,887,076

Forward

	Note	2026 (Unaudited)	2025 (Audited)
Equity			
Equity Attributable to Equity Holders of the Parent Company			
Capital stock		**P4,785,496**	P4,785,494
Additional paid-in capital		**104,895,528**	104,895,528
Senior perpetual capital securities		**168,655,855**	160,789,623
Redeemable perpetual capital securities		**88,679,795**	88,679,795
Equity reserves		**(7,503,279)**	929,003
Retained earnings		**79,709,454**	59,596,183
		439,222,849	419,675,626
Non-controlling Interests		**67,879,164**	1,057,930
Total Equity	*12*	**507,102,013**	420,733,556
TOTAL LIABILITIES AND EQUITY		**P1,021,143,271**	P891,620,632

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

Certified Correct:

DENNIS I. VILAN
Acting Chief Finance Officer / Authorized Signatory

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED JUNE 30, 2026 AND 2025
(In Thousands, Except Per Share Data)

	Note	2026 (Unaudited)	2025 (Unaudited)	For the Quarter Ended 2026 (Unaudited)	For the Quarter Ended 2025 (Unaudited)
REVENUES	*11, 13*	**P101,856,143**	P80,147,315	**P48,238,949**	P37,650,540
COST OF POWER SOLD	*11, 14*	**55,245,045**	54,043,200	**31,922,677**	24,592,905
GROSS PROFIT		**46,611,098**	26,104,115	**16,316,272**	13,057,635
SELLING AND ADMINISTRATIVE EXPENSES	*8, 9*	**4,643,376**	3,984,022	**2,457,265**	1,625,778
INCOME FROM OPERATIONS		**41,967,722**	22,120,093	**13,859,007**	11,431,857
INTEREST EXPENSE AND OTHER FINANCING CHARGES	*6, 10*	**(12,820,504)**	(11,760,517)	**(6,957,737)**	(5,983,966)
INTEREST INCOME	*7*	**2,652,030**	1,676,375	**1,584,019**	868,113
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES - Net	*6*	**5,253,549**	4,351,029	**2,172,644**	2,788,443
OTHER INCOME (CHARGES) - Net	*15*	**(2,698,865)**	21,652,635	**(746,348)**	513,018
INCOME BEFORE INCOME TAX		**34,353,932**	38,039,615	**9,911,585**	9,617,465
INCOME TAX EXPENSE		**2,202,846**	3,466,954	**1,639,669**	1,430,477
NET INCOME		**P32,151,086**	P34,572,661	**P8,271,916**	P8,186,988
Attributable to:					
Equity holders of the Parent Company		**P32,042,973**	P34,540,754	**P8,210,802**	P8,163,804
Non-controlling interests		**108,113**	31,907	**61,114**	23,184
		P32,151,086	P34,572,661	**P8,271,916**	P8,186,988
Earnings Per Common Share Attributable to Equity Holders of the Parent Company					
Basic/Diluted	*16*	**P3.77**	P5.87	**P0.23**	P1.06

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

Certified Correct:

DENNIS I. ILAN
Acting Chief Finance Officer / Authorized Signatory

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED JUNE 30, 2026 AND 2025
(In Thousands)

				For the Quarter Ended	
	Note	**2026 (Unaudited)**	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
NET INCOME		**P32,151,086**	P34,572,661	**P8,271,916**	P8,186,988
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified to profit or loss					
Net gain (loss) on financial assets at fair value through other comprehensive income - net of tax	*6, 18*	**(186,200)**	22,262,022	**(1,629,250)**	-
Share in other comprehensive loss of an associate		**(179)**	-	**(179)**	-
		(186,379)	22,262,022	**(1,629,429)**	-
Item that may be reclassified to profit or loss					
Gain (loss) on exchange differences on translation of foreign operations		**20,591**	(12,286)	**4,923**	(7,155)
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax		**(165,788)**	22,249,736	**(1,624,506)**	(7,155)
TOTAL COMPREHENSIVE INCOME		**P31,985,298**	P56,822,397	**P6,647,410**	P8,179,833
Attributable to:					
Equity holders of the Parent Company		**P31,877,185**	P56,790,490	**P6,586,296**	P8,156,649
Non-controlling interests		**108,113**	31,907	**61,114**	23,184
		P31,985,298	P56,822,397	**P6,647,410**	P8,179,833

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

Certified Correct:

DENNIS I. ILAN
Acting Chief Finance Officer / Authorized Signatory

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED JUNE 30, 2026 AND 2025
(In Thousands)

		Equity Attributable to Equity Holders of Parent Company										
						Equity Reserves						
	Note	Capital Stock	Additional Paid-in Capital	Senior Perpetual Capital Securities	Redeemable Perpetual Capital Securities	Equity Reserves	Translation Reserves	Reserve for Retirement Plan	Retained Earnings	Total	Non-controlling Interests	Total Equity
As at January 1, 2026 (Audited)		**P4,785,494**	**P104,895,528**	**P160,789,623**	**P88,679,795**	**P128,996**	**P946,989**	**(P146,982)**	**P59,596,183**	**P419,675,626**	**P1,057,930**	**P420,733,556**
Net income		-	-	-	-	-	-	-	32,042,973	32,042,973	108,113	32,151,086
Other comprehensive income (loss) - net of tax	18	-	-	-	-	(186,200)	20,591	(179)	-	(165,788)	-	(165,788)
Total comprehensive income (loss)		-	-	-	-	(186,200)	20,591	(179)	32,042,973	31,877,185	108,113	31,985,298
Issuances of:												
Capital stock	12	2	-	-	-	-	-	-	-	2	-	2
Senior perpetual capital securities, net of exchange and tender offers	12, 19	-	-	22,972,803	-	(5,511,416)	-	-	-	17,461,387	-	17,461,387
Redemptions of senior perpetual capital securities	12, 19	-	-	(15,106,571)	-	(2,755,078)	-	-	-	(17,861,649)	-	(17,861,649)
Net addition to non-controlling interest	12	-	-	-	-	-	-	-	(3)	(3)	66,713,121	66,713,118
Share issuance costs	12	-	-	-	-	-	-	-	(75,000)	(75,000)	-	(75,000)
Distributions to holders of:												
Senior perpetual capital securities	12	-	-	-	-	-	-	-	(9,148,412)	(9,148,412)	-	(9,148,412)
Redeemable perpetual capital securities	12	-	-	-	-	-	-	-	(2,706,287)	(2,706,287)	-	(2,706,287)
As at June 30, 2026 (Unaudited)		**P4,785,496**	**P104,895,528**	**P168,655,855**	**P88,679,795**	**(P8,323,698)**	**P967,580**	**(P147,161)**	**P79,709,454**	**P439,222,849**	**P67,879,164**	**P507,102,013**
As at January 1, 2025 (Audited)		P2,823,604	P48,081,781	P151,194,865	P145,979,113	(P17,253,511)	P935,708	(P67,096)	P26,387,315	P358,081,779	P943,400	P359,025,179
Net income		-	-	-	-	-	-	-	34,540,754	34,540,754	31,907	34,572,661
Other comprehensive income (loss) - net of tax	6	-	-	-	-	22,262,022	(12,286)	-	-	22,249,736	-	22,249,736
Total comprehensive income (loss)		-	-	-	-	22,262,022	(12,286)	-	34,540,754	56,790,490	31,907	56,822,397
Issuances of:												
Capital stock	12, 19	1,961,890	56,813,747	-	-	-	-	-	-	58,775,637	-	58,775,637
Senior perpetual capital securities	12, 19	-	-	5,749,775	-	-	-	-	-	5,749,775	-	5,749,775
Deconsolidation of subsidiaries	6	-	-	-	-	-	-	-	33,680	33,680	-	33,680
Redemptions of:												
Senior perpetual capital securities	12, 19	-	-	(5,627,100)	-	(661,184)	-	-	-	(6,288,284)	-	(6,288,284)
Redeemable perpetual capital securities	12, 19	-	-	-	(57,299,318)	(1,557,375)	-	-	-	(58,856,693)	-	(58,856,693)
Share issuance costs		-	-	-	-	-	-	-	(7,641)	(7,641)	(439)	(8,080)
Transfer of net gain on financial assets at fair value through other comprehensive income	6	-	-	-	-	(22,262,022)	-	-	22,262,022	-	-	-
Distributions to holders of:												
Senior perpetual capital securities	12	-	-	-	-	-	-	-	(7,974,523)	(7,974,523)	-	(7,974,523)
Redeemable perpetual capital securities	12	-	-	-	-	-	-	-	(18,759,228)	(18,759,228)	-	(18,759,228)
As at June 30, 2025 (Unaudited)		P4,785,494	P104,895,528	P151,317,540	P88,679,795	(P19,472,070)	P923,422	(P67,096)	P56,482,379	P387,544,992	P974,868	P388,519,860

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

Certified Correct:

DENNIS A. ILAN
Acting Chief Finance Officer / Authorized Signatory

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED JUNE 30, 2026 AND 2025
(In Thousands)

	Note	2026 (Unaudited)	2025 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P34,353,932**	P38,039,615
Adjustments for:			
Interest expense and other financing charges	*6, 10*	**12,820,504**	11,760,517
Depreciation and amortization	*9, 14*	**7,777,100**	7,851,917
Unrealized foreign exchange losses (gains) - net		**3,221,628**	(1,260,475)
Retirement benefits costs		**86,142**	67,073
Gain on fair valuation of investments	*6, 15*	**-**	(21,933,046)
Gain on sale of machinery and equipment	*9, 15*	**(206,801)**	-
Dividend income	*15*	**(776,858)**	-
Interest income	*7*	**(2,652,030)**	(1,676,375)
Equity in net earnings of associates and joint ventures - net	*6*	**(5,253,549)**	(4,351,029)
Operating income before working capital changes		**49,370,068**	28,498,197
Decrease (increase) in:			
Trade and other receivables - net		**(6,257,098)**	4,046,071
Inventories		**(3,574,149)**	993,818
Prepaid expenses and other current assets		**(5,344,437)**	(5,004,546)
Increase (decrease) in:			
Accounts payable and accrued expenses		**(1,453,467)**	10,402,555
Other noncurrent liabilities		**446,857**	(187,287)
Cash generated from operations		**33,187,774**	38,748,808
Interest income received		**2,614,064**	1,426,908
Income taxes paid		**(1,555,941)**	(610,645)
Interest expense and other financing charges paid		**(13,857,528)**	(12,481,091)
Net cash flows provided by operating activities		**20,388,369**	27,083,980
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of machinery and equipment	*9*	**3,302,779**	-
Dividends received		**776,858**	-
Decrease (increase) in other noncurrent assets		**489,107**	(26,243,419)
Proceeds from installment sale of properties	*11*	**44,568**	461,494
Proceeds from redemption of preferred shares	*6*	**-**	78,717,390
Cash of deconsolidated subsidiaries		**-**	(5,678,579)
Additions to intangible assets		**(11,988)**	(1,620)
Additions to investments and advances		**(9,747,627)**	(8,733,345)
Advances paid to suppliers and contractors		**(10,024,823)**	(1,581,942)
Additions to property, plant and equipment	*9*	**(26,232,189)**	(3,719,899)
Net cash flows provided by (used in) investing activities		**(41,403,315)**	33,220,080

Forward

	Note	2026 (Unaudited)	2025 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Long-term debts	*10, 19*	**P78,606,934**	P20,534,000
Short-term borrowings	*19*	**73,000,000**	58,000,000
Proceeds from the issuances of:			
Redeemable preferred shares of a subsidiary	*12*	**36,299,378**	-
Redeemable perpetual capital securities of a subsidiary	*12*	**30,413,034**	-
Senior perpetual capital securities, net of exchange and tender offers	*12, 19*	**17,461,387**	5,749,775
Capital stock	*12, 19*	**2**	58,775,637
Payments of:			
Share issuance costs		**(75,000)**	(8,080)
Lease liabilities	*6, 19*	**(3,327,714)**	(8,089,002)
Long-term debts	*10, 19*	**(30,053,226)**	(18,323,117)
Short-term borrowings	*19*	**(73,000,000)**	(65,912,300)
Distributions paid to holders of:			
Redeemable perpetual capital securities	*12*	**(2,706,287)**	(18,759,228)
Senior perpetual capital securities	*12*	**(9,148,412)**	(7,974,523)
Redemptions of:			
Senior perpetual capital securities	*12, 19*	**(17,861,649)**	(6,288,284)
Redeemable perpetual capital securities	*12, 19*	**-**	(58,856,693)
Net cash flows provided by (used in) financing activities		**99,608,447**	(41,151,815)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**999,414**	(1,026,569)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**79,592,915**	18,125,676
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**101,498,370**	67,867,411
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7	**P181,091,285**	P85,993,087

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

Certified Correct:

DENNIS I. ILAN
Acting Chief Finance Officer / Authorized Signatory

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
AND SUBSIDIARIES
TRADE AND OTHER RECEIVABLES
JUNE 30, 2026
(Amounts in Thousands)

					Past Due							
		Total		**Current**		**1 - 30 Days**		**31 - 60 Days**		**61 - 90 Days**		**Over 90 Days**
Trade	P	83,107,849	P	57,465,287	P	3,382,008	P	1,371,895	P	682,695	P	20,205,964
Non-trade		13,674,349		6,852,756		8,734		42,863		19,849		6,750,147
Amounts owed by related parties		4,752,413		3,642,202		230,924		36,734		30,275		812,278
Total		101,534,611	P	67,960,245	P	3,621,666	P	1,451,492	P	732,819	P	27,768,389
Less allowance for impairment losses		6,366,364										
Net	P	95,168,247										

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

SELECTED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. Reporting Entity

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

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

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

The 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

The interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting,* and should be read in conjunction with the Group’s last annual audited consolidated financial statements as at and for the year ended December 31, 2025. They do not include all the information required for a complete set of Philippine Financial Reporting Standards (PFRS) Accounting Standards financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual audited consolidated financial statements.

The interim consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on August 12, 2026.

Basis of Measurement

The interim consolidated financial statements of the Group have been prepared on a historical cost basis except for the following items which are measured on an alternative basis 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 interim consolidated financial statements are presented in Philippine Peso, which is the functional currency of the Parent Company. All financial information is rounded off to the nearest thousand (P000), except when otherwise indicated.

Basis of Consolidation

The interim consolidated financial statements include the financial statements of the Parent Company and its subsidiaries. The subsidiaries are incorporated in the Philippines and registered with the Philippine SEC. The major subsidiaries include the following:

	Percentage of Ownership	
	June 30, 2026	December 31, 2025
Power Generation		
Sual Power Inc. (SPI)	**100**	100
San Roque Hydropower Inc. (SRHI)	**100**	100
Limay Power Inc. (LPI)	**100**	100
Malita Power Inc. (MPI)	**100**	100
PowerOne Ventures Energy Inc. (PVEI)	**100**	100
Prime Electric Generation Corporation	**100**	100
Oceantech Power Generation Corporation	**100**	100
Masinloc Power Co. Ltd. (MPCL)	**100**	100
Power Ventures Generation Corporation	**100**	100
Mariveles Power Generation Corporation (MPGC)	**96**	96
SMC Global Light and Power Corp. (SGLPC)	**100**	100
GP Renewable Power Corp. (GP Renewable, formerly “Premiere Energy Resources, Inc.”)	**100**	100
Retail and Other Power-related Services		
SMGP BESS Power Inc. (SMGP BESS)	**100**	100
SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan)	**100**	100
SMC Power Generation Corp.	**100**	100

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

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

The financial statements of the subsidiaries are included in the interim 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 interim consolidated financial statements.

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

Non-controlling interests mainly include the interests not held by the Parent Company in GP Renewable, SGLPC and MPGC as at June 30, 2026 and December 31, 2025 (see Note 12).

3. Material Accounting Policy Information

The principal accounting policies adopted in the preparation of the interim consolidated financial statements of the Group are consistent with those followed in the most recent annual audited consolidated financial statements, except for the changes in accounting policies as explained below. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending December 31, 2026.

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

Adoption of Amendments to Standards
The Group has adopted the following amendments to PFRS effective January 1, 2026 and accordingly, changed its accounting policies in the following areas:

- 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 a financial liability is derecognized on the settlement date when the related obligation is discharged, cancelled or expires. The amendments also introduce an accounting policy option to derecognize financial liabilities settled through an electronic payment system before the settlement date, if certain specified conditions are met.

  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 FVOCI.

- 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.

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

New and Amendments to Standards Not Yet Adopted
A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2026 and have not been applied in preparing the interim consolidated financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the interim consolidated financial statements.

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

- 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 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 2026 on the interim consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

4. Use of Judgments, Estimates and Assumptions

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

The significant judgments made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied in the audited consolidated financial statements as at and for the year ended December 31, 2025.

5. Segment Information

Operating Segments

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

Segment Assets and Liabilities

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

Inter-segment Transactions

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

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

Major Customers

The Group sells, retails and distributes power, through power supply agreements (PSAs), retail supply contracts, ancillary service procurement agreements and other power-related service agreements, either directly to customers (other generators, distribution utilities, including Manila Electric Company [Meralco], electric cooperatives, industrial customers and National Grid Corporation of the Philippines) or through the Philippine Wholesale Electricity Spot Market (WESM). Sale of power to external customers that represents 10% or more of the Group's total revenues, is as follows:

	For the Periods Ended June 30	
Customer	**2026 (Unaudited)**	2025 (Unaudited)
Meralco	**P42,589,024**	P26,385,651
WESM	**22,531,594**	17,533,569

Operating Segments

Financial information about reportable segments follows:

	For the Periods Ended June 30									
	Power Generation		Retail and Other Power-related Services		Others		Eliminations		Consolidated	
	2026 (Unaudited)	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
Revenues										
External	**P72,818,400**	P59,887,966	**P28,480,162**	P19,512,044	**P557,581**	P747,305	**P -**	P -	**P101,856,143**	P80,147,315
Inter-segment	**11,642,221**	9,856,802	**40,326**	9,707	**1,156,205**	997,669	**(12,838,752)**	(10,864,178)	**-**	-
	84,460,621	69,744,768	**28,520,488**	19,521,751	**1,713,786**	1,744,974	**(12,838,752)**	(10,864,178)	**101,856,143**	80,147,315
Costs and Expenses										
Cost of power sold	**52,375,420**	51,462,623	**13,840,697**	11,136,520	**1,381,049**	1,437,050	**(12,352,121)**	(9,992,993)	**55,245,045**	54,043,200
Selling and administrative expenses	**2,895,550**	4,013,625	**1,714,503**	1,089,420	**952,638**	132,435	**(919,315)**	(1,251,458)	**4,643,376**	3,984,022
	55,270,970	55,476,248	**15,555,200**	12,225,940	**2,333,687**	1,569,485	**(13,271,436)**	(11,244,451)	**59,888,421**	58,027,222
Segment Result	**P29,189,651**	P14,268,520	**P12,965,288**	P7,295,811	**(P619,901)**	P175,489	**P432,684**	P380,273	**41,967,722**	22,120,093
Interest expense and other financing charges									**(12,820,504)**	(11,760,517)
Interest income									**2,652,030**	1,676,375
Equity in net earnings of associates and joint ventures - net									**5,253,549**	4,351,029
Other income (charges) - net									**(2,698,865)**	21,652,635
Income tax expense									**(2,202,846)**	(3,466,954)
Consolidated Net Income									**P32,151,086**	P34,572,661

	As at and For the Periods Ended									
	Power Generation		Retail and Other Power-related Services		Others		Eliminations		Consolidated	
	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)	**June 30, 2026 (Unaudited)**	December 31, 2025 (Audited)	**June 30, 2026 (Unaudited)**	December 31, 2025 (Audited)	**June 30, 2026 (Unaudited)**	December 31, 2025 (Audited)	**June 30, 2026 (Unaudited)**	December 31, 2025 (Audited)
Other Information										
Segment assets	**P595,556,373**	P557,595,549	**P110,306,773**	P94,812,527	**P331,273,634**	P277,474,883	**(P217,550,086)**	(P225,886,503)	**P819,586,694**	P703,996,456
Investments and advances - net	**15,725,302**	7,470,084	**265,161**	262,400	**357,726,315**	352,670,128	**(244,223,586)**	(244,577,323)	**129,493,192**	115,825,289
Goodwill and other intangible assets - net									**70,201,596**	70,214,838
Deferred income tax assets									**1,861,789**	1,584,049
Consolidated Total Assets									**P1,021,143,271**	P891,620,632
Segment liabilities	**P302,055,759**	P326,146,503	**P43,206,933**	P37,805,499	**P58,416,281**	P58,599,785	**(P245,622,290)**	(P254,163,304)	**P158,056,683**	P168,388,483
Long-term debt - net									**338,270,472**	285,135,641
Income tax payable									**201,956**	139,824
Deferred income tax liabilities									**17,512,147**	17,223,128
Consolidated Total Liabilities									**P514,041,258**	P470,887,076
Capital expenditures	**P18,201,252**	P22,509,510	**P2,373,173**	P1,457,580	**P50,641**	P191,900	**P -**	(P59,256)	**P20,625,066**	P24,099,734
Coal, fuel oil and other consumables	**22,458,426**	45,257,355	**4,164,078**	8,476,894	**-**	-	**-**	-	**26,622,504**	53,734,249
Power purchases	**20,782,540**	35,157,765	**5,935,491**	9,789,144	**-**	-	**(11,642,199)**	(21,689,949)	**15,075,832**	23,256,960
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets	**5,659,897**	11,751,165	**1,818,227**	3,754,610	**116,849**	279,861	**182,127**	520,912	**7,777,100**	16,306,548
Noncash items other than depreciation and amortization*	**(4,251,988)**	(30,108,821)	**(32,714)**	1,984,202	**2,338,923**	(900,844)	**-**	-	**(1,945,779)**	(29,025,463)

** Noncash items other than depreciation and amortization include gain on fair valuation of investments, equity in net earnings of associates and joint ventures, impairment losses on trade receivables and property, plant and equipment, net unrealized foreign exchange losses, and retirement benefits costs.*

6. Significant Agreements and Lease Commitments

Independent Power Producer (IPP) Administration (IPPA) Agreement
As a result of the bidding conducted by the Power Sector Assets and Liabilities Management Corporation (PSALM) for the Appointment of the IPP Administrator for the capacity of the 345 megawatts (MW) San Roque Hydroelectric Multi-purpose Power Plant (San Roque Hydroelectric Power Plant), located in San Roque, Pangasinan Province, SRHI was declared the winning bidder to act as IPP Administrator thereof effective on January 26, 2010.

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.

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

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

The San Roque IPPA Agreement includes, among others, the following 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. the obligation to maintain the performance bond in full force and effect with a qualified bank; and

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

Pursuant to the IPPA Agreements, SRHI has to pay PSALM monthly payments for 18 years until April 26, 2028. Energy fees amounted to P357,022 and P436,873 for the periods ended June 30, 2026 and 2025, respectively (see Note 14). SRHI renewed its performance bond 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 P326,102 and P418,825 for the periods ended June 30, 2026 and 2025, respectively.

The carrying amount of the San Roque Hydroelectric Power Plant under the IPPA lease arrangement with PSALM, presented under “Right-of-use assets - net” account in the consolidated statements of financial position, amounted to P26,935,025 and P27,436,920 as at June 30, 2026 and December 31, 2025, respectively.

The total cash outflows for IPPA lease agreement with PSALM amounted to P3,192,020 and P2,112,624 for the periods ended June 30, 2026 and 2025, respectively.

Maturity analysis of lease payments as at June 30, 2026 and December 31, 2025 are disclosed in Note 17.

<u>Joint Agreement with Meralco and Aboitiz Power Corporation (AboitizPower) on the Group’s Liquefied Natural Gas (LNG) Projects</u>

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 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):

(i) Investment by CGHI of 67% equity interests in: (i) SPPC, the owner/operator of the 1,278 MW Ilijan Power Plant; (ii) Excellent Energy Resources Inc. (EERI), the owner/operator of the 1,320 MW Batangas Combined Cycle Power Plant; and (iii) Ilijan Primeline Industrial Estate Corp. (IPIEC), the owner of the land where EERI’s power plant and facilities and the Batangas LNG Terminal are located.

(ii) Acquisition by CGHI and the Parent Company of 67% and 32.98% equity interests, respectively, in Linseed Field Corp. (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, the Parent Company’s equity interests in SPPC, EERI and IPIEC were diluted from 100% to 33%. Consequently, the Parent Company 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 P52,706,102 and P21,933,046, respectively (see Note 15).

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. 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 period ended June 30, 2025.

The Group recognized share in net earnings of EERI, SPPC, IPIEC and LFC amounting to P4,813,813 and P3,505,218, presented under “Equity in net earnings of associates and joint ventures - net” account in the consolidated statements of income for the periods ended June 30, 2026 and 2025, respectively.

7. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	Note	**June 30, 2026 (Unaudited)**	December 31, 2025 (Audited)
Cash in banks and on hand		**P56,716,540**	P42,747,132
Short-term investments		**124,374,745**	58,751,238
	17, 18	**P181,091,285**	P101,498,370

Cash in banks earns 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 P2,513,085 and P1,580,978 for the periods ended June 30, 2026 and 2025, respectively.

8. Trade and Other Receivables

Trade and other receivables consist of:

	Note	**June 30, 2026 (Unaudited)**	December 31, 2025 (Audited)
Trade	*19*	**P83,107,849**	P78,488,797
Non-trade		**13,674,349**	12,293,775
Amounts owed by related parties	*11*	**4,752,413**	6,400,222
		101,534,611	97,182,794
Less allowance for impairment losses		**6,366,364**	6,366,364
	17, 18	**P95,168,247**	P90,816,430

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

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

	Note	**June 30, 2026 (Unaudited)**	December 31, 2025 (Audited)
Balance at beginning of period		**P6,366,364**	P4,867,019
Impairment losses		**-**	1,904,091
Deconsolidation of subsidiaries and others	*6*	**-**	(404,746)
Balance at end of period		**P6,366,364**	P6,366,364

There were no impairment losses recognized in the consolidated statements of income for the periods ended June 30, 2026 and 2025.

9. Property, Plant and Equipment

Property, plant and equipment consist of:

June 30, 2026 and December 31, 2025

	Note	Power Plants	Land and Leasehold Improvements	Other Equipment	Building	Capital Projects in Progress (CPIP)	Total
Cost							
January 1, 2025 (Audited)		P328,466,082	P21,437,822	P9,570,280	P5,209,367	P142,099,671	P506,783,222
Additions		1,814,430	101,562	451,913	30,614	21,701,215	24,099,734
Deconsolidation of subsidiaries	*6*	(64,552,454)	(1,619,225)	(466,914)	(422,127)	(34,368,368)	(101,429,088)
Reclassifications, retirement and others		33,102,458	828,592	526,416	1,023,479	(32,174,276)	3,306,669
December 31, 2025 (Audited)		298,830,516	20,748,751	10,081,695	5,841,333	97,258,242	432,760,537
Additions		162,243	-	1,159,405	996	19,302,422	20,625,066
Disposal	*15*	-	-	-	-	(3,095,978)	(3,095,978)
Reclassifications, retirement and others		374,720	100	517,733	-	4,510,608	5,403,161
June 30, 2026 (Unaudited)		**299,367,479**	**20,748,851**	**11,758,833**	**5,842,329**	**117,975,294**	**455,692,786**
Accumulated Depreciation							
January 1, 2025 (Audited)		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	*6*	(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 (Audited)		50,525,500	2,149,039	3,665,315	837,518	-	57,177,372
Depreciation		6,362,577	272,575	364,864	91,649	-	7,091,665
Reclassifications, retirement and others		-	100	1,500	-	-	1,600
June 30, 2026 (Unaudited)		**56,888,077**	**2,421,714**	**4,031,679**	**929,167**		**64,270,637**
Accumulated Impairment Losses							
January 1, 2025 (Audited)		-	-	279,947	-	-	279,947
Impairment		-	-	34,991	-	-	34,991
December 31, 2025 (Audited) and June 30, 2026 (Unaudited)		**-**	**-**	**314,938**	**-**	**-**	**314,938**
Carrying Amount							
December 31, 2025 (Audited)		P248,305,016	P18,599,712	P6,101,442	P5,003,815	P97,258,242	P375,268,227
June 30, 2026 (Unaudited)		**P242,479,402**	**P18,327,137**	**P7,412,216**	**P4,913,162**	**P117,975,294**	**P391,107,211**

June 30, 2025

	Note	Power Plants	Land and Leasehold Improvements	Other Equipment	Building	CPIP	Total
Cost							
January 1, 2025 (Audited)		P328,466,082	P21,437,822	P9,570,280	P5,209,367	P142,099,671	P506,783,222
Additions		1,048,737	69,115	97,484	21,753	10,464,018	11,701,107
Deconsolidation of subsidiaries	*6*	(64,552,454)	(1,619,225)	(466,914)	(422,127)	(34,368,368)	(101,429,088)
Reclassifications		28,385,492	513,064	515,718	721,192	(27,149,019)	2,986,447
June 30, 2025 (Unaudited)		293,347,857	20,400,776	9,716,568	5,530,185	91,046,302	420,041,688
Accumulated Depreciation							
January 1, 2025 (Audited)		41,862,707	1,595,557	2,830,982	708,200	-	46,997,446
Depreciation		6,463,551	253,246	410,319	75,124	-	7,202,240
Deconsolidation of subsidiaries	*6*	(4,231,395)	(8,720)	(28,729)	(36,290)	-	(4,305,134)
Reclassifications		(233,809)	(343)	(505)	(1,184)	-	(235,841)
June 30, 2025 (Unaudited)		43,861,054	1,839,740	3,212,067	745,850	-	49,658,711
Accumulated Impairment Losses							
January 1, 2025 (Audited) and June 30, 2025 (Unaudited)		-	-	279,947	-	-	279,947
Carrying Amount							
June 30, 2025 (Unaudited)		P249,486,803	P18,561,036	P6,224,554	P4,784,335	P91,046,302	P370,103,030

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

b. CPIP pertains to the following:

   i. Projects of MPCL for the construction of the Masinloc Power Plant Units 4 and 5, which are expected to be substantially completed in the second half of 2026 and in 2027, respectively.

   ii. Projects of SMGP BESS for the construction of BESS facilities situated in various locations in the Philippines which are expected to be substantially completed up to 2027.

   iii. Various construction works relating to the solar and hydro power projects of SGLPC and SRHI, respectively.

   On January 8, 2026, the Department of Energy (DOE) awarded SGLPC, as among the winning bidders under the fourth auction round of the Green Energy Auction Program (GEAP) (GEA-4) launched on March 29, 2025, covering its offered aggregate capacity of 2,225 megawatts alternating current 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. In 2026, MPGC sold certain machinery and equipment parts to an external party for a total consideration of P3,302,779. As a result of the transaction, the Group recognized a gain of P206,801 which is presented under "Other income (charges) - net" account in the consolidated statement of income for the period ended June 30, 2026 (see Note 15).

d. Depreciation of property, plant and equipment are recognized in the consolidated statements of income as follows:

		For the Periods Ended June 30	
	Note	**2026 (Unaudited)**	2025 (Unaudited)
Cost of power sold	*14*	**P6,698,570**	P6,837,934
Selling and administrative expenses		**393,095**	364,306
		P7,091,665	P7,202,240

e. Reclassifications in 2026 and 2025 mainly pertain to:

   i. the 1,200 MW Sual Power Plant and related facilities, which were reclassified from the "Goodwill and other intangible assets - net" accounts following the full settlement of all obligations under the Settlement Agreement with Team (Philippines) Energy Corporation (TPEC) and Team Sual Corporation (TSC) in March 2025 and the full turnover of the power plant to SPI (see Note 6); and

   ii. transfers from CPIP account to specific property, plant and equipment accounts and application of advances to contractors against progress billings for ongoing capital projects.

f. As at June 30, 2026 and December 31, 2025, certain property, plant and equipment amounting to P289,765,346 and P281,944,512 respectively, are pledged as security for syndicated project finance loans (see Note 10).

g. Certain fully depreciated property, plant and equipment with aggregate costs amounting to P10,097,154 and P9,605,871 as at June 30, 2026 and December 31, 2025, respectively, are still being used in the Group's operations.

h. Additions to property, plant and equipment in 2026 and 2025 disclosed in this note, include noncash or unpaid portions. The additions to property, plant and equipment in the consolidated statements of cash flow reflect the actual cash flow of the Group during the period.

10. Long-term Debt

Long-term debt consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Bonds and Notes		
Parent Company		
Philippine Peso-denominated:		
Fixed interest rate of 7.6264%, 7.8682% and 8.1761%, maturing in 2031, 2033 and 2036, respectively (a)	**P29,608,895**	P -
Fixed interest rate of 6.7500%, 6.8750%, 7.0000% and 7.1250% maturing in 2028, 2030, 2032 and 2035, respectively	**10,108,803**	10,100,632
Fixed interest rate of 7.1051% and 8.0288% maturing in 2028 and 2032, respectively	**34,774,680**	34,736,923
Fixed interest rate of 6.6250% maturing in December 2027	**3,601,366**	3,598,968
Fixed interest rate of 5.1792% maturing in July 2026	**4,756,104**	4,752,743
Fixed interest rate of 7.6000% matured in April 2026 (b)	**-**	6,917,950
	82,849,848	60,107,216

Forward

	Note	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Term Loans			
Parent Company			
Philippine Peso-denominated and fixed interest rate:			
- maturing in 2033 (c)		**P19,855,107**	P -
- with maturities up to 2029		**8,964,986**	9,204,688
- maturing in 2028		**7,470,636**	7,463,930
Foreign currency-denominated and floating interest rate based on Secured Overnight Financing Rate (SOFR) plus margin:			
- maturing in 2029 (d)		**29,982,041**	-
- maturing in 2030		**6,054,459**	5,788,478
- maturing in 2028		**9,090,660**	8,677,485
- maturing in 2027		**18,222,293**	17,377,476
- maturing in 2027		**18,287,316**	17,465,839
- settled in March 2026 (e)		**-**	17,619,636
Subsidiaries			
Philippine Peso-denominated:			
Fixed interest rate with maturities up to:			
- 2031 and 2034 (f)		**41,424,201**	41,333,704
- 2033 (g)		**35,606,273**	36,571,852
- 2030 (h)		**11,518,553**	12,158,688
- 2029 (i)		**24,379,498**	26,097,424
Floating interest rate based on Bloomberg Valuation (BVAL) plus margin, with maturities up to 2030 (j)		**4,334,588**	4,907,614
Foreign currency-denominated:			
Fixed interest rate with maturities up to 2030 (k)		**15,220,676**	15,319,688
Floating interest rate based on SOFR plus margin, with maturities up to 2030 (k)		**5,009,337**	5,041,923
		255,420,624	225,028,425
	17, 18	**338,270,472**	285,135,641
Less current maturities		**23,533,629**	43,426,570
		P314,736,843	P241,709,071

a. On April 17, 2026, the Parent Company issued and listed with the Philippine Dealing & Exchange Corp. (PDEx), at the issue price of 100% of face value, a total of P30,000,000 fixed rate bonds, approved by the Philippine Securities and Exchange Commission on March 17, 2026.

   It comes in three series, with terms and interest rates as follows:

	Term	**Interest Rate Per Annum**
Series N Bonds	5.25 years, due in 2031	7.6264%
Series O Bonds	7 years, due 2033	7.8682%
Series P Bonds	10 years, due 2036	8.1761%

Interest on the bonds shall be payable quarterly in arrears every January 17, April 17, July 17 and October 17 of each year starting July 17, 2026, as the first interest payment date.

The proceeds from the issuance of the bonds shall be used to: (i) refinance debt obligations; and (ii) partially fund the Group's pipeline of renewable energy projects.

b. On April 24, 2026, the Parent Company redeemed its Series J Bonds, amounting to P6,923,100, upon its maturity, pursuant to the terms and conditions of the bonds. The Series J Bonds formed part of the P30,000,000 Series H-I-J fixed rate bonds issued in April 2019.

   The Parent Company used in part the proceeds of its Series N-O-P Bonds for the redemption.

c. On March 31, 2026, the Parent Company availed a P20,000,000 term loan with a local bank. The loan is subject to fixed interest rate and payable in March 2033.

   Net proceeds of the loan are being used to partially finance capital expenditures and for general corporate requirements pertaining to the pipeline of renewable energy projects awarded to the Group under the GEAP.

d. On April 8, 2026, the Parent Company availed of a US$400,000 (equivalent to P23,070,736, net of transaction cost) term loan from a facility agreement with a group of foreign banks executed on March 26, 2026.

   On June 26, 2026, the Parent Company availed of an additional US$100,000 (equivalent to P6,083,033, net of transaction cost) from the same credit facility. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in March 2029.

   The proceeds of the loan shall be used for financing and/or refinancing the design, development, construction, installation, and operation of renewable energy projects, including hydro, wind, and solar power plants awarded to the Group pursuant to the GEAP.

e. On March 9, 2026, the Parent Company fully settled its US$300,000 (equivalent to P17,850,000) term loan drawn in tranches in March 2021 and June 2021 from a foreign bank. The payment was funded by cash generated from operations.

f. Term loan of MPGC includes payable to Bank of Commerce (BOC), an associate of an entity under common control, amounting to P7,500,000 as at June 30, 2026 and December 31, 2025 (see Note 11).

g. In 2026, SMGP BESS made partial payments amounting to P1,000,000 of its P40,000,000, 10-year term loan, pursuant to the terms and conditions of its Omnibus Loan and Security Agreement (OLSA).

   The loan includes payable to BOC amounting to P5,220,000 and P5,365,000 as at June 30, 2026 and December 31, 2025, respectively (see Note 11).

h. In 2026, MPI made partial payments amounting to P648,372 of its P21,300,000, 12-year term loan, pursuant to the terms and conditions of its OLSA.

   The loan includes payable to BOC amounting to P1,739,264 and P1,836,672 as at June 30, 2026 and December 31, 2025, respectively (see Note 11).

i. In 2026, LPI made partial payments amounting to P1,749,000 of its P44,000,000, 12-year term loan, pursuant to the terms and conditions of its OLSA.

j. In 2026, MPCL made principal repayments amounting to P582,267 pursuant to the terms and conditions of its Amended Omnibus Refinancing Agreement (ORA).

   The loan includes the P2,633,509 and P2,984,643 payable to BOC as at June 30, 2026 and December 31, 2025, respectively (see Note 11).

k. On April 29, 2026, MPCL made principal repayments amounting US$17,063 (equivalent to P1,050,487) pursuant to the terms and conditions of its Omnibus Expansion Facility Agreement (OEFA).

Unamortized debt issue costs amounted to P3,360,863 and P2,571,446 as at June 30, 2026 and December 31, 2025, respectively. Accrued interest amounted to P1,880,738 and P1,677,004 as at June 30, 2026 and December 31, 2025, respectively. Interest expense amounted to P10,432,822 and P9,872,232 for the periods ended June 30, 2026 and 2025, respectively.

The gross amount of long-term debt payable to BOC amounted to P17,092,773 and P17,686,315 as at June 30, 2026 and December 31, 2025, respectively (see Note 11).

On July 27, 2026, SMGP BESS made principal repayments amounting P500,000 pursuant to the terms and conditions of its OLSA.

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

The fair value of the Bonds and Notes, amounting to P86,103,612 and P62,014,330 as at June 30, 2026 and December 31, 2025, respectively, has been categorized as Level 1 in the fair value hierarchy based on the inputs used in the valuation techniques (see Note 18).

The debt agreements of the Parent Company, LPI, MPI, MPCL, SMGP BESS and MPGC impose a number of covenants including, but not limited to, maintenance of certain financial ratios throughout the duration of the term of the debt agreements. The terms and conditions of the debt agreements also contain negative pledge provision with certain limitations on the ability of the Parent Company and its material subsidiaries, LPI, MPI, MPCL, SMGP BESS and MPGC to create or have any outstanding security interest upon or with respect to any of the present or future business, undertaking, assets or revenue (including any uncalled capital) of the Parent Company or any of its material subsidiaries, LPI, MPI, MPCL, SMGP BESS and MPGC to secure any indebtedness, subject to certain exceptions.

The loans of LPI, MPI, SMGP BESS and MPGC are secured by real estate and chattel mortgages, on all present and future assets, amounting to P44,100,000, P21,325,000, P40,000,000 and P41,900,000, respectively, and reserves of LPI, MPI, SMGP BESS and MPGC as well as a pledge by the Parent Company of all its outstanding shares of stock in LPI, MPI, SMGP BESS and MPGC.

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

As at June 30, 2026 and December 31, 2025, 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:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of period	**P2,571,446**	P3,069,044
Additions	**1,297,778**	460,073
Amortization	**(469,235)**	(698,722)
Capitalized amount	**(39,126)**	(258,949)
Balance at end of period	**P3,360,863**	P2,571,446

Repayment Schedule

The annual maturities of the long-term debts as at June 30, 2026 are as follows:

	Gross Amount				
Year	**US Dollar**	**Peso Equivalent of US Dollar**	**Peso**	**Debt Issue Costs**	**Net**
July 1, 2026 to June 30, 2027	US$35,700	P2,190,552	P21,709,505	P366,428	P23,533,629
July 1, 2027 to June 30, 2028	787,275	48,307,194	54,599,381	849,140	102,057,435
July 1, 2028 to June 30, 2029	539,060	33,076,722	35,388,278	961,590	67,503,410
July 1, 2029 to June 30, 2030	140,844	8,642,249	14,944,144	240,362	23,346,031
July 1, 2030 to June 30, 2031	178,868	10,975,310	23,023,500	141,431	33,857,379
July 1, 2031 and thereafter	-	-	88,774,500	801,912	87,972,588
	US$1,681,747	**P103,192,027**	**P238,439,308**	**P3,360,863**	**P338,270,472**

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 17.

11. 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 June 30, 2026 (Unaudited) and December 31, 2025 (Audited):

	Note	Year	Revenues from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
SMC	*13*	**2026**	**P223,304**	**P2,211,008**	**P93,251**	**P10,946,051**	On demand or 30 days;	Unsecured;
		2025	441,247	4,520,380	74,897	9,084,981	non-interest-bearing	no impairment
Entities under Common Control	*8, 13, 14*	**2026**	**5,212,099**	**2,686,622**	**2,141,733**	**19,288,106**	On demand or 30 days;	Unsecured;
		2025	9,086,648	4,853,566	2,298,694	18,697,036	non-interest-bearing	no impairment
	8	**2026**	**-**	**-**	**2,071,277**	**-**	Installment basis up to	Unsecured;
		2025	-	-	2,071,277	-	2026	no impairment
Associate	*6, 8, 13*	**2026**	**124,897**	**269,162**	**300,520**	**210,278**	On demand or 30 days;	Unsecured;
		2025	3,688,552	969	2,126,218	71,818	non-interest-bearing	no impairment
Joint Venture	*8, 14*	**2026**	**125,226**	**1,094,730**	**319,693**	**192,730**	30 days;	Unsecured;
		2025	194,928	2,710,190	177,323	257,032	non-interest-bearing	no impairment
	8	**2026**	**3,113**	**-**	**190,231**	**-**	92 days;	Unsecured;
		2025	5,997	-	183,022	-	Interest-bearing	no impairment
	8	**2026**	**3,467**	**-**	**160,275**	**-**	10.5 years	Unsecured;
		2025	46,486	-	157,629	-	Interest-bearing	no impairment
Associate and Joint Venture of Entities under Common Control	*8*	**2026**	**-**	**-**	**322,245**	**1,157**	30 days;	Unsecured;
		2025	-	73,023	8,195	79,291	non-interest-bearing	no impairment
	10	**2026**	**-**	**707,020**	**-**	**17,203,574**	7 to 12 years;	Secured
		2025	-	1,481,799	-	17,810,727	Interest-bearing	
		2026			**P5,599,225**	**P47,841,896**		
		2025			P7,097,255	P46,000,885		

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 - net" account in the consolidated statements of financial position, prepayments for rent and insurance, and security deposits (see Note 8).

b. Amounts owed to related parties consist of trade and non-trade payables including management fees, purchases of fuel and power, reimbursement of expenses, rent, insurance, services rendered, customers' deposits and subscriptions payable to Olongapo Electricity Distribution Company, Inc. As at June 30, 2026 and December 31, 2025, amounts owed to related parties for the lease of office space and parcels of land presented as part of "Lease liabilities - current portion" and "Lease liabilities - net of current portion" accounts in the consolidated statements of financial position amounted to P15,166,988 and P15,095,658, respectively.

c. Amounts owed by associates mainly consist of advances granted to EERI, included as part of "Trade and other receivables - net" account in the consolidated statements of financial position (see Note 8).

d. Amounts owed by a joint venture pertains to (i) interest-bearing loans granted and management fees charged to Angat Hydropower Corporation by PVEI, and (ii) sublease fees charged by SGLPC to Lucanin Solar Inc., included as part of "Trade and other receivables - net" and "Other noncurrent assets" accounts in the consolidated statements of financial position as at June 30, 2026 and December 31, 2025 (see Note 8).

e. Amounts owed to an associate and joint venture of entities under common control include interest-bearing long-term loans of MPI, MPCL, SMGP BESS and MPGC payable to BOC, amounting to P17,092,773 and P17,686,315, presented as part of "Long-term debt" account in the consolidated statements of financial position as at June 30, 2026 and December 31, 2025, respectively (see Note 10). These loans are secured by certain property, plant and equipment (see Note 9). The interest expense incurred on the loans amounted to P707,020 and P530,907 for the periods ended June 30, 2026 and 2025, respectively.

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

	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
Short-term employee benefits	**P127,156**	P197,576
Retirement benefits costs	**8,118**	10,053
	P135,274	P207,629

There were no known transactions with parties that fall outside the definition of "related parties" under PAS 24, *Related Party Disclosures*, but with whom the Group or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

12. Equity

Capital Stock

The details of the Parent Company's authorized, subscribed, issued and outstanding capital stock as at June 30, 2026 and December 31, 2025 are as follows:

	June 30, 2026 (Unaudited)		December 31, 2025 (Audited)	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized – par value of P1.00	**7,800,000,000**	**P7,800,000**	7,800,000,000	P7,800,000
Subscribed capital stock:				
Balance at beginning of period	**4,785,493,800**	**P4,785,494**	2,823,604,000	P2,823,604
Subscription	**1,500**	**2**	1,961,889,800	1,961,890
Issued and outstanding	**4,785,495,300**	**P4,785,496**	4,785,493,800	P4,785,494

On May 11, 2026, the BOD of the Parent Company approved the issuance of 1,500 common shares out of the unissued capital stock of the Parent Company in cash, at a subscription price of P1.00 per share or for a total subscription amount of P2.

On March 6, 2025, the BOD of the Parent Company approved the following:

- subscription by SMC to 950,796,000 common shares out of the unissued capital stock of the Parent Company in cash, at a subscription price of P30.00 per share or for a total subscription amount of P28,523,880;

- increase in its authorized capital stock of the Parent Company by P4,025,600 (comprising of 4,025,600,000 shares with par value of P1.00), or from P3,774,400, divided into 3,774,400,000 shares with par value of P1.00 to P7,800,000, divided into 7,800,000,000 shares with par value of P1.00 (the "ACS Increase"); and

- subscription by SMC to 1,011,093,800 common shares out of the ACS Increase at P30.00 per share, or for a total subscription amount of P30,332,814.

On the same day, the Parent Company and SMC executed the Subscription Agreements covering the aforesaid subscriptions approved by the BOD.

On April 14, 2025, the stockholders of the Parent Company approved the ACS Increase and the amendment of the Amended Articles of Incorporation to reflect the increase and ratified the said subscription by SMC out of the increase. The application for the ACS Increase was approved by the Philippine SEC on May 16, 2025.

The subscription amounts were fully paid by SMC to the Parent Company on April 7, 2025.

Accordingly, the Parent Company recognized additional paid-in capital (APIC) of P56,813,747, net of share issuance cost paid amounting to P81,057.

Issuance of Senior Perpetual Capital Securities (SPCS)

i. On January 20, 2026, the Parent Company completed the issuance of US$300,000 SPCS (equivalent to P17,533,570, net of directly attributable transaction costs amounting to P302,930) at an issue price of 100.00% of principal amount, with an initial rate of distribution of 8.375% per annum and step-up date of January 20, 2031.

   The net proceeds were used for the redemption of all outstanding 5.70% SPCS issued in January 2020.

   The US$300,000 SPCS was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on January 21, 2026.

ii. On February 19, 2025, the Parent Company completed the issuance of a 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 (the "US$500,000 SPCS"), 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.

   The US$100,000 SPCS were listed on the SGX-ST on February 20, 2025.

Issuance of SPCS, Partly Applied for Exchange and Tender Offers

On June 2, 2026, the Parent Company announced on the SGX-ST website the following:

a. in respect of the Parent Company's outstanding 5.45% US Dollar-denominated SPCS, issued on June 9, 2021 and September 15, 2021, listed with the SGX-ST (the "Existing Securities"), undertake the following to eligible holders:

   (1) offer for exchange and all of its Existing Securities for an equal principal amount of new US Dollar-denominated SPCS to be issued by the Parent Company (the "Exchanged New Securities") and to receive relevant accrued distribution amount (the "Exchange Offer"); and/or

   (2) tender Existing Securities for purchase for cash by the Parent Company up to an aggregate nominal amount and for the tender consideration amount (including the relevant accrued distribution amount), in each case, to be determined by the Parent Company (the "Tender Offer");

b. in addition to the Exchanged New Securities, undertake the offer and issuance of up to US$300,000 SPCS, or such other amount (the "Additional New Securities"), based on prevailing market conditions.

On June 17, 2026, the Parent Company completed the issuance of US$430,000 SPCS (the "US$430,000 SPCS", equivalent to P25,596,050, net of directly attributable transaction costs amounting to P372,940) at an issue price of 100%, with an initial rate of distribution of 8.875% per annum and step-up date of June 17, 2031.

The US$430,000 SPCS consists of the following:

(i) US$271,478 (equivalent to P16,159,917, net of directly attributable transaction costs amounting to P235,454) in aggregate principal amount of SPCS issued in exchange for Existing Securities (with a carrying value of P12,875,000) issued by the Parent Company pursuant to the Exchange Offers; and

(ii) US$158,522 (equivalent to P9,436,133, net of directly attributable transaction costs amounting to P137,486) in aggregate principal amount of Additional New Securities. This will partly fund the purchase of Existing Securities amounting to US$153,542 (with a carrying value of P7,281,817), 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	Existing Securities	Accepted Exchange Offer	Accepted Tender Offer	Remaining Existing Securities	Amount in Philippine Peso*
5.45% SPCS issued on June 9 and September 15, 2021	US$683,548	(US$271,478)	(US$153,542)	US$258,528	P12,259,428

**Net of directly attributable transaction costs.*

The difference between the price and net carrying value of the Existing Securities accepted pursuant to the Offers amounted to P5,511,416 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position as at June 30, 2026.

The net proceeds from the issuances of the Additional New Securities were applied to the following: (i) costs and expenses related to the Exchange Offer for the Existing Securities, including payment of accrued distribution amounts in respect of the Existing Securities accepted for exchange, pursuant and subject to the terms and conditions of the Exchange Offer; (ii) costs and expenses related to the Tender Offer for the Existing Securities, including payment of the purchase price and the accrued distribution amounts in respect of the Existing Securities accepted for purchase, pursuant and subject to the terms and conditions of the Tender Offer; and (iii) for pre-development costs of solar and hydropower energy projects and capital expenditures related to BESS projects.

The US$430,000 SPCS were listed on the SGX-ST on June 18, 2026.

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

i. On January 20, 2026, the Parent Company completed the redemption of the US$300,423 remaining securities, with a carrying value of P15,106,571, out of the US$600,000 SPCS issued in January 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 were also settled.

   The difference between the price paid and the carrying value amounted to P2,755,078 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

ii. On May 9, 2025, the Parent Company completed the redemption of its US$113,282 remaining securities, with a net carrying value of P5,627,100, out of the US$500,000 SPCS issued in November 2019, pursuant to the terms and conditions of the securities. The redemption price includes the principal amount and any accrued but unpaid distributions up to (but excluding) the redemption date.

   The difference between the price paid and the net carrying value amounted to P661,184 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

Distributions to SPCS Holders

The Parent Company paid P9,148,412 and P7,974,523 to the SPCS holders for the periods ended June 30, 2026 and 2025, respectively, as distributions in accordance with the terms and conditions of the relevant subscription agreements.

In July 2026, the Parent Company paid a total distributions amounting to US$35,609 to the holders of the US$300,000 SPCS issued in January 2026 and US$515,000 SPCS issued in July and August 2025.

Redemption of Redeemable Perpetual Capital Securities (RPCS)

In April 2025, the Parent Company redeemed the following RPCS issued to SMC with a total carrying value of P57,299,318:

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 net carrying value of the securities amounted to P1,557,375 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

Distributions to RPCS Holders
For the periods ended June 30, 2026 and 2025, the Parent Company paid distributions amounting to P2,706,287 and P18,759,228 (including distributions in arrears of P14,617,039), respectively, to the RPCS holders.

In July 2026, the Parent Company paid distributions amounting to US$17,000 to the holders of the US$800,000 RPCS issued in April 2024.

Non-controlling Interests

i. Issuance of Redeemable Preferred Shares (RPS) by GP Renewable

   In March and May 2026, the BOD of GP Renewable approved the issuances of redeemable preferred shares to SPPC and EERI for a total amount of P14,849,700 and P21,449,678, respectively, which will be used for the Group's renewable energy projects and for general corporate purposes.

   The salient features of the RPS include, among others, the following: (a) non-voting, except in those cases expressly required under Section 6 of the Revised Corporation Code; (b) not convertible to any class or series of common shares or preferred shares; (c) redeemable at the option of issuer at any time upon determination by its BOD, at a redemption price equivalent to the issue price; (d) shall have no pre-emptive right to any issue or disposition of any share of any class of the issuer; and (e) in case of dissolution and liquidation, the holder of the redeemable preferred shares shall be entitled to be paid in full, or ratably to the extent that the remaining assets of the issuer will permit, the issue price, without being entitled to any preference over holders of common shares in the distribution of assets.

ii. Issuance of RPCS by SGLPC

   In May 2026, SGLPC issued a US$500,000 RPCS (equivalent to P30,413,034, net of directly attributable transaction costs amounting to P239,466), with a prescribed initial distribution rate per annum, payable pursuant to the terms of the agreement.

13. Revenues

Revenues consist of:

		For the Periods Ended June 30	
	Note	**2026 (Unaudited)**	2025 (Unaudited)
Sale of power:			
Power generation and trading	*19*	**P72,818,400**	P59,887,966
Retail and other power-related services		**28,480,162**	19,512,044
Other services		**557,581**	747,305
	5, 11	**P101,856,143**	P80,147,315

Revenues from other services mainly pertain to operations and maintenance services provided to various customers, including entities under common control (see Note 11).

14. Cost of Power Sold

Cost of power sold consists of:

		For the Periods Ended June 30	
	Note	**2026 (Unaudited)**	2025 (Unaudited)
Coal, fuel oil and other consumables	*11*	**P26,622,504**	P30,503,524
Power purchases	*11*	**15,075,832**	12,619,910
Depreciation and amortization	*9*	**7,254,363**	7,362,394
Plant operations and maintenance, and other fees		**5,935,324**	3,120,499
Energy fees	*6*	**357,022**	436,873
	5	**P55,245,045**	P54,043,200

15. Other Income (Charges) - net

Other income (charges) consist of:

		For the Periods Ended June 30	
	Note	**2026 (Unaudited)**	2025 (Unaudited)
Marked-to-market gains (losses) on derivatives	*18*	**P113,550**	(P118,585)
Gain on fair valuation of investments	*6*	**-**	21,933,046
Foreign exchange losses - net	*17*	**(1,169,037)**	(249,135)
Miscellaneous charges - net		**(1,643,378)**	87,309
		(P2,698,865)	P21,652,635

Miscellaneous charges - net mainly pertains to discount on receivables, dividend income, insurance claims and gain on sale of machinery and equipment (see Notes 8 and 9).

16. Basic and Diluted Earnings Per Share

Basic and diluted earnings per share are computed as follows:

	For the Periods Ended June 30	
	2026 (Unaudited)	2025 (Unaudited)
Net income attributable to equity holders of the Parent Company	**P32,042,973**	P34,540,754
Distributions for the period to:		
RPCS holders	**(4,506,393)**	(5,311,750)
SPCS holders	**(9,515,865)**	(7,886,998)
Net income attributable to common shareholders of the Parent Company (a)	**18,020,715**	21,342,006
Weighted average number of common shares issued and outstanding (in thousands) (b)	**4,785,494**	3,636,033
Basic/Diluted Earnings Per Share (a/b)	**P3.77**	P5.87

As at June 30, 2026 and 2025, the Parent Company has no dilutive debt or equity instruments.

17. Financial Risk and Capital Management Objectives and Policies

<u>Objectives and Policies</u>
The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Liquidity Risk
- Credit Risk
- Market Risk (Interest Rate Risk, Foreign Currency Risk and Commodity Price Risk)

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

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

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

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

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

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

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

<u>Liquidity Risk</u>

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

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

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

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

June 30, 2026 (Unaudited)	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	**P181,091,285**	**P181,091,285**	**P181,091,285**	**P -**	**P -**	**P -**
Trade and other receivables - net*	**94,005,121**	**94,005,121**	**94,005,121**	**-**	**-**	**-**
Long-term receivables (including current portion)	**5,131,038**	**5,131,038**	**930,988**	**3,697,818**	**-**	**502,232**
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	**21,477,183**	**21,477,183**	**15,239,080**	**4,496,673**	**1,741,410**	**20**
Financial Liabilities						
Loans payable	**33,000,000**	**33,134,021**	**33,134,021**	**-**	**-**	**-**
Accounts payable and accrued expenses*	**76,497,785**	**76,497,785**	**76,497,785**	**-**	**-**	**-**
Long-term debt - net (including current maturities)	**338,270,472**	**426,471,422**	**47,429,930**	**122,566,658**	**155,925,388**	**100,549,446**
Lease liabilities (including current portion)	**27,204,063**	**50,972,798**	**7,809,877**	**6,757,580**	**4,362,907**	**32,042,434**
Other noncurrent liabilities	**613,137**	**613,137**	**-**	**247,703**	**316,750**	**48,684**

**Excluding statutory receivables and payables.*

December 31, 2025 (Audited)	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	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.*

<u>Credit Risk</u>

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group’s policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Trade and Other Receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group’s customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on the credit risk.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group ensures that sales on account are made to customers with appropriate credit history. The Group has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

Financial information on the Group's maximum exposure to credit risk, without considering the effects of other risk mitigation techniques, is presented below:

	Note	**June 30, 2026 (Unaudited)**	December 31, 2025 (Audited)
Cash and cash equivalents (excluding cash on hand)	*7*	**P181,089,158**	P101,496,244
Trade and other receivables - net*	*8*	**94,005,121**	87,689,285
Long-term receivables (including current portion)		**5,131,038**	5,503,179
Restricted cash		**21,477,183**	15,324,737
		P301,702,500	P210,013,445

**Excluding statutory receivables*

The table below presents the Group's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month ECL or lifetime ECL. Financial assets that are credit-impaired are separately presented.

	Financial Assets at Amortized Cost			
June 30, 2026 (Unaudited)	**12-month ECL**	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit impaired**	**Total**
Cash and cash equivalents (excluding cash on hand)	**P181,089,158**	**P -**	**P -**	**P181,089,158**
Trade and other receivables	**-**	**94,005,121**	**6,366,364**	**100,371,485**
Long-term receivables (including current portion)	**-**	**5,131,038**	**-**	**5,131,038**
Restricted cash	**21,477,183**	**-**	**-**	**21,477,183**
	P202,566,341	**P99,136,159**	**P6,366,364**	**P308,068,864**

	Financial Assets at Amortized Cost			
December 31, 2025 (Audited)	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit Impaired	Total
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

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:

	June 30, 2026 (Unaudited)				December 31, 2025 (Audited)			
	Trade	**Non-trade**	**Amounts Owed by Related Parties**	**Total**	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	**P57,456,965**	**P5,921,616**	**P3,642,202**	**P67,020,783**	P51,579,651	P5,239,814	P3,148,216	P59,967,681
Past due:								
1 - 30 days	**3,376,642**	**8,598**	**230,924**	**3,616,164**	5,542,565	77,483	776,836	6,396,884
31 - 60 days	**1,359,047**	**42,727**	**36,734**	**1,438,508**	844,345	20,971	45,766	911,082
61 - 90 days	**672,167**	**19,779**	**30,275**	**722,221**	164,921	10,175	36,609	211,705
Over 90 days	**20,014,343**	**6,747,188**	**812,278**	**27,573,809**	20,165,951	6,080,828	321,518	26,568,297
	P82,879,164	**P12,739,908**	**P4,752,413**	**P100,371,485**	P78,297,433	P11,429,271	P4,328,945	P94,055,649

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. There are no significant changes in the credit quality of the counterparties during the 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 42% and 33% of the Group's total revenues for the periods ended June 30, 2026 and 2025, 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:

June 30, 2026 (Unaudited)	**< 1 Year**	**1-2 Years**	**>2-3 Years**	**>3-4 Years**	**>4-5 Years**	**>5 Years**	**Total**
Fixed Rate							
Philippine Peso-denominated	**P20,544,971**	**P53,434,847**	**P34,223,744**	**P14,070,744**	**P23,023,500**	**P88,774,500**	**P234,072,306**
Interest rate	**5.1792% to 8.6228%**	**6.6250% to 8.6228%**	**6.7500% to 8.6228%**	**7.4017% to 8.5915%**	**6.8750% to 8.5915%**	**7.0000% to 8.2104%**	
Foreign currency-denominated (expressed in Philippine Peso)	**1,648,130**	**1,720,841**	**1,803,248**	**1,885,654**	**8,257,614**	**-**	**15,315,487**
Interest rate	**8.3310%**	**8.3310%**	**8.3310%**	**8.3310%**	**8.3310%**	**-**	
Floating Rate							
Philippine Peso-denominated	**1,164,534**	**1,164,534**	**1,164,534**	**873,400**	**-**	**-**	**4,367,002**
Interest rate	**BVAL + Margin**	**BVAL + Margin**	**BVAL + Margin**	**BVAL + Margin**	**-**	**-**	
Foreign currency-denominated (expressed in Philippine Peso)	**542,422**	**46,586,353**	**31,273,474**	**6,756,595**	**2,717,696**	**-**	**87,876,540**
Interest rate	**SOFR + Margin**	**SOFR + Margin**	**SOFR + Margin**	**SOFR + Margin**	**SOFR + Margin**	**-**	
	P23,900,057	**P102,906,575**	**P68,465,000**	**P23,586,393**	**P33,998,810**	**P88,774,500**	**P341,631,335**

December 31, 2025 (Audited)	< 1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated	P23,012,654	P19,929,597	P51,809,411	P28,190,744	P21,784,372	P49,916,000	P194,642,778
Interest rate	5.1792% to 8.6228%	6.6250% to 8.6228%	6.7500% to 8.6228%	7.5758% to 8.6228%	6.8750% to 8.5915%	7.0000% to 8.2104%	
Foreign currency-denominated (expressed in Philippine Peso)	1,544,266	1,613,932	1,688,243	1,767,198	8,815,090	-	15,428,729
Interest rate	8.3310%	8.3310%	8.3310%	8.3310%	8.3310%	-	
Floating Rate							
Philippine Peso-denominated	1,164,534	1,164,534	1,164,534	1,164,534	291,134	-	4,949,270
Interest rate	BVAL + Margin	BVAL + Margin	BVAL + Margin	BVAL + Margin	BVAL + Margin	-	
Foreign currency-denominated (expressed in Philippine Peso)	18,145,240	35,805,168	9,374,124	581,609	8,780,169	-	72,686,310
Interest rate	SOFR + Margin	SOFR + Margin	SOFR + Margin	SOFR + Margin	SOFR + Margin	-	
	P43,866,694	P58,513,231	P64,036,312	P31,704,085	P39,670,765	P49,916,000	P287,707,087

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's income before income tax (through the impact on floating rate borrowings) by P461,218 and P776,356 for the period ended June 30, 2026 and for the year ended December 31, 2025, 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.

<u>Foreign Currency Risk</u>

The functional currency is the Philippine Peso, which is the denomination of the bulk of the Group's revenues. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group enters into foreign currency hedges using derivative instruments, such as foreign currency forwards, to manage its foreign currency risk exposure.

Short-term currency forward contracts (non-deliverable) are entered into to manage foreign currency risks relating to foreign currency-denominated obligations and long-term borrowings.

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

		June 30, 2026 (Unaudited)		December 31, 2025 (Audited)	
	Note	**US Dollar**	**Peso Equivalent**	US Dollar	Peso Equivalent
Assets					
Cash and cash equivalents	*7*	**US$1,830,055**	**P112,292,180**	US$889,224	P52,277,472
Trade and other receivables	*8*	**98,954**	**6,071,844**	111,450	6,552,117
Long-term receivables		**35,677**	**2,189,126**	35,154	2,066,705
		1,964,686	**120,553,150**	1,035,828	60,896,294
Liabilities					
Accounts payable and accrued expenses		**544,346**	**33,401,040**	1,248,509	73,399,840
Long-term debt (including current maturities)	*10*	**1,681,747**	**103,192,027**	1,498,810	88,115,039
Lease liabilities (including current portion)		**105,016**	**6,443,779**	132,587	7,794,794
		2,331,109	**143,036,846**	2,879,906	169,309,673
Net Foreign Currency-denominated Monetary Liabilities		**US$366,423**	**P22,483,696**	US$1,844,078	P108,413,379

The Group reported net losses on foreign exchange amounting to P1,169,037 and P249,135 for the periods ended June 30, 2026 and 2025, respectively, with the translation of its foreign currency-denominated assets and liabilities (see Note 15).

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
June 30, 2026	**P61.360**
December 31, 2025	58.790
June 30, 2025	56.330
December 31, 2024	57.845

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 income 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**	
June 30, 2026 (Unaudited)	**Effect on Income before Income Tax**	**Effect on Equity**	**Effect on Income before Income Tax**	**Effect on Equity**
Cash and cash equivalents	**(P1,822,626)**	**(P1,374,398)**	**P1,822,626**	**P1,374,398**
Trade and other receivables	**(98,954)**	**(74,216)**	**98,954**	**74,216**
Long-term receivables	**(35,677)**	**(26,758)**	**35,677**	**26,758**
	(1,957,257)	**(1,475,372)**	**1,957,257**	**1,475,372**
Accounts payable and accrued expenses	**544,276**	**408,276**	**(544,276)**	**(408,276)**
Long-term debt (including current maturities)	**1,681,747**	**1,261,311**	**(1,681,747)**	**(1,261,311)**
Lease liabilities (including current portion)	**105,016**	**78,762**	**(105,016)**	**(78,762)**
	2,331,039	**1,748,349**	**(2,331,039)**	**(1,748,349)**
	P373,782	**P272,977**	**(P373,782)**	**(P272,977)**

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
December 31, 2025 (Audited)	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
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)

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.

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 10 and 12).

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 period.

18. 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:

	June 30, 2026 (Unaudited)		December 31, 2025 (Audited)	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**P181,091,285**	**P181,091,285**	P101,498,370	P101,498,370
Trade and other receivables - net*	**94,005,121**	**94,005,121**	87,689,285	87,689,285
Financial assets at FVOCI (included under "Investments and advances" account)	**26,571,060**	**26,571,060**	26,757,446	26,757,446
Long-term receivables (including current portion)	**5,131,038**	**5,131,038**	5,503,179	5,503,179
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	**21,477,183**	**21,477,183**	15,324,737	15,324,737
	P328,275,687	**P328,275,687**	P236,773,017	P236,773,017
Financial Liabilities				
Loans payable	**P33,000,000**	**P33,000,000**	P33,000,000	P33,000,000
Accounts payable and accrued expenses*	**76,497,785**	**76,497,785**	83,785,524	83,785,524
Long-term debt - net (including current maturities)	**338,270,472**	**351,201,257**	285,135,641	301,593,484
Lease liabilities (including current portion)	**27,204,063**	**27,204,063**	29,700,875	29,700,875
Other noncurrent liabilities	**613,137**	**613,137**	560,435	560,435
	P475,585,457	**P488,516,242**	P432,182,475	P448,640,318

**Excluding statutory receivables and payables*

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Trade and Other Receivables (excluding statutory receivables), Long-term Receivables, and Restricted Cash. The carrying amounts of cash and cash equivalents, and trade and other receivables approximate their fair values primarily due to the relatively short-term maturities of these financial instruments. In the case of long-term receivables and restricted cash, the carrying amounts approximate their fair values, since the effect of discounting is not considered material.

Financial Assets at FVOCI. The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market. For equity instruments with no quoted market prices, the carrying amounts approximate their fair values, since the effect of discounting is not considered material.

As at June 30, 2026 and December 31, 2025, the Parent Company owns 46,596,596 common shares of Meralco which were revalued at the fair market value of P570.00 per share and P574.00 per share or for a total of P26,560,060 and P26,746,446, respectively, included in the “Investments and advances - net” account in the consolidated statements of financial position. The Parent Company recognized a revaluation loss of P186,200 (net of tax), presented under “Net loss on financial assets at fair value through other comprehensive income” account in the consolidated statement of comprehensive income for the period ended June 30, 2026.

Derivatives. The fair values of forward exchange contracts are calculated by reference to current forward exchange rates. In the case of freestanding currency, the fair values are determined based on quoted prices obtained from an active market. 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). 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 4.87% to 6.91% and 4.64% to 8.56% as at June 30, 2026 and December 31, 2025, respectively. Discount rates used for foreign currency-denominated loans range from 3.91% to 4.21% and 3.44% to 3.73% as at June 30, 2026 and December 31, 2025, respectively. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

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

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

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

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

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

Currency Forwards
As at June 30, 2026, the Group has no outstanding short-term foreign currency forward contracts.

The Group recognized marked-to-market gains (losses) from freestanding derivatives amounting to P113,550 and (P118,585) for the periods ended June 30, 2026 and 2025, respectively (see Note 15).

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

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of period	**P -**	(P13,725)
Net change in fair value of derivatives not designated as accounting hedge	**113,550**	(54,210)
	113,550	(67,935)
Less fair value of settled instruments	**113,550**	(67,935)
Balance at end of period	**P -**	P -

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

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

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

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

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

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

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

19. Other Matters

a. Contingencies

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

i. Petition to Stop the Imposition of the Increase in Generation Charge

On December 5, 2013, Meralco wrote the Energy Regulatory Commission (ERC) requesting for clearance and authority: (i) to collect a generation charge of P7.90 per kilowatt hour (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 Philippine Electricity Market Corporation (PEMC) and the generators from demanding and collecting the deferred amounts. In a Resolution dated April 22, 2014, the SC extended indefinitely the effectivity of the TROs issued on December 23, 2013 and February 18, 2014.

In the Petition filed by special interest groups, the SC was made aware of the order of the ERC dated March 3, 2014 (the “March 3, 2014 ERC Order”) (as defined and discussed under “ERC Order Voiding WESM Prices” 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, MPCL, SPI and SPPC are pursuing the implementation of the SC Decision as at June 30, 2026. MPCL, SPI and SPPC 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 June 30, 2026 and 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 (CA) through their respective Petitions for Review.

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

Motions for Reconsideration of the November 7, 2017 Decision and several other motions which were filed by various intervenors, were denied by the CA through its Omnibus Resolution dated March 29, 2019. The intervenors filed Petitions for Review on Certiorari before the SC, which were also denied by the SC through its resolutions dated September 11, 2019 and October 1, 2019. Entries of judgment 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 June 30, 2026. 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 Independent Electricity Market Operator of the Philippines 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 Note 6).

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 RTC Decision”), which was received by SPPC on October 7, 2025. 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 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, the RTC 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 the RTC that it is appealing the June 13, 2025 RTC Decision and the January 16, 2026 RTC Order. In an Order dated March 2, 2026, the RTC gave due course to PSALM’s appeal and directed that the entire records of the case be elevated to the CA immediately.

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 Republic Act No. 3019, otherwise known as the “Anti-Graft and Corrupt Practices Act” (“RA No. 3019”), before the DOJ against a certain officer of PSALM, and certain officers of TPEC and TSC, relating to the illegal grant of the so-called “excess capacity” of the Sual Power Plant in favor of TPEC which enabled it to receive a certain amount at the expense of the Government and SPI.

In a Resolution dated July 29, 2016, the DOJ found probable cause to file an Information against the respondents for Plunder and violation of Sections 3(e) and 3(f) of RA No. 3019 (the “July 29, 2016 DOJ Resolution”). The DOJ further resolved to forward the entire records of the case to the Office of the Ombudsman for their proper action. The TPEC and TSC officers 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).

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 June 30, 2026, 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

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 ("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 its resolutions dated April 3, 2024 and July 10, 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.

The ERC issued its Order 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 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.

Related thereto, pursuant to the June 27, 2023 CA Decision, SPPC filed on November 21, 2024, 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. Accordingly, the Group recognized this as revenues and receivables as at and for the period ended June 30, 2026 (see Notes 8, 13 and 15).

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 its Resolution dated April 3, 2024 and July 10, 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.

The ERC issued its Order 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. 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 filed a Motion for Price Adjustment with the ERC on November 21, 2024, 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.

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, to the economic benefits, rights of recovery, and corresponding potential equivalent exposure arising from the aforesaid cases and claims involving SPPC.

b. <u>Impact of the United States of America-Israel-Iran Conflict</u>
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.

c. Events After the Reporting Date

Redemption of Series C Bonds by the Parent Company

On July 13, 2026, the Parent Company redeemed its Series C Bonds, amounting to P4,756,310, upon its maturity, pursuant to the terms and conditions of the bonds using in part the proceeds of its Series N-O-P Bonds. The Series C Bonds formed part of the P15,000,000 Series A-B-C fixed rate bonds issued in July 2016.

Availment of Term Loan by MPCL

On July 17, 2026, MPCL availed of a P50,000,000 term loan from a facility agreement with various local banks executed on July 9, 2026. The loan is subject to a fixed interest rate. The proceeds from the loan shall be used to settle obligations with the contractors and suppliers in relation to the Masinloc expansion project, and to fund remaining project costs, transaction costs, fees and expenses in connection with or arising from the establishment of the said project.

d. Supplemental Cash Flows Information

The following table summarizes the changes in liabilities and equity arising from the financing activities, including both changes arising from cash flows and non-cash changes:

	Loans Payable	Long-term Debt	Lease Liabilities	SPCS	Total
Balance as at January 1, 2026 (Audited)	**P33,000,000**	**P285,135,641**	**P29,700,875**	**P160,789,623**	**P508,626,139**
Changes from Financing Activities					
Proceeds from:					
Borrowings	**73,000,000**	**78,606,934**	**-**	**-**	**151,606,934**
Issuance of SPCS, net of exchange and tender offers	**-**	**-**	**-**	**17,461,387**	**17,461,387**
Payments of:					
Borrowings	**(73,000,000)**	**(30,053,226)**	**-**	**-**	**(103,053,226)**
Lease liabilities	**-**	**-**	**(3,327,714)**	**-**	**(3,327,714)**
Redemption of SPCS	**-**	**-**	**-**	**(17,861,649)**	**(17,861,649)**
Total Changes from Financing Activities	**-**	**48,553,708**	**(3,327,714)**	**(400,262)**	**44,825,732**
Effect of changes in foreign exchange rates	**-**	**4,208,531**	**305,051**	**-**	**4,513,582**
Other changes	**-**	**372,592**	**525,851**	**8,266,494**	**9,164,937**
Balance as at June 30, 2026 (Unaudited)	**P33,000,000**	**P338,270,472**	**P27,204,063**	**P168,655,855**	**P567,130,390**

	Loans Payable	Long-term Debt	Lease Liabilities	Capital Stock	APIC	SPCS	RPCS	Total
Balances as at January 1, 2025 (Audited)	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	58,000,000	20,534,000	-	-	-	-	-	78,534,000
Issuance of capital stock	-	-	-	1,961,890	56,813,747	-	-	58,775,637
Issuance of SPCS	-	-	-	-	-	5,749,775	-	5,749,775
Payments of:								
Borrowings	(65,912,300)	(18,323,117)	-	-	-	-	-	(84,235,417)
Lease liabilities	-	-	(8,089,002)	-	-	-	-	(8,089,002)
Redemptions of:								
SPCS	-	-	-	-	-	(6,288,284)	-	(6,288,284)
RPCS	-	-	-	-	-	-	(58,856,693)	(58,856,693)
Total Changes from Financing Activities	(7,912,300)	2,210,883	(8,089,002)	1,961,890	56,813,747	(538,509)	(58,856,693)	(14,409,984)
Effect of changes in foreign exchange rates	61,875	(2,023,534)	(319,345)	-	-	-	-	(2,281,004)
Other changes	(5,000,000)	185,221	87,385	-	-	661,184	1,557,375	(2,508,835)
Balance as at June 30, 2025 (Unaudited)	P28,500,000	P278,310,461	P23,084,304	P4,785,494	P104,895,528	P151,317,540	P88,679,795	P679,573,122

Other changes pertain to deconsolidated loans payable of SPPC in 2025 (see Note 6) and additions for new lease agreements, amortizations of lease liabilities and debt-issue costs of long-term debt and the net effect of issuance and redemption of perpetual capital securities in 2026 and 2025.

e. Commitments

The outstanding purchase commitments of the Group amounted to P63,649,916 and P69,417,939 as at June 30, 2026 and December 31, 2025, 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 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.

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

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

h. Certain accounts in prior year have been reclassified for consistency with the current period presentation to provide more reliable and relevant information and better referencing to other information in the notes to consolidated financial statements. These reclassifications had no effect on the reported financial performance for any period.

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

The following are the major performance measures that San Miguel Global Power Holdings Corp. and Subsidiaries (the "Group") use. Analyses are employed by comparisons and measurements based on the financial data as at June 30, 2026 and December 31, 2025 for liquidity, solvency and profitability ratios and for the periods ended June 30, 2026 and 2025 for operating efficiency ratios.

LIQUIDITY RATIO

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

(in Millions Peso)	**June 30, 2026**	December 31, 2025
(A) Current Assets	**332,543**	240,253
(B) Current Liabilities	**155,606**	183,457
Current Ratio (A) / (B)	**2.14**	1.31

SOLVENCY RATIO

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

Per relevant Loan Covenants of San Miguel Global Power

(in Millions Peso)	**June 30, 2026**	December 31, 2025
(A) Net Debt *(1)*	**119,714**	142,739
(B) Total Equity *(2)*	**474,758**	401,744
Net Debt-to-Equity Ratio (A) / (B)	**0.25**	0.36

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

(1) Consolidated net total debt plus total Power Sector Assets and Liabilities Management Corporation (PSALM) lease liabilities.
(2) Consolidated total equity.

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

(in Millions Peso)	***Conventional*** June 30, 2026	***Conventional*** December 31, 2025	***Adjusted*** [3] June 30, 2026	***Adjusted*** [3] December 31, 2025
(A) Total Assets	**1,021,143**	891,621	**994,208**	864,184
(B) Total Equity	**507,102**	420,734	**507,102**	420,734
Asset-to-Equity Ratio (A) / (B)	**2.01**	2.12	**1.96**	2.05

(3) Net carrying amount of the Independent Power Producer Administration (IPPA) power plant, in relation to the IPPA Agreement of San Roque Hydropower Inc. with PSALM, was omitted in total assets as this power plant asset was capitalized with corresponding lease liabilities. As at June 30, 2026 and December 31, 2025, the net carrying amount of the IPPA power plant asset amounted to P26,935 million and P27,437 million, respectively.

PROFITABILITY RATIO

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

(in Millions Peso)	**June 30, 2026**	December 31, 2025
(A) Net Income [4]	**45,884**	48,306
(B) Total Equity	**507,102**	420,734
Return on Equity (A) / (B)	**9.0%**	11.5%

(4) Annualized for quarterly reporting.

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

Per relevant Loan Covenants of San Miguel Global Power

(in Millions Peso)	**June 30, 2026**	December 31, 2025
(A) EBITDA [5]	**50,141**	39,229
(B) Interest Expense [6]	**16,343**	15,232
Interest Coverage Ratio (A) / (B)	**3.07**	2.58

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

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

OPERATING EFFICIENCY

Volume Decline = **Current Period Offtake Volume** / **Prior Period Offtake Volume** - **1**

(in GWh)	**Periods Ended June 30** **2026**	2025
(A) Current Period Offtake Volume	**14,358**	14,773
(B) Prior Period Offtake Volume	**14,773**	17,457
Volume Decline [(A / B) – 1]	**(2.8%)**	(15.4%)

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

(in Millions Peso)	**Periods Ended June 30** **2026**	2025
(A) Current Period Revenue	**101,856**	80,147
(B) Prior Period Revenue	**80,147**	98,944
Revenue Growth (Decline) [(A / B) – 1]	**27.1%**	(19.0%)

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

(in Millions Peso)	**Periods Ended June 30** **2026**	2025
(A) Income from Operations	**41,968**	22,120
(B) Revenues	**101,856**	80,147
Operating Margin (A) / (B)	**41.2%**	27.6%

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
AND SUBSIDIARIES
Proceeds from Issuance of P30 Billion Fixed Rate Bonds consisting of Series "N", "O" and "P" Bonds
For the Period Ended June 30, 2026
(Amounts in Thousands)

1. Gross and Net Proceeds as Disclosed in the Final Prospectus

Gross Proceeds		P30,000,000
Estimated Fees, Commissions, and Expenses relating to the Issue:		
Documentary Stamp Tax	P225,000	
Gross Underwriting and Selling Fees	120,000	
Rating Fee	5,821	
SEC Registration Fee	5,000	
Legal Fees	3,300	
Audit Fee	3,000	
Listing and Maintenance Fee	450	
Paying Agency and Registry Fees	375	
PDEX Listing Application Fee	300	
Printing Cost	250	
Trustee Fees	200	
SEC Legal Research Fee	50	
Other Expenses	500	364,246
Net Proceeds		P29,635,754

2. Actual Gross and Net Proceeds

Gross Proceeds		P30,000,000
Documentary Stamp Tax	P225,000	
Gross Underwriting and Selling Fees	158,692	
SEC Registration and Legal Research Fee	8,143	
Rating Fee	5,292	
Legal Fees	3,851	
Audit Fees	3,000	
Listing and Maintenance Fee	692	
Paying Agency and Registry Fees	607	
PDEX Listing Application Fee	300	
Printing Cost	273	405,850
		P29,594,150

3. Each Expenditure Item where the Proceeds were Used

Investments in hydro power plant projects	7,463,010
Investments in solar power plant projects	6,650,568
Redemption of Series J Bonds	6,923,100
	P21,036,678

4. Balance of the Proceeds as of End of Reporting Period, June 30, 2026	P8,557,472

ANNEX "B"

San Miguel Global Power
Giving You the Power to Celebrate Life

San Miguel Global Power Holdings Corp.

40 San Miguel Avenue, Mandaluyong City, Metro Manila

(02) 5317 1000

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

INTRODUCTION

The following discussion should be read in conjunction with the attached unaudited consolidated financial statements of San Miguel Global Power Holdings Corp. ("San Miguel Global Power" or "Parent Company") and its subsidiaries (collectively referred to as the "Group") as at and for the period ended June 30, 2026 (with comparative figures as at December 31, 2025 and for the period ended June 30, 2025). All necessary adjustments have been made to present fairly the consolidated financial position, financial performance and cash flows of the Group as at June 30, 2026, and for all the other periods presented. Certain information and footnote disclosure normally included in the audited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards have been omitted.

I. 2026 SIGNIFICANT TRANSACTIONS AND MAJOR DEVELOPMENTS

SAN MIGUEL GLOBAL POWER

- **ISSUANCE AND REDEMPTION OF SENIOR PERPETUAL CAPITAL SECURITIES**

  On January 20, 2026, San Miguel Global Power completed the issuance of US$300 million senior perpetual capital securities (SPCS), at an issue price of 100.00% of principal amount, with an initial rate of distribution of 8.375% per annum and step-up date of January 20, 2031.

  The US$300 million SPCS was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on January 21, 2026.

  The net proceeds were used for the redemption of the remaining securities out of the US$600 million SPCS issued in January 2020, amounting to US$300.42 million, pursuant to the terms and conditions of the securities.

- **ISSUANCE OF SPCS, PARTLY APPLIED FOR EXCHANGE AND TENDER OFFERS**

  On June 17, 2026, San Miguel Global Power issued US$430 million SPCS (the "Securities"), at an issue price of 100%, with an initial distribution rate of 8.875% 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$271 million (the "Exchange Offers") and the repurchase of certain existing SPCS amounting to US$154 million (the "Tender Offers") pursuant to the Exchange Offers and Tender Offers that were announced on the SGX-ST website on June 2, 2026. The Securities were listed on the SGX-ST on June 18, 2026.

The remaining proceeds of US$5 million were used for the payment of: (i) costs and expenses related to the issuance of the securities, (ii) accrued distribution in respect of the securities that was accepted for exchange and repurchase, and (iii) for pre-development costs of solar and hydropower energy projects and capital expenditures related to BESS projects.

- **AVAILMENT OF LONG-TERM DEBT**

On March 31, 2026, San Miguel Global Power availed a P20,000 million term loan with a local bank. The loan is subject to fixed interest rate and payable in March 2033.

Net proceeds of the loan are being used to partially finance capital expenditures and for general corporate requirements pertaining to the pipeline of renewable energy projects awarded to the Group under the Department of Energy's Green Energy Auction Program (GEAP).

On April 8, 2026, San Miguel Global Power availed of a US$400 million term loan from a facility agreement executed on March 26, 2026. On June 26, 2026, an additional US$100 million was availed from the same credit facility. The loan is subject to a floating interest rate based on Secured Overnight Financing Rate plus margin and will mature in March 2029.

The proceeds of the loan are being used for financing and/or refinancing the design, development, construction, installation, and operation of renewable energy projects, including hydro, wind, and solar power plants awarded to the Group pursuant to the GEAP.

- **SETTLEMENT OF US$300 MILLION TERM LOAN**

On March 9, 2026, San Miguel Global Power fully settled its US$300 million term loan drawn in tranches in March 2021 and June 2021 from a foreign bank. The payment was funded by cash generated from operations.

- **ISSUANCE OF FIXED RATE BONDS SERIES N-O-P**

On April 17, 2026, San Miguel Global Power issued and listed with the Philippine Dealing & Exchange Corp. a total of P30,000 million fixed rate bonds, approved by the Philippine Securities and Exchange Commission on March 17, 2026.

The bonds are comprised of P14,607 million Series N Bonds due 2031, P5,505 million Series O Bonds due 2033 and P9,888 million Series P Bonds due 2036, with interest rates per annum of 7.6264%, 7.8682% and 8.1761%, respectively.

The proceeds from the issuance of the bonds shall be used to: (i) refinance debt obligations; and (ii) partially fund the Group's pipeline of renewable energy projects.

- **REDEMPTION OF SERIES J BONDS**

On April 24, 2026, San Miguel Global Power redeemed its Series J Bonds, amounting to P6,923 million, upon its maturity, pursuant to the terms and conditions of the bonds. The Series J Bonds formed part of the P30,000 million Series H-I-J fixed rate bonds issued in April 2019.

PAYMENT OF MATURING LONG-TERM DEBTS

In the first semester of 2026, Limay Power Inc. (LPI), SMGP BESS Power Inc. (SMGP BESS), Malita Power Inc. (MPI), Masinloc Power Co. Ltd. (MPCL), and San Miguel Global Power paid a total of P5,280 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.

ISSUANCE OF REDEEMABLE PERPETUAL CAPITAL SECURITIES (RPCS) BY SMC GLOBAL LIGHT AND POWER CORP. (SGLPC)

In May 2026, SGLPC issued a US$500 million RPCS, with a prescribed initial distribution rate per annum, payable pursuant to the terms of the agreement.

ISSUANCE OF REDEEMABLE PREFERRED SHARES (RPS) BY GP RENEWABLE POWER CORP. (GP RENEWABLE)

In March and May 2026, GP Renewable issued RPS to South Premiere Power Corp. (SPPC) and Excellent Energy Resources Inc. (EERI) amounting to P14,850 million and P21,450 million, respectively, which will be used for the Group’s renewable energy projects and for general corporate purposes.

UPDATE ON CLAIMS FOR CONTRACT PRICE ADJUSTMENTS ON CERTAIN “FIXED PRICE” POWER SALES AGREEMENTS (PSAs)

On January 27, 2026, SPPC and Sual Power Inc. (SPI) received copies of the Energy Regulatory Commission (ERC) Orders dated January 26, 2026, which granted their respective Change in Circumstance (CIC) Claims, allowing SPPC and SPI to recover incremental and uncontemplated power supply cost from Manila Electric Company (Meralco) amounting to 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 for the CIC Claims totaling P5,148 million to SPI and to San Miguel Global Power (for SPPC’s claim) in accordance with the ERC Orders promulgated on August 22, 2025.

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 relevant court and/or 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, to the economic benefits, rights of recovery, and corresponding potential equivalent exposure arising from the above claims.

To consolidate all receivables arising from such changes in circumstances, SPI also assigned in favor of San Miguel Global Power all its rights and interests in the aforesaid claims in March 2026.

EVENTS AFTER THE REPORTING DATE

- **REDEMPTION OF SERIES C BONDS BY SAN MIGUEL GLOBAL POWER**

  On July 13, 2026, San Miguel Global Power redeemed its Series C Bonds, amounting to P4,756 million, upon its maturity, pursuant to the terms and conditions of the bonds. The Series C Bonds formed part of the P15,000 million Series A-B-C fixed rate bonds issued in July 2016.

- **AVAILMENT OF P50,000 MILLION TERM LOAN BY MPCL**

  On July 17, 2026, MPCL availed of a P50,000 million term loan from a facility agreement with various local banks executed on July 9, 2026. The loan is subject to a fixed interest rate. The proceeds from the loan shall be used to settle obligations with the contractors and suppliers in relation to the Masinloc expansion project, and to fund remaining project costs, transaction costs, fees and expenses in connection with or arising from the establishment of the said project.

II. FINANCIAL PERFORMANCE

2026 vs. 2025

	For the Periods Ended June 30		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Millions	**2026**	2025	Amount	%	**2026**	2025
Revenues	**P101,856**	P80,147	P21,709	27%	**100%**	100%
Cost of power sold	**(55,245)**	(54,043)	1,202	2%	**(54%)**	(67%)
Gross profit	**46,611**	26,104	20,507	79%	**46%**	33%
Selling and administrative expenses	**(4,643)**	(3,984)	659	17%	**(5%)**	(5%)
Income from operations	**41,968**	22,120	19,848	90%	**41%**	28%
Interest expense and other financing charges	**(12,821)**	(11,761)	1,060	9%	**(12%)**	(15%)
Interest income	**2,652**	1,676	976	58%	**3%**	2%
Equity in net earnings of associates and joint ventures - net	**5,254**	4,351	903	21%	**5%**	5%
Other income (charges) - net	**(2,699)**	21,654	(24,353)	(112%)	**(3%)**	27%
Income before income tax	**34,354**	38,040	(3,686)	(10%)	**34%**	47%
Income tax expense	**2,203**	3,467	(1,264)	(36%)	**2%**	4%
Net income	**P32,151**	P34,573	(P2,422)	(7%)	**32%**	43%

Revenues

The Group's consolidated revenues for the first semester of 2026 amounted to P101,856 million, higher by 27% from same period in 2025. The increase in revenues primarily represents the following: (i) contributions from new PSAs for a combined contracted capacity of 1,140 megawatts (MW) from the Mariveles, Masinloc and San Roque Hydroelectric Power Plants that took effect in June, August and September 2025, respectively; (ii) revenues from sales to the Reserve Market of its 5 battery energy storage system (BESS) facilities which commenced operations in 2025; and (iii) previously unrecognized revenues for the recovery of incremental power supply costs incurred in 2022. This was partially offset by lower revenues from the following: (i) Ilijan and Batangas Power Plants which contributed a month's worth of revenues in 2025 prior to its deconsolidation in January 2025, (ii) Sual and Limay Power Plants due to the cessation of PSAs with certain distribution utilities (DUs) in January 2026 and the first half of 2025, respectively, and (iii) lower spot sales.

Selling and Administrative Expenses

Selling and administrative expenses rose 17% or P659 million, from P3,984 million in the first semester of 2025 to P4,643 million in 2026 for the same period. The increase was primarily due to incremental operating expenses from the operations of the aforesaid 5 BESS facilities and higher personnel-related expenses necessary for the continuing business expansion of the Group.

Income from Operations
Consolidated income from operations of P41,968 million for the first semester of 2026 increased by 90% from the same period in 2025, driven by improved margins on contracted capacities, higher contributions from BESS facilities mainly through sales in the Reserve Market, as well as the revenues from the aforesaid recoveries of previously incurred power supply costs.

Interest Expense and Other Financing Charges
Interest expense and other financing charges went up by 9% to P12,821 million for the first semester of 2026. The increase was mainly due to higher interest expenses on short-term loans of SPI and new long-term borrowings of San Miguel Global Power availed in 2026. 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.

Interest Income
Interest income amounted to P2,652 million for the first semester of 2026. 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 P5,254 million in the first semester of 2026 from the P4,351 million recorded in the same period in 2025. This improvement was mainly due to the full six-months share in the net earnings of SPPC and EERI following the dilution of the Group's equity interests thereon from 100% to 33% on January 27, 2025.

Other Income (Charges) - net
Other charges - net amounted to P2,699 million for the first semester of 2026, a significant turnaround from the P21,654 million other income - net registered for the same period in 2025. This was mainly attributable to the P21,933 million revaluation gain recognized in January 2025 on account of the fair valuation of the 33% equity interest retained in SPPC, EERI, and Ilijan Primeline Industrial Estate Corp. (IPIEC), as well as higher foreign exchange losses recognized from the revaluation of the Group's US Dollar-denominated net monetary liabilities due to the continued depreciation of the Philippine Peso against the US Dollar in 2026.

Income Tax Expense
Income tax expense amounted to P2,203 million for the first semester of 2026. The lower number was primarily due to the recognition of higher deferred tax benefits on unrealized foreign exchange losses during the period.

Net Income
Consequently, the consolidated net income of the Group for the first semester of 2026 decreased to P32,151 million or by 7%, from P34,573 million reported for the same period last year.

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

1. **POWER GENERATION**

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

   For the first semester of 2026, Sual Power Plant recorded net generation of 2,629 gigawatt hours (GWh), corresponding to a 55% net capacity factor, which was 22% higher than the same period in 2025. The increase was primarily driven by improved plant availability.

   Revenues declined by 13% to P16,398 million from P18,777 million in 2025. The decrease was mainly attributable to the expiration of the 200 MW emergency power supply agreement (EPSA) with Meralco in January 2026, lower spot sales volume and reduced average realization prices. Improved plant availability nonetheless led to lower power purchases, resulting in improved gross margins.

   As a result of the foregoing, operating income declined by 10% to P2,864 million from P3,182 million for the same period in 2025.

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

   For the first semester of 2026, the Limay Greenfield Power Plant recorded net generation of 1,729 GWh, at 74% net capacity factor, representing a 10% increase from the 1,578 GWh generated during the same period in 2025. The improvement was primarily due to lower derated hours in 2026 coupled with higher plant dispatch from its own generation. Of the total net generation, 779 GWh was supplied to LPI's power generation customers, while the remaining output was allocated to its retail electricity supply (RES) business serving its contestable customers.

   On the other hand, total offtake volume was down to 835 GWh, a 45% decrease from the same period in 2025. This was mainly attributable to the expiration of its EPSA with Meralco and lower spot sales volume. As a result, revenues declined from P7,555 million in the first semester of 2025 to P5,613 million in the corresponding period in 2026.

   Nevertheless, operating income of P1,170 million for the first semester of 2026 was 13% higher than the P1,032 million posted in the same period in 2025, primarily due to better margins from improved average realization price.

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

   For the first semester of 2026, Davao Greenfield Power plant's net generation registered at 883 GWh, at net capacity factor of 76%. This was 11% higher compared to the same period in 2025. The improvement was driven by higher overall customer nominations. Of the total net generation, 882 GWh was dispatched to MPI's power generation customers, while the remaining output was allocated to its RES business serving its contestable customers. Consequently, total offtake volume increased by 15% to 929 GWh.

   Revenues grew by 30% to P6,010 million from the same period in 2025, mainly due to higher offtake volumes and increased in average realization price. As a result, operating income rose by 47% to P1,618 million.

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

For the first semester of 2026, the Masinloc Power Plant's operating Units 1, 2, and 3 contributed a total net generation of 2,792 GWh. Of this output, 2,561 GWh or 92% was supplied to power generation customers while the rest was discharged to contestable customers and for its BESS requirements. Total net generation was 4% lower than the 2,909 GWh generated during the same period in 2025.

Total offtake volume, however, went up to 4,142 GWh, primarily driven by higher customer nominations. As a result, revenues increased to P22,622 million. Meanwhile, operating income declined by 37% to P2,628 million for the first half of 2026 compared to the same period in 2025 mainly due to higher power purchase volumes and cost required to supply to both existing and newly contracted customers.

e. **Mariveles Power Generation Corporation (MPGC), owner of Mariveles Greenfield Power Plant**

For the first semester of 2026, the Mariveles Greenfield Power Plant recorded net generation of 1,959 GWh, equivalent to an 84% net capacity factor, representing a 3% increase from the same period in 2025 due to improved plant availability and higher bilateral nominations. Total offtake volume likewise increased by 3% to 1,977 GWh, primarily driven by higher sales to Meralco under the 300 MW PSA, which took effect on June 2, 2025, offsetting lower sales to affiliate generators and the spot market.

Consequently, revenues increased by 22% to P12,033 million from P9,844 million in the same period in 2025, mainly driven by higher average realization price and increased offtake volume, while operating income rose by 86% to P4,064 million from P2,187 million for the same period in 2025.

f. **SRHI, Independent Power Producer Administrator of San Roque Hydroelectric Power Plant**

For the first semester of 2026, the San Roque Hydroelectric Power Plant recorded net generation of 275 GWh, representing a net capacity factor of 18% and an 18% decline from the same period in 2025. The decrease was primarily attributable to shorter operating hours resulting from lower water reservoir levels. Despite the reduced output, total offtake volume increased by 61% to 1,055 GWh from the same period in 2025. This growth was mainly driven by the implementation of the 340 MW Meralco PSA which commenced in September 2025.

As a result, revenues rose by 77% to P5,933 million from P3,348 million in the first half of 2025, on account of higher sales volume and an improved average realization price. Consequently, operating income increased by 41% to P925 million from P655 million recorded in the first half of 2025.

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

a. **LPI - RES**

For the first semester of 2026, total offtake volume declined by 5% to 1,193 GWh, from 1,256 GWh recorded in the same period in 2025, mainly due to lower customer nominations. Revenues, however, increased by 2% to P8,041 million from P7,855 million in the first semester of 2025, primarily driven by a higher average realization price.

Operating income likewise rose by 25% to P1,355 million from P1,086 million reported in the same period in 2025. The increase was driven by improved margins from the higher average realization price.

b. **MPI - RES**

For the first semester of 2026, MPI's RES segment, following ERC's approval of its RES license in August 2025, recorded total offtake volume of 2 GWh, revenues of P12 million and an operating income of P6 million.

c. **MPCL - RES and BESS**

For the first semester of 2026, 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) reached P6,402 million. This represents a 35% increase from the same period in 2025, primarily driven by higher offtake volumes. Despite the increase in revenues, operating income declined by 16% to P987 million from the same period in 2025, as a result of higher operating expenses.

d. **SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan, owner of Kabankalan BESS Phase I and II)**

For the first semester of 2026, revenues and operating income both increased by 33% and 21% to P747 million and P492 million, respectively, compared to the same period in 2025. The improvement was primarily driven by the commencement of operations of the 10 MWh Kabankalan BESS Phase II in March 2025 that was offered to the Reserve Market during the period.

e. **SMGP BESS, owner of 13 BESS Facilities with combined installed capacity of 440 MWh**

For the first semester of 2026, SMGP BESS generated revenues of P13,319 million, reflecting a 110% increase compared to the same period in 2025. This growth was primarily driven by higher average realization price. Operating income also rose to P10,292 million, up 122% from P4,629 million for the same period in 2025.

2025 vs. 2024

	June 30		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Millions	**2025**	2024	Amount	%	**2025**	2024
Revenues	**P80,147**	P98,944	(P18,797)	(19%)	**100%**	100%
Cost of power sold	**(54,043)**	(72,468)	(18,425)	(25%)	**(67%)**	(73%)
Gross profit	**26,104**	26,476	(372)	(1%)	**33%**	27%
Selling and administrative expenses	**(3,984)**	(3,488)	496	14%	**(5%)**	(4%)
Income from operations	**22,120**	22,988	(868)	(4%)	**28%**	23%
Interest expense and other financing charges	**(11,761)**	(9,924)	1,837	19%	**(15%)**	(10%)
Interest income	**1,676**	436	1,240	284%	**2%**	1%
Equity in net earnings of associates and joint ventures - net	**4,351**	180	4,171	2,317%	**5%**	0%
Other income (charges) - net	**21,654**	(3,776)	25,430	673%	**27%**	(4%)
Income before income tax	**38,040**	9,904	28,136	284%	**47%**	10%
Income tax expense	**3,467**	2,466	1,001	41%	**4%**	2%
Net income	**P34,573**	P7,438	P27,135	365%	**43%**	8%

Revenues
The Group's consolidated revenues for the first semester of 2025 amounted to P80,147 million, lower by 19% from the P98,944 million recognized in the same period in 2024. The decline was due primarily to the divestment and resulting deconsolidation of SPPC, owner of the 1,278 MW Ilijan Power Plant, following the completion of the Chromite Transaction. In addition, the decline in revenues reflects a downward adjustment in fuel tariffs to bilateral customers as coal fuel prices went down by 21% with GC Newcastle prices declining from an average of US$131 per metric ton (MT) for the first semester of 2024 to US$103/MT for the same period in 2025. The effect of the deconsolidation was compensated by the revenue contributions from: (a) the full semester operations of 4 generation units of the 600 MW Mariveles Greenfield Power Plant and 3 BESS facilities with a combined capacity of 110 MWh which started commercial operations in March 2024; (b) additional 5 BESS facilities with a total capacity of 140 MWh that commenced commercial operations in 2025; and (c) Units 1 and 2 of EERI's Batangas Combined Cycle Power Plant (BCCPP), which is 33% owned by the Group following the aforesaid divestment, with a net capacity of 425 MW each, were declared operational on December 29, 2024 and January 7, 2025, respectively.

Costs of Power Sold
Costs of power sold decreased to P54,043 million for the first semester of 2025, which is 25% lower than the P72,468 million incurred for the same period in 2024. This reduction was attributable to the following: (i) deconsolidation of SPPC which contributed a net decrease in cost of power sold by P19,578 million; and (ii) lower generation costs, as coal global prices averaged at US$103/MT during the period – down from the US$131/MT (in GC Newcastle terms) for the same period in 2024. The decline was countered by the increase in cost of power sold with the full semester operations of the Mariveles Greenfield Power Plant's 4 units, incremental depreciation expense from the additional 8 BESS facilities and the one-month operation of EERI's new gas plant prior to its deconsolidation.

Selling and Administrative Expenses
Selling and administrative expenses increased by 14% or P496 million, from P3,488 million for the first semester of 2024 to P3,984 million in 2025 for the same period. The increase was mainly due to incremental operating expenses associated with the full semester operations of the Mariveles Greenfield Power Plant and the additional 8 BESS facilities as well as the one-month operation of EERI's new gas plant prior its deconsolidation.

Income from Operations
Consolidated income from operations of P22,120 million for the first semester of 2025 decreased by 4% from the same period in 2024 mainly attributable to the deconsolidation of the Ilijan Power Plant. However, the impact of the deconsolidation was mitigated by improved margins from contracted capacities with fuel pass-thru arrangements for most of its bilateral customers, including PSAs with Meralco, as well as the additional margins contributed from ancillary services rendered for National Grid Corporation of the Philippines and offered to the Reserve Market through its BESS facilities.

Interest Expense and Other Financing Charges
Interest expense and other financing charges went up by 19% to P11,761 million for the first semester of 2025. This was mainly attributable to the P32,500 million and P9,400 million term loans drawn in tranches by MPGC in December 2024 and March 2025, respectively. This was partly mitigated by lower interest expense on the declining principal balances of the Group's finance lease liabilities owed to PSALM with only the IPPA Agreement of SRHI outstanding, as the finance lease liabilities arising from the Sual IPPA Agreement was fully settled in October 2024.

Interest Income
Interest income amounted to P1,676 million for the first semester of 2025. The higher number was due primarily to the increase in outstanding short-term placements of the Group compared to 2024.

Equity in Net Earnings of Associates and Joint Ventures - net
Equity in net earnings of associates and joint ventures reached P4,351 million in the first semester of 2025 from the P180 million recorded in the same period in 2024. This improvement was mainly due to the share in the net earnings of SPPC, EERI, and IPIEC - following the dilution of the Group's equity interests thereon from 100% to 33%, as well as the improved financial performance of Angat Hydropower Corporation.

Other Income (Charges) - net
Other income-net amounted to P21,654 million for the first semester of 2025, a significant turnaround from the P3,776 million other charges-net registered for the same period in 2024. This surge was primarily driven by the revaluation gain recognized from the dilution of equity interests in SPPC, EERI and IPIEC following the completion of the Chromite Transaction. In addition, foreign exchange loss recognized was lower compared to 2024 due to the appreciation of the Philippine Peso against the US Dollar.

Income Tax Expense
Provision for income tax amounted to P3,467 million for the first semester of 2025, higher by 41% from P2,466 million in the same period in 2024, mainly due to the provisions for deferred tax expense recognized on unrealized foreign exchange revaluation and lease-related liabilities for the period.

Net Income
Consequently, the consolidated net income of the Group for the first semester of 2025 increased to P34,573 million or by 365%, from P7,438 million reported for the same period in 2024.

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

1. **POWER GENERATION**

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

   For the first semester of 2025, net generation of 2,161 GWh, at 41% net capacity factor rate, was lower by 31% than the same period in 2024 mainly due to the plant's longer outages.

   Revenues of P18,777 million fell by 35%, from P28,817 million in 2024. The decrease was mainly due to lower spot sales volume and the decline in bilateral offtake volume as contracts with certain DUs expired in December 2024 but was partly replaced by new contracts that took effect only in February 2025 or still awaiting regulatory approvals. Moreover, lower average realization price resulting from: (i) lower fuel tariff as global coal prices fell from an average of US$131/MT in the first semester of 2024 to US$103/MT for the same period in 2025 and (ii) 34% drop in the average spot selling price from P6.72 per kilowatt hours (kWh) in 2024 to P4.45/kWh in 2025, contributed to the decline in revenues.

   Consequently, operating income for the first half of 2025 registered at P3,182 million, down from the P6,724 million posted in 2024.

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

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

   For the month of January 2025, the Ilijan Power Plant contributed 424 GWh (at 47% net capacity factor rate), P4,346 million and P1,254 million to the Group's net generation, revenues and operating income, respectively. After the deconsolidation, share in net earnings recognized from the operations of SPPC amounted to P1,252 million in 2025.

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

   For the first semester of 2025, the net generation of Limay Greenfield Power Plant of 1,578 GWh, at 68% net capacity factor rate, was lower by 21% than the 1,989 GWh registered for the same period in 2024 due to the plant's longer outages. LPI dispatched 902 GWh of the plant's net generation to its power generation customers while the rest was dispatched to its RES customers.

   On the other hand, total offtake volume has gone up to 1,505 GWh, a 108% increase from same period in 2024 attributable to the emergency PSA with Meralco that commenced in August 2024 up to February 2025. Likewise, revenues increased by 72% from P4,399 million in 2024 to P7,555 million in 2025 due to higher offtake volume and higher contracted rate realized for certain bilateral contracts.

   On the other hand, operating income of P1,032 million for the first semester of 2025 was 35% lower than the P1,592 million posted in the same period in 2024 on account of higher power purchases as a result of lower plant availability in 2025.

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

For the first semester of 2025, a total of 793 GWh was generated by the plant, at a net capacity factor rate of 69%. This was lower by 7% compared to the same period in 2024 owing mainly to lower bilateral nominations. Consequently, total offtake volume decreased by 6% to 811 GWh.

Likewise, revenues at P4,613 million dropped by 12% from 2024 driven by lower offtake volumes and reduced average realization price resulting from lower fuel tariff following the decline in global coal prices. As a result, operating income dropped by 33% to P1,104 million.

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

The Masinloc Power Plant's operating Units 1, 2, and 3 contributed a total net generation of 2,909 GWh for the first semester of 2025 with 2,745 GWh or 94% supplied to power generation customers while the rest was discharged to RES customers. This was 1% higher, compared to the 2,869 GWh generated from the same period in 2024.

Total offtake volume of 3,386 GWh went up from the same period in 2024 resulting primarily from higher customer nominations. Revenues grew by 21% to P18,205 million and operating income increased by 48% to P4,200 million for the first semester of 2025 compared to the same period in 2024. The growth was driven by higher offtake volumes and improved average realization prices under new and renewed bilateral contracts.

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

For the first semester of 2025, the net generation of Mariveles Greenfield Power Plant is registered at 1,909 GWh, at 82% net capacity factor rate. This represents a 45% increase compared to the same period in 2024 primarily driven by higher plant dispatch with Units 1 to 4 declared operational on March 28, 2024, September 26, 2024, October 26, 2024, and January 9, 2025, respectively. Total offtake volume of 1,926 GWh likewise increased by 45% as a result of higher net generation supplied to the spot market, affiliate generators, and to Meralco pursuant to the commencement of the 300 MW PSA on June 2, 2025.

As a result, revenues surged to P9,844 million, a 117% increase from the P4,538 million posted for the same period in 2024. Likewise, operating income significantly improved at P2,187 million, up by 264% from the P601 million for the first semester of 2024.

g. **EERI, owner of the BCCPP**

Testing and commissioning activities of EERI's Units 1 and 2 started in November 2024 while Unit 3 started in January 2025. Subsequently, Units 1 and 2 were declared operational starting on December 29, 2024 and January 7, 2025, respectively.

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

For the month of January 2025, the BCCPP of EERI contributed 364 GWh (at 41% net capacity factor rate), P3,058 million and P731 million to the Group's net generation, revenues and operating income, respectively. After the deconsolidation, share in net earnings recognized from the operations of EERI amounted to P2,188 million in the first semester of 2025.

h. **SRHI, IPPA of San Roque Hydroelectric Power Plant**

The San Roque Hydroelectric Power Plant's net generation of 336 GWh for the first semester of 2025, at 22% net capacity factor rate, increased by 67% due to longer operating hours attributable mainly to higher water reservoir level. Meanwhile, total offtake volumes of 657 GWh decreased by 5% compared to the same period in 2024 owing to the expiration of its contract with a bilateral customer.

Consequently, revenues decreased by 5% to P3,348 million, compared to P3,534 million for the same period in 2024. However, operating income rose significantly to P655 million, representing a 307% increase from the same period in 2024, on account of lower costs to supply.

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

a. **LPI - RES**

For the first semester of 2025, total offtake volume registered at 1,256 GWh, lower by 29% compared to the same period in 2024 at 1,774 GWh due mainly to lower customer nominations. Likewise, revenues decreased by 25% from P10,515 million in 2024 to P7,855 million for the first semester of 2025 due to lower offtake volume.

Consequently, operating income for the semester was registered at P1,086 million, 36% lower compared to the P1,686 million posted for the same period in 2024.

b. **MPCL - RES and BESS**

For the first semester of 2025, revenues (consisting of revenues from RES contracts and ancillary and Reserve Market revenues from the 30 MWh Masinloc BESS) and operating income amounted to P4,750 million and P1,179 million, an increase of 65% and 108%, respectively, from the same period in 2024. The growth was primarily driven by a significant rise in offtake volumes supplied under new contracts, as well as the start of operations of the 20 MWh Masinloc BESS Phase II during the period.

c. **SMGP Kabankalan, owner of Kabankalan BESS Phase I and II**

Revenues and operating income increased by 32% and 49% to P563 million and P408 million, respectively, for the first semester of 2025 compared to the same period in 2024 due mainly to the commencement of operations of the 10 MWh Kabankalan BESS Phase II that was offered to the Reserve Market in 2025.

d. **SMGP BESS, owner of 13 BESS Facilities with combined installed capacity of 440 MWh**

For the first semester of 2025, SMGP BESS reported revenues of P6,353 million, reflecting a 67% increase compared to the same period in 2024. This growth was primarily driven by the full semester operations of the 3 BESS facilities, with a combined capacity of 110 MWh, which commenced operations in March 2024 and another 3 BESS facilities located in Isabela, Laguna and Misamis Oriental which commenced operations in the first half of 2025 and with a combined capacity of 110 MWh. Operating income also rose significantly to P4,629 million, up by 82% from P2,549 million in 2024.

III. FINANCIAL POSITION

2026 vs. 2025

			Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Millions	**June 30, 2026**	December 31, 2025	Amount	%	**2026**	2025
Cash and cash equivalents	**P181,091**	P101,498	P79,593	78%	**18%**	12%
Trade and other receivables - net	**95,168**	90,816	4,352	5%	**9%**	10%
Inventories	**15,270**	11,696	3,574	31%	**2%**	1%
Prepaid expenses and other current assets	**41,014**	36,243	4,771	13%	**4%**	4%
Total Current Assets	**332,543**	240,253	92,290	38%	**33%**	27%
Investments and advances - net	**129,493**	115,825	13,668	12%	**13%**	13%
Property, plant and equipment - net	**391,107**	375,268	15,839	4%	**38%**	42%
Right-of-use assets - net	**46,502**	47,279	(777)	(2%)	**5%**	5%
Goodwill and other intangible assets - net	**70,202**	70,215	(13)	0%	**7%**	8%
Deferred income tax assets	**1,862**	1,584	278	18%	**0%**	0%
Other noncurrent assets	**49,434**	41,197	8,237	20%	**4%**	5%
Total Noncurrent Assets	**688,600**	651,368	37,232	6%	**67%**	73%
Total Assets	**P1,021,143**	P891,621	P129,522	15%	**100%**	100%
Loans payable	**P33,000**	P33,000	P -	0%	**3%**	4%
Accounts payable and accrued expenses	**92,745**	101,070	(8,325)	(8%)	**9%**	11%
Lease liabilities - current portion	**6,126**	5,820	306	5%	**1%**	1%
Income tax payable	**202**	140	62	44%	**0%**	0%
Current maturities of long-term debt - net of debt issue costs	**23,533**	43,427	(19,894)	(46%)	**2%**	5%
Total Current Liabilities	**155,606**	183,457	(27,851)	(15%)	**15%**	21%
Long-term debt - net of current maturities and debt issue costs	**314,737**	241,709	73,028	30%	**30%**	27%
Deferred income tax liabilities	**17,512**	17,223	289	2%	**2%**	2%
Lease liabilities - net of current portion	**21,078**	23,881	(2,803)	(12%)	**2%**	2%
Other noncurrent liabilities	**5,108**	4,617	491	11%	**1%**	1%
Total Noncurrent Liabilities	**358,435**	287,430	71,005	25%	**35%**	32%
Total Liabilities	**514,041**	470,887	43,154	9%	**50%**	53%

Forward

In Millions	**June 30, 2026**	December 31, 2025	Horizontal Analysis Increase (Decrease) Amount	%	Vertical Analysis **2026**	2025
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	**P4,785**	P4,785	P -	0%	**0%**	0%
Additional paid-in capital	**104,896**	104,896	-	0%	**10%**	12%
Senior perpetual capital securities	**168,656**	160,790	7,866	5%	**17%**	18%
Redeemable perpetual capital securities	**88,680**	88,680	-	0%	**9%**	10%
Equity reserves	**(7,503)**	929	(8,432)	(908%)	**(1%)**	0%
Retained earnings	**79,709**	59,596	20,113	34%	**8%**	7%
	439,223	419,676	19,547	5%	**43%**	47%
Non-controlling Interests	**67,879**	1,058	66,821	6316%	**7%**	0%
Total Equity	**507,102**	420,734	86,368	21%	**50%**	47%
Total Liabilities and Equity	**P1,021,143**	P891,621	P129,522	15%	**100%**	100%

The Group's consolidated total assets as at June 30, 2026, amounted to P1,021,143 million, higher by 15% or P129,522 million than the December 31, 2025 balance of P891,621 million. The increase was attributable to the following factors:

a. Increase in cash and cash equivalents by 78% or P79,593 million was mainly attributable to the (i) net proceeds from the issuances capital securities including: (a) US$500 million redeemable perpetual capital securities by SGLPC in May 2026, (b) redeemable preferred shares by GP Renewable, in March and May 2026 (P36,300 million); (ii) issuance of P30,000 million Series N-O-P fixed-rate Peso Bonds in April 2026; (iii) and proceeds from term loans availed by San Miguel Global Power including: (a) P20,000 million in March 2026 and (b) US$500 million in April and June 2026; (iv) cash generated from operations; (v) proceeds from sale of machinery and equipment parts by MPGC; and (vi) cash dividends received from Meralco. The increase was partially offset by (i) capital expenditures mainly for the Masinloc Units 4 and 5, solar, hydro and BESS projects; (ii) San Miguel Global Power's full settlement of its US$300 million term loan in March 2026, redemption of its Series J Bonds in April 2026, and principal repayments of LPI, SMGP BESS, MPI, MPCL and San Miguel Global Power during the period; (iii) distributions to holders of capital securities; (iv) additional deposits for future power-related projects; and (v) payments of lease liability to PSALM by SRHI.

b. Increase in investments and advances - net by P13,668 million was mainly attributable to the (i) additional capital infusions of San Miguel Global Power pursuant to Chromite agreements; (ii) recognition of share in net earnings of Chromite entities during the period; and (iii) additional deposits made by the Group for future power-related projects. This was partly offset by the loss recognized from the revaluation of investments in Meralco shares during the period.

c. Increase in other noncurrent assets by P8,237 million was mainly attributable to additional advances to suppliers and contractors for ongoing construction projects and higher restricted cash for debt servicing requirements of the Group.

d. Increase in prepaid expenses and other current assets by P4,771 million was mainly attributable to additional restricted cash set aside for debt servicing requirements mainly by SMGP BESS and MPGC, partly offset by the application of input value-added tax and prepaid income taxes to outstanding tax payables of the Group.

e. Increase in trade and other receivables - net by P4,352 million was mainly due to additional receivables recognized for the recovery of incremental power supply costs incurred in 2022, partly offset by the collections of receivables from the Group's spot/bilateral sales and recoveries of power supply costs.

f. Increase in inventories by P3,574 million was mainly attributable to (i) higher coal purchases during the period, coupled with higher average cost of coal; and (ii) additional spare parts and fuel inventory levels mainly by Sual and Mariveles Power Plants for upcoming preventive maintenance activities.

g. Increase in deferred income tax assets by P278 million was mainly attributable to temporary differences arising from unrealized forex losses recognized on US Dollar-denominated borrowings.

The Group's consolidated total liabilities as at June 30, 2026, amounted to P514,041 million, 9% or P43,154 million higher than the December 31, 2025 balance of P470,887 million. The major items accounting for the increase are as follows:

a. Increase in long-term debt - net of debt issue costs (including current and noncurrent portions) by P53,134 million was attributable to the following: (i) P20,000 million and US$500 million term loans availed by San Miguel Global Power in March, April and June 2026; (ii) issuance of P30,000 million fixed-rate Peso bonds in April 2026; (iii) foreign exchange loss recognized on US Dollar-denominated loans; and (iv) amortization of debt issue costs. The increase was partly offset by the following: (i) settlements of maturing long-term loans of LPI, SMGP BESS, MPI, MPCL and San Miguel Global Power during the period; and (ii) redemption of Series J Bonds by San Miguel Global Power amounting to P6,923 million upon its maturity in April 2026.

b. Increase in other noncurrent liabilities by P491 million was mainly due to additional customer deposits and additional advance payments received in relation to the disposal of certain real estate properties.

c. Increase in income tax payable by P62 million was mainly attributable to additional payable arising from income tax due recognized for the second quarter of 2026.

d. Decrease in accounts payable and accrued expenses by P8,325 million was mainly due to Group's settlements of trade payables and payments to suppliers and contractors by MPCL. The decrease was partly offset by additional payables for coal shipments and to contractors for the Group's ongoing construction projects.

e. Decrease in lease liabilities (including current and noncurrent portions) by P2,497 million was mainly on account of lease payments to PSALM by SRHI, pursuant to its IPPA Agreement.

The Group's consolidated total equity as at June 30, 2026, amounted to P507,102 million, higher by 21% or P86,368 million than the December 31, 2025 balance of P420,734 million. The increase is accounted for as follows:

a. Increase in non-controlling interests by P66,821 million was mainly attributable to the issuances of: (i) redeemable preferred shares by GP Renewable to SPPC and EERI in March and May 2026, respectively; and (ii) US$500 million redeemable perpetual capital securities by SGLPC in May 2026.

b. Increase in retained earnings by P20,113 million was mainly attributable to the net income for the first semester of 2026, partly offset by the distributions to perpetual capital security holders.

c. Increase in senior perpetual capital securities by P7,866 million was attributable to the issuances of: (i) US$300 million SPCS in January 2026, the proceeds of which were used for the redemption of the remaining SPCS issued in January 2020; and (ii) US$430 million SPCS in June 2026, which were partly applied for exchange and tender offers of the remaining SPCS issued in June and September 2021.

d. Decrease in equity reserves by P8,432 million was mainly attributable to the difference between the price paid and net carrying value of SPCS redeemed, exchanged and tendered in January and June 2026, respectively, coupled by the downward fair market valuation of Meralco shares during the period.

2025 vs. 2024

			Horizontal Analysis Increase (Decrease)		**Vertical Analysis**	
In Millions	**June 30, 2025**	December 31, 2024	Amount	%	**2025**	2024
Cash and cash equivalents	**P85,993**	P67,867	P18,126	27%	**10%**	8%
Trade and other receivables - net	**107,197**	115,884	(8,687)	(7%)	**13%**	13%
Inventories	**10,090**	14,326	(4,236)	(30%)	**2%**	2%
Prepaid expenses and other current assets	**34,611**	51,562	(16,951)	(33%)	**4%**	6%
Total Current Assets	**237,891**	249,639	(11,748)	(5%)	**29%**	29%
Investments and advances - net	**74,009**	19,896	54,113	272%	**9%**	2%
Property, plant and equipment - net	**370,103**	459,506	(89,403)	(19%)	**44%**	52%
Right-of-use assets - net	**41,066**	42,123	(1,057)	(3%)	**5%**	5%
Goodwill and other intangible assets - net	**70,227**	71,736	(1,509)	(2%)	**8%**	8%
Deferred tax assets	**1,152**	1,354	(202)	(15%)	**0%**	0%
Other noncurrent assets	**38,826**	37,619	1,207	3%	**5%**	4%
Total Noncurrent Assets	**595,383**	632,234	(36,851)	(6%)	**71%**	71%
Total Assets	**P833,274**	P881,873	(P48,599)	(6%)	**100%**	100%
Loans payable	**P28,500**	P41,350	(P12,850)	(31%)	**3%**	5%
Accounts payable and accrued expenses	**93,603**	144,102	(50,499)	(35%)	**11%**	16%
Lease liabilities - current portion	**4,657**	10,049	(5,392)	(54%)	**1%**	1%
Income tax payable	**82**	80	2	3%	**0%**	0%
Current maturities of long-term debt - net of debt issue costs	**38,893**	28,477	10,416	37%	**5%**	3%
Total Current Liabilities	**165,735**	224,058	(58,323)	(26%)	**20%**	25%
Long-term debt - net of current maturities and debt issue costs	**239,417**	249,461	(10,044)	(4%)	**29%**	28%
Deferred tax liabilities	**17,026**	23,978	(6,952)	(29%)	**2%**	3%
Lease liabilities - net of current portion	**18,427**	21,357	(2,930)	(14%)	**2%**	2%
Other noncurrent liabilities	**4,149**	3,994	155	4%	**0%**	1%
Total Noncurrent Liabilities	**279,019**	298,790	(19,771)	(7%)	**33%**	34%
Total Liabilities	**444,754**	522,848	(78,094)	(15%)	**53%**	59%

Forward

In Millions	**June 30, 2025**	December 31, 2024	Horizontal Analysis Increase (Decrease) Amount	%	Vertical Analysis **2025**	2024
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	**P4,785**	P2,824	P1,961	69%	**1%**	0%
Additional paid-in capital	**104,896**	48,082	56,814	118%	**13%**	5%
Senior perpetual capital securities	**151,318**	151,195	123	0%	**18%**	17%
Redeemable perpetual capital securities	**88,680**	145,979	(57,299)	(39%)	**11%**	17%
Equity reserves	**3,646**	(16,385)	20,031	122%	**0%**	(1%)
Retained earnings	**34,220**	26,387	7,833	30%	**4%**	3%
	387,545	358,082	29,463	8%	**47%**	41%
Non-controlling Interests	**975**	943	32	3%	**0%**	0%
Total Equity	**388,520**	359,025	29,495	8%	**47%**	41%
Total Liabilities and Equity	**P833,274**	P881,873	(P48,599)	(6%)	**100%**	100%

The Group's consolidated total assets as at June 30, 2025, amounted to P833,274 million, lower by 6% or P48,599 million than December 31, 2024 balance of P881,873 million. The decline was attributable to the following factors:

a. Decrease in property, plant and equipment by P89,403 million as a result of the deconsolidation of SPPC and EERI's property, plant and equipment, partly offset by additional capital expenditures for Masinloc Units 4 and 5 and BESS projects.

b. Decrease in prepaid expenses and other current assets by P16,951 million was mainly attributable to the deconsolidation of SPPC and EERI's prepaid taxes, input value-added tax and advance payments for Liquefied Natural Gas (LNG) procurements. This was partially offset by additional restricted cash set aside for debt servicing requirements of the Group.

c. Decrease in trade and other receivables by P8,687 million was mainly attributable to the deconsolidation of SPPC and EERI's receivables, partly offset by higher trade receivables of MPGC from revenues generated by its 4 units and of SMGP BESS and SMGP Kabankalan from ancillary and Reserve Market revenues in 2025.

d. Decrease in inventories by P4,236 million was mainly attributable to the deconsolidation of SPPC and EERI's LNG and spare parts inventories.

e. Decrease in deferred tax assets by P202 million was due mainly to the recognition of provision for deferred income tax expense on unrealized foreign exchange gain from the revaluation of US Dollar-denominated loans and payables of MPCL.

f. Increase in investment and advances by P54,113 million was attributable to the recognition of 33% equity interests retained in SPPC, EERI and IPIEC at fair value, the acquisition of the 33% equity interest in Linseed Field Corporation and related costs, and the recognition of share in net earnings of the said entities in 2025.

g. Increase in cash and cash equivalents by P18,126 million was due mainly to the following: (i) net proceeds from the redemption by the deconsolidated entities of its redeemable preferred shares issued to San Miguel Global Power in January 2025; (ii) proceeds from San Miguel Corporation's (SMC) capital infusion in San Miguel Global Power in April 2025; (iii) cash generated from operations; (iv) net proceeds from short-term loans availed by SPI drawn in May and June 2025, US$100 million term loan drawn by San Miguel Global Power in May 2025, and the additional loan drawn by MPGC from its OLSA in March 2025; and (v) net proceeds from the issuance of US$100 million SPCS in February 2025; partly offset by the (vi) redemption of capital securities in April and May 2025; (vii) payments of maturing short/long-term loans of the Group; (viii) capital expenditures for Masinloc Power Plant Units 4 and 5 and BESS and other power expansion projects; (ix) distributions paid to the holders of perpetual capital securities; and (x) lease payments of SPI and SRHI to PSALM.

The Group's consolidated total liabilities as at June 30, 2025, amounted to P444,754 million, 15% or P78,094 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 P50,499 million was mainly attributable to the deconsolidation of SPPC and EERI; partly offset by net additional payables to contractors relating to the Group's ongoing construction projects.

b. Decrease in loans payable by P12,850 million was due to settlements by San Miguel Global Power and MPGC in 2025 and the deconsolidation of SPPC's P5,000 million short-term loan. This was partly offset by short-term loans, drawn by SPI in May and June 2025, amounting to P13,500 million.

c. Decrease in lease liabilities (including current and noncurrent portions) by P8,322 million was mainly on account of lease payments to PSALM by SPI, pursuant to its land lease agreement executed in October 2024, and by SRHI, pursuant to its IPPA Agreement.

d. Decrease in deferred tax liabilities by P6,952 million was mainly attributable to the deconsolidation of SPPC, partly offset by additional deferred tax expense recognized on temporary differences relating to lease liabilities and net unrealized foreign exchange gain on US Dollar-denominated borrowings in 2025.

e. Increase in long-term debt - net of debt issue costs (including current and noncurrent portions) by P372 million was attributable to the following: (i) P9,400 million drawn by MPGC from its credit facility executed in December 2024 and the US$200 million term loans drawn by San Miguel Global Power in May 2025; (ii) amortization of debt issue costs in 2025, partly offset by (iii) payments of maturing long-term loans of San Miguel Global Power, LPI, MPI, MPCL and SMGP BESS; and (iv) unrealized foreign exchange gain recognized on the revaluation of US Dollar-denominated loans.

The Group's consolidated total equity as at June 30, 2025 amounted to P388,520 million, higher by 8% or P29,495 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 in 2025.

b. Increase in equity reserves by P20,031 million was mainly attributable to the gain (net of tax) recognized by San Miguel Global Power from its investments in the preferred shares issued by SPPC, EERI and IPIEC and redeemed by the latter in January 2025.

c. Increase in retained earnings by P7,833 million was mainly attributable to the net income for the first semester of 2025 and partly offset by the distributions to perpetual capital security holders.

d. Decrease in RPCS by P57,299 million was due to San Miguel Global Power's redemption of certain RPCS issued to SMC in the first semester of 2025.

IV. CASH FLOW

SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

(in Millions)	**For the Periods Ended June 30**	
	2026	2025
Net cash flows provided by operating activities	**P20,388**	P27,084
Net cash flows provided by (used in) investing activities	**(41,403)**	33,220
Net cash flows provided by (used in) financing activities	**99,609**	(41,152)

Net cash flows provided by operating activities primarily consist of operating income before working capital changes, changes in current assets, certain current liabilities and others, including interest received and payments of interest, other financing charges and income taxes.

Net cash flows provided by (used in) investing activities are as follows:

(in Millions)	**For the Periods Ended June 30**	
	2026	2025
Proceeds from sale of machinery and equipment	**P3,303**	P -
Dividends received	**777**	-
Decrease (increase) in other noncurrent assets	**489**	(26,243)
Proceeds from installment sale of properties	**45**	462
Proceeds from redemption of preferred shares	**-**	78,717
Cash of deconsolidated subsidiaries	**-**	(5,679)
Additions to intangible assets	**(12)**	(2)
Additions to investments and advances	**(9,748)**	(8,733)
Advances paid to suppliers and contractors	**(10,025)**	(1,582)
Additions to property, plant and equipment	**(26,232)**	(3,720)

Net cash flows provided by (used in) financing activities are as follows:

(in Millions)	**For the Periods Ended June 30**	
	2026	2025
Proceeds from:		
Long-term debts	**P78,607**	P20,534
Short-term borrowings	**73,000**	58,000
Proceeds from issuances of:		
RPS of a subsidiary	**36,299**	-
RPCS of a subsidiary	**30,413**	-
SPCS, net of exchange and tender offers	**17,461**	5,750
Capital stock	**-**	58,776
Payments of:		
Share issuance costs	**(75)**	(8)
Lease liabilities	**(3,328)**	(8,089)
Long-term debts	**(30,053)**	(18,323)
Short-term borrowings	**(73,000)**	(65,913)
Distributions paid to holders of:		
RPCS	**(2,706)**	(18,759)
SPCS	**(9,148)**	(7,975)
Redemptions of:		
SPCS	**(17,861)**	(6,288)
RPCS	**-**	(58,857)

The effect of exchange rate changes on cash and cash equivalents amounted to P999 million and (P1,026 million) on June 30, 2026 and 2025, respectively.

V. KEY PERFORMANCE INDICATORS

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

LIQUIDITY RATIO

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

(in Millions Peso)	**June 30, 2026**	December 31, 2025
(A) Current Assets	**332,543**	240,253
(B) Current Liabilities	**155,606**	183,457
Current Ratio (A) / (B)	**2.14**	1.31

SOLVENCY RATIO

Net Debt-to-Equity* Ratio = **Net Debt** / **Total Equity**

Per relevant Loan Covenants of San Miguel Global Power

(in Millions Peso)	**June 30, 2026**	December 31, 2025
(A) Net Debt *(1)*	**119,714**	142,739
(B) Total Equity *(2)*	**474,758**	401,744
Net Debt-to-Equity Ratio (A) / (B)	**0.25**	0.36

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

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

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

	Conventional		***Adjusted*** *(3)*	
(in Millions Peso)	**June 30, 2026**	December 31, 2025	**June 30, 2026**	December 31, 2025
(A) Total Assets *(3)*	**1,021,143**	891,621	**994,208**	864,184
(B) Total Equity	**507,102**	420,734	**507,102**	420,734
Asset-to-Equity Ratio (A) / (B)	**2.01**	2.12	**1.96**	2.05

(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 June 30, 2026 and December 31, 2025, the carrying amount of the IPPA power plant asset amounted to P26,935 million and P27,437 million, respectively.

PROFITABILITY RATIO

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

(in Millions Peso)	**June 30, 2026**	December 31, 2025
(A) Net Income *(4)*	**45,884**	48,306
(B) Total Equity	**507,102**	420,734
Return on Equity (A) / (B)	**9.0%**	11.5%

(4) Annualized for quarterly reporting.

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

Per relevant Loan Covenants of San Miguel Global Power

(in Millions Peso)	**June 30, 2026**	December 31, 2025
(A) EBITDA *[(5)]*	**50,141**	39,229
(B) Interest Expense *[(6)]*	**16,343**	15,232
Interest Coverage Ratio (A) / (B)	**3.07**	2.58

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

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

<u>OPERATING EFFICIENCY</u>

$$\textbf{Volume Decline} = \frac{\textbf{Current Period Offtake Volume}}{\textbf{Prior Period Offtake Volume}} - 1$$

	Periods Ended June 30	
(in GWh)	**2026**	2025
(A) Current Period Offtake Volume	**14,358**	14,773
(B) Prior Period Offtake Volume	**14,773**	17,457
Volume Decline [(A / B) – 1]	**(2.8%)**	(15.4%)

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

	Periods Ended June 30	
(in Millions Peso)	**2026**	2025
(A) Current Period Revenue	**101,856**	80,147
(B) Prior Period Revenue	**80,147**	98,944
Revenue Growth (Decline) [(A / B) – 1]	**27.1%**	(19.0%)

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

	Periods Ended June 30	
(in Millions Peso)	**2026**	2025
(A) Income from Operations	**41,968**	22,120
(B) Revenues	**101,856**	80,147
Operating Margin (A) / (B)	**41.2%**	27.6%

VI. OTHER MATTERS

a. Commitments
The outstanding purchase commitments of the Group amounted to P63,650 million and P69,418 million as at June 30, 2026 and December 31, 2025, 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 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.

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

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

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

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

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

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