

COVER SHEET

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Sec. Registration Number

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(Company's Full Name)

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

Mr. Niño Ray D. Aguirre
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Contact Person

8810 44 74 to 77
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Company Telephone Number

1	2
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Month

3	1
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Day

Calendar Year

SEC FORM				
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FORM TYPE

0	5
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Month

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Annual Meeting

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Secondary License Type, if Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE SECTION 141  
OF THE CORPORATE CODE OF THE PHILIPPINES

1. For the fiscal year ended December 31, 2024
2. SEC Identification Number AS94-002365 3. BIR Tax Identification No. 003-868-048-00000
4. SPC POWER CORPORATION  
Exact name of issuer as specified in its charter
5. Metro Manila, Philippines 6.  (SEC Use Only)  
Province, country or other jurisdiction of incorporation Industry Classification Code:
7. 7<sup>th</sup> Floor, BDO Towers Paseo, Paseo de Roxas, Makati City 1209  
Address of Issuer's principal office Postal Code
8. (63 2) 8810-4474 to 77  
Issuer's telephone number, including area code
9. N.A.  
Former name of former address, if changed since last report

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

a. Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
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<u>Common Shares (as of December 31, 2024)</u>	<u>1,496,551,803 shares</u>
<u>Total Debt (as of December 31, 2024)</u>	<u>(none)</u>

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

Yes [ ☒ ] No [ ☐ ]

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

Philippine Stock Exchange

common shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 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 or for such shorter period that the registrant was required to file such report(s):

Yes [ ☒ ]      No [ ☐ ]

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

Yes [ ☒ ]      No [ ☐ ]

13. Aggregate Market Value of Voting Stock Held by Non-affiliates:

Approximately P1,791,826,151 (198,870,827 x P9.01) as of December 31, 2024.

14. N.A.

15. N.A.

## **I. BUSINESS AND GENERAL INFORMATION**

### **BUSINESS DEVELOPMENT**

#### **The Company**

SPC Power Corporation (the Parent Company), was incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on March 11, 1994.

The Parent Company was formerly a venture company owned by members of the Salcon Consortium which entered into a Rehabilitation, Operation, Maintenance and Management Agreement (ROMM Agreement) with the National Power Corporation (NPC) on March 25, 1994, for the purpose of undertaking the rehabilitation, operation, maintenance and management of the 203.8 megawatt (MW) Naga Power Plant Complex (NPPC) in Colon, Naga, Cebu under the rehabilitate-operate-maintain-and manage scheme as defined in the ROMM Agreement.

Under the ROMM Agreement, the Parent Company, at its own cost, rehabilitated, operated, maintained, and managed the NPPC over the Cooperation Period of 15 years commencing on the Turnover Date as defined in the ROMM Agreement. The Parent Company received from NPC, its sole customer, Operation, and Maintenance (O&M) fees and energy fees derived from conversion into electricity of fuel supplied by NPC at no cost to the Parent Company throughout the Cooperation Period. The fees were subject to an agreed minimum energy off-take (EMOT), which was the minimum guaranteed energy purchase by NPC on a take-or-pay basis. The Parent Company was also entitled to a fuel efficiency bonus if the actual net heat rate of each of the power plants was less than the corresponding guaranteed net heat rate and was liable for a penalty if the actual net heat rate was greater than the guaranteed rate. At the end of the Cooperation Period, the Parent Company transferred to the NPC full possession of the NPPC, clean and unencumbered title to any and all the improvements, works, and structures rehabilitated, constructed, improved, and introduced by the Parent Company in the NPPC.

In resolutions dated September 28, 2001, the Board of Directors and Stockholders amended the primary purposes for which the Parent Company was formed. Together with its subsidiaries and associates, it is engaged in various business activities within the Philippines that include, among others, the development, construction, rehabilitation, maintenance, management, and operation of power generating plants, electricity distribution, and related facilities in accordance with existing laws.

On April 2, 2002, the Parent Company's common shares were listed on the Philippine Stock Exchange (PSE) with the ticker symbol: SPC.

On June 30, 2004, the Parent Company, the NPC, and the Power Sector Assets and Liabilities Management Corporation (PSALM) further amended the Implementing Agreement (IA) which implemented the covenants set forth in the Term Sheet and amended the ROMM Agreement and its First Amendment, by executing the Amended Implementing Agreement (AIA) which became effective on August 26, 2004. Salient matters of the AIA included, among others, a 20% reduction in the EMOT for the CTPP 1, CTPP 2, and CDPP 1 during the remaining Cooperation Period subject to certain conditions. As a consequence of the EMOT reduction, the Cooperation Period for CTPP 1, CTPP 2, and CDPP 1 was extended for nearly three (3) years from May 29, 2009 to March 25, 2012.

After the Cooperation Period for the 55 MW Land-Based Gas Turbines (LBGTs), on January 29, 2010, the Parent Company acquired the LBGTs for strategic purposes as the LBGTs are located in the Power Complex that is occupied by the Parent Company for the operation of the CTPP and CDPP under the ROMM Agreement until March 25, 2012, and under series of Operation and Maintenance Service Contracts (OMSCs) until September 25, 2014.

After the expiration of the ROMM Agreement on March 25, 2012, OMSCs were awarded by PSALM to the Parent Company for the continuous operation and maintenance of CTPP 1, CTPP 2, and CDPP 1 for successive six-month periods up to September 25, 2014. Under the OMSC, the Parent Company received service and operating fees from PSALM.

In 2014, the Parent Company participated in the bidding for the acquisition of NPPC (see Note 30 of the consolidated financial statements of the Parent Company and Subsidiaries). On April 15, 2016, SPC Island Power Corporation (SIPC), a wholly-owned subsidiary of the Parent Company, submitted the highest offer to PSALM in the negotiated sale of the 32-MW Power Barge (PB) 104. On June 16, 2016, the Parent Company executed an Amendment, Accession, and Assumption Agreement with PSALM and SIPC. Under the agreement, SIPC assigned all its rights and obligations as Buyer of PB 104 to the Parent Company after PSALM gave its consent pursuant to the provisions of the Asset Purchase Agreement between SIPC and PSALM. On June 30, 2016, PSALM turned over the PB 104 to the Parent Company for rehabilitation. PB 104 started commercial operations on August 1, 2018 (for Unit Nos. 1, 2, and 3) and on June 11, 2019 (for Unit No. 4).

On September 9, 2016, the Parent Company's Board of Directors amended the Parent Company's Articles of Incorporation to engage in the business of selling, brokering, marketing, or aggregating electricity to the end-users. The amendments were subsequently approved and confirmed by written assent of the stockholders representing at least 2/3 of the outstanding capital stock of the Parent Company. On January 4, 2017, the SEC approved such an amendment.

On July 29, 2021, the Parent Company's Board of Directors further amended the Parent Company's Articles of Incorporation for it to embark on the exploration and development of renewable energy (RE) resources. Stockholders representing more than two-thirds of the outstanding capital stock voted on October 7 – 11, 2021 to include in the Parent Company's primary purpose to carry on the general business of exploration, development, and utilization and/or lease of natural resources, such as solar, wind, biomass, hydro, geothermal, ocean, wave and other RE sources of power or hybrid systems, for the production of electricity. The stockholders also allowed the company to own, lease, and develop real or personal properties, including land; and invest in the management of domestic corporations, partnerships, and entities to attain its primary purpose. The SEC approved the amendment on June 9, 2022.

### **Subsidiaries/Associates**

#### **The Parent Company has the following subsidiaries:**

- i. SPC Island Power Corporation (SIPC). SIPC, a wholly owned subsidiary, was incorporated and registered with the SEC on June 26, 2001. It operates the 146.5 MW Panay Diesel Power Plant (located in Dingle, Iloilo) and the 22 MW Bohol Diesel Power Plant (located in Tagbilaran City, Bohol) which were acquired on March 25, 2009, through the assignment of the Parent Company's rights and obligations to SIPC. It also operated the Olango Diesel Power Plant (ODPP), located on the Island of Olango, Lapu-Lapu City, from September 15, 2001, to March 25, 2021. ODPP supplied all the generated electricity to Mactan Electric Company, Inc. (MECO), an associate. On February 14, 2022, SIPC, in its intention to promote education and welfare among the people in Olango Island and nearby areas, donated the ODPP to the Technical Education and Skills Development Authority (TESDA), a government agency tasked to manage and supervise technical education and skills development in the Philippines.
- ii. Cebu Naga Power Corporation (CNPC). CNPC, a wholly owned subsidiary, was incorporated on August 12, 2015, to undertake the development, ownership, construction, operation, and management of a new 2 x 150 MW Circulating Fluidized Bed Combustion (CFBC) coal-fired power plant to replace the old CTPP 1 and CTPP 2 in the NPPC, Colon, City of Naga, Cebu. The construction of the new power plant had been aborted due to the

adverse Supreme Court decision that led to the return of the NPPC to PSALM on July 13, 2018 (see Note 30 of the Notes to Consolidated Financial Statements). CNPC has not started commercial operations.

- iii. SPC Malaya Power Corporation (SMPC). SMPC, a majority-owned subsidiary, was incorporated in the Republic of the Philippines and registered with the SEC on September 22, 2011. SMPC won the bidding processes for the Operation and Maintenance Service Contract (OMSC) of the 650 MW Malaya Thermal Power Plant (MTPP) located in Pililla, Rizal and accordingly operated the MTPP from October 25, 2011 to October 25, 2014. However, SMPC either did not win or did not participate in the subsequent biddings of the OMSC after October 25, 2014, for certain reasons. SMPC has not restarted commercial operations since October 26, 2014.
- iv. Bohol Light Company, Inc. (BLCI). BLCI, a majority-owned subsidiary, was organized on July 21, 2000, to engage in the business of supply and distribution of electricity, subject to applicable laws, rules, and regulations. On July 10, 2003, the National Electrification Commission (NEC) granted BLCI's franchise to operate electric, light, and power services for a period of 25 years retroactively from October 20, 2000, to October 19, 2025, in the area presently comprised by Tagbilaran City, Bohol. In 2024, the Board of the Group approved the sale of its common shares in BLCI to Primelectric Holdings, Inc. (PHI). The sale was finalized on September 12, 2024 and as such, the accounts of BLCI have been deconsolidated effective that date. (see Note 23 of the Notes to Consolidated Financial Statements).
- v. SPC Light Company, Inc. (SLCI) and SPC Electric Company, Inc. (SECI). SLCI (majority-owned) and SECI were incorporated on January 15, 2003 and October 17, 2002, respectively, primarily to design, construct, install, commission, rehabilitate, maintain, manage, operate, and invest in power generation/distribution plants and related facilities. The Parent Company has the power to govern the financial and operating policies of SECI by virtue of an agreement. SLCI and SECI have not started commercial operations.

**The Parent Company also has the following major associates:**

- i. KEPCO SPC Power Corporation (KSPC). KSPC, 40% owned by the Parent Company, was incorporated on June 22, 2005, primarily to build, operate, maintain, own, and manage the 2 x 100 Megawatt CFBC Boiler Coal-Fired Power Plant in the City of Naga, Colon, Cebu.
- ii. Mactan Electric Company, Inc. (MECO). In July 1997, the Parent Company acquired 40% of MECO which was granted by the NEC, under Presidential Decree No. 269, a franchise for 25 years from October 10, 1991, to engage in, conduct, and carry on the business of generating, buying and selling electric light for sale within the limits of the City of Lapu-Lapu and the Municipality of Cordova in the Province of Cebu until October 9, 2016. On July 17, 2016, MECO was granted a renewal of its franchise for another 25 years.

**Future Prospects**

The Group remains steadfast in its commitment to pursuing opportunities across new markets and customer segments—spanning both renewable and non-renewable energy sectors—with a growing strategic emphasis on renewable energy solutions, including solar power and battery energy storage systems (BESS).

As of April 3, 2025, the Group is advancing its evaluation of a promising pipeline of solar projects and BESS solutions to bolster its medium- to long-term capacity expansion and grid stability capabilities.

While these initiatives are expected to contribute to future revenue growth, the exact timing and scale of this impact will depend on project development timelines and market conditions.

Amid this strategic expansion, the Group maintains its focus on operational efficiencies and optimizing existing assets to ensure sustained profitability while positioning itself at the forefront of the energy transition.

On July 29, 2021, the Parent Company's Board of Directors further amended the Parent Company's Articles of Incorporation (approved by the majority of the stockholders by written assent on October 7-11, 2021) to reflect current efforts to embark on the exploration and development of renewable energy (RE) resources. The amendment was approved by the SEC on June 9, 2022.

### **Competition**

Increasing competition remains the primary challenge for the Group. It continuously faces a more and more competitive environment in the procurement of power supply by distribution utilities through competitive selection process (CSP), provision for ancillary services, development and financing of new power plants, and acquisition of existing power plants. Such competition may affect the extent to which and the terms on which the Group can obtain or renew power supply contracts and secure or put up more projects in the future. However, the Group believes that their capabilities and proven track record will allow them to be competitive in project evaluation, bidding, and negotiation.

To optimize plant operations, the Group not only endeavors to renew expiring contracts from existing capacities but also maximize energy trading opportunities in the spot market. Due to competition, however, spot market prices have also been volatile.

### **Transactions with and/or Dependence on Related Parties**

In the normal course of business, the Parent Company and its subsidiaries have significant transactions with related parties which are made on an arm's length basis as of the time of the transactions. The details of these transactions are contained in Note 5 of the consolidated financial statements as of and for the year ended December 31, 2024.

### **Research & Development**

The Group does not appropriate expenses for research and development activities based on fixed amounts or percentages. Instead, expenses for research and development activities are allocated on a per-project basis that varies depending on the nature of the project. These expenses are funded from internally generated cash flows.

### **Patents, Licenses, Franchises and Government Approvals**

Under the EPIRA, no person or entity may engage in the generation of electricity unless such person or entity has secured a Certificate of Compliance (COC) from the ERC to operate a generation facility and has complied with the standards, requirements, and other terms and conditions outlined in the COC.

The generation units in the Group possess COCs for their generation businesses, details of which are as follows:

Date Issued	COC No.	Issued Under the Name of	Name	Type	Location	Capacity	Fuel	Terms of COC
26-Mar-2024	24-03-M-00068V	KSPC	Unit 1	Coal-fired	City of Naga, Cebu	110.50 MW	Coal	shall remain valid unless otherwise, suspended, revoked, or annulled by the ERC (i)
		KSPC	Unit 2	Coal-fired		110.50 MW	Coal	
12-Apr-2024	24-04-12-M-PAO-E-0059V	SIPC (PDPP)		Diesel Power Plant	Dingle, Iloilo	80.62 MW	Diesel/Bunker C	Until Apr. 24, 2025 (ii)
10-Jul-2024	24-07-M-00286nV	SIPC (BDPP)		Diesel Power Plant	Dampas, Tagbilaran City	22.08 MW	Diesel/Bunker C	shall remain valid unless otherwise, suspended, revoked, or annulled by the ERC (iii)
13-Feb-2024	24-02-13-M-PAO-E-0031V	SPC (PB 104)		Diesel Power Plant	Ubay, Bohol	32.00 MW	Diesel/Bunker C	Until Feb. 18, 2025 (iv)

(i) KSPC Units 1 and 2 were granted by ERC with Certificate of Compliance (COC) on March 26, 2024 which shall remain valid unless otherwise suspended, revoked, or annulled by the ERC.

(ii) SIPC PDPP was granted PAO by ERC for the period from April 25, 2024 to April 24, 2025. As of April 3, 2025, SIPC PDPP is still being evaluated by the ERC for another extension of its PAO or a conversion thereof into a COC, as may be applicable.

(iii) SIPC BDPP was granted by ERC with Certificate of Compliance (COC) on July 10, 2024 which shall remain valid unless otherwise suspended, revoked, or annulled by the ERC.

(iv) SPC PB104 was granted PAO by ERC for the period from February 19, 2024 to February 18, 2025. As of April 3, 2025, SPC PB104 is still being evaluated by the ERC for another extension of its PAO or a conversion thereof into a COC, as may be applicable.

(v) Pursuant to the Transitory Provision (Article III, Section 10) of the Revised Rules for the Issuance of Certificates of Compliance for Generation Facilities (2023 Revised COC Rules), the plants were granted (PAO) by ERC, contingent on the validity of permits and licenses issued by the other government agencies and other required compliances. Under Article V, Section 19 of Revised COC Rules, the COC to be issued by ERC shall be effective from the date of approval, and shall remain valid, unless otherwise suspended, revoked or annulled by the ERC after due notice and hearing.

Also, under the EPIRA, the business of electricity distribution requires a national franchise that can be granted only by Congress, except for distribution utilities operating within economic zones. In addition, a Certificate of Public Convenience and Necessity (CPCN) from the ERC is also required to operate as a public utility. Distribution utilities are required to submit to the ERC a statement of their compliance with the technical specifications prescribed in the Philippine Distribution Code. Below is the expiration periods of the Group's Distribution Utility franchise:

Distribution Utility	Expiration Date
MECO	July 16, 2041

The EPIRA likewise requires all suppliers of electricity to end-users in the contestable market, other than distribution utilities within their franchise areas, to obtain a license from the ERC following the ERC's rules and regulations. With the implementation of Retail Competition and Open Access (RCOA), KEPCO SPC Power Corporation was granted by the ERC a license to operate as a Retail Electricity Supplier (RES) valid from October 18, 2016, to October 17, 2021, and from October 18, 2021, to October 17, 2026.

### Manpower

As of December 31, 2024, the Parent Company maintained a workforce of 81 employees, consisting of 17 managerial staff and 64 rank-and-file personnel. When combined with its subsidiary operations, the organization employed a total of 207 regular employees. This staffing structure reflects the company's current operational requirements and strategic positioning within its industry sector.



The Parent Company provides its regular employees with a comprehensive benefits package designed to support workforce welfare and retention. This includes mandatory government benefits and a retirement plan, augmented by voluntary benefits such as group life and health insurance, medical coverage, rice allowances, and longevity pay. Additional provisions include funeral and burial assistance, along with the option to monetize unused vacation and sick leave credits. Furthermore, the Board of Directors may approve discretionary benefits including annual bonuses, performance incentives, merit-based salary adjustments, and loyalty rewards.

Regarding labor relations, the Parent Company had no active collective bargaining agreements covering its employees as of December 31, 2024. This reflects the current state of employee relations and the company's existing human resources framework. The organization remains compliant with all labor regulations while maintaining direct communication channels with its workforce.

Looking forward, the company anticipates maintaining stable staffing levels throughout 2025 barring unforeseen operational expansions. Any significant increase in workforce size would be contingent upon the development of new projects or strategic acquisitions that require additional personnel. This cautious approach aligns with the company's current growth projections and resource allocation strategies.

### **Properties**

The consolidated net book value of property, plant, and equipment of the Parent Company and its subsidiaries amounted to P450.0 million and P736.6 million as of December 31, 2024 and 2023, respectively. The breakdown is as follows:

<b>Property, Plant and Equipment</b>	<b>2024</b>	<b>2023</b>
Distribution lines, poles, and fixtures	P–	P92,893,204
Power transformers, switches, and devices	–	131,433,087
Plant machinery and equipment	325,795,107	349,127,311
Motor vehicles	8,182,159	16,403,127
Structures	9,870,328	12,964,014
Furniture and office equipment	18,555,142	25,607,758
Land held by subsidiaries	75,140,472	87,752,018
Construction in progress	2,878,313	7,982,944
Right-of-use-assets	9,604,004	12,467,151
<b>Total</b>	<b>P450,025,525</b>	<b>P736,630,614</b>

Locations of the principal properties, plant, and equipment mentioned above are as follows:

<b>Company/Subsidiary</b>	<b>Description</b>	<b>Location/Address</b>	<b>Condition</b>
SIPC	Panay Diesel Power Plant/Structures	Tinocuan, Dingle, Iloilo	In use for operations
SIPC	Bohol Diesel Power Plant/Structures	Dampas, Tagbilaran City, Bohol	In use for operations
BLCI	Utility plant and equipment	Tagbilaran City, Bohol	In use for operations in 2023 until September 12, 2024; from September 13, 2024, this was part of the group disposed and sold to PHI.
Parent Company	Power Barge 104	Tapal Wharf, Ubay, Bohol	In use for operations
SIPC	Land	Dampas, Tagbilaran City, Bohol	In use for operations
SIPC	Land	Tinocuan, Dingle, Iloilo	Held for future plant expansion.
Parent Company	Office furnitures and equipment	Cebu Holdings Center, Cebu Business Park, Cebu City; and BDO Towers Paseo, 8741 Paseo de Roxas, Makati City	In use for operations

On June 16, 2016, the Parent Company executed an Amendment, Accession, and Assumption Agreement between and among PSALM and SIPC. Under the said agreement, SIPC assigned all its rights and obligations as BUYER of PB 104 to the Parent Company after PSALM gave its consent under the provisions of the Asset Purchase Agreement between SIPC and PSALM. On June 30, 2016, PSALM turned over the PB 104 to the Parent Company.

Through an Accession Agreement on August 28, 2000, BLCI acquired the assets and equipment, rights, and interests of the Consortium composed of SII, the Parent Company, and other members of the Joint Venture Agreement (JVA) with the Provincial Government of Bohol (PGB). The JVA allowed the Consortium to purchase, own, rehabilitate, operate, maintain, and manage the Bohol Provincial Electric System (PES) and for PGB to sell and transfer the franchise to operate the PES in the City of Tagbilaran, Province of Bohol, to the Consortium.

On March 25, 2009, SIPC obtained control and possession of the 146.5-MW Panay Diesel Power Plant (located in Tinocuan, Dingle, Iloilo) and the 22-MW Bohol Diesel Power Plant (located in Dampas, Tagbilaran City, Bohol) under an assignment of the covering Asset Purchase Agreement (APA) and Land Lease Agreement (LLA) from the Parent Company. The LLA is in furtherance of and as the ancillary contract to the APA for the 25-year lease of parcels of land used and occupied primarily for the operation, management, expansion, and maintenance of the Purchased Assets. The LLA also covers an option to purchase the optioned assets within the leased premises that may be offered by the Lessor. In 2017, SIPC exercised its option to purchase the optioned assets covering all the lots underlying the Bohol Diesel Plant with a total area of 27,527 square meters.

The Parent Company leases a residential condominium unit at Winland Towers, Cebu City from Dentrade, Inc., a corporation majority owned by Mr. Dennis T. Villareal who is currently the President and CEO of the Parent Company. The condominium unit is used to house the Parent Company's directors and senior executive officers during their official visits to Cebu.

The Parent Company also leases an office condominium unit on the 7th Floor of BDO Towers Paseo, Makati City. This unit houses the Parent Company's Makati Office. The unit is leased from the Parent Company's affiliate, SPC Properties and Development Corporation (SPDC).

The Parent Company further leases office condominium units on the 7th Floor of Cebu Holdings Center, Cebu Business Park, and 7th Floor of BDO Towers, Makati City from the Parent Company's affiliate – SPEC Properties, Inc. for use as its Cebu administrative office and additional executive offices in Makati.

### **Legal Proceedings**

The Group is currently involved in various legal proceedings in the ordinary conduct of their businesses. The estimate of probable costs for the resolution of possible claims is developed in consultation with outside counsels handling the Group's defense in these matters and is based upon an analysis of potential results of litigation. As of December 31, 2024 and 2023, the Group believes that the results of these actions will not have a material adverse impact on the Group's financial position and results of operations.

## II. OPERATIONAL & FINANCIAL INFORMATION

Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters

### Market Information

The principal market for the Parent Company's common equity is the Philippine Stock Exchange (PSE). The high and low sales prices for each period are indicated in the table below:

Year	Quarter	Highest Close		Lowest Close	
		Price	Date	Price	Date
2024	1st	8.90	20-Mar	6.95	2-Feb
	2nd	9.74	22-Apr	8.99	2-Apr
	3rd	9.30	7-Aug	9.01	1-Jul
	4th	9.40	30-Oct	8.90	9-Dec
2023	1st	9.45	20-Jan	8.95	30-Mar
	2nd	9.25	22-May	8.45	22-Jun
	3rd	8.74	3-Jul	7.60	21-Sep
	4th	8.09	4-Oct	6.75	18-Dec
2022	1st	15.00	22-Feb	13.84	7-Jan
	2nd	14.68	12-Apr	8.36	15-Jun
	3rd	11.30	15-Aug	9.01	4-Jul
	4th	10.18	21-Nov	8.99	5-Oct
2021	1st	10.50	18-Mar	9.72	4-Jan
	2nd	12.50	29-Jun	10.22	26-Apr
	3rd	14.76	27-Sep	11.34	21-Jul
	4th	14.70	1-Oct	13.40	13-Oct

As of December 31, 2024, the total number of stockholders was 797 (706 under transfer agents and including 91 depository participants counted as one stockholder each).

## Top 20 Stockholders

The following composed the top 20 stockholders as of December 31, 2024:

<b><u>Rank</u></b>	<b><u>Name</u></b>	<b><u>No. of Shares</u></b>	<b><u>Percent</u></b>
1	PCD NOMINEE CORPORATION (FILIPINO)	638,823,689	40.70%
2	KEPCO PHILIPPINES HOLDINGS, INC.	568,098,822	36.20%
3	INTREPID HOLDINGS, INC.	118,047,145	7.52%
4	KV HOLDINGS, INC.	74,749,847	4.76%
5	JAD HOLDINGS, INC.	64,492,545	4.11%
6	ROWELL PLASTIC CORPORATION	38,864,638	2.48%
7	LDI POWER HOLDINGS, INC.	24,931,036	1.59%
8	CANCORP, INC.	21,000,000	1.34%
9	MALI NI	10,000,000	0.64%
10	PCD NOMINEE CORPORATION (NON-FILIPINO)	3,913,770	0.25%
11	CECILIA CHUA TIU	1,000,000	0.06%
12	ALBERTO P. FENIX, JR.	855,933	0.05%
13	ALEXANDER LAPUZ TAN	500,000	0.03%
14	HENRY O. CHUSUEY	300,000	0.02%
15	STANLEY KRUG	299,196	0.02%
16	DENNIS LAWRENCE N. VILLAREAL	274,196	0.02%
17	VILLAREAL, VICTOR ANTHONY N.	274,196	0.02%
18	JAMES ROY N. VILLAREAL	274,196	0.02%
19	MYRA P. VILLANUEVA	250,000	0.02%
20	LANDMARK HOLDINGS CORPORATION	200,000	0.01%
TOTAL		1,567,149,209	99.85%

## Dividends

The cash dividends declared by the Parent Company to common stockholders in the last three years are shown in the table below:

<b>Year</b>	<b>Cash Dividends Per Share</b>	<b>Total Amount Declared</b>	<b>Record Date</b>
2024	0.40	598,620,721	April 11, 2024
2024	0.60	897,931,082	February 22, 2024
2023	0.20	299,310,360	August 9, 2023
2022	0.20	299,310,361	June 15, 2022
2021	0.40	598,620,721	April 23, 2021
2021	0.60	897,931,082	June 14, 2021
2021	0.55	823,103,492	December 23, 2021

The payment of dividends in the future will depend upon the Parent Company's earnings, cash flow, and financial condition, among others. The Parent Company may declare dividends only out of its unrestricted retained earnings, except in the case of stock dividends which may be declared out of paid-in surplus. Any dividend declaration will likewise be subject to the provisions of any existing shareholders' agreement/s and any prior consents required under the Parent Company's loan documentation with its bank creditors.

The Parent Company may pay dividends in cash, by the distribution of property, by the issuance of shares of stock, or a combination of any of the foregoing. Dividends paid in cash or property are subject only to the approval of the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Parent Company at a stockholders' meeting called for such purpose.

Section 42 of the Revised Corporation Code, however, requires that corporations with surplus profits in excess of 100% of their paid-up capital should declare and distribute the amount of such profits in the form of dividends, except when the retention is justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the consent of creditors is required under any loan agreement, or when it can be clearly shown that such retention is necessary under special circumstances.

### **Recent Sale of Unregistered Securities**

Over the last three years, the Parent Company has not sold any unregistered securities.

### **Description of the Company's Shares**

The Parent Company's securities consist entirely of common stock with a par value of ₱1.00 per share.

### **Corporate Governance**

The Company's Manual of Corporate Governance was approved by the Board in 2002 following such requirement by the SEC for listed companies. It underwent a series of revisions, the first of which was on February 28, 2011, thereafter, on July 24, 2015. The latest amendment was on May 29, 2017. This Revised Manual on Corporate Governance was in compliance with SEC Memorandum Circular No. 19, series of 2016, which directed all Publicly-listed Companies (PLCs) to submit a new Manual on Corporate Governance, pursuant to the new Code of Corporate Governance for PLCs.

The highlights of the Revised Manual on Corporate Governance of the Corporation included among others:

1. The designation of a Compliance Officer (CO), who holds a position of Senior Vice President or its equivalent with adequate stature and authority in the Company. The CO is primarily liable to the Corporation and its shareholders and not to the Chairman or President of the Company.
2. The election of at least three (3) Independent Directors (IDs) in the Board or such a number as to constitute at least one-third of the members of the Board. Their term is limited to a maximum cumulative of nine years.
3. Creation of Board Committees which are the Board Audit Committee, Corporate Governance Committee and the Executive Committee.
4. The election of a Corporate Secretary who is a separate individual from the Compliance Officer. He is neither a member of the Board of Directors of the Company. The Corporate Secretary is primarily

responsible to the Corporation and its Shareholders, and not to the Chairman or President of the Company.

5. Respect and recognition of stockholders' rights such as voting rights, pre-emptive rights, power of inspection, right to information, right to dividends, and appraisal right.

Compliance with the Manual on Corporate Governance by the Board of Directors and top level management is mandatory. To ensure its observance, the Directors and top level management undergo written self- evaluation based on the Board's general responsibility and the specific duties and responsibilities of each director.

The Company has also taken measures to comply with the adopted leading practices on good corporate governance thru compliance with regulatory requirements which include but is not limited to continued training of its Directors and top level management; sustainability reporting and establishing a policy and implementing rules on related-party transactions.

Overall compliance with the Manual of Corporate Governance by the Company is very satisfactory, with no deviations observed.

The Company shall continually pursue its avowed policy to abide by principles of good governance. In so doing, the Company's good governance framework shall be reviewed annually by analyzing the Company's level of Corporate Governance and forge a way to improve its plan to achieve a status of a leading practitioner in Corporate Governance.

## Management's Discussion & Analysis of Financial Condition & Results of Operations

Hereunder is management's discussion and analysis of the significant factors affecting the financial performance, financial position, and cash flows of the Parent Company and Subsidiaries (collectively referred to as the "Group"). The discussion and analysis should be read in conjunction with the accompanying audited consolidated financial statements and the notes thereto as well as the schedules and disclosures set forth elsewhere in this report.

### Financial Conditions and Results of Operations

#### Results of Operations

#### Year Ended Dec. 31, 2024 vs. Year Ended Dec. 31, 2023

The Group's **consolidated revenue from continuing operations** rose by 5.6% to ₱3,034.5 million in 2024 from ₱2,873.8 million in 2023, due mainly to higher energy dispatched in the power generation segment and higher pass-through cost of services.

The **cost of services** increased substantially by 12.0% in 2024 from ₱2,125.7 million in 2023, due mainly to increases in global fuel prices, higher consumption of spares, materials & supplies and lubricants and increased repairs and maintenance.

With **costs of services** rising at a faster rate than revenue, the gross margin declined by 12.7% to ₱653.5 million in 2024 from ₱748.1 million in the previous year.

**General and administrative expenses** increased by 2.1% to ₱268.7 million in the fourth quarter, from ₱263.2 million a year earlier, which was attributable mainly to the net (1) increase in taxes, licenses and regulatory fees for the capital gains tax paid for the sale of BLCI shares and (2) decrease in business development expenses and other expenses.

The **equity share from the earnings of the investee companies** (namely, KSPC and MECO) accounted for 51.8% of the Group's total comprehensive income in 2024. The investee companies' contribution of ₱810.1 million in 2024 was 38% more than the ₱587.2 million in 2023. KSPC's higher net income this year was driven by the combined (1) significant drop in fuel costs due to lower coal prices; and accompanied by the (2) increase in Wholesale Electricity Spot Market (WESM) revenue as the available capacity of expiring PSCs is now being sold to WESM and higher other income due to received insurance claim brought by Typhoon Odette that occurred in 2021. On the other hand, MECO managed to increase its contribution by 15.5% to ₱851.3 million in 2024, from the previous year's ₱737.3 million due to higher energy sold in the current year.

**Interest income** increased by 19.0% to ₱190.2 million in 2024 from the previous year's ₱159.8 million. This was because of higher effective interest rates and higher amounts of temporary excess cash invested in short-term money market placements.

Due to the increase in dollar-denominated currency financial assets and the appreciation of the US dollar, the Group logged a significant **foreign exchange gain** of ₱42.4 million in 2024 compared to the ₱8.3 million foreign exchange loss in 2023.

**Others - net** surged by 107.9% to ₱38.0 million this year from ₱18.3 million in 2023 due mainly to the sale of scraps, bunker sludge and used oil.

The Group's **income before income tax from continuing operations** recorded an 18.01% increase, rising from ₱1,236.4 million in 2023 to ₱1,459.2 million in 2024.



Due to this year's lower taxable income, the **provision for income tax** decreased by 17.3%, dropping from ₱112.1 million to ₱92.7 million.

**Income from discontinued operations**, which pertains to the Group's sale of its entire shareholding in BLCI, amounted to ₱194.9 million in 2024 and ₱86.8 million in 2023. This comprises the gain from disposal of BLCI's net assets and the Group's share of BLCI's operations until September 12, 2024.

The **consolidated total comprehensive income** amounted to ₱1,562.5 million for the period ending December 2024, a 28.7% increase compared to the previous year's level of ₱1,214.5 million. This was significantly due to the rise on operating results in the power generation business segments, higher equity shares from earnings of investee companies, complemented by the climbed in interest income from short-term placements of temporary excess funds, higher foreign exchange gains and the material gain on the sale of BLCI shares.

The Group maintained a steady double-digit **return on average equity** of 14.0% and 11.2% in 2024 and 2023, respectively. **Earnings per share** amounted to 99 centavos per share in 2024, up 27.0% from 78 centavos per share in 2023.

### **Year Ended Dec. 31, 2023 vs. Year Ended Dec. 31, 2022**

The Group's **consolidated revenue from continuing operations** increased to ₱2,873.8 million from ₱2,495.8 million, a rise of 18.2%, due to higher service pass-through costs.

**Cost of services** slightly increased by 4.5% to ₱2,125.7 million in 2023 from ₱2,034.6 million in 2022, mostly as a result of higher operating costs such as fuel, spares materials and supplies, plant repairs and purchased power which are all brought by higher capacity utilization of the power generating business units.

The **gross margin** increased significantly by 62%, reaching ₱748.1 million in 2023 from ₱461.3 million in 2022, as revenue growth outpaced the increase in service costs.

**General and administrative expenses** increased by 18.4% from ₱222.3 million in 2022 to ₱263.2 million in 2023, driven by higher retirement-related personnel expenses, taxes and licenses, and professional fees.

**Equity share from earnings of investees** dropped to ₱587.2 million in 2023 from ₱925.4 million in 2022, affected largely by the planned outages of KSPC attributable to the Grade A preventive maintenance schedule of its units 1 and 2 in September and October 2023 which lasted for 35 days on each unit, and a decline in its power supply contracts. In contrast, MECO's earnings rose to ₱294.9 million in 2023 from ₱166.9 million in 2022 (an increase of ₱128 million), mainly attributable to higher interest income and insurance claim proceeds.

Due to higher effective interest rates and more temporary excess funds invested in short-term money market placements, **interest income** surged significantly to ₱159.8 million from ₱27.3 million.

**Foreign exchange losses** amounted to ₱8.3 million in 2023, in contrast to from last year's net foreign exchange gains of ₱94.4 million due to the increase in U.S. dollar denominated financial assets which were restated and exposed to the peso depreciation compared to the U.S. dollar from December 31, 2022 to December 31, 2023.

The **Group's income before income tax from continuing operations** relatively decreased by 4.6% , from ₱1,296.5 million in 2023 to ₱1,236.4 million in 2024 largely because of the drop in equity share from earnings of investee companies.

The provision for income tax had marginally increased by 12.1% from ₱99.9 million to ₱112.1 million.

**Income from discontinued operations**, resulted from the Group's disposal of its entire shareholding in BLCI on September 12, 2024. This exclusively refers to the group's share in BLCI's operations results during the year which showed a slight decrease of 3.8%, from ₱90.2 million in 2022 to ₱86.8 million in 2023.

The **Consolidated total comprehensive income** in 2023 amounts to ₱1,214.5 million, lower by ₱80 million as compared to 2022. 48.3% of the 2023 total comprehensive income is coming from the investee companies amounting to ₱587.2 million, followed by the power generation segment which contributed ₱540.3 million or 44.5% with the power distribution segment amounting to ₱87 million or 7.2% closing the total of 100%

The Group maintained a steady double-digit **return on average equity** of 11.2% in 2023 and 13.1% in 2022. **Earnings per share** amounted to 78 centavos in 2023, down 6.9% from 85 centavos in 2022.

## **Financial Condition**

### **Dec. 31, 2024 vs. Dec. 31, 2023**

Maintaining a strong financial position enables the Group to seize expansion possibilities into new markets and client categories.

The Group's **consolidated total assets** at the end of December 2024 were ₱11,765.1 million, 6.1% lower than the last audited balance of ₱12,531.2 million at the end of 2023. This decline was primarily due to a lower cash and cash equivalents balance, which was affected by the payment of liabilities and cash dividends declared, net of the cash dividends received from an affiliate. Furthermore, the net effect of higher dividend income from both KSPC and MECO, as well as the additional investment in MECO, caused the carrying value of investments in associates to decline in 2024. After the Group sold all of its interests in BLCI, to which the intangible asset entirely pertains, the entire amount of goodwill was removed.

By the end of December 2024, **total liabilities** had dropped to ₱624.2 million, which was 49.0% lower than the ₱1,223.4 million at the beginning of the year. This decrease was primarily due to (1) the power generating business segment gaining control over fuel deliveries near year-end after the respective plant's ASPA contracts with NGCP expired and (2) the payment of dividends.

In line with this, **total stockholders' equity** decreased by 1.5% from ₱11,307.7 million at the start of the year to ₱11,307.7 million this year. This decrease was attributed to comprehensive income attributable to Parent Company equity holders, net of interim cash dividends declared in the amounts of ₱897.9 million and ₱598.6 million on February 7, 2024 and April 26, 2024, respectively. It also includes the net effect of the gain on the sale of BLCI, amounting to ₱194.9 million, and the reversal of equivalent minority interests, amounting to ₱122.1 million.

Financial ratios remained very favorable. Current ratio, debt-to-equity ratio, and book value per share stood up at 11.50:1, 0.06:1, and ₱7.44, respectively, from 6.75:1, 0.11:1, and ₱7.56, respectively, in the previous year.

A review of the major factors influencing the changes in shareholders' equity, liabilities, and assets (from December 31, 2023, to the balances as of December 31, 2024) is provided below.

**Trade and other receivables** declined by 36.2%, from ₱649.1 million last year to ₱414.5 million this year, due to (1) lower production output in the latter months of the year following the expiration of ASPA contracts, (2) higher collection of sales along with the equivalent output VAT as a result of BIR's EOPT law, which took effect on April 27, 2024 and (3) the deconsolidation of BLCI's receivables.

**Inventories** decreased by 8.1% to ₱366.9 million, from the previous year to ₱399.4 million, primarily due to (1) a lower volume of fuel inventory in the last quarter and (2) the deconsolidation of BLCI's inventories.

**Prepayments and other current assets** decreased by 55.7%, from ₱83.7 million to ₱37.1 million, mainly due to (1) expired insurance premiums and accumulated input tax applied against output tax and (2) the deconsolidation of BLCI's prepayments and other current.

**Investment in associates** is slightly lower by 0.9% compared to ₱5,815.8 million at the end of December last year. This is mainly due to the equity share on net earnings of investee companies and the additional investment infused this year, which was relatively offset by the dividend income received from the associates.

**Property, plant and equipment** declined significantly by 38.9%, to ₱450.0 million this year, from ₱736.6 million last year. This was primarily due to BLCI's net fixed assets, amounting to ₱267.7 million, which was deconsolidated, in addition to depreciation and adjustments ₱81.6 million.

**Trade and other payables** decreased by 48.6%, to ₱440.6 million from ₱857.3 million due mainly to (1) a decrease in fuel deliveries and payments and (2) the deconsolidation of BLCI's payables.

**Unappropriated retained earnings** decreased slightly by ₱13.9 million or 0.1%, to ₱9,584.1 million from ₱9,598.0 million. The decrease reflects the net effect of the following: (i) an increase due to net income attributable to equity holders of the Parent Company (ii) the payment of cash dividends and (ii) the sale of BLCI shares, resulting in an income from discontinued operations.

### **Cash and Cash Equivalents**

Cash and cash equivalents decreased by 1.8% to ₱4,658.7 million as of December 31, 2024 from ₱4,743.0 million. Cash and cash equivalents are discussed further under 'Cash Flows' below.

Net cash provided by operating activities decreased by 52.2% to ₱400.6 million this year, due to payment of fuel deliveries and the reversal of customers' deposits.

Net cash provided by investing activities increased by 1425.3% to ₱1,142.6 million this year, mainly due to the net effect of cash dividends received during the year, proceeds from the disposal of shares in BLCI and the additional investment in associates.

Net cash used in financing activities increased by 765.0% to ₱1,668.3 million this period from ₱192.9 million, due to the payment of cash dividends and payment of lease liabilities.

Major sources of cash and cash equivalents in 2024 were: (1) operating activities amounting to ₱400.6 million, (2) cash dividends received from investee companies amounting to ₱1,101.2 million and (3) proceeds from the disposal of net assets of BLCI amounting to ₱307.2 million.

The major applications of funds in 2024 were: (i) payment of cash dividends amounting to ₱1,665.8 million and (ii) additional investment in associates amounting to ₱199.6 million.

### **Dec. 31, 2023 vs. Dec. 31, 2022**

The Group's **consolidated total assets** rose to ₱12,531.2 million, an increase of ₱923.5 million in 2023, compared to ₱11,607.7 million in the previous year. The primary drivers of the rise in total assets were the increase in operational cash flow and the appreciation of the carrying value of investments in associates.

**Total liabilities** at the end of 2023 were ₱1,223.4 million, 1.3% higher than at the beginning of the year (₱1,208.2 million), mostly due to unreleased dividends and trade payables.

In line with this, **total stockholders' equity** rose by 8.7% to ₱11,307.7 million this year, from ₱10,399.5 million at the start of the year. This increase was attributed to comprehensive income attributable to Parent Company equity holders, net of cash dividends.

A review of the major factors influencing the changes in shareholders' equity, liabilities, and assets (from December 31, 2022 balances to December 31, 2023 balances) may be found below.

**Trade and other receivables** declined by 6.7% to ₱649.1 million this year, from ₱695.8 million last year, due to a slightly lower revenue in the latter months of the year as compared to last year.

**Inventories** decreased by 14.6%, to ₱399.4 million, from ₱467.5 million in the previous year, mainly due to the lower volume of fuel inventory.

**Investment in associates** is 7.1% higher compared to ₱5,815.8 million in the same period last year, due to the fresh equity share in the net earnings of associates amounting to ₱587.2 million, less dividends received amounting to ₱200.0 million and the share in the remeasurement of employee benefits of ₱3.9 million.

**Trade and other payables** increased by 4.5% to ₱857.3 million, from ₱777.0 million, mainly due to the balance of dividends payable at year-end, net of the decrease in trade payable as a result of lower volume of fuel inventory purchased in the latter months of the year as compared to last year.

**Unappropriated retained earnings** increased by ₱2,670.6 million or 38.6%, to ₱9,598.0 million, from ₱6,927.4 million. The increase reflects the net effect of the following: (i) an increase due to net income attributable to equity holders of the Parent Company, amounting to ₱1,169.9 million in 2023, (ii) a decrease due to interim cash dividends declared on July 26, 2023, amounting to ₱299.3 million and (iii) an increase due to reversal of prior years' appropriation of retained earnings amounting to ₱1,800.0 million.

On July 26, 2023, the Board of Directors (BOD) of the Parent Company approved the reversal of prior years' appropriation of retained earnings amounting to ₱1,800.00 million, as a consequence of recent developments. Please refer to Note 18 of the Audited Consolidated Financial Statements for further details.

## **Cash Flows**

### **2024 vs. 2023**

Although the year 2024 saw generally strong cash flows, a moderate decline doesn't diminish the financial strength required to initiate the Group's long-term growth plans.

At the end of the year, the balance of cash and cash equivalents dropped by 1.8%, totaling ₱4,658.7 million, down from ₱4,743.0 million at the beginning of 2024, due to net cash outflows exceeding cash inflows.

In 2024, the primary sources of cash and cash equivalents were: (i) ₱400.6 million in net cash provided by operating activities; and (ii) ₱1,408.4 million in cash dividends received, along with proceeds from the sale of BLCI shares. These funds were utilized in part for: (i) ₱1,665.8 million in cash dividend payments; (ii) ₱199.6 million in additional investment in an associate; and (iii) ₱62.7 million in new property, plant, and equipment additions.

## **2023 vs. 2022**

Strong cash flows in 2023 provided the Group with additional financial strength to prepare in pursuing its long-term growth goals.

The balance of cash and cash equivalents increased by 17.7% at the end of 2023, totaling ₱4,743.0 million, up from ₱4,031.4 million at the start of the year, as net cash inflows exceeding cash outflows.

In 2023, the primary sources of cash and cash equivalents were: (i) ₱837.9 million in net cash provided by operating activities; and (ii) ₱160.0 million in cash dividends received from MECO. These funds were utilized in part for: (i) ₱191.0 million in cash dividend payments and (ii) ₱94.8 million in new property, plant, and equipment additions.

## **Key Performance Indicators**

The following financial indicators are used, among others, to evaluate the performance of the Parent Company and its Subsidiaries:

<b>Key Performance Indicators</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b><u>For the years ended December 31:</u></b>			
Earnings per share	<b>₱0.99</b>	<b>₱0.78</b>	<b>₱0.85</b>
Share in net earnings of associates	<b>₱810,094,050</b>	<b>₱587,156,364</b>	<b>₱925,354,304</b>
Return on equity	<b>14.03%</b>	<b>11.19%</b>	<b>13.06%</b>
Return on assets	<b>12.86%</b>	<b>10.06%</b>	<b>11.80%</b>
<b>Cash Flows:</b>			
Net cash flows from operating activities	<b>₱400,591,358</b>	<b>₱837,891,690</b>	<b>₱366,277,429</b>
Net cash flows from investing activities	<b>₱1,142,580,725</b>	<b>₱74,907,786</b>	<b>₱934,150,774</b>
Net cash flows used in financing activities	<b>₱1,668,273,213</b>	<b>₱192,854,222</b>	<b>₱321,100,929</b>
<b><u>As of December 31:</u></b>			
Balance of cash and cash equivalent at end of period	<b>₱4,658,740,988</b>	<b>₱4,743,043,034</b>	<b>₱4,031,421,593</b>
Current ratio	<b>11.50</b>	<b>6.75</b>	<b>6.52</b>
Debt ratio	<b>0.05</b>	<b>0.1</b>	<b>0.1</b>
Debt-to-equity ratio	<b>0.06</b>	<b>0.11</b>	<b>0.11</b>
Solvency ratio	<b>2.64</b>	<b>1.07</b>	<b>1.16</b>

## **Earnings Per Share (EPS)**

EPS is a measure of profitability representing net income attributable to equity holders divided by the weighted average number of shares outstanding as of the end of the year.

## **Share in Net Earnings of Associates**

This indicates the profitability of the investments and investees' contribution to the Group's net income. It is determined by multiplying the associate's comprehensive income or loss by the investor's percentage of ownership, less goodwill impairment cost, if any. Goodwill is the difference between the acquisition cost of an investment and the investor's share in the value of the net identifiable assets of the investee at the date of the acquisition.

#### Return on Equity

Return on Equity is derived by dividing total comprehensive income by the average total stockholders' equity. This ratio indicates the level of profit earned by the Group in comparison with the total amount of stockholders' equity found in the statements of financial position. The higher the return on equity, the higher the Group's ability to produce internally generated cash flows. Moreover, the higher the Group's return on equity compared to other companies in the same industry, the better.

#### Return on Assets

Return on Assets (ROA) is derived by dividing total comprehensive income by average total assets. This ratio measures the ability of the Group's management to realize an adequate return on the total resources employed for the business. A high percentage rate indicates how the Group is well run and has a healthy return on assets employed.

#### Cash Flows

The Group uses the Statements of Cash Flows to determine the sources and application of funds for the period and to analyze and evaluate how the sources and uses of funds are being managed.

#### Current Ratio

The current ratio is derived by dividing total current assets by total current liabilities. This ratio is a rough indication of the Group's ability to service its current obligations. The higher the current ratio, the greater the Group's ability to pay its current obligations.

#### Debt Ratio

The debt ratio is derived by dividing total liabilities by total assets. The ratio indicates the degree of protection provided for the Group's creditors. A high ratio generally indicates greater risk being assumed by creditors. On the other hand, a low ratio indicates greater long-term financial safety.

#### Debt-to-Equity Ratio

Debt-to-Equity Ratio is derived by dividing total liabilities by total equity. The ratio indicates how leveraged the Group is. It compares the resources provided by creditors against the resources provided by the stockholders in running the business of the Group.

#### Solvency Ratio

Solvency Ratio is derived by dividing the sum of total comprehensive income, depreciation, and amortizations by the sum of long-term and short-term liabilities. This ratio provides another measurement of how likely the Group will be able to continue meeting its debt obligation. The higher the ratio, the greater the Company's ability to continue meeting its debt obligations.

## **Known Trends**

Except as already discussed herein and disclosed in the notes to the consolidated financial statements, management is not aware of any other trend, event or uncertainty to have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations. Management is likewise not aware of any other event that will trigger a direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

## **Any Significant Elements of Income or Loss from Continuing Operations**

There are no significant elements of income or loss from continuing operations.

## **Material Off-Balance Sheet Items**

There are no material off-balance sheet transactions, arrangements, obligations, or other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

## **Material Commitments for Capital Expenditures**

As of December 31, 2024, there are no material commitments for capital expenditures other than in the ordinary course of business to improve power generation and distribution facilities. Funding comes from internally generated cash from operations.

## **Seasonal Aspects**

The Group does not have any seasonal aspect that has a material effect on the financial condition or results of operations.

## **Changes in and Disagreements with Auditors on Accounting and Financial Disclosure**

There are no changes in and disagreements with Auditors on accounting and financial disclosures.

## **External Audit and Non-audit Fees**

For the annual audit of the Parent Company's and Subsidiaries' financial statements, the fees paid to the independent auditors amounted to ₱1.2 million, ₱1.4 million, and ₱1.3 million in 2024, 2023, and 2022, respectively, exclusive of VAT and out-of-pocket expenses.

For the tax advisory, fees paid to the independent auditors amounted to ₱0.7 million, ₱0.4 million and ₱0.3 million in 2024, 2023 and 2022.

For the financial advisory, there were no payments made to the independent auditors in 2024 and 2022, and paid ₱2.3 million in 2023.

There were no other fees paid to the independent auditors other than for the above-described services.

Engagement of external auditor's services is bid out among qualified auditing firms. For the audit of the Parent Company's and Subsidiaries' annual financial statements, the award is endorsed by the Board Audit Committee, recommended by the Board to the shareholders, and approved by the shareholders

during its annual meeting. Awards of other services are approved by the Audit Committee as endorsed by the Internal Audit Department.

### **III. CONTROL & COMPENSATION INFORMATION**

#### **Directors and Executive Officers**

Hereunder is the list of directors and executive officers of the Parent Company for 2023-2024 and their respective positions.

<b><u>Name</u></b>	<b><u>Nationality</u></b>	<b><u>Position with the Company</u></b>
Alfredo L. Henares <sup>1, 2</sup>	Filipino	Chairman
Dennis T. Villareal <sup>1</sup>	Filipino	Director, President & CEO
Alberto P. Fenix, Jr. <sup>1</sup>	Filipino	Executive Director
Francisco L. Viray <sup>3</sup>	Filipino	Director (Independent)
Sergio R. Ortiz-Luis, Jr. <sup>4</sup>	Filipino	Director (Independent)
Enrison T. Benedicto <sup>5</sup>	Filipino	Director (Independent)
James Roy N. Villareal <sup>6</sup>	Filipino	Director, Executive Vice President
Lee, Dalhun <sup>7</sup>	Korean	Director
Kim, Kilwon <sup>7</sup>	Korean	Director
Bang, Sang Hee <sup>8</sup>	Korean	Director
Lee, Sanghun <sup>8</sup>	Korean	Director
Maria Luz L. Caminero <sup>9</sup>	Filipino	SVP, Legal/Regulatory Affairs and Compliance Officer
Cesar O. Villegas <sup>10</sup>	Filipino	SVP—Operations and Business Development
Nino Ray D. Aguirre <sup>11</sup>	Filipino	VP - Finance and Treasurer
Victor P. Lazatin <sup>12</sup>	Filipino	Corporate Secretary
Mishelle Ann Rubio-Aguinaldo <sup>13</sup>	Filipino	Asst. Corporate Secretary

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<sup>1</sup> Directors and/or officers since incorporation on August 17, 1994.

<sup>2</sup> Mr. Alfredo L. Henares has been Chairman since May 30, 2014, up to the present.

<sup>3</sup> Director from May 28, 2021, up to the present.

<sup>4</sup> Director from May 30, 2017, up to the present.

<sup>5</sup> Director from June 15, 2023, up to the present.

<sup>6</sup> Assistant Vice President from Nov. 28, 2018, to May 29, 2019; Vice President from May 30, 2019, to Nov. 29, 2023; Executive Vice President from Nov. 30, 2023, up to the present; Director from Nov. 4, 2021, up to the present.

<sup>7</sup> Director from Feb. 4, 2022, up to the present.

<sup>8</sup> Director from March 9, 2023, up to the present.

<sup>9</sup> SVP for Legal/Regulatory Affairs from Nov. 18, 2013, up to present; concurrent Corporate Secretary from Dec. 3, 2014, to Nov. 20, 2017; also designated as Compliance Officer since Nov. 21, 2017.

<sup>10</sup> VP-Operations and Business Development effective Dec. 3, 2014; appointed as SVP effective April 3, 2018.

<sup>11</sup> VP-Finance effective May 7, 2020, Treasurer from June 15, 2023 up to the present.

<sup>12</sup> Corporate Secretary since June 25, 2020.

<sup>13</sup> Assistant Corporate Secretary since April 3, 2018.



Unless otherwise provided by law, the powers, business, and allocation of resources of the Parent Company are exercised, conducted, and controlled by an eleven-member Board of Directors.

The Nomination Committee, created by the Board under its Manual of Corporate Governance, nominated the majority of the incumbent directors. The Nomination Committee further endorsed to the Board the Final List of Candidates for Independent Directors in the persons of Mr. Francisco L. Viray, Mr. Enrison T. Benedicto, and Mr. Sergio R. Ortiz-Luis, Jr. Mr. Dennis T. Villareal was the one who nominated the Independent Directors. Mr. Dennis T. Villareal is not related to Messrs. Viray, Benedicto, and Ortiz-Luis by consanguinity or affinity. Neither is there a professional relationship between Mr. Dennis T. Villareal and Messrs. Viray, Benedicto, and Ortiz-Luis.

In compliance with the provisions of SRC Rule 38, the Board of Directors amended its By-laws on December 8, 2004, and March 11, 2005, to include a provision on the procedure and selection of Independent Directors.

Each Director has a term of office of one year and is eligible for re-election every year. Each Director beneficially owns at least one share of the capital stock of the Parent Company. The members receive such compensation as determined by the Board of Directors.

By resolution passed by the Board, the Directors may designate one or more committees which, to the extent provided by said resolution, shall have and may exercise any of the powers of the Board which may lawfully be delegated in the management of the business and affairs of the Parent Company.

The executive officers of the Company are elected or appointed by the Board of Directors. The Chairman of the Board and the President/Chief Executive Officer are elected from the members of the Board.

#### **Profile of the Incumbent Board of Directors and Executive Officers**

**Alfredo L. Henares**, Filipino, 72 years old, has been a Director of the Parent Company since 1994. On May 30, 2014, he was elected as Chairman and continues to serve as Chairman up to the present. He is also currently Chairman of the Parent Company's Executive Committee, a member of the Parent Company's Audit Committee, a Director of KEPCO SPC Power Corporation, and a member of the Executive Committee of KEPCO SPC Power Corporation. He was Executive Vice President and CFO of KEPCO SPC Power Corporation up to April 7, 2022; previously a Treasurer of the Parent Company and Mactan Electric Company, Inc. (MECO); On August 14, 2020, he was reelected in MECO as a Director and elected as Chairman of MECO's Audit Committee, Compliance and Related Party Transactions Committee, and Executive Committee. He is likewise the Treasurer and Director of the following corporations: Salcon Philippines, Inc.; Salcon International, Inc.; SPC Property and Development Corp.; SPEC Properties Inc.; Western Panay Hydropower Corp.; SPC Electric Co., Inc.; and SPC Light Co., Inc. He was a Director of Bohol Light Company, Inc. (BLCI) and Bohol Water Utilities, Inc. (BWUI) for about seven years prior to his appointment as Chairman of both companies effective May 2007. In the year 2015, he relinquished his Chairman position to Mr. Lim Chan Lok and went back to being a Director at BWUI. He is also the Chairman of SPC Island Power Corporation, SPC Malaya Power Corporation, and KV Holdings, Inc.; President of Progressive Broadcasting Corp.; a Director of Isarog Pulp and Paper Co. He graduated from Harvard Graduate School with an MBA degree and from the Ateneo de Manila University with a Bachelor's Degree in Business Management.

**Dennis T. Villareal**, Filipino, 83 years old, is the Founding President, Chief Executive Officer, and Director of the Parent Company. He is also currently a member of the Parent Company's Executive Committee and Corporate Governance Committee; Director and Vice Chairman of KEPCO SPC Power Corporation; and a member of the Executive Committee of KEPCO SPC Power Corporation. He was

previously the President of Mactan Electric Company, Inc. (MECO). On August 14, 2020, he was reelected to MECO as a Director and elected as Chairman of MECO's Nomination Committee and a member of MECO's Executive Committee. He is likewise the President and a Director of the following corporations: Salcon Philippines, Inc.; Salcon International, Inc.; SPC Island Power Corp.; SPC Property and Development Corp.; SPEC Properties, Inc.; Bohol Light Co., Inc.; Bohol Water Utilities, Inc.; Western Panay Hydropower Corp.; SPC Electric Co., Inc.; Rayfield Holdings, Inc.; SPC Light Co., Inc.; SPC Malaya Power Corporation; KV Holdings, Inc.; Filipinas Palmoil Processing Inc.; Filipinas Palmoil Plantations, Inc.; Filipinas Palmoil Properties, Inc.; Isarog Pulp and Paper Co., Inc.; Dentrade, Inc.; JAD Holdings, Inc.; and Intrepid Holdings, Inc. In addition, he is the Vice-President and a Director of Dowell Packaging Corp.; Rowell Industrial Corp.; and Rowell Plastic Corp. He graduated from the University of Missouri with a Bachelor of Science Degree in Business Administration.

**Alberto P. Fenix, Jr.**, Filipino, 80 years old, has been a Director of the Company since 1994. He has also been an Executive Director of the Parent Company since September 28, 2001, and a member of the Board Executive Committee since March 7, 2006. He is likewise a Director of SPC Electric Company, Inc. starting 2001; SPC Light Company, Inc. effective 2002; Bohol Light Company, Inc. effective May 2007; SPC Island Power Corporation effective November 2007; Western Panay Hydropower Corp. since 1997; SPC Malaya Power Corporation since September 2011 and KV Holdings, Inc. since December 13, 2010. In March 2009, he was appointed as Managing Director of SPC Island Power Corporation until his resignation on August 31, 2010, but remained as a Director up to the present. In addition, he is currently the Chairman and President of Fenix Management and Capital, Inc., Independent Director of DM Wenceslao and Associates, Inc., and VC Securities Corporation. He serves as a Trustee of the Angeles University Foundation, and of the AUF Medical Center. His prior positions include directorships in National Steel Corp.; Refractories Corporation of the Philippines, Inc., Pryce Corp., Pryce Gases, Inc., Philippine National Oil Corp., Victorias Milling Company, Inc., Newtech Pulp, Inc., and Ivoclar Vivadent, Inc. with the last two corporations where he was Founding President and CEO until his retirement. He was also a Vice President of KEPCO SPC Power Corporation up to April 7, 2022. Dr. Fenix is a business leader, having been President in 1998 and 1999, and currently the Honorary President of the Philippine Chamber of Commerce and Industry (PCCI) and President of the PCCI Human Resources Development Foundation, Inc. He graduated with a Bachelor's Degree in Mathematics (cum laude) from the Ateneo de Manila University and Master's and Doctorate degrees in Industrial Management from the Sloan School of Management of the Massachusetts Institute of Technology.

**Francisco L. Viray**, Filipino, 75 years old, was appointed as Independent Director of the Parent Company on May 28, 2021, and continues to serve as such up to the present. Currently, he is also the Chairman of the Board Audit Committee and a member of the Board Corporate Governance Committee. He served as Secretary of the Department of Energy from 1994 to 1998 and President of National Power Corporation from 1993 to 1998. He is currently the President of Shin Clark Power Holdings, Inc. and Director of San Roque Power Corporation as well as a Trustee of the University of Pangasinan and PHINMA-UPANG College Urdaneta, Inc. Dr. Viray was formerly President and CEO of Phinma Energy Corporation and was a member of the Board of Union. Dr. Viray has a Bachelor of Science degree and a Master's degree in Electrical Engineering from the University of the Philippines. He obtained his Doctorate in Engineering from West Virginia University, U.S.A.

**Sergio R. Ortiz-Luis, Jr.**, Filipino, 81 years old, was appointed as Independent Director of the Parent Company on May 30, 2017, and continues to serve as such up to the present. Currently, he is also the Chairman of the Board Corporate Governance Committee and a member of the Board Audit Committee. He is Chairman of Country Garden Agri-Tourism Development, Inc.; Manila Waterfront City; and

Philippine International Airways. He is Honorary Chairman/Treasurer of the Philippine Chamber of Commerce and Industry; President and CEO of Philippine Exporters Confederations, Inc.; Honorary Chairman and Past President of Employers Confederation of the Philippines; Chairman of the National Center for Mediation; Vice Chairman/Independent Director of VC Securities Corporation; Director and Past President of Philippine Foundation, Inc.; Founding Director of International Chamber of Commerce of the Philippines; Vice Chairman of Alliance Global, Inc.; Honorary Chairman of Integrated Concepts & Solutions, Inc.; Trustee and Treasurer of Human Resources Development Foundation. He is likewise a Director of Drug Abuse Resistance Education (DARE) Phil.; Waterfront Philippines, Inc.; The Wellex Group; Manila Exposition Complex, Inc.; Lasaltech Academy; Philippine Estate Corporation; B.A. Securities; Rural Bank of Baguio; Acesite Hotel Philippines, Inc.; Forum Pacific, Inc.; Jolliville Holdings Corporation; Philippine H2O Ventures Corp.; and LikeCash Asia & the Pacific Corporation. He is the President of Asia Pacific Chinese Media, Inc. His government affiliation includes being Vice Chairman of the Export Development Council; Commissioner of Patrol 117; BPLS Champion of the National Competitiveness Council; Member of the Industry Development Council and Private Sector Representative to the Philippine Bamboo Council. His civic organization affiliation includes being the Chairman of the Rotary Club of Green Meadows Foundation; the Past President of the Rotary Club Green Meadows Quezon City RI District 3780; a Senator of the Philippine Jaycee Senate; a Captain of the Philippine Coastguard Auxiliary; the Director/Treasurer of PILAK Foundation and the Vice Chairman of JARDELI Club Foundation. He is also the Honorary Consul General of the Consulate of Romania in the Philippines; Treasurer of the consular Corps of the Philippines and Honorary Adviser of the International Association of Educators for Work Peace. He was a recipient of various awards like the Business Leadership Award by the Business News Magazine, ICCP Global Excellence Award, ORAS Award, Presidential Merit Award Medal, Ulirang Ama, Most Outstanding Pasigueño, Most Outstanding Citizen of Nueva Ecija in the field of Business and International Peace Award for Economic Development to name a few. He graduated from De La Salle University with a degree of Bachelor of Arts and Bachelor of Science in Business Administration. He also took his master's degrees in Business Administration; and PhD in Humanities. and PhD in Business Technology at De La Salle University, Central Luzon University, and Eulogio “Amang” Rodriguez Institute of Science and Technology, respectively.

**Enrison T. Benedicto.** Filipino, 47 years old, was appointed as Independent Director of the Parent Company on June 15, 2023, and continues to serve as such up to the present. Currently, he is also a member of the Corporate Governance Committee and the Audit committee. He is Managing Director of the following companies: Enrison Holdings, Inc.; Enrison land, Inc.; and Benedict Ventures, Inc. He is likewise the President and CEO of Mabuhay Filcement, Inc. He was also a Past Trustee of the Cebu Chamber of Commerce & Industry, Inc. and Cebu Furniture Industries Foundation Inc. He was Honorary Consul of the Royal Consulate of Belgium from 2017 to present. He obtained his Bachelor of Science in Management Major in Communications from Ateneo de Manila University (1999). He completed his Intensive Mandarin Language Course for Executive Education at Beijing Language and Culture University in 2000.

**James Roy N. Villareal,** Filipino, 35 years old, was elected to the Parent Company's Board on November 4, 2021. He first joined the Parent Company as Assistant Vice President on November 28, 2018; Vice President on May 30, 2019 until he was appointed Executive Vice President on November 30, 2023, and continues to serve as such up to the present. On April 8, 2022, he was nominated and elected as Vice President of KEPCO SPC Power Corporation. On August 9, 2022, he was elected as Vice President of Bohol Water Utilities, Inc. He was connected with Seawood Resources, Inc. as a Senior Analyst from March 2014 to March 2018. He was an intern at Ernst & Young, LLP, Assurance Services Department in Beijing, China; One Bank Talent Development \Program of Credit Suisse AG in Hongkong; and Bank of Singapore Finance Department in Singapore. He was also a Management

Trainee with Asian Agri Group in Sumatra, Indonesia from September 2012 to December 2012; and a Cadet Assistant Manager with Samling Plantation Group, Sdn Bhd in Sarawak, Malaysia from February 2013 to August 2013. He graduated from International School Manila with an International Baccalaureate (IB) Diploma in May 2008 and from the University of Illinois at Urbana-Champaign with a degree of Bachelor of Science in Finance, Class of 2012.

**Lee, Dalhun**, Korean, 58 years old, was elected to the Parent Company's Board and appointed as a member of the Board's Executive Committee on February 4, 2022 to replace Mr. Yoon, Jong-Ryoon who was recalled to KEPCO's main office in South Korea for a new assignment. He is also currently the President of KEPCO SPC Power Corporation and KEPCO Philippines Holdings, Inc. His other work experiences at KEPCO include the following: Vice President of, the UAE Nuclear Power Construction department; General Manager of the North America Business Development Department; Global Business Development Department; UAE Nuclear Power IPP Department; and UAE Nuclear Power Construction Department. He was Senior Manager of the Overseas Project Development Department; KEPCO Philippines Corporation, and KEDO Nuclear Project Department. Mr. Lee Dalhun joined KEPCO in 1992. Educational attainment: B.A. in Law, Kyungbuk National University, Korea.

**Kim, Kilwon**, Korean, 49 years old, was elected to the Parent Company's Board and appointed as a member of the Board's Executive Committee, Audit Committee, and Corporate Governance Committee on February 4, 2022, to replace Mr. Kim, Yong-Uk who was recalled to KEPCO's main office in South Korea for a new assignment. He is also currently the General Manager of KEPCO Philippines. Mr. Kim joined KEPCO in 2002 and held the following positions: General Manager of the South Incheon Office, Incheon Regional Headquarters; Senior Manager of overseas Nuclear Power Business Development, KEPCO Philippines, Overseas Business Operation Department, Treasury Department and Overseas Resources Development Department. Educational attainment: B.A. in Economics, Myungji University, Korea.

**Bang, Sang Hee**, Korean, 50 years old, was elected to the Parent Company's Board on March 9, 2023, to replace Ms. Lee, Kyung-Eun who was recalled to KEPCO's main office in South Korea for a new assignment. Ms. Bang joined KEPCO in 1998 and held the following positions: Senior Manager, Regional Headquarter KEPCO Gyeonggi; Senior Manager, Global Business Management Department; Senior Manager, KEPCO Philippines; General Manager, Regional Headquarter KEPCO Incheon; General Manager, Human Resources Department; and General Manager, Global Business Management Department. Her academic background includes IB-MBA, Helsinki School (2013) and Bachelor of Economics, Seoul Women's University (1998).

**Lee, Sanghun**, Korean, 45 years old, was elected to the Parent Company's Board on March 9, 2023, to replace Mr. Yoon, Sang-Young who was recalled to KEPCO's main office in South Korea for a new assignment. Mr. Lee joined KEPCO in 2014 and held the following positions: Senior Manager, at the Overseas Nuclear Power Business Department; Senior Manager, at the Legal Affairs Department; and Senior Manager, at KEPCO Philippines. His academic background includes a B.A. in Law, from Chungnam University of Korea (2006); an M.A. in Commercial Law, from Chungnam University of Korea (2012); and Judicial Research and Training Institute (2014).

**Maria Luz L. Caminero**, Filipino, 62 years old, was appointed Senior Vice President for Legal/Regulatory Affairs of the Parent Company on November 18, 2013, and continues to serve as such up to the present. Atty. Caminero was also appointed as Corporate Secretary from December 3, 2014, to November 20, 2017. She was also designated as Compliance Officer on November 20, 2017, up to

the present. She has practiced law for twenty-five (25) years. Her present practice focuses on energy law, particularly in the power industry in the Philippines. From 2003 to October 2013, she was the Vice President and General Counsel of the Power Sector Assets and Liabilities Management Corporation (PSALM). During her ten-year stint in PSALM, she was designated as Acting President from April-June 2010 and thereafter appointed as OIC from June-September 15 of the same year. Prior to her work at PSALM, she was the Chief Corporate Attorney for National Power Corporation (NPC) in the Tax Counseling Corporate Affairs and Government Relations Department and Litigation Department, Office of the General Counsel. She also served as legal adviser to the Office of the NPC President during the terms of two NPC presidents. In the transition period in anticipation of the implementation of the EPIRA, she was capbadged and assigned to TRANSCO to work on transmission business transactions. Atty Caminero worked for NPC from 1995 -2003, although eventually detailed to work for PSALM in 2001-2003. Atty. Caminero also worked with the Judiciary for a period of six years. She was the Head Lawyer (Court Attorney V) of the Office of Associate Justice Florida Ruth P. Romero, Supreme Court from 1991-1995. Earlier, she worked in the Office of Associate Justice Fidel P. Purisima, Court of Appeals, as Court Attorney V from 1989 -1991. As an underbar, she worked with the Office of Senator Santanina T. Rasul in the latter part of 1988 -1989.

**Cesar O. Villegas**, Filipino, 63 years old, was appointed as Senior Vice President for Operations and Business Development on April 3, 2018. He joined the SPC Group on February 2, 2010, as Senior Manager for Business Development/Technical Assistant to the President and later as Vice President for Business Development and Commercial Operation effective December 3, 2014. On April 8, 2022, he was appointed as Vice President of KEPCO SPC Power Corporation. He was also appointed as Vice President of Bohol Light Company, Inc. on August 9, 2022. Before joining the SPC Group, he was a Technical Manager at Ultrawaters, Inc. (a water treatment company); an Electrical Engineer at Rudell & Associates; Project Manager at Pangea Green Energy Phils. Inc.; Operations Manager and Operations Shift Manager at Enron Power Philippines; Planning & Scheduling Chief, Instrumentations Engineer, and Control Switchboard Engineer with National Power Corporation; and Plant Electrical Engineer at Coco-Chemicals Philippines. He obtained his Bachelor of Science in Electrical Engineering degree from the Mapua Institute of Technology. He is a Registered Electrical Engineer.

**Niño Ray D. Aguirre**, Filipino, 47 years old, has been the Group's Vice President for Finance since his election on May 7, 2020, and concurrent Treasurer from June 15, 2023, up to the present. He was also appointed as Treasurer of Bohol Light Company, Inc. on August 9, 2022. Before joining the SPC Group, he was the Chief Financial Officer of Gendiesel Philippines, Inc.; Cost Controller of Ocean Rig Ultra Deepwater, Inc. of its South Korea Drillship Construction Projects; and Country Controller of Atlantic Marine Service Egypt based in Cairo, Egypt. He also worked in various international onshore locations such as India, Angola, South Africa, France, the United States, and Brazil when he was with Pride International, Inc. as a Senior Projects Cost Controller. He was also a Senior Cost Accountant III in Fujitsu Ten Corporation of the Philippines and an Associate in Sycip Gorres Velayo & Co., an affiliate of Ernst & Young. He graduated from the University of the Philippines in the Visayas with a degree of Bachelor of Science in Accountancy in April 1999 and became a Certified Public Accountant in October of the same year.

**Victor P. Lazatin**, Filipino, 77 years old, was elected as Corporate Secretary on June 25, 2020. He has been connected with Angara Abello Concepcion Regala & Cruz (ACCRA) Law Offices since 1973: Associate (1973), Senior Associate (1974 to 1976); Partner (1977 to 1981); Senior Partner (1982 to 2012); Managing Partner (1992-2002); Of Counsel (2012 to 2020); and Senior Legal Counsel (2021). Presently, he is the Chairman of the Philippine Dispute Resolution Center, Inc. (2016) where he also served as President from 2009 to 2013. He was formerly a President of the Philippine Bar Association (2006-2007) and the Philippine Institute of Construction Arbitrators and Mediators (2004-2006). He is

also a member of the International Court of Arbitration, Paris (2014 to present), the Asean Law Association, and the Inter-Pacific Bar Association. He was a Member of the Board of Directors of the following corporations: Philippine Bank of Communications (PBCOM), United Overseas Bank, Ltd. Manila, and Century Bank of California. He is the Chairman of Timog Silangan Development Corporation, Kenram Industrial and Development, Inc., and Kenram Palm Oil Industries, Inc., among others. He is a director of the MJC Investment Corporation, ACCRAIN Investment Corporation, and Worldwide Express. At present, he is the Chairman of the UP Law Alumni Association (2014 to present) and a Director and the Treasurer of UP Law Alumni Foundation. He was also a former President of the UP Law Alumni Association (1996) and UP Law Class '71. He earned his Bachelor of Laws degree in 1971, as *Cum Laude*, and his AB Economics degree in 1967 from the University of the Philippines. In 1974, he obtained his Master of Laws from the University of Michigan as Clyde Alton de Witt Fellow. Atty. Lazatin ranked 3<sup>rd</sup> in the 1971 Bar Examinations.

**Mishelle Anne R. Rubio-Aguinaldo**, Filipino, 37 years old, was elected as Assistant Corporate Secretary on April 3, 2018. She is a Managing Partner of Rubio-Aguinaldo & Salig-Bathan Attorneys-at-Law (RASBLaw). She is actively engaged in various practice areas of law such as Civil Law, Criminal Litigation, Labor Law, Corporate and Commercial Law, Energy Law, Maritime Law, and Appellate Practice. She has been a legal adviser of Archipelago Philippine Ferries Corporation and its Group of Companies from 2019 up to the present; is currently the Corporate Secretary and legal adviser of Channel Technologies, Inc. and Channel Solutions, Inc. She is a member of the International Bar Association and a supervising lawyer of the San Beda College Alabang Legal Aid Center. She was an Associate of Ancheta & Associates Attorneys-at-Law (AAA Law) for three (3) years (2016 to 2019) and was promoted to Senior Associate of the firm in 2017. She earned her Bachelor of Laws degree at San Beda College Alabang School of Law in 2015 and was in the *top ten* of her batch. She obtained her Bachelor of Arts Major in Political Science (minor in Economics) from the University of the Philippines Manila.

The disclosed business experience of the above Directors and Officers is for at least the last five years unless otherwise indicated in their profiles.

### **Family Relationships**

James Roy N. Villareal, a Director and Executive Vice President of the Parent Company, is the son of Dennis T. Villareal, the Parent Company's President and Chief Executive Officer. Other than this, no officers and/or directors are related within the fourth civil degree either by consanguinity or affinity.

### **Involvement in Certain Legal Proceedings**

None of the Directors and Officers were involved in the past five years in any insolvency or bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding, nor have been subject to any order, judgment, or decree of competent jurisdiction, permanently enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities, or banking activities, nor found in action by any court or administrative body to have violated a securities or commodity law.

### **Qualification and Election of Directors**

The Parent Company has 11 directors. Under the Corporation Code, each director must be a stockholder of record at the time of election. The directors are elected by a plurality of votes at the annual meeting of the Parent Company each year. At each election of directors, every stockholder has the right to vote, in person or by proxy, the number of shares owned by such stockholder for as many persons as there are directors to be elected or to cumulate such stockholder's votes by giving one candidate as many

votes as the number of such directors multiplied by the number of such stockholder's share, or by distributing such votes on the same principle to any number of candidates. Directors so elected hold office until the expiration of their respective terms and until the election and qualification of their respective successors.

### **Dependence on Certain Key Personnel**

Dennis T. Villareal, the Parent Company's President and Chief Executive Officer, has contributed significantly to the overall success of the Group. The loss of his services could, therefore, have an adverse impact on the future performance of the Group.

There is no one particular employee or personnel who is not an executive officer but is expected to make a significant contribution to the business of the Group on his own.

### **Compensation of Directors and Executive Officers**

#### **1. Terms and Conditions of Employment Contract, Compensation Plan:**

Except for the President and the Executive Director, the Parent Company's other Senior Officers are also regular employees and are similarly remunerated with a compensation package equivalent to thirteen (13) months' salary per annum. They also receive whatever year-end gratuity pay the Board extends to the managerial, supervisory, and technical employees of the Parent Company. These terms and conditions are included in the employment contract between the Parent Company and its Senior Officers.

The members of the Board of Directors are elected for a term of one year. They receive annual remuneration in director's fees, in addition to compensation of ₱27,777.78 per director on a per board or committee meeting participation. Moreover, members of the Board of Directors who perform executive functions are paid additional remuneration.

The aggregate compensation paid or incurred during the last three years and estimated to be paid in the ensuing year to the Parent Company's President and CEO, Executive Director, and four (4) most highly compensated Senior Officers are as follows:

Name & Principal Position	Year	Salary (Pesos)	Bonus (Pesos)	Total
President/CEO, Executive Director, and four (4) most highly compensated Senior Officers	Projected 2025	46,684,666	2,746,443	49,431,109
	Actual 2024	43,226,543	2,615,660	45,842,203
	Actual 2023	43,153,417	2,491,106	45,644,523
	Actual 2022	43,343,314	3,764,534	47,107,847

All Directors and Senior Officers as a group unnamed	Projected 2025	52,390,667	2,746,443	55,137,110
	Actual 2024	48,509,877	2,615,660	51,125,537
	Actual 2023	48,325,639	2,491,106	50,816,745
	Actual 2022	48,048,869	3,764,534	51,813,403

The highest-ranked Senior Officers included in the foregoing compensation table are the following:

Dennis T. Villareal - President and CEO/Director  
 Alberto P. Fenix, Jr. - Executive Director/Director  
 James Roy N. Villareal – Executive Vice President/Director

Maria Luz L. Caminero - SVP, Legal/Regulatory Affairs and Compliance Officer  
 Cesar O. Villegas – SVP, Operations and Business Development  
 Niño Ray D. Aguirre –VP, Finance/Treasurer

In 2024, the incumbent non-executive directors and independent directors of the Parent Company received remuneration in annual director's fees and compensation on a per meeting participation as follows:

<b>Director</b>	<b>Amount</b>
Alfredo L. Henares	<b>₱800,000</b>
Francisco L. Viray	600,000
Sergio R. Ortiz-Luis, Jr.	600,000
Lee, Dalhun	600,000
Kim, Kilwon	600,000
Lee, Sang Hun	600,000
Bang, Sang Hee	600,000
Enrison T. Benedicto	600,000
<b>Total</b>	<b>₱5,000,000</b>

- Other than what is provided under applicable labor laws, there are no compensatory plans or arrangements with executive officers entitling them to receive any sum of money as a result of their resignation, retirement, or any other termination of employment, or from a change in control of the Parent Company, or a change in the executive officers' responsibilities following a change in control of the Parent Company. No warrants or options are outstanding in favor of directors and officers of the Parent Company.



**Persons Known to the Registrant to be Directly or Indirectly the Record or Beneficial Owner of More Than 5% of Any Class of the Registrant's Voting Securities**

As of December 31, 2024, the following stockholders beneficially own more than 5% of the Parent Company's common shares:

Title of Class	Name and Address of Record Owner and Relationship with the Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares	Percent of Class
Common	KEPCO Philippines Holdings, Inc. 1  18th Floor, BDO Towers Paseo 8741 Paseo de Roxas, Makati City  (Stockholder) 3	KEPCO Philippines Holdings, Inc.  Mr. Lee, Dalhun, President & CEO	Korean	568,098,822	37.96%
Common	Intrepid Holdings, Inc. 2  7th Floor, BDO Towers Paseo 8741 Paseo de Roxas, Makati City (Stockholder) 3	Intrepid Holdings, Inc.  Mr. Dennis T. Villareal, President	Filipino	321,905,611	21.51%
Common	JAD Holdings, Inc. 2  7th Floor, BDO Towers Paseo 8741 Paseo de Roxas, Makati City (Stockholder) 3	JAD Holdings, Inc.  Mr. Dennis T. Villareal, President	Filipino	293,201,397	19.59%

<sup>1</sup> Mr. Lee, Dalhun shall exercise the voting power of KEPCO Philippines Holdings, Inc.

<sup>2</sup> Mr. Dennis T. Villareal shall exercise the voting power for JAD Holdings, Inc. and Intrepid Holdings, Inc.

<sup>3</sup> The above record owners are purely stockholders.

### **Security Ownership of Directors/Management**

The following Directors/Management personnel own shares in the Company as of March 31, 2025:

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Citizenship</b>	<b>Number of Shares and Nature of Ownership</b>	<b>Percent of Ownership</b>
Common	Dennis T. Villareal	Filipino	6,425,500 (d)	0.43%
Common	Alfredo L. Henares	Filipino	1 (d)	n.m.
Common	Alberto P. Fenix, Jr.	Filipino	855,933 (d)	0.06%
Common	Francisco L. Viray	Filipino	1 (d)	n.m.
Common	Sergio R. Ortiz-Luis, Jr.	Filipino	1 (d)	n.m.
Common	Enrison T. Benedicto	Filipino	1 (d)	n.m.
Common	James Roy N. Villareal	Filipino	274,196 (d)	0.02%
Common	Lee, Dalhun	Korean	1 (d)	n.m.
Common	Kim, Kilwon	Korean	1 (d)	n.m.
Common	Lee, Kyung-Eun	Korean	1 (d)	n.m.
Common	Youn, Sang Young	Korean	1 (d)	n.m.
Common	Maria Luz L. Caminero	Filipino	0	
Common	Cesar O. Villegas	Filipino	330,392 (d)	0.02%
Common	Nino Ray D. Aguirre	Filipino	0	
Common	Victor P. Lazatin	Filipino	0	
Common	Mishelle Ann R. Rubio-Aguinaldo	Filipino	0	
Directors and Management personnel as a Group			7,886,029	0.53%

*d-direct*

*n.m.- not material*

The above company directors and officers shall hold office for one (1) year until their successors are duly elected and qualified. Such other officers may, from time to time, be appointed by the Board of Directors and shall hold office for such period as the Board of Directors may determine.

### **Voting Trust Holder/s**

The Parent Company is not aware of any existing voting trust agreement involving Parent Company shares.

### **Change in Control**

There are no arrangements that may result in a change in control of the Parent Company during the period covered by this report.

#### **IV. EXHIBITS & SCHEDULES**

##### **Exhibits**

Exhibit 1- Consolidated Financial Statements of the Parent Company and its Subsidiaries (audited) which comprise the consolidated statements of financial position as at December 31, 2024, and 2023; and consolidated statements of comprehensive income; consolidated statements of changes in stockholders' equity; consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to consolidated financial statements.

Exhibit 2- Financial Statements of the Parent Company (audited) which comprise the Parent Company statements of financial position as at December 31, 2024 and 2023; and Parent Company statements of comprehensive income; Parent Company statements of changes in stockholders' equity; Parent Company statements of cash flows for each of the three years in the period ended December 31, 2024; and notes to Parent Company financial statements.

Exhibit 3- 2024 Sustainability Report

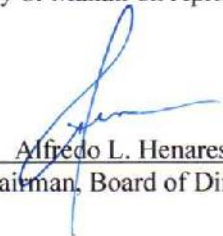
##### **Reports on SEC Form 17-C**

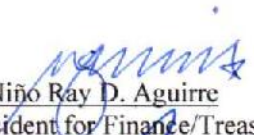
The following reports on SEC Form 17-C were filed with SEC/PSE from April 1, 2024 to April 3, 2025:


No.	Nature/Subject Matter of Disclosure	Date Filed (with SEC)
1	Submission of report on the Company's Cash Dividend Declaration	12-Apr-24
2	Submission of report on the Notice of Annual or Special Stockholders' Meeting	12-Apr-24
3	Submission of report on the Notice of Annual or Special Stockholders' Meeting	24-Apr-24
4	Material Information/Transactions - Sale of 29,925,000 common shares in Bohol Light Company, Inc. of SPC Power Corporation	25-Apr-24
5	Submission of report on the Highlights of the Result of the Annual Stockholders' Meeting of SPC Power Corporation	30-May-24
6	Submission of report on the Highlights of the Organizational Meeting of the Board of Directors	30-May-24
7	Clarification of News Article entitled "SPC eyes 500 MW additional power capacity in 5 years" posted in Manila Standard (Online Edition) on May 31, 2024	31-May-24
8	Acquisition/Disposition of Shares of Another Corporation - Sale by SPC Power Corporation ("Corporation") of its 29,925,000 common shares in Bohol Light Company, Inc. ("BLCI") representing 39.90% interest in BLCI to Primelectric Holdings, Inc. ("PHI")	27-Aug-24
9	Update on Corporate Actions/Material Transactions/Agreements - Updates on Share Purchase Agreement signed between SPC Power Corporation (the "Corporation") and Primelectric Holdings Inc (PHI), on August 22, 2024.	12-Sep-24
10	Change in Directors and/or Officers (Resignation/Removal or Appointment/Election) - Election of Mr. Yong Su Jeon to replace Mr. Lee, Dalhun and Mr. Sungchul Hong to replace Ms. Sang Hee Bang as nominees of Kepco Philippines Holdings, Inc.	3-Apr-25


## SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on April 11, 2025.

  
Alfredo L. Henares  
Chairman, Board of Directors

  
Niño Ray D. Aguirre  
Vice President for Finance/Treasurer

  
Dennis T. Villareal  
Director, President & CEO

  
Mishelle Anne R. Rubio-Aguinaldo  
Assistant Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this **APR 11 2025** day of April 2025, affiants exhibiting to me their Passports/Driver's License, as follows:

<u>Names</u>	<u>Phil. Passport / Driver's License</u>	<u>Date of Issue</u>	<u>Place of Issue</u>
Dennis T. Villareal	P8767960A	Sept. 17, 2018	DFA Manila
Alfredo L. Henares	P5099307B	11-Mar-20	DFA NCR East
Niño Ray D. Aguirre	P2916565C	13-Jan-23	DFA Manila
Mishelle Anne R. Rubio-Aguinaldo	P7454258B	24-Aug-21	DFA Manila

Doc No. 381 ;  
Page No. 78 ;  
Book No. 12 ;  
Series of 2025.

ATTY. ROMEO M. MONESBT  
Notary Public City of Makati  
Until December 31, 2025  
Appointment No. M-032 (2024-2025)  
PTR No. 10469003 Jan. 2, 2025/Makati City  
IBP No. 689534 Dec. 27, 2024  
MCLE NO. VII-0027570 Roll No. 27932  
101 Urban Ave. Campos Rueda Bldg.  
Brgy. Pio Del Pilar, Makati City

## SIGNATURES

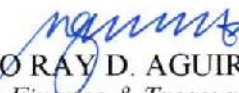
Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**SPC POWER CORPORATION**  
*Issuer*

*By:*



EDGARDO S. CABRAL, JR.  
*Finance Manager*  
Date: April 11, 2025



NIÑO RAY D. AGUIRRE  
*VP-Finance & Treasurer*  
Date: April 11, 2025

## EXHIBIT 1

# COVER SHEET

for

## AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A S 9 4 0 0 2 3 6 5

## COMPANY NAME

S	P	C		P	O	W	E	R		C	O	R	P	O	R	A	T	I	O	N		A	N	D		S	U	B	S
I	D	I	A	R	I	E	S																						

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

7	t	h		F	l	o	o	r	,		B	D	O		T	o	w	e	r	s		P	a	s	e	o	,	P
a	s	e	o		d	e		R	o	x	a	s	,		M	a	k	a	t	i		C	i	t	y			

Form Type

A A C F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

## COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
info@spcpower.com	(02) 8810-4474 to 77	N/A
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
797	05/30	12/31

## CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Niño Ray D. Aguirre	info@spcpower.com	(02) 8810-4474 to 77	0917 821 2052

## CONTACT PERSON's ADDRESS

7th Floor, BDO Towers Paseo, Paseo de Roxas, Makati City
--

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

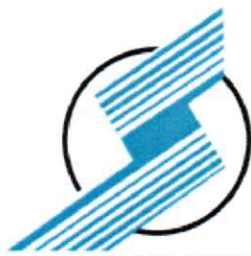
**2 :** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for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





**SPC POWER CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY SCHEDULES**  
**SEC FORM 17-A**

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# SPC Power Corporation

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **SPC Power Corporation and Subsidiaries** (the Group) is responsible for the preparation and fair presentation of the **consolidated** financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the **consolidated** financial statements including the schedules attached therein and submits the same to the stockholders or members.

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

  
**ALFREDO L. HENARES**  
*Chairman of the Board*

  
**DENNIS T. VILLAREAL**  
*Chief Executive Officer / President*

  
**NIÑO RAY D. AGUIRRE**  
*Treasurer / Vice President - Finance*

Signed this April 3, 2025.

APR 11 2025

**SUBSCRIBED AND SWORN TO** before me this \_\_\_\_\_ at Makati City;  
Affiants exhibited to me their Passport Nos. as follows:

<u>Names</u>	<u>CTC/Passport No.</u>	<u>Date of Issue</u>	<u>Place of Issue</u>
Alfredo L. Henares	P5099307B	March 11, 2020	DFA NCR East
Dennis T. Villareal	P8767960A	September 17, 2018	DFA Manila
Niño Ray D. Aguirre	P2916565C	January 13, 2025	DFA Manila

Doc. No. 161  
Page No. 23  
Book No. VIII  
Series of 2025.

  
**ATTY. CESAR T. VERANO**

NOTARY PUBLIC MAKATI CITY

APPOINTMENT NO.: M-029

VALID UNTIL DECEMBER 31, 2025

ISSUED ON: DECEMBER 15, 2023

PTR NO.: MKT 10465510 / 01-02-2025 / MAKATI CITY

IBP NO.: 464720 ROLL NO. 29024

MCLE COMPLIANCE NO.: VII-0023845

VALID UNTIL DECEMBER 31, 2025

MANILA OFFICE: 7th Floor, BDO Towers Paseo (formerly Citibank Center), 8741 Paseo de Roxas, Makati City, P.O. Box 1222 MCRC, Makati City 1208 Philippines. Tels: (632) 8810447 to 77 Fax No. (632) 88934844

CEBU OFFICE: 7th Floor, Cebu Holding Center, Cebu Business Park, Archbishop Reyes Avenue, Cebu City 6000 Philippines. Tels: (032) 2320377 / 2319372 to 73 Fax No.: (032) 2320376 / 2319369  
Email Address: info@spcpower.com

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders  
SPC Power Corporation  
7<sup>th</sup> Floor, BDO Towers Paseo  
Paseo de Roxas  
Makati City

### Opinion

We have audited the consolidated financial statements of SPC Power Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

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

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

***Revenue recognition from distribution of power included as part of income from discontinued operations***

The Group's revenue from the distribution of power from January 1, 2024 to September 12, 2024 amounting to ₱969.24 million is included as part of income from discontinued operations. Such revenue arises from its service contracts to a large number of customers consisting of commercial, residential, government institutions and other customers located within the Group's franchise area.

This matter is significant to our audit because the revenue recognized depends on the completeness of electric consumption captured based on meter readings over the franchise area, as obtained on various meter reading dates; the propriety of the rates, computed and applied based on the Energy Regulatory Commission (ERC)-approved formulae, which vary depending on the types of customers; and the reliability of the billing system in processing transactions. Disclosures related to this matter are provided in Notes 23 and 24 to the consolidated financial statements.

***Audit response***

We obtained an understanding of the revenue recognition process, which includes capturing electric consumption, uploading captured electric consumption to the billing system, calculating billed amounts based on ERC-approved rates and uploading data from the billing system to the financial reporting system. We also evaluated and tested the design of the relevant controls over these processes. We also performed a test recalculation of billed amounts using the ERC-approved rates and formulae, and compared them with the amounts reflected in the billing statements.

***Accounting for investments in significant associates***

The Group owns 40% each of KEPCO SPC Power Corporation (KEPCO SPC) and Mactan Electric Company, Inc. (MECO). The Group's investments in associates are accounted for under the equity method. As of December 31, 2024, the investments in associates amounted to ₱5.8 billion representing 49% of the Group's consolidated total assets, and the Group's equity in net earnings from these associates for the year then ended amounted to ₱0.8 billion representing 52% of the Group's consolidated net income. The accounting for these investments is significant to our audit because of the substantial carrying amount of the Group's investments in associates and equity in net earnings of associates. Also, the Group's share in the net earnings of MECO is significantly affected by MECO's revenue recognition arising from its service contracts to various customers located within its franchise area. The recognition of such revenue depends on the completeness of the electric consumption captured based on meter readings conducted on various dates over the franchise area; the propriety of the rates, computed and applied based on the ERC-approved formulae, which vary depending on the types of customers; and the reliability of the billing system in processing transactions. Further, MECO is audited by other auditors.



### *Audit response*

We obtained an understanding of the Group's process in recognizing its equity in net earnings of associates, including the understanding of their business transactions. We also coordinated with and instructed the external auditors of MECO to perform an audit on the relevant financial information of MECO for the purpose of the Group's consolidated financial statements. We reviewed the risk assessment and audit strategy of the other auditors in light of any significant developments affecting MECO. We obtained the audited financial information of KEPKO SPC and MECO and recomputed the Group's equity in net earnings for the year ended December 31, 2024.

We obtained an understanding of the revenue recognition process of MECO, which includes capturing electric consumption, uploading captured electric consumption to the billing system, calculating billed amounts based on ERC-approved rates and uploading data from the billing system to the financial reporting system. We reviewed the procedures performed by the other auditors to evaluate the design of the relevant controls over these processes and to test these controls. We reviewed the test recalculation of the rates using the ERC-approved rates and formulae, and the comparison done with the rate reflected on the billing statements, as performed by the other auditors.

### **Other Information**

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

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

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

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

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



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

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

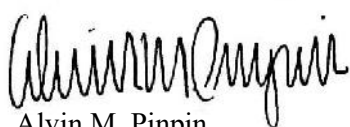
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Alvin M. Pinpin.

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin  
Partner

CPA Certificate No. 94303

Tax Identification No. 198-819-157

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-070-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465360, January 2, 2025, Makati City

April 3, 2025



**SPC POWER CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2024	2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 6)	₱4,658,740,988	₱4,743,043,034
Trade and other receivables (Notes 5, 7 and 30)	414,451,431	649,107,657
Inventories - at cost (Note 9)	366,917,840	399,393,666
Prepayments and other current assets (Note 10)	37,071,087	83,709,811
Total Current Assets	5,477,181,346	5,875,254,168
<b>Noncurrent Assets</b>		
Investments in associates (Note 8)	5,763,575,703	5,815,751,427
Property, plant and equipment (Note 11)	450,025,525	736,630,614
Deferred income tax assets (Note 26)	33,856,007	35,457,044
Intangible assets (Note 12)	608,253	2,171,373
Goodwill (Note 13)	—	32,522,016
Other noncurrent assets (Notes 12 and 30)	39,890,638	33,371,571
Total Noncurrent Assets	6,287,956,126	6,655,904,045
<b>TOTAL ASSETS</b>	<b>₱11,765,137,472</b>	<b>₱12,531,158,213</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Notes 5, 14 and 30)	₱440,636,103	₱857,254,666
Income tax payable	33,338,578	10,919,560
Current portion of lease liabilities (Note 31)	2,386,043	2,200,254
Total Current Liabilities	476,360,724	870,374,480
<b>Noncurrent Liabilities</b>		
Asset retirement obligation (Note 16)	97,424,366	93,069,477
Net pension liabilities (Note 17)	31,084,464	37,166,411
Deferred income tax liabilities (Note 26)	14,571,925	19,725,739
Lease liabilities - net of current portion (Note 31)	4,734,071	7,359,242
Customers' deposits (Note 15)	—	193,914,394
Other noncurrent liabilities (Note 30)	—	1,839,924
Total Noncurrent Liabilities	147,814,826	353,075,187
Total Liabilities	624,175,550	1,223,449,667

(Forward)





	December 31	
	2024	2023
<b>Equity Attributable to Equity Holders of the Parent</b>		
Capital stock - ₱1 par value (Note 18)		
Authorized - 2,000,000,000 shares		
Issued - 1,569,491,900 shares	<b>₱1,569,491,900</b>	₱1,569,491,900
Additional paid-in capital	<b>86,810,752</b>	86,810,752
Retained Earnings (Note 18):		
Unappropriated	<b>9,584,104,015</b>	9,598,002,269
Appropriated	—	—
Other comprehensive income (loss):		
Remeasurement of employee benefits	<b>(1,866,361)</b>	1,208,496
Net unrealized valuation gains on financial asset at fair value through other comprehensive income (FVOCI) (Note 12)	<b>16,350,000</b>	13,350,000
Share in remeasurement of employee benefits of associates	<b>2,276,217</b>	2,941,249
Treasury stock at cost - 72,940,097 shares	<b>(131,008,174)</b>	(131,008,174)
Equity attributable to equity holders of the Parent	<b>11,126,158,349</b>	11,140,796,492
<b>Equity Attributable to Non-controlling Interests</b> (Note 18)	<b>14,803,573</b>	166,912,054
Total Equity	<b>11,140,961,922</b>	11,307,708,546
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱11,765,137,472</b>	₱12,531,158,213

*See accompanying Notes to Consolidated Financial Statements.*



**SPC POWER CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31		
	2024	2023	2022
<b>REVENUE</b> (Notes 25, 27 and 30)	<b>₱3,034,529,893</b>	<b>₱2,873,821,678</b>	<b>₱2,495,821,275</b>
<b>COST OF OPERATIONS</b> (Notes 19, 25 and 30)	<b>2,381,046,565</b>	<b>2,125,692,290</b>	<b>2,034,561,518</b>
<b>GROSS MARGIN</b>	<b>653,483,328</b>	<b>748,129,388</b>	<b>461,259,757</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b> (Note 20)	<b>268,747,686</b>	<b>263,237,333</b>	<b>222,266,747</b>
<b>OTHER INCOME (CHARGES) - Net</b>			
Equity in net earnings of associates (Note 8)	810,094,050	587,156,364	925,354,304
Interest income (Note 6)	190,194,800	159,840,468	27,342,060
Interest expense (Notes 15, 16, 30 and 31)	(6,263,004)	(5,476,761)	(4,954,955)
Foreign exchange gains (losses)	42,380,805	(8,274,999)	94,363,485
Others - net (Notes 16 and 30)	38,040,086	18,299,591	15,421,048
	<b>1,074,446,737</b>	<b>751,544,663</b>	<b>1,057,525,942</b>
<b>INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS</b>	<b>1,459,182,379</b>	<b>1,236,436,718</b>	<b>1,296,518,952</b>
<b>PROVISION FOR INCOME TAX</b> (Note 26)	<b>92,738,656</b>	<b>112,076,407</b>	<b>99,941,569</b>
<b>INCOME FROM CONTINUING OPERATIONS</b>	<b>1,366,443,723</b>	<b>1,124,360,311</b>	<b>1,196,577,383</b>
<b>INCOME FROM DISCONTINUED OPERATIONS, net of tax</b> (Note 23)	<b>194,865,285</b>	<b>86,807,155</b>	<b>90,204,947</b>
<b>NET INCOME</b>	<b>1,561,309,008</b>	<b>1,211,167,466</b>	<b>1,286,782,330</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Share in remeasurement of employee benefits of associates, net of tax effect (Note 8)	(665,032)	(3,858,824)	6,529,281
Remeasurement of employee benefits, net of tax effect (Note 17)	(1,149,066)	5,175,349	(3,610,495)
Unrealized valuation gain on financial asset at FVOCI (Note 12)	3,000,000	2,000,000	5,000,000
	<b>1,185,902</b>	<b>3,316,525</b>	<b>7,918,786</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱1,562,494,910</b>	<b>₱1,214,483,991</b>	<b>₱1,294,701,116</b>

(Forward)



Years Ended December 31			
	2024	2023	2022
<b>NET INCOME ATTRIBUTABLE TO:</b>			
Equity holders of the Parent	<b>₱1,482,653,549</b>	₱1,169,895,562	₱1,272,356,481
Non-controlling interests	<b>78,655,459</b>	41,271,904	14,425,849
	<b>₱1,561,309,008</b>	₱1,211,167,466	₱1,286,782,330
<b>NET INCOME FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:</b>			
Equity holders of the Parent	<b>₱1,303,102,870</b>	₱1,123,314,877	₱1,191,439,932
Non-controlling interests	<b>63,340,853</b>	1,045,434	5,137,451
	<b>₱1,366,443,723</b>	₱1,124,360,311	₱1,196,577,383
<b>NET INCOME FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO:</b>			
Equity holders of the Parent	<b>₱179,550,679</b>	₱46,580,719	₱80,916,549
Non-controlling interests	<b>15,314,606</b>	40,226,436	9,288,398
	<b>₱194,865,285</b>	₱86,807,155	₱90,204,947
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
Equity holders of the Parent	<b>₱1,483,839,451</b>	₱1,173,103,419	₱1,280,394,745
Non-controlling interest	<b>78,655,459</b>	41,380,572	14,306,371
	<b>₱1,562,494,910</b>	₱1,214,483,991	₱1,294,701,116
<b>EARNINGS PER SHARE (Note 28)</b>			
Basic/Diluted, for net income for the year attributable to equity holders of the Parent	<b>₱0.99</b>	₱0.78	₱0.85
Basic/Diluted, for income from continuing operations attributable to equity holders of the Parent	<b>₱0.87</b>	₱0.75	₱0.80
Basic/Diluted, for income from discontinued operations attributable to equity holders of the Parent	<b>₱0.12</b>	₱0.03	₱0.05

See accompanying Notes to Consolidated Financial Statements.



**SPC POWER CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022**

	Equity Attributable to Equity Holders of the Parent										
						Other Comprehensive Income (Loss)					
	Capital Stock (Note 18)	Additional Paid-in Capital	Retained Earnings (Note 18)		Remeasurement of Employee Benefits (Note 17)	Net Unrealized Valuation Gains on Financial Assets at FVOCI (Note 12)	Share in Remeasurement of Employee Benefits of Associates (Note 8)	Treasury Stock at Cost	Total	Non-controlling Interest	Total
			Appropriated	Unappropriated							
At January 1, 2022	₱1,569,491,900	₱86,810,752	₱1,800,000,000	₱5,954,370,912	(₱367,132)	₱6,350,000	₱270,792	(₱131,008,174)	₱9,285,919,050	₱136,439,885	₱9,422,358,935
Total comprehensive income	–	–	–	1,272,356,480	(3,491,016)	5,000,000	6,529,281	–	1,280,394,745	14,306,371	1,294,701,116
Cash dividends (Note 19)	–	–	–	(299,310,361)	–	–	–	–	(299,310,361)	(18,263,774)	(317,574,135)
At December 31, 2022	1,569,491,900	86,810,752	1,800,000,000	6,927,417,031	(3,858,148)	11,350,000	6,800,073	(131,008,174)	10,267,003,434	132,482,482	10,399,485,916
At January 1, 2023	1,569,491,900	86,810,752	1,800,000,000	6,927,417,031	(3,858,148)	11,350,000	6,800,073	(131,008,174)	10,267,003,434	132,482,482	10,399,485,916
Total comprehensive income	–	–	–	1,169,895,599	5,066,644	2,000,000	(3,858,824)	–	1,173,103,419	41,380,573	1,214,483,992
Reversal of appropriation	–	–	(1,800,000,000)	1,800,000,000	–	–	–	–	–	–	–
Cash dividends (Note 18)	–	–	–	(299,310,361)	–	–	–	–	(299,310,361)	(6,951,001)	(306,261,362)
At December 31, 2023	1,569,491,900	86,810,752	–	9,598,002,269	1,208,496	13,350,000	2,941,249	(131,008,174)	11,140,796,492	166,912,054	11,307,708,546
At January 1, 2024	1,569,491,900	86,810,752	–	9,598,002,269	1,208,496	13,350,000	2,941,249	(131,008,174)	11,140,796,492	166,912,054	11,307,708,546
Total comprehensive income from continuing operations	–	–	–	1,303,102,870	(1,149,066)	3,000,000	(665,032)	–	1,304,288,772	63,340,853	1,367,629,625
Total income from discontinued operations	–	–	–	179,550,679	–	–	–	–	179,550,679	15,314,606	194,865,285
Total comprehensive income	–	–	–	1,482,653,549	(1,149,066)	3,000,000	(665,032)	–	1,483,839,451	78,655,459	1,562,494,910
Effect of discontinued operations (Note 23)	–	–	–	–	(1,925,791)	–	–	–	(1,925,791)	(120,202,247)	(122,128,038)
Cash dividends (Note 18)	–	–	–	(1,496,551,803)	–	–	–	–	(1,496,551,803)	(110,561,693)	(1,607,113,496)
At December 31, 2024	₱1,569,491,900	₱86,810,752	₱–	₱9,584,104,015	(₱1,866,361)	₱16,350,000	₱2,276,217	(₱131,008,174)	₱11,126,158,349	₱14,803,573	₱11,140,961,922

See accompanying Notes to Consolidated Financial Statements.



**SPC POWER CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years Ended December 31		
	2024	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before tax from continuing operations	<b>₱1,459,182,379</b>	₱1,236,436,718	₱1,296,518,952
Income before tax from discontinued operations	<b>201,476,314</b>	116,083,828	98,370,509
Income before tax	<b>1,660,658,693</b>	1,352,520,546	1,394,889,461
Adjustments for:			
Equity in net earnings of associates (Note 8)	<b>(810,094,050)</b>	(587,156,364)	(925,354,304)
Interest income (Note 6)	<b>(190,653,663)</b>	(160,535,323)	(27,837,299)
Gain from disposal of net assets of Bohol Light Company, Inc. (BLCI; Note 23)	<b>(161,816,934)</b>	—	—
Depreciation and amortization (Notes 11 and 22)	<b>82,588,167</b>	93,950,665	84,260,245
Unrealized foreign exchange losses (gains)	<b>(40,799,084)</b>	8,323,813	(67,950,875)
Net changes in pension liabilities (Note 17)	<b>(9,156,805)</b>	(1,498,667)	5,347,395
Interest expense (Notes 15, 16, 30 and 31)	<b>6,305,100</b>	5,537,843	5,028,156
Changes in asset retirement obligation	<b>(1,369,273)</b>	(6,048,263)	—
Working capital changes:			
Decrease (increase) in:			
Trade and other receivables	<b>236,297,089</b>	81,823,718	(202,971,628)
Inventories	<b>32,475,826</b>	68,153,713	(77,728,013)
Prepayments and other current assets	<b>46,638,725</b>	17,048,981	(15,267,463)
Increase (decrease) in:			
Trade and other payables	<b>(356,928,558)</b>	(29,684,738)	228,031,571
Customers' deposits	<b>(193,956,491)</b>	2,274,264	4,729,452
Cash generated from operations	<b>300,188,742</b>	844,710,188	405,176,698
Income taxes paid	<b>(83,229,201)</b>	(166,634,543)	(66,247,814)
Interest received	<b>186,980,252</b>	160,535,324	27,847,276
Interest paid	<b>(3,348,435)</b>	(719,279)	(498,731)
Net cash flows from operating activities	<b>400,591,358</b>	837,891,690	366,277,429
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash dividends received (Notes 5 and 8)	<b>1,101,217,937</b>	159,999,820	1,004,673,518
Proceeds from disposal of net assets of BLCI	<b>307,153,350</b>	—	—
Additions to:			
Investment in associate (Note 10)	<b>(199,613,240)</b>	—	—
Property, plant and equipment (Note 11)	<b>(62,658,255)</b>	(94,777,735)	(73,874,351)
Decrease (increase) in other noncurrent assets	<b>(3,519,067)</b>	9,685,701	3,351,607
Net cash flows from investing activities	<b>1,142,580,725</b>	74,907,786	934,150,774

(Forward)



	Years Ended December 31		
	2024	2023	2022
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid (Notes 18 and 32)	(₱1,665,833,832)	(₱191,026,026)	(₱317,574,134)
Payments of principal portion of lease liabilities (Notes 31 and 32)	(2,439,381)	(1,828,196)	(3,526,795)
Cash flows used in financing activities	(1,668,273,213)	(192,854,222)	(321,100,929)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(125,101,130)	719,945,254	979,327,274
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	40,799,084	(8,323,813)	67,983,684
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	4,743,043,034	4,031,421,593	2,984,110,635
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)</b>	<b>₱4,658,740,988</b>	<b>₱4,743,043,034</b>	<b>₱4,031,421,593</b>

*See accompanying Notes to Consolidated Financial Statements.*



# **SPC POWER CORPORATION AND SUBSIDIARIES**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### **1. Corporate Information**

SPC Power Corporation (the Parent Company) was incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on March 11, 1994.

The Parent Company was formerly a venture company owned by members of the Salcon Consortium which entered into a Rehabilitation, Operation, Maintenance and Management Agreement (ROMM Agreement) with the National Power Corporation (NPC) on March 25, 1994 for the purpose of undertaking the rehabilitation, operation, maintenance and management of the 203.8 megawatt (MW) Naga Power Plant Complex (NPPC) in Colon, Naga, Cebu under the rehabilitate-operate-maintain-and-manage scheme as defined in the ROMM Agreement.

Under the ROMM Agreement, the Parent Company, at its own cost, rehabilitated, operated, maintained and managed the NPPC over the cooperation period of 15 years (Cooperation Period: up to May 29, 2009 for the Land-Based Gas Turbines (LBGTs), and up to March 25, 2012 for the Cebu Thermal Power Plant (CTPP) 1, CTPP 2 and Cebu Diesel Power Plants 1 (CDPP 1), as amended).

In resolutions dated September 28, 2001, the Board of Directors and Stockholders amended the primary purposes for which the Parent Company is formed. Together with its subsidiaries and associates, it is engaged in various business activities within the Philippines that include, among others, the development, construction, rehabilitation, maintenance, management, and operation of power generating plants, electricity distribution and related facilities in accordance with existing laws.

On April 2, 2002, the Parent Company's common shares were listed in the Philippine Stock Exchange (PSE) with ticker symbol: SPC (see Note 18).

On April 15, 2016, SPC Island Power Corporation (SIPC), a wholly owned subsidiary of the Parent Company, submitted the highest offer to Power Sector Assets and Liabilities Management Corporation (PSALM) in the negotiated sale of the 32-MW Power Barge (PB) 104. On June 16, 2016, the Parent Company executed an Amendment, Accession and Assumption Agreement with PSALM and SIPC. Under the agreement, SIPC assigned all its rights and obligations as Buyer of PB 104 to the Parent Company after PSALM gave its consent pursuant to the provisions of the Asset Purchase Agreement between SIPC and PSALM. On June 30, 2016, PSALM turned over the PB 104 to the Parent Company (see Note 11).

On September 9, 2016, the Parent Company's Board of Directors further amended the Parent Company's Articles of Incorporation in order to engage in the business of selling, brokering, marketing, or aggregating electricity to the end users. The amendments were subsequently approved and confirmed by written assent of the stockholders representing at least two-thirds of the outstanding capital stock of the Parent Company. On January 4, 2017, the SEC approved such amendment.

On July 29, 2021 the Parent Company's Board of Directors approved to amend the Company's Articles of Incorporation in order to engage in the business of renewable energy including the exploration, development and utilization of renewable energy resources, such as but not limited to biomass, solar, wind, hydro, geothermal, ocean energy sources or hybrid systems. On October 11, 2021, the amendments were subsequently approved and confirmed by written assent of the stockholders representing at least 2/3 of the outstanding capital stock of the Parent Company. Such amendment was approved by the SEC on June 9, 2022.



The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries:

	Principal Activity	2024 % of Ownership			2023 % of Ownership		
		Direct	Indirect	Total	Direct	Indirect	Total
<b>SIPC</b>	<b>Power generation</b>	<b>100.00%</b>	<b>—</b>	<b>100.00%</b>	100.00%	—	100.00%
<b>SLCI</b>	<b>Holding company</b>	<b>40.00%</b>	<b>24.00%</b>	<b>64.00%</b>	40.00%	24.00%	64.00%
<b>SECI</b>	<b>Holding company</b>	<b>40.00%</b>	<b>—</b>	<b>40.00%</b>	40.00%	—	40.00%
<b>CNPC</b>	<b>Power generation</b>	<b>100.00%</b>	<b>—</b>	<b>100.00%</b>	100.00%	—	100.00%
<b>SMPC</b>	<b>Power generation</b>	<b>40.00%</b>	<b>38.40%</b>	<b>78.40%</b>	40.00%	38.40%	78.40%
<b>BLCI</b>	<b>Power distribution</b>	<b>—</b>	<b>—</b>	<b>—</b>	39.90%	13.76%	53.66%

(see Note 23)

SPC Island Power Corporation (SIPC). SIPC, a wholly owned subsidiary, was incorporated and registered with the SEC on June 26, 2001. It operates the 146.5 MW Panay Diesel Power Plant (PDPP) (located in Dingle, Iloilo) and the 22 MW Bohol Diesel Power Plant (BDPP) (located in Tagbilaran City, Bohol) which were acquired on March 25, 2009 through the assignment of the Parent Company's rights and obligations to SIPC. It also operated the Olango Diesel Power Plant (ODPP) (located in the Island of Olango, Lapu-Lapu City) from September 15, 2001 to March 12, 2021. ODPP supplied all the generated electricity to Mactan Electric Company, Inc. (MECO), an associate. On February 14, 2022, SIPC, in its intention to promote education and welfare among the people in Olango Island and nearby areas, donated the ODPP to the Technical Education and Skills Development Authority (TESDA), a government agency tasked to manage and supervise technical education and skills development in the Philippines.

Cebu Naga Power Corporation (CNPC). CNPC was incorporated and registered with the SEC on August 12, 2015 to undertake the development, ownership, construction, operation and management of a new 2x150 MW Circulating Fluidized Bed Combustion (CFBC) Coal-fired Power Plant to replace the old CTPP 1 and CTPP 2 in the NPPC, Colon, City of Naga, Cebu. The construction of the new power plant had been aborted the adverse Supreme Court decision that led to the return of the NPPC to PSALM on July 31, 2018 (see Note 30). CNPC has not started commercial operations.

SPC Malaya Power Corporation (SMPC). SMPC was incorporated and registered with the SEC on September 22, 2011. SMPC won the bidding processes for the Operation and Maintenance Service Contract (OMSC) of the 650 MW Malaya Thermal Power Plant (MTPP) located in Pililia, Rizal and accordingly operated the MTPP from October 25, 2011 to October 25, 2014. However, SMPC did not participate in the subsequent biddings of the OMSC after October 25, 2014. SMPC has not restarted commercial operations since October 26, 2014.

Bohol Light Company, Inc. (BLCI). BLCI was incorporated on July 21, 2000 to engage in the business of supply and distribution of electricity, subject to applicable laws, rules and regulations. On July 10, 2003, the National Electrification Commission (NEC) granted BLCI's franchise to operate electric, light and power services for a period of 25 years retroactive from October 20, 2000 to October 19, 2025 in the area presently comprised by Tagbilaran City, Bohol. On April 12, 2021, BLCI filed for the renewal of its Certificate of Public Convenience and Necessity (CPCN) which expired last June 12, 2021. As of December 31, 2023, BLCI continues to operate even with its pending approval on the renewal of its CPCN with the Energy Regulatory Commission (ERC). In 2024, the Board of the Group has approved the sale of its common shares in BLCI to Primelectric Holdings, Inc. (PHI). The sale has been finalized on September 12, 2024 and as such, the accounts of BLCI has been deconsolidated effective this date (see Note 23).

SPC Electric Company, Inc. (SECI) and SPC Light Company, Inc. (SLCI). SECI and SLCI were incorporated on October 17, 2002 and January 15, 2003, respectively, primarily to design, construct, install, commission, rehabilitate, maintain, manage, operate and invest in power generation/distribution





plants and related facilities. The Parent Company has the power to govern the financial and operating policies of SECI by virtue of an agreement, making it eligible for consolidation in accordance with Philippine Financial Reporting Standard (PFRS) Accounting Standards 10, *Consolidated Financial Statements*. SECI and SLCI have not started commercial operations.

The registered office address of the Parent Company is 7<sup>th</sup> Floor, Cebu Holdings Center, Archbishop Reyes Avenue, Cebu Business Park, Cebu City. On June 19, 2022, the SEC approved the change in the Parent Company's principal office address to 7<sup>th</sup> Floor BDO Towers Paseo, 8741, Paseo de Roxas, Makati City, 1209.

The consolidated financial statements of the Parent Company and its subsidiaries (collectively referred to as the "Group") were authorized for issue by the Board of Directors (BOD) of the Parent Company on April 3, 2025.

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## 2. **Basis of Preparation, Statement of Compliance, Principles of Consolidation and Changes in Accounting Policies and Disclosures**

### Basis of Preparation

The Group's consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) which have been measured at fair value, and are presented in Philippine Peso, the functional currency of the companies in the Group. All amounts are rounded to the nearest Peso except as otherwise indicated.

### Statement of Compliance

The Group's consolidated financial statements are presented in accordance with the PFRS Accounting Standards.

### Principles of Consolidation

The consolidated financial statements include the accounts of the Parent Company and subsidiaries mentioned in Note 1. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

Subsidiaries are fully consolidated from the date control is transferred to the Parent Company and cease to be consolidated from the date control is transferred out of the Parent Company. Control is established when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

All intercompany balances, income and expenses, and profits and losses resulting from intercompany transactions are eliminated in full.

Non-controlling interest represents the portion of profit or loss and net assets in subsidiaries not held by the Parent Company and is presented in the consolidated statement of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to equity holders of the Parent Company. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Parent Company loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interest;
- derecognizes the cumulative translation differences, recorded in equity;
- recognizes the fair value of the consideration received;



- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in profit or loss; and
- reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

#### New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Group.

- Amendments to Philippine Accounting Standards (PAS) 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS Accounting Standards 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS Accounting Standards 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

#### Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's financial statements.

##### *Effective beginning on or after January 1, 2025*

- PFRS Accounting Standards 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

##### *Effective beginning on or after January 1, 2026*

- Amendments to PFRS Accounting Standards 9 and PFRS Accounting Standards 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
  - Amendments to PFRS Accounting Standards 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS Accounting Standards 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS Accounting Standards 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*



- Amendments to PFRS Accounting Standards 10, *Determination of a 'De Facto Agent'*
- Amendments to PAS 7, *Cost Method*

*Effective beginning on or after January 1, 2027*

- PFRS Accounting Standards 18, *Presentation and Disclosure in Financial Statements*
- PFRS Accounting Standards 19, *Subsidiaries without Public Accountability*

*Deferred effectivity*

- Amendments to PFRS Accounting Standards 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments may apply to future transactions of the Group.

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### 3. Material Accounting Policy Information

#### Cash and Cash Equivalents

Cash consists of cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

#### Financial Instruments - Classification and Measurement

*Classification of Financial Assets.* Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:

- Financial assets measured at amortized cost;
- Financial assets measured at fair value through profit or loss (FVTPL);
- Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss; and
- Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss.

*Contractual Cash Flows Characteristics.* If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI on the principal amount outstanding.



*Business Model.* The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

*Financial Assets at Amortized Cost.* A financial asset is measured at amortized cost if (a) it is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Interest income" in the consolidated statements of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (a) purchased or originated credit-impaired financial assets and (b) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in "Provision for expected credit losses" under "General and administrative expenses" in the consolidated statements of comprehensive income.

As at December 31, 2024 and 2023, the Group has financial assets at amortized cost consisting of cash and cash equivalents, trade and other receivables, and PSALM deferred adjustments included as part of "Other noncurrent assets" in the consolidated statements of financial position (see Notes 5, 6, 7, 12, 29 and 30).

*Financial Assets at FVOCI.* A financial asset is measured at FVOCI if (a) it is held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets and (b) its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income (OCI) within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS Accounting Standards 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer



the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

Dividends are recognized in profit or loss only when:

- the Group's right to receive payment of the dividend is established;
- it is probable that the economic benefits associated with the dividend will flow to the Group; and
- the amount of the dividend can be measured reliably.

As at December 31, 2024 and 2023, the Group's financial assets at FVOCI includes proprietary golf club shares recorded as part of "Other noncurrent assets" (see Notes 12 and 29).

*Classification of Financial Liabilities.* Financial liabilities are measured at amortized cost, except for the following:

- Financial liabilities measured at FVTPL;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
- Financial guarantee contracts;
- Commitments to provide a loan at a below-market interest rate; and
- Contingent consideration recognized by an acquirer in accordance with PFRS Accounting Standards 3.

The Group's financial liabilities include trade and other payables, lease liabilities, customers' deposits and other noncurrent liability (see Notes 5, 14, 15, 29 and 30).

#### Impairment of Financial Assets

The Group uses the single, forward-looking "expected loss" impairment model and recognizes ECL for the following financial assets:

- Debt instruments that are measured at amortized cost and FVOCI;
- Loan commitments; and
- Financial guarantee contracts

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

- *Stage 1: 12-month ECL.* For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.



- *Stage 2: Lifetime ECL - not credit-impaired.* For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.
- *Stage 3: Lifetime ECL - credit-impaired.* Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; or
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’, or when the exposure is less than 30 days past due.

*Determination of the Stage for Impairment.* At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

*Simplified Approach.* The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to “Trade and other receivables”. The Group has established a provision matrix for commercial and industrial business segments that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

#### Derecognition of Financial Assets and Liabilities

*Financial Assets.* A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where:

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



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

*Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

#### Inventories

Inventories, which consist of spare parts, fuel and consumables used in the operation, repairs and maintenance of the power generation and distribution utility plants, are stated at the lower of cost and net realizable value (NRV). Cost is determined using the average method. NRV is the current replacement cost in the ordinary course of business.

#### Investments in Associates

The Group's investments in associates are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, an investment in associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the associate. The consolidated statement of comprehensive income reflects the share of the results of operations of the associates. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the associates and the Parent Company are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

#### Property, Plant and Equipment

Property, plant and equipment and right-of-use assets, except land, are stated at cost, less accumulated depreciation and any allowance for impairment losses. Land held by a subsidiary is stated at cost less any accumulated impairment in value.

The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property, plant and equipment when the recognition criteria are met. Cost also includes asset retirement obligation specifically for property, plant and equipment installed/constructed on the leased properties.

Advances to suppliers and contractors to be applied as payment for assets to be classified as property, plant and equipment are presented as noncurrent asset and included as part of "Other noncurrent assets" in the consolidated statements of financial position.



Expenditures incurred after the property, plant and equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment.

The carrying amount of the replaced part, regardless of whether the replaced part had been depreciated separately, is derecognized if an entity recognizes in the carrying amount of an item of property, plant and equipment the cost of a replacement for part of the item. If it is not practicable for an entity to determine the carrying amount of the replaced part, it may use the cost of the replacement as an indication of what the cost of the replaced part was at the time it was acquired or constructed. When each major inspection is performed, its cost is recognized in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied.

Depreciation of property, plant and equipment commences once the assets are available for use and is computed on a straight-line basis over the estimated useful lives of the assets, as follows:

Category	No. of Years
Distribution lines, poles and fixtures	25
Power transformers, switches and devices	15–25
Plant machinery and equipment	2–15
Motor vehicles	2–5
Structures	3–25
Furniture and office equipment	2–12
	5–25 or lease
	term, whichever is
Right-of-use assets	lower

The remaining useful lives and the depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of consumption of future economic benefits from items of property, plant and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect to those assets.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any allowance for impairment losses are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Construction in progress represents assets under construction and is stated at cost. This includes cost of construction, equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and available for operational use.

It is the Group's policy to classify right-of-use assets as part of property and equipment. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset,





restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term which ranges from 5 to 25 years. Right-of-use assets are subject to impairment.

#### Intangible Assets

*Franchise.* Included as part of “Intangible assets” in the consolidated statement of financial position, franchise is stated initially at cost. After initial recognition, franchise is valued at cost less accumulated amortization and any allowance for impairment losses. Costs incurred to acquire the franchise to operate the Bohol Provincial Electric System are amortized over 25 years, which is equivalent to the franchise period granted to BLCI and assessed for impairment whenever there is an indication that the franchise may be impaired. The amortization period and the amortization method for the franchise are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the franchise is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on the franchise is recognized as part of “Cost of operations” under Income from discontinued operations in the consolidated statements of comprehensive income.

*Goodwill.* In a business combination, goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statements of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Goodwill is tested for impairment annually, or when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

#### Provisions - Asset Retirement Obligation (ARO)

The Group has a contractual obligation under the Department of Environment and Natural Resources (DENR). Per DENR’s Environmental Compliance Certificate for Panay Diesel Power Plant (PDPP), SIPC is required to maintain a fund to cover expenses for compensation of damages to life and property that may be caused by the plant’s construction, operation and abandonment (see Note 16). In this regard, the Parent Company and SIPC established an obligation to recognize its estimated liability for asset retirement.



The ARO recognized represents the best estimate of the expenditures required to dismantle installed assets and restore the leased premises to their original condition at the end of the lease term. Such cost estimates are discounted using a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the liability. The Group recognized the fair value of the liability for these obligations and capitalizes the present value of these costs as part of the balance of the property, plant and equipment accounts, which are depreciated on a straight-line basis over the remaining useful lives of the related property, plant and equipment. Each year, the ARO is increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with the charges being recognized under "Interest expense" in the consolidated statements of comprehensive income.

While it is believed that the assumptions used in the estimation of such costs are reasonable, significant changes in these assumptions may materially affect the recorded expense or obligations in future years. Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate, shall be accounted for in accordance with the following under the cost model of accounting for the related asset subject to (a) changes in the liability shall be added to, or deducted from, the cost of the related asset in the current period, (b) the amount deducted from the cost of the asset shall not exceed its carrying amount, the excess shall be recognized immediately in the consolidated statement of comprehensive income, and (c) if the adjustment results in an addition to the cost of an asset, the Group shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the Group shall test the asset, and shall account for any impairment loss, in accordance with PAS 36.

The adjusted depreciable amount of the asset, after adjustment for changes in ARO, is depreciated over its useful life. Once the related asset has reached the end of its useful life, all subsequent changes in the ARO shall be recognized in the consolidated statements of comprehensive income as they occur.

#### Impairment of Nonfinancial Assets Except Goodwill

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.



## Equity

*Capital Stock.* Capital stock is recognized at par value for all issued shares.

*Additional Paid-in Capital.* Considerations received in excess of par value are recognized as additional paid-in capital, net of incremental costs that are directly attributable of the issuance of new shares.

*Treasury Stock.* Own equity instruments which are reacquired are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

*Retained Earnings.* Cumulative balance of periodic net income or loss, dividend contributions, prior period adjustments, effect of changes in accounting policy and other capital adjustments. Dividends are recognized as liability and deducted from retained earnings when they are declared.

*Non-controlling interests.* Represent the equity interests in subsidiaries which are not held by the Group.

## Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before these goods or services are transferred to the customer. The following specific recognition criteria must also be met before revenue is recognized:

### *Revenue*

Revenue consists of: (i) fees for ancillary services provided by the Parent Company and SIPC (see Notes 24 and 26), (ii) fees for electricity generated and sold by the Parent Company and SIPC to the Wholesale Electricity Spot Market (WESM) and Reserve Market (see Notes 24 and 26), and (iii) energy fees by SIPC for sale of electricity under various contracts with distribution utilities (see Notes 24 and 26).

The Group has concluded that revenue should be recognized over time since the customer simultaneously receives and consumes the benefit as the seller supplies power. For power generation where capacity and energy dispatched are separately identified, these two obligations are to be combined as one performance obligation since these are not distinct within the context of the contract as the buyer cannot benefit from the contracted capacity alone without the corresponding energy and the buyer cannot obtain energy without contracting a capacity. The combined performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer.



### Cost and Expense Recognition

Costs and expenses are recognized in the consolidated statements of comprehensive income when incurred.

### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Group as a lessee.* The Group applies a single recognition and measurement approach for all leases, except for short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) for office spaces, parking lots and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Lease liabilities.* At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### Pension Expense

The Parent Company has a defined benefit pension plan which requires contributions to be made to a separately administered fund, while SIPC and BLCI have unfunded, noncontributory, defined benefit pension plan covering substantially all of its regular and permanent employees.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability; and
- Remeasurements of net defined benefit liability.



Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statements of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

#### Income Tax

*Current Income Tax.* Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted as at the reporting date.

*Deferred Income Tax.* Deferred income tax is provided, using the balance sheet liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax items are recognized in correlation to the underlying transaction either in profit or loss or directly in equity.



The Group records uncertain tax positions on the basis of a two-step process whereby the Group determines whether it is more likely than not that the tax positions will be sustained based on technical merits of the position, and for those tax positions that meet the more likely than not criteria, the Group recognizes the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with related tax authority. The Group records interest and penalties on uncertain tax positions in “Income tax expense (benefit)” account in the consolidated statements of comprehensive income.

#### Discontinued Operations

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as income from discontinued operations in the consolidated statements of comprehensive income.

Cash flows from discontinued operations are included in the consolidated statements of cash flows and are disclosed separately in Note 23. Moreover, the proceeds from disposal of net assets in BLCI are also included in the consolidated statements of cash flows as an investing activity.

#### Related Party Transactions

Transactions with related parties are accounted for based on the nature and substance of the agreement, and financial effects are included in the appropriate asset, liability, income and expense accounts.

#### Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

#### Earnings Per Share

Basic earnings per common share is determined by dividing net income by the weighted average number of common shares outstanding, after retroactive adjustment for any stock dividend and stock splits declared during the year.

Diluted earnings per common share is calculated by dividing the net income for the year attributable to the ordinary equity holders of the Parent Company by the weighted average number of common shares outstanding during the year plus the weighted average number of ordinary shares that would be issued for any outstanding common stock equivalents.

#### Segment Reporting

The Group’s operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group is organized into two major business segments – power generation and others. Such business segments are the bases upon which the Group reports its primary segment information. Financial information on business segments is presented in Note 26 to the consolidated financial statements.



#### Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

#### Events After the Reporting Period

Post year-end events that provide additional information about the Group's position at the reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

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### 4. Significant Accounting Judgments, Estimates and Assumptions

The Group's consolidated financial statements prepared in compliance with PFRSs Accounting Standards, require the Group to make judgments and estimates that affect amounts reported in the Group's consolidated financial statements and related notes. In preparing these consolidated financial statements, the Group made its best judgments and estimates of certain amounts, giving due consideration to materiality. The Group believes that the following represent a summary of these significant accounting judgments and estimates and related impact and associated risks in the Group's consolidated financial statements.

#### Judgments

In the process of applying the Group's accounting policies, management has made judgments, apart from those involving estimations which have the most significant effect on the amounts recognized in the consolidated financial statements.

*Revenue Recognition.* The Group recognizes revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered to be transferred when the customer obtains control. The Group determines, at contract inception, whether it will transfer control of a promised good or service over time. If the Group does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

The Group's revenues from power generation is to be recognized over time, since customers simultaneously receive and consume the benefits as the Group supplies power.

Significant judgments in revenue recognition are as follows:

- *Identifying Performance Obligations.* The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

The Group assesses performance obligations as a series of distinct goods and services that are substantially the same and have the same pattern of transfer if (i) each distinct good or services in the series are transferred over time and (ii) the same method of progress will be used (i.e., units of delivery) to measure the entity's progress towards complete satisfaction of the performance obligation.



For power generation and ancillary services where capacity and energy dispatched are separately identified, these two obligations are to be combined as one performance obligation since these are not distinct within the context of the contract as the buyer cannot benefit from the contracted capacity alone without the corresponding energy and the buyer cannot obtain energy without contracting a capacity.

The combined performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer since the delivery of energy every month are distinct services which are all recognized over time and have the same measure of progress.

- *Identifying Methods for Measuring Progress of Revenue Recognized Over Time.* The Group determines the appropriate method of measuring progress which is either through the use of input or output methods. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation while output method recognizes revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date.

For power generation and ancillary services, the Group determined that the output method is the best method in measuring progress since actual electricity is supplied to customers. The Group recognizes revenue based on:

- For the variable energy payment, actual kilowatt hours consumed which are billed on a monthly basis.
- For fixed capacity payments, the Group allocates the transaction price on a straight-line basis over the contract term. The allocated fixed payments are also billed on a monthly basis.

*Assessment of Control Over SECI.* Control is presumed to exist when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Management has determined that the Group has the ability to control the operating and financial activities of SECI by virtue of an agreement. The other stockholder (an individual stockholder owning 60% of the outstanding capital stock of SECI and also a major stockholder of the Parent Company) delegates and entrusts all the decisions in the operational and finance functions of SECI to the Parent Company who owns 40% of the outstanding capital stock of SECI.

#### Estimates and Assumptions

*Estimating Expected Credit Losses on Trade and Other Receivables and Receivables from PSALM Deferred Adjustments using Simplified Approach.* The Group uses the provision matrix to calculate ECLs for these receivables. The Group calculates provision rates based on days past due for a group of various customer or debtor segments that have similar loss patterns (i.e., customer type).

The provision matrix is initially based on the Group's historical observed loss rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., inflation rates) are expected to increase over the next year which can lead to an increased number of defaults, the historical loss rates are adjusted. At every reporting date, the historical observed loss rates are updated and changes in the forward-looking estimates are analyzed.





The assessment of the correlation between historical observed loss rates, forecast economic conditions and ECLs is a significant estimate which involves qualitative and quantitative thresholds in place. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 3 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Group has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

An increase in the Group's allowance for ECLs of trade and other receivables, receivable from PSALM deferred adjustments and noncurrent receivable from customers arising from PSALM's deferred adjustments (see Note 30) will increase the Group's recorded expenses and decrease current and noncurrent assets. As of December 31, 2024 and 2023, allowance for ECLs amounted to ₱47.8 million and ₱44.9 million, respectively, (see Note 7). These receivables, net of allowance for ECLs, amounted to ₱414.5 million and ₱649.1 million as of December 31, 2024 and 2023, respectively (see Note 7).

*Estimating Allowance for Inventory Losses.* The Group provides allowance for losses related to inventories whenever the value of these inventories becomes lower than cost due to damage, physical deterioration or obsolescence. The amounts and timing of the recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for losses would increase recorded expenses and decrease current assets.

No provisions were recognized in 2024 and 2023 (see Note 9). The carrying value of the inventories amounted to ₱366.9 million and ₱399.4 million as of December 31, 2024 and 2023, respectively (see Note 9).

*Estimating Asset Retirement Obligation (ARO).* The Group has a contractual obligation under the DENR. Per DENR's Environmental Compliance Certificate for PDPP, SIPC is required to dismantle installed assets and restore the leased premises to their original condition at the end of the lease term (see Note 16). These estimated costs of dismantling and restoration assume third party estimates. The Group projected the estimate using inflation rates of 3.4% and 6.01% in 2024 and 2023, respectively, and discount rate of 6.32% and 6.15% in 2024 and 2023, respectively.

The amount and timing of recorded expenses for any period would differ if different assumptions are used. An increase in computed ARO would increase the recorded asset, depreciation and increase noncurrent liabilities.

As of December 31, 2024 and 2023, the ARO has a carrying value of ₱97.4 million and ₱93.1 million, respectively (see Note 16).



*Estimating Realizability of Deferred Income Tax Assets.* The Group reviews the carrying amounts of deferred income tax assets at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets. The Group's assessment on the recognition of deferred income tax assets on deductible temporary differences is based upon the likely timing and level of future taxable profits determined from the tax planning strategies of the Group.

The Group has deferred income tax assets amounting to ₱33.9 million and ₱35.5 million as of December 31, 2024 and 2023, respectively. The Group did not recognize deferred income tax on temporary differences on provision for impairment losses and unrecognized net operating loss carryover (NOLCO) amounting to ₱8.8 million and ₱0.7 million in 2024 and 2023, respectively because management believes that these items may have no possible future deductible benefit when these will be reversed, settled or realized (see Note 26).

*Estimating Impairment of Goodwill.* The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. In estimating the value in use in 2023, the Group estimated annual growth at 4%–7% in energy sold and 5%–7% escalation of operating expenses for the first five years. The Group assumed a zero-growth rate beyond five years. The interest rate used to discount the net cash flows from operations is the weighted average cost of capital (WACC) of 14.97% for BLCI as of December 31, 2023. The carrying amount of goodwill related to the investment in BLCI amounted to ₱32.5 million as of December 31, 2023 (see Note 13).

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## 5. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence.

The Group's policy on material related party transactions is in compliance with the Philippine SEC Memorandum Circular No. 10, Series of 2019, or the *Rules on Material Related Party Transactions for Publicly-Listed Companies*.

The policy applies to the Group and covers related party transactions that meet the materiality threshold of 10% of the Group's consolidated assets. It defines the processes, controls and safeguards for the proper handling, including review, approval and disclosure, of such related party transactions in accordance with applicable laws and regulations.

On September 12, 2024, the sale of BLCI to PHI has been finalized (see Note 23). The related transactions of the Group and associates with BLCI were transferred as classified as part of the Income from discontinued operations. The outstanding balances are presented under "Trade and other receivables" and "Trade and other payables" in the consolidated statements of financial position.

The Group, in the normal course of business, has significant transactions with related parties which principally consist of the following:



### Associates

- Management, operation and maintenance services rendered by SIPC on ODPP arising from the assignment of rights and obligations by the Parent Company to SIPC under the “Operations, Maintenance and Management Services Agreement” with Mactan Electric Company, Inc. (MECO) until March 12, 2021. Revenue recorded related to the services amounted to ₱7.5 million in 2022. There are no outstanding receivables from MECO on these transactions as of December 31, 2024 and 2023.
- Purchase of power by BLCI from KEPCO SPC Power Corporation (KEPCO SPC), an associate, under the Power Sales Contract between BLCI and KEPCO SPC amounting to ₱98.9 million ₱806.3 million and ₱707.3 million in 2024, 2023 and 2022, respectively was included as part of “Cost of operations” under Income from discontinued operations (see Note 23). Outstanding amount due to KEPCO SPC on this transaction in 2023 amounted to ₱89.7 million and is included as part of “Trade and other payables” in the consolidated statements of financial position (see Note 14).
- Extension of short-term, noninterest-bearing advances by the Parent Company to KEPCO SPC for the development of the 2x100 MW CFBC coal-fired Power Plant in Naga, Cebu. Outstanding amount due from KEPCO SPC amounted to ₱0.8 million as of December 31, 2024 and 2023, respectively and are included in due from related parties presented under “Trade and other receivables” in the consolidated statements of financial position (see Note 7).
- Dividends received from KEPCO SPC amounting to ₱801.2 million, nil and ₱964.7 million in 2024, 2023 and 2022, respectively; and from MECO amounting to ₱260.0 million, ₱200.0 million and ₱40.0 million in 2024, 2023 and 2022, respectively (see Note 8).

### Affiliates Under Common Ownership

- Sale of electricity to Bohol Water Utilities, Inc. (BWUI) at the same rates charged to BLCI’s consumers amounted to ₱25.0 million, ₱38.4 million and ₱29.0 million in 2024, 2023 and 2022, respectively. Outstanding receivable from BWUI related to this transaction amounting to ₱2.1 million as of December 31, 2023, are included as part of “Trade and other receivables” in the consolidated statements of financial position (see Note 7).
- Rentals on office spaces from SPEC Properties, Inc. (SPEC), SII Properties Development Corporation (SPDC) and BWUI with lease terms ranging from 2–3 years amounted to ₱4.4 million, ₱4.5 million and ₱4.5 million in 2024, 2023 and 2022, respectively. Upon adoption of PFRS Accounting Standards<sup>16</sup> effective January 1, 2019, lease liabilities were recognized on the unpaid rentals until the end of lease term for these office spaces.
- Collection charges from BWUI and advances to related parties amounting to nil and ₱0.01 million as of December 31, 2024 and 2023, respectively, are recorded under “Trade and other receivables” in the consolidated statements of financial position (see Note 7). Advances from related parties are presented as “Trade and other payables” in the consolidated statements of financial position (see Note 14).



The results of these transactions are presented in the appropriate accounts in the consolidated financial statements. The amounts due from/due to related parties follow:

2024				
Category	Transaction	Outstanding Balance - Receivable (Payable)	Terms	Conditions
<b>Associates</b>				
Purchase of power from:				
KEPCO SPC	₱98,866,995	₱–	Interest-bearing; 91-day T-bill plus 3% per annum	Unsecured
Advances:				
KEPCO SPC	–	763,112	Due and demandable	Unsecured; No impairment
MECO	30,000	30,939	60-day; Noninterest-bearing	Unsecured; No impairment
Dividend income (see Note 8):				
KEPCO SPC	801,217,955	–	Due and demandable	Unsecured
MECO	260,000,027	–	Due and demandable	Unsecured
<b>Affiliates (Companies Under Common Ownership)</b>				
Lease of office space from:				
SPEC	1,885,107	(325,661)	30-day; Noninterest-bearing; 3% annual escalation	Unsecured
SPDC	801,426	(200,357)	30-day; Noninterest-bearing; 3% annual escalation	Unsecured
<b>Affiliates (Companies Under Common Ownership)</b>				
Advances:				
BWUI	254,976	13,216	60-day; Noninterest-bearing	Unsecured; No impairment
BWUI	–	–	60-day; Noninterest-bearing	Unsecured
SPDC	89,911	657,263	60-day; Noninterest-bearing	Unsecured; No impairment
SPEC	–	33,861	60-day; Noninterest-bearing	Unsecured; No impairment
SII	51,083	19,500	60-day; Noninterest-bearing	Unsecured; No impairment
SPI	31,740	20,250	60-day; Noninterest-bearing	Unsecured; No impairment
SWRI		270,078	60-day; Noninterest-bearing	Unsecured; No impairment
Western Panay Hydropower Corp. (WPHC)	36,641	399,405	60-day; Noninterest-bearing	Unsecured; No impairment
KV Holdings, Inc.	20,903	3,500	60-day; Noninterest-bearing	Unsecured; No impairment
KEPCO Philippines Holdings, Inc.	–	(497,043)	60-day; Noninterest-bearing	Unsecured



2023				
Category	Transaction	Outstanding Balance - Receivable (Payable)	Terms	Conditions
<b>Associates</b>				
Purchase of power from: KEPCO SPC	₱806,306,924	(₱89,713,882)	Interest-bearing; 91-day T-bill plus 3% per annum	Unsecured
Advances:				
KEPCO SPC	—	837,925	Due and demandable	Unsecured; No impairment
MECO	—	939	60-day; Noninterest-bearing	Unsecured; No impairment
Dividend income (see Note 8): MECO	199,999,778	—	Due and demandable	Unsecured; No impairment
<b>Affiliates (Companies Under Common Ownership)</b>				
Lease of office space from: SPEC	3,651,136	(912,784)	30-day; Noninterest-bearing; 3% annual escalation	Unsecured
SPDC	801,426	(200,357)	30-day; Noninterest-bearing; 3% annual escalation	Unsecured
<b>Affiliates (Companies Under Common Ownership)</b>				
Collection charges:				
BWUI	130,773	79,136	₱2.60 per receipt 20 days from receipt; interest bearing 2% per month	Unsecured; No impairment
Advances:				
BWUI	364,462	513,222	60-day; Noninterest-bearing	Unsecured; No impairment
BWUI	134,462	(38,438)	60-day; Noninterest-bearing	Unsecured; No impairment
SPDC	162,543	576,063	60-day; Noninterest-bearing	Unsecured; No impairment
SPEC	159,931	67,883	60-day; Noninterest-bearing	Unsecured; No impairment
SII	440,931	664,583	60-day; Noninterest-bearing	Unsecured; No impairment
SPI	81,770	59,895	60-day; Noninterest-bearing	Unsecured; No impairment
SPI	—	(5,600)	60-day; Noninterest-bearing	Unsecured; No impairment
SWRI	—	223,586	60-day; Noninterest-bearing	Unsecured; No impairment
WPHC	127,622	362,765	60-day; Noninterest-bearing	Unsecured; No impairment
KV Holdings, Inc.	24,745	10,825	60-day; Noninterest-bearing	Unsecured; No impairment
KEPCO Philippines Holdings, Inc.	—	(497,043)	60-day; Noninterest-bearing	Unsecured; No impairment



2022				
Category	Transaction	Outstanding Balance - Receivable (Payable)	Terms	Conditions
<b>Associates</b>				
Purchase of power from:				
KEPCO SPC	₱709,983,001	(₱137,031,554)	Interest-bearing; 91-day T-bill plus 3% per annum	Unsecured
Advances:				
KEPCO SPC	—	763,112	Due and demandable	Unsecured; No impairment
MECO	—	939	60-day; Noninterest-bearing	Unsecured; No impairment
Dividend income (see Note 8):				
KEPCO SPC	964,673,562	—	Due and demandable	Unsecured
MECO	39,999,956	—	Due and demandable	Unsecured; No impairment
<b>Affiliates (Companies Under Common Ownership)</b>				
Collection charges:				
BWUI	114,006	41,717	₱1.53 per receipt20 days from receipt; interest bearing 2% per month	Unsecured; No impairment
Advances to (from):				
BWUI	95,298	176,574	60-day; Noninterest-bearing	Unsecured; No impairment
SPDC	90,729	507,410	60-day; Noninterest-bearing	Unsecured; No impairment
SPEC	101,810	304,756	60-day; Noninterest-bearing	Unsecured
SII	42,199	181,935	60-day; Noninterest-bearing	Unsecured; No impairment
SPI	44,041	171,516	60-day; Noninterest-bearing	Unsecured; No impairment
SWRI	—	223,586	60-day; Noninterest-bearing	Unsecured; No impairment
WPHC	108,565	235,143	60-day; Noninterest-bearing	Unsecured; No impairment
KV Holdings, Inc.	30,109	7,789	60-day; Noninterest-bearing	Unsecured; No impairment
KEPCO Philippines Holdings, Inc.	—	(497,043)	60-day; Noninterest-bearing	Unsecured; No impairment

These transactions with related parties are generally settled in cash.

#### Compensation and Benefits of Key Management Personnel

The Group considers all senior officers as key management personnel. The compensation of key management personnel follows:

	2024	2023	2022
Short-term benefits	₱50,945,505	₱49,946,045	₱50,474,435
Post-employment benefits	750,325	964,964	762,626
	₱51,695,830	₱50,911,009	₱51,237,061



## 6. Cash and Cash Equivalents

	2024	2023
Cash on hand and in banks	<b>₱532,617,065</b>	₱798,410,969
Short-term investments	<b>4,126,123,923</b>	3,944,632,065
	<b>₱4,658,740,988</b>	₱4,743,043,034

Cash in banks earn interest at the respective bank deposit rates. Short-term investments are made for varying periods of up to three months or less, depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term investment rates. Total interest income from continuing operations amounted to ₱190.1 million, ₱159.8 million and ₱27.3 million in 2024, 2023 and 2022, respectively.

## 7. Trade and Other Receivables

	2024	2023
Receivable from customers (net of allowance for ECLs of ₱47.8 million and ₱44.9 million as of 2024 and 2023, respectively)	<b>₱358,866,240</b>	₱457,828,766
Advances to officers and employees	<b>13,203,562</b>	13,909,273
Due from related parties (see Note 5)	<b>2,202,093</b>	3,149,696
Dividend receivable (see Note 8)	–	39,999,956
Current portion of PSALM deferred adjustments (see Note 30)	–	31,892,013
Others	<b>40,179,536</b>	102,327,953
	<b>₱414,451,431</b>	₱649,107,657

Receivable from customers arises from generation and sale of energy, distribution of purchased energy, and from provision of ancillary services.

Receivables from PSALM and customers are noninterest-bearing and are generally with a term of 1–30 days and 30–90 days, respectively.

Others mainly consist of universal charges receivable from customers that are noninterest-bearing, insurance claims and accrued interest receivables from short-term investments. Universal charges are amounts passed on and collected from customers on a monthly basis. These are charges imposed to recover the stranded debts, stranded contract costs of National Power Corporation (“NPC”) and stranded contract costs of eligible contracts of distribution. The Company remits collections monthly to PSALM who administers the fund generated from universal charges and disburses the said funds in accordance with the intended purposes.

Allowance for ECLs pertains to trade receivables as a result of performing collective impairment test at reporting date. These relate to debtors who are either in significant financial difficulties, have defaulted on payments or whose accounts are under dispute and legal proceedings.



The following table shows the movement in the allowance for ECLs:

	2024	2023
At January 1	<b>₱44,894,258</b>	₱45,655,447
Provision for ECL (see Note 20)	<b>3,113,129</b>	1,556,344
Reversals	<b>(262,762)</b>	(2,317,533)
At December 31	<b>₱47,774,625</b>	₱44,894,258

## 8. Investments in Associates

	2024	2023
Acquisition cost:		
At January 1	<b>₱2,852,565,368</b>	₱2,852,565,368
Additions	<b>199,613,240</b>	—
At December 31	<b>3,052,178,608</b>	2,852,565,368
Accumulated equity in net earnings and other comprehensive income:		
At January 1	<b>2,963,186,059</b>	2,579,888,296
Equity in net earnings	<b>810,094,050</b>	587,156,364
Share in remeasurement of employee benefits of associates	<b>(665,032)</b>	(3,858,824)
Dividend (see Note 5)	<b>(1,061,217,982)</b>	(199,999,777)
At December 31	<b>2,711,397,095</b>	2,963,186,059
	<b>₱5,763,575,703</b>	₱5,815,751,427

The Group's associates, corresponding equity ownerships, and acquisition costs follow:

	Principal Activity	% of Ownership	Acquisition Cost	
			2024	2023
KEPCO SPC	Power generation	40.0	<b>₱2,472,464,616</b>	₱2,472,464,616
MECO	Power distribution	40.0	<b>579,613,992</b>	380,000,752
SWRI	Water processing	40.0	<b>100,000</b>	100,000
			<b>₱3,052,178,608</b>	₱2,852,565,368

The equity ownership in MECO has increased by ₱199.6 million in 2024 due to the Parent Company's availment of its pre-emptive right to subscribe to MECO's increase in its authorized capital stock shares equivalent to its existing shareholdings.

### KEPCO SPC

KEPCO SPC was registered with the SEC on June 22, 2005 primarily to build, operate, maintain, own and manage the 2x100 MW CFBC Boiler Coal-Fired Power Plant in Naga, Cebu, Philippines.





Summarized financial information pertaining to KEPCO SPC as of and for the years ended December 31 follows:

	2024	2023	2022
Current assets	<b>₱4,743,428,129</b>	₱5,025,272,862	₱3,648,061,247
Noncurrent assets	<b>6,722,167,995</b>	7,431,058,522	8,134,819,864
Current liabilities	<b>852,462,561</b>	1,018,887,600	1,079,104,218
Noncurrent liabilities	<b>183,512,999</b>	177,871,046	169,135,312
Equity	<b>10,429,620,564</b>	11,259,572,738	10,534,641,581
Revenue	<b>7,998,984,066</b>	9,491,824,536	10,685,730,574
Gross profit	<b>2,127,686,573</b>	1,612,378,636	2,954,375,631
Net income	<b>1,173,899,287</b>	730,593,462	1,895,967,997
Other comprehensive income (loss)	<b>(806,576)</b>	(5,662,304)	6,943,469
Total comprehensive income	<b>1,173,092,711</b>	724,931,158	1,902,911,466
Group's share in net income	<b>469,559,715</b>	292,237,385	758,387,199
Carrying amount of the investment	<b>4,171,848,225</b>	4,503,829,095	4,213,856,632
Dividends received from KEPCO SPC	<b>801,217,955</b>	—	964,673,562

KEPCO SPC declared and paid cash dividends to the Parent Company amounting to ₱801.2 million, nil and ₱964.7 million in 2024, 2023 and 2022, respectively (see Note 5).

As of December 31, 2024, 2023 and 2022, the Group's share in the net assets of KEPCO SPC approximates the carrying value of its investment amounting to ₱4,171.8 million, ₱4,503.8 million and ₱4,213.9 million, respectively.

#### MECO

MECO is a distribution utility granted by the NEC under Presidential Decree No. 269, a franchise for 25 years from October 10, 1991 to engage in, conduct and carry on the business of generating, buying and selling electric light, heat and power for sale within the limits of the City of Lapu-Lapu and the Municipality of Cordova, Cebu until October 9, 2016. On July 17, 2016, MECO was granted a renewal of its franchise for another 25 years.

Summarized financial information pertaining to MECO as of and for the years ended December 31 follows:

	2024	2023	2022
Current assets	<b>₱4,211,320,904</b>	₱ 3,420,169,230	₱3,272,422,195
Noncurrent assets	<b>5,133,850,482</b>	3,822,420,452	3,737,587,700
Current liabilities	<b>1,128,996,579</b>	938,870,145	1,056,351,577
Noncurrent liabilities	<b>3,070,723,105</b>	2,647,655,706	2,506,399,191
Equity	<b>5,145,451,702</b>	3,656,063,831	3,447,259,127
Revaluation increment on property, plant and equipment, and others (adjusted at consolidated level following the Group's policy of cost model)	<b>1,169,479,381</b>	376,509,006	401,016,994
Revenue	<b>7,763,956,150</b>	7,206,586,540	7,524,368,045
Gross profit	<b>602,805,158</b>	481,187,003	214,305,875
Net income	<b>779,635,095</b>	704,620,130	383,002,350
Other comprehensive income	<b>846,385,773</b>	(3,984,755)	9,379,733



	2024	2023	2022
Net income after adjustment of depreciation on revaluation increment	<b>₱851,335,837</b>	₱737,297,447	₱417,417,764
Group's share in net income after adjustment of depreciation on revaluation increment and others	<b>340,534,335</b>	294,918,979	166,967,106
Carrying amount of the investment	<b>1,591,627,478</b>	1,311,822,330	1,218,496,853
Dividends received from MECO	<b>260,000,027</b>	199,999,778	39,999,956

MECO declared cash dividends to the Parent Company amounting to ₱260.0 million, ₱200.0 million and ₱40.0 million in 2024, 2023 and 2022, respectively, and paid ₱300.0 million, ₱160.0 million and ₱40.0 million in 2024, 2023 and 2022 (see Note 5).

As of December 31, 2024, 2023 and 2022, the Group's share in the net assets (after adjustment at consolidated level following the Group's policy of cost model on property, plant and equipment) of MECO approximates the carrying value of its investment amounting to ₱1,591.6 million, ₱1,311.8 million and ₱1,218.5 million, respectively.

#### SWRI

SWRI is incorporated to engage in the business of providing water services for the operation, maintenance, refurbishment and expansion of power production and electrical generating facilities, including supply of water for the operation of said facilities.

## 9. Inventories

	2024	2023
On hand - at cost:		
Fuel	<b>₱198,446,705</b>	₱168,891,275
Materials and supplies	<b>166,924,622</b>	229,229,732
In transit - at cost	<b>1,546,513</b>	1,272,659
	<b>₱366,917,840</b>	₱399,393,666

Inventories are carried at the lower of cost and NRV as of December 31, 2024 and 2023. This includes fuel, lubricants, chemicals, spare parts, supplies and other consumables used in the operations, repairs and maintenance of the power generation and utility plants, property and equipment.

Inventories charged to "Cost of operations" amounted to ₱2,055.7 million, ₱1,880.2 million and ₱1,817.6 million in 2024, 2023 and 2022, respectively, in the consolidated statements of comprehensive income (see Note 19).



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**10. Prepayments and Other Current Assets**

	<b>2024</b>	<b>2023</b>
Prepaid insurance	<b>₱11,536,799</b>	₱7,946,577
Prepaid income tax	<b>9,669,556</b>	18,752,038
Prepaid real property tax	<b>7,188,546</b>	7,560,461
Refundable deposits	<b>5,990,947</b>	5,547,081
Input VAT	<b>549,479</b>	41,220,925
Prepaid rent	<b>87,349</b>	304,738
Others	<b>2,048,411</b>	2,377,991
	<b>₱37,071,087</b>	₱83,709,811

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## 11. Property, Plant, and Equipment

2024										
	Distribution Lines, Poles and Fixtures	Power Transformers, Switches and Devices	Plant Machinery and Equipment	Motor Vehicles	Structures	Furniture and Office Equipment	Land	Construction in Progress	Right-of-use Assets (see Note 31)	Total
<b>Cost</b>										
At January 1	₱261,036,237	₱290,467,527	₱1,070,167,895	₱55,415,040	₱67,555,454	₱60,481,264	₱87,752,018	₱7,982,944	₱17,903,464	₱1,918,761,843
Additions	8,328,975	4,535,220	19,511,771	213,339	—	1,153,293	25,815,388	3,177,976	—	62,735,962
Reclassifications	—	2,038,319	4,200,000	—	—	—	—	(6,238,319)	—	—
Derecognition	—	—	—	—	—	—	—	—	(33,139)	(33,139)
Disposal of net assets of BLCI (see Note 23)	(269,365,212)	(297,041,066)	—	(21,559,614)	(8,199,221)	(14,165,435)	(38,426,934)	(2,044,288)	—	(650,801,770)
At December 31	—	—	1,093,879,666	34,068,765	59,356,233	47,469,122	75,140,472	2,878,313	17,870,325	1,330,662,896
<b>Accumulated Depreciation</b>										
At January 1	168,143,033	159,034,440	721,040,584	39,011,913	54,591,440	34,873,506	—	—	5,436,313	1,182,131,229
Depreciation (see Note 22 and 23)	7,519,826	10,673,618	47,043,975	4,957,070	2,006,174	6,615,043	—	—	2,830,008	81,645,714
Disposal of net assets of BLCI (see Note 23)	(175,662,859)	(169,708,058)	—	(18,082,377)	(7,111,709)	(12,574,569)	—	—	—	(383,139,572)
At December 31	—	—	768,084,559	25,886,606	49,485,905	28,913,980	—	—	8,266,321	880,637,371
<b>Net Book Value</b>	<b>₱—</b>	<b>₱—</b>	<b>₱325,795,107</b>	<b>₱8,182,159</b>	<b>₱9,870,328</b>	<b>₱18,555,142</b>	<b>₱75,140,472</b>	<b>₱2,878,313</b>	<b>₱9,604,004</b>	<b>₱450,025,525</b>

2023										
	Distribution Lines, Poles and Fixtures	Power Transformers, Switches and Devices	Plant Machinery and Equipment	Motor Vehicles	Structures	Furniture and Office Equipment	Land	Construction in Progress	Right-of-use Assets (see Note 31)	Total
<b>Cost</b>										
At January 1	₱247,601,145	₱220,979,711	₱1,061,232,689	₱43,049,773	₱66,485,459	₱32,805,024	₱87,472,343	₱46,454,500	₱17,903,464	₱1,823,984,108
Additions	13,435,092	17,858,470	8,935,206	12,365,267	1,069,995	27,676,240	279,675	13,157,790	—	94,777,735
Reclassifications	—	51,629,346	—	—	—	—	—	(51,629,346)	—	—
At December 31	261,036,237	290,467,527	1,070,167,895	55,415,040	67,555,454	60,481,264	87,752,018	7,982,944	17,903,464	1,918,761,843
<b>Accumulated Depreciation</b>										
At January 1	155,058,220	146,405,824	669,515,240	33,908,415	52,240,123	29,532,119	—	—	2,606,305	1,089,266,246
Depreciation (see Note 22 and 23)	13,084,813	12,628,616	51,525,344	5,103,498	2,351,317	5,341,387	—	—	2,830,008	92,864,983
At December 31	168,143,033	159,034,440	721,040,584	39,011,913	54,591,440	34,873,506	—	—	5,436,313	1,182,131,229
<b>Net Book Value</b>	<b>₱92,893,204</b>	<b>₱131,433,087</b>	<b>₱349,127,311</b>	<b>₱16,403,127</b>	<b>₱12,964,014</b>	<b>₱25,607,758</b>	<b>₱87,752,018</b>	<b>₱7,982,944</b>	<b>₱12,467,151</b>	<b>₱736,630,614</b>

The Group has no purchase commitments as of December 31, 2024 and 2023.

The depreciation expenses amounting to ₱21.0 million, ₱29.8 million for period from January 1 to September 12, 2024 and for the year ended December 31, 2023, respectively, were included as part of the “Cost of operations” and “General and administrative expenses” in Income from discontinued operations (see Note 23).



## 12. Other Noncurrent Assets and Intangible Assets

### Other noncurrent assets

	2024	2023
Investment in proprietary club share	<b>₱18,000,000</b>	₱15,000,000
Project development cost	<b>12,182,812</b>	5,413,176
Advances to suppliers and contractors	<b>3,114,980</b>	2,803,719
PSALM deferred adjustments (see Notes 7 and 30)	—	1,839,924
Others	<b>6,592,846</b>	8,314,752
	<b>₱39,890,638</b>	₱33,371,571

Current portion of PSALM deferred adjustments amounting to nil and ₱31.9 million is presented under “Trade and other receivables” in the consolidated statements of financial position as of December 31, 2024 and 2023 (see Note 7).

Investment in proprietary club share is accounted for as FVOCI. In 2024, 2023 and 2022, the Group recognized “Unrealized valuation gain on financial asset at FVOCI” amounting to ₱3.0 million, ₱2.0 million and ₱5.0 million, respectively, in the consolidated statements of comprehensive income for its investment in proprietary club shares.

Others mainly represent deferred input taxes on capital goods.

### Intangible assets

	2024	2023
Software costs	<b>₱608,253</b>	₱1,216,504
Franchise	—	954,869
	<b>₱608,253</b>	₱2,171,373

The following table shows the movement of software costs:

	2024	2023
<b>Acquisition Cost</b>	<b>₱6,082,514</b>	₱6,082,514
<b>Accumulated Amortization</b>		
At January 1	<b>4,866,010</b>	4,257,759
Amortization (see Notes 20 and 22)	<b>608,251</b>	608,251
At December 31	<b>5,474,261</b>	4,866,010
<b>Net Book Value</b>	<b>₱608,253</b>	₱1,216,504



Franchise pertains to the costs incurred by BLCI to acquire the franchise to operate the Bohol Provincial Electric System and are amortized over 25 years. The following table shows the movement of franchise:

	2024	2023
<b>Acquisition Cost</b>	<b>₱11,935,833</b>	₱11,935,833
Disposal of net assets of BLCI (see Note 23)	(11,935,833)	—
<b>As at December 31</b>	<b>—</b>	<b>11,935,833</b>
<b>Accumulated Amortization</b>		
At January 1	<b>10,980,964</b>	10,503,531
Amortization (see Notes 20 and 22)	<b>334,202</b>	477,433
Disposal of net assets of BLCI (see Note 23)	(11,315,166)	—
At December 31	—	10,980,964
<b>Net Book Value</b>	<b>₱—</b>	<b>₱954,869</b>

Franchise with net book value of ₱0.6 million as of September 12, 2024 is included in the net assets of BLCI which was disposed (see Note 23).

### 13. Goodwill

Goodwill acquired through business combinations have been allocated to a single cash-generating unit comprising of the distribution business, which is a reportable segment. The recoverable amount of each unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period.

Carrying amount of goodwill related to BLCI amounted to nil and ₱32.5 million as of December 31, 2024 and 2023, respectively. The goodwill is attributed to the expected synergies and other benefits from combining the assets of the distribution utility with those of the Group.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- Interest rate used to discount the net cash flows from operations is BLCI's WACC of 14.97% as of December 31, 2023 using the capital asset pricing model.
- Energy sold is projected at 4%–7% annual growth based on the actual average for 2023, depending on the customer category.
- Operating expenses are projected to increase from 5% to 7% depending on the nature of expenses.
- The computation of terminal value assumes no growth in projected cash flows beyond five years.

Based on the impairment testing, management has determined that there is no impairment on goodwill in 2023. The total balance of Goodwill was reversed due to the full sale of the Group's interest in BLCI shares (see Note 23).

#### Sensitivity to Changes in Assumptions

With regard to the assessment of value-in-use of BLCI, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount.

Goodwill related to BLCI with carrying amount of ₱32.5 million is included in the net assets net assets of BLCI which was disposed (see Note 23).



#### 14. Trade and Other Payables

	2024	2023
Trade (see Note 25)		
Third parties	<b>₱183,582,634</b>	₱254,071,763
Related parties (see Notes 5 and 25)	–	89,713,882
Nontrade	<b>247,207,929</b>	420,994,301
Accrued expenses (see Note 15)	<b>9,213,279</b>	91,944,570
Due to related parties (see Note 5)	<b>632,261</b>	530,150
	<b>₱440,636,103</b>	₱857,254,666

Trade payables include purchases of goods and services that are noninterest-bearing and are normally settled on 30–60 days terms.

Nontrade payables include accrual for deferred output VAT of ₱70.4 million and ₱148.9 million as of December 31, 2024 and 2023, respectively; current portion of PSALM deferred adjustments of nil and ₱1.8 million as of December 31, 2024 and 2023 (see Note 30); respectively and various accounts with nontrade suppliers and contractors.

Accrued expenses include accrual of power cost, accrual of interest on customers' deposits and other statutory liabilities.

#### 15. Customers' Deposits

As of December 31, 2023, the balance of the Customers' Deposits of the Group as of follows:

Bill deposits	₱123,764,396
Material deposits	70,149,998
	<b>₱193,914,394</b>

Customer deposits with carrying amount of ₱198.8 million is included in net assets of BLCI which was disposed (see Note 23).

##### Bill Deposits

Bill deposits are obtained from customers and maintained at approximately equivalent to one month consumption principally as guarantee for any uncollected bills upon termination of the service contract. Under the Magna Carta for Residential Electricity Consumers (Magna Carta) as amended and Distribution Service and Open Access Rules (DSOAR) as amended, dated November 15, 2010 and February 22, 2010, respectively, bill deposits shall earn interest equivalent to the peso savings account interest rate of Land Bank of the Philippines or other government banks subject to the approval of the ERC and the same shall be credited yearly to the bills of the registered customer.

The Magna Carta and DSOAR also provide that bill deposits, together with accrued interests, shall be refunded within one month from the termination of the services if all bills have been paid. In addition to this, the customer who has paid his electric bills on or before its due date for three consecutive years may demand for the full refund of the deposit even prior to the termination of the service.



In cases where the customer has previously received the refund of his bill deposit pursuant to Article 7 of the Magna Carta, and later defaults in the payment of his monthly bills, the customer shall be required to post another bill deposit with the distribution utility and lose his right to avail of the right to refund his bill deposit in the future until termination of service. Failure to pay the required bill deposit shall be a ground for disconnection of electric service.

#### Material Deposits

Large load consumers applying for power connection may pay for the transformers and poles in advance. This is subject to a refund which can be applied as a reduction from the accounts of the consumers at 25% of the consumers' monthly billing for deposits prior to June 2010 and 75% of the consumers' monthly billing from June 2010 onwards until such amounts are fully refunded or for five years, whichever period is shorter.

#### Interest on Bill Deposits

The implementing guidelines of the Magna Carta provide that the interest rate then on meter deposits shall be at 6% for contracts of service entered into prior to the effectivity of the then Energy Regulatory Board (ERB) Resolution No. 95-21 issued on August 3, 1995. The ERB Resolution No. 95-21 was issued adopting a 10% interest on customers' deposits. Pursuant to the Magna Carta as amended, bill deposits shall earn interest equivalent to the peso savings account interest rate of Land Bank of the Philippines or other government banks subject to the approval of the ERC. In the case of non-residential customers, the DSOAR, as amended provides that BLCI shall pay interest on bill deposits at the rate equivalent to the peso savings account interest rate of Land Bank of the Philippines or other government banks subject to the approval of the ERC. Interest expense on bill deposits amounting to nil, ₱0.06 million and ₱0.07 million in 2024, 2023 and 2022, respectively, are presented as part of "Interest expense" in the consolidated statements of comprehensive income. Outstanding interest expense accrued on bill deposits amounted to nil and ₱2.8 million as of December 31, 2024 and 2023 and are presented as part of "Accrued expenses" under "Trade and other payables" in the consolidated statements of financial position (see Note 14).

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## 16. Asset Retirement Obligation

The Parent Company's subsidiary, SIPC, has obligations under the Environmental Compliance Certificate issued by the DENR to protect/enhance the environment and mitigate the plant's adverse impact on the environment and on the community's health and welfare by making available a fund to cover expenses for compensation of damages to life and property that may be caused by the plant's construction, operation and abandonment. In this regard, SIPC established an obligation to recognize its estimated liability for asset retirement.

The movement of the asset retirement obligation follows:

	2024	2023
At January 1	<b>₱93,069,477</b>	₱94,302,870
Accretion of interest	<b>5,724,162</b>	4,814,870
Changes in ARO	<b>(1,369,273)</b>	(6,048,263)
At December 31	<b>₱97,424,366</b>	₱93,069,477

As of December 31, 2024 and 2023, estimates for SIPC's ARO are projected using inflation rates ranging from 3.4% and 6.01%, respectively, and discounted using a risk-free rate of 6.32% and 6.15%, respectively.





The actual dismantling and restoration cost could vary substantially from the above estimate because of new regulatory requirements, changes in technology, increased cost of labor, materials, and equipment and/or actual time required to complete all dismantling and removal activities.

## 17. Pension Liabilities

Under the existing regulatory framework, Republic Act (R.A.) No. 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employees' retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The Parent Company has a funded defined benefit pension plan covering substantially all of its employees which require contributions to be made to a separately administered fund, while SIPC and BLCI have unfunded, noncontributory, defined benefit pension plans covering substantially all of its regular and permanent employees.

The following tables summarize the components of pension expense recognized in the consolidated statements of comprehensive income and amounts recognized in the consolidated statements of financial position.

The components of pension expense recognized under "Cost of operations" and "General and administrative" in the consolidated statements of comprehensive income follow (see Notes 19, 20 and 21):

	2024	2023
Current service cost	<b>₱6,020,529</b>	₱7,780,211
Interest cost on benefit obligation	<b>1,343,150</b>	1,945,844
Past service cost	—	80,846
	<b>₱7,363,679</b>	₱9,806,901

Remeasurement effects recognized under "Other comprehensive income" in the consolidated statements of comprehensive income amounted to ₱1.1 million and ₱5.2 million in 2024 and 2023, respectively.

Net pension liabilities follow:

	2024	2023
Present value of defined benefit obligation	<b>₱57,272,024</b>	₱62,331,144
Fair value of plan assets	<b>(26,187,560)</b>	(25,164,733)
	<b>₱31,084,464</b>	₱37,166,411



Changes in the present value of the defined benefit obligation follow:

	2024	2023
At January 1	<b>₱62,331,144</b>	₱70,945,179
Current service cost	<b>6,020,529</b>	7,780,211
Interest cost	<b>2,327,996</b>	3,202,595
Benefits paid	<b>(3,111,760)</b>	(13,284,933)
Benefits paid from Company's operating funds	<b>(518,309)</b>	(2,684,288)
Remeasurement loss (gain) due to:		
Experience adjustments	<b>1,112,827</b>	2,489,671
Changes in financial assumptions	<b>92,625</b>	(6,198,137)
Past service cost	—	80,846
Disposal of net assets of BLCI (see Note 23)	<b>(10,983,028)</b>	—
At December 31	<b>₱57,272,024</b>	₱62,331,144

Changes in the fair value of plan assets follow:

	2024	2023
At January 1	<b>₱25,164,733</b>	₱27,213,457
Gain on return on plan assets	<b>56,385</b>	1,545,084
Interest income included in net interest cost	<b>984,846</b>	1,256,751
Contribution to the retirement fund	<b>3,093,356</b>	8,434,374
Benefits paid	<b>(3,111,760)</b>	(13,284,933)
At December 31	<b>₱26,187,560</b>	₱25,164,733

Changes in the amounts recognized in the consolidated statements of financial position for net pension liabilities follows:

	2024	2023
At January 1	<b>₱37,166,411</b>	₱43,731,722
Pension expense	<b>7,363,679</b>	9,806,901
Remeasurement loss (gain)	<b>1,149,067</b>	(5,253,550)
Benefits paid from Company's operating funds	<b>(518,309)</b>	(2,684,288)
Contribution to the retirement fund	<b>(3,093,356)</b>	(8,434,374)
Disposal of net assets of BLCI (see Note 23)	<b>(10,983,028)</b>	—
At December 31	<b>₱31,084,464</b>	₱37,166,411

The fair value of plan assets by each class as at December 31 follows:

	2024	2023
Cash and cash equivalents	<b>₱1,393,267</b>	₱4,731,855
Investments in government securities	<b>24,966,741</b>	20,327,953
Accrued interest income and others	—	199,883
Total assets	<b>26,360,008</b>	25,259,691
Total liabilities	<b>172,448</b>	94,958
Fair value of plan assets	<b>₱26,187,560</b>	₱25,164,733

The Parent Company expects to contribute to the retirement fund in 2024.



The principal assumptions used in determining pension benefit obligation for the Group's plans as of December 31 are shown below:

	2024	2023
Discount rate	6.09%–6.10%	6.10%–6.13%
Future salary increase	5%	5%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of the defined benefit obligation of the most recent actuarial valuation report as of December 31, 2024 and 2023 assuming all other assumptions were held constant:

	Increase (Decrease)	Present Value Change of Defined Benefit Obligation	
		2024	2023
Discount rate	+100 basis points	(P3,050,361)	P8,161,378
	–100 basis points	3,588,143	16,557,499
Future salary increase rate	+100 basis points	P3,861,758	P16,848,434
	–100 basis points	(3,348,790)	7,826,702

The weighted average duration of the benefit payments ranges from 9.85-12.25 years and 12.0-15.20 years as of December 31, 2024 and 2023. The expected benefit payment assumes that all actuarial assumptions will materialize.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31:

Plan Year	2024	2023
Less than one year	P28,800,171	P25,727,665
One year to less than five years	13,051,504	19,949,274
Five years to less than 10 years	17,486,634	21,830,966
10 years to less than 15 years	36,804,819	35,239,816
15 years to less than 20 years	37,318,465	44,737,961
20 years and above	110,308,782	121,755,667

## 18. Equity

### Capital Stock

There were no changes in the Parent Company's authorized, issued and outstanding common shares as of December 31, 2024 and 2023:

Issued shares	1,569,491,900
Treasury shares	(72,940,097)
Issued and outstanding shares	1,496,551,803

On various dates in 2002 and 2012, the Parent Company registered with SEC its 1,569,491,900 common shares that were offered to the public at an issue price of P1.80 per share. Gross proceeds from this issuance of new shares amounted to P2.8 billion. As of December 31, 2024, the Parent Company has 797 stockholders including 91 depository participants counted as one stockholder each.



As of December 31, 2024 and 2023, the Parent Company complied with the Minimum Public Ownership requirement of the PSE for listed entities.

#### Retained Earnings

Retained earnings are restricted for dividend declaration to the extent of the accumulated equity in net earnings of associates amounting to ₱2.7 billion and ₱3.0 billion as of December 31, 2024 and 2023, respectively, until actually declared as dividends by the associates. Retained earnings is further restricted for dividend declaration to the extent of the acquisition price of the treasury shares amounting to ₱131.0 million as of December 31, 2024 and 2023.

#### Appropriation

On November 28, 2018, the Board of Directors of the Parent Company approved the following: (i) reversal of retained earnings appropriated on November 20, 2017 amounting to ₱850.0 million for the construction of a CFBC coal-fired thermal power plant with a capacity of at least 300 MW due to the adverse Supreme Court decision that led to the return of the Naga Power Plant Complex to PSALM pursuant to a Memorandum of Agreement and Certificate of Turnover executed between the Parent Company and PSALM on July 9, 2018 and July 13, 2018, respectively (see Note 29); (ii) reversal of retained earnings appropriated on November 20, 2017 amounting to ₱500.0 million for two run-of-river hydro-electric power plant projects in Palawan due to unsuccessful conclusion of final studies/negotiations; and (iii) appropriation of ₱1.5 billion out of the unappropriated retained earnings of the Parent Company for the acquisition of a 100% ownership interest in a power generation company and for 1Bohol Power Project that will serve the long-term power requirements of three distribution utilities in Bohol within the years 2024–2033.

In January 2019, the Parent Company lost in its bid to acquire the power generation company. Consequently, on April 4, 2019, the Board of Directors of the Parent Company approved the reversal of a portion of its 2018 appropriation amounting to ₱1.0 billion.

On November 25, 2019, the Board of Directors of the Parent Company approved the following: (i) appropriation of retained earnings amounting to ₱1.3 billion for the construction and operation of new generating power plant capacity to supply 39 MW full demand requirements in the mainland of Occidental Mindoro starting May 25, 2022, (ii) appropriation of retained earnings amounting to ₱1.0 billion to invest in SIPC for the 44.2 MW expansion of Bohol Diesel Power Plant in the years 2020 – 2021, and (iii) confirmation of the 2018 appropriation of retained earnings amounting to ₱500.0 million for 1Bohol Power Project that will serve the long-term power requirements of three distribution utilities in Bohol starting December 26, 2023.

On December 2, 2020, the Board of Directors of the Parent Company approved the following: (i) reversal of its 2019 appropriation amounting to ₱1.0 billion as a consequence of change in market conditions. The appropriation was intended for investment in SPC Island Power Corporation for the 44.2 MW expansion of Bohol Diesel Power Plant; (ii) confirmation of the appropriation of retained earnings amounting to ₱1.3 billion for the construction and operation of new generating power plant capacity to supply 39 MW full demand requirements in the mainland of Occidental Mindoro starting May 25, 2022, and (iii) confirmation of the appropriation of retained earnings amounting to ₱500.0 million for 1Bohol Power Project that will serve the long-term power requirements of three distribution utilities in Bohol starting December 26, 2023.



On July, 26, 2023, the Board of Directors of the Parent Company approved the reversal of the following: (i) appropriation of retained earnings amounting to ₱1.3 billion for the construction and operation of new generating power plant capacity to supply 39 MW full demand requirements in the mainland of Occidental Mindoro, and (ii) the ₱500.0 Million appropriation for One Bohol Power Project that will serve the long-term power requirements of the three distribution utilities in Bohol starting December 26, 2023, the contract of which was already awarded to EDC.

#### Dividends

Cash dividends declared by the Parent Company and its subsidiaries in the last three years are summarized as follows:

Declared By	Date of Declaration	Record Date	Amount	
			Gross (in millions)	Per Share
2024				
SPC	February 7, 2024	February 22, 2024	₱897.9	₱0.60
SPC	April 11, 2024	April 25, 2024	598.6	0.40
SLCI	November 20, 2024	November 20, 2024	90.8	2.88
SECI	November 20, 2024	November 20, 2024	60.3	3.19
BLCI	April 15, 2024	April 19, 2024	90.0	1.20
2023				
SPC	July 26, 2023	August 9, 2023	₱299.3	₱0.20
BLCI	November 30, 2023	December 15, 2023	15.0	0.20
2022				
SPC	May 31, 2022	June 15, 2022	₱299.3	₱0.20
SLCI	November 16, 2022	November 18, 2022	12.6	0.40
SECI	November 16, 2022	November 18, 2022	14.2	0.75
BLCI	December 7, 2022	December 22, 2022	11.3	0.15
SIPC	December 12, 2022	December 15, 2022	190.0	3.80 (common)

#### Non-controlling Interest

The Group sold its total 53.66% direct and indirect ownership interest in BLCI, which is primarily engaged in the supply and distribution of electricity in the area presently comprised by Tagbilaran City, Bohol. The summarized financial information of BLCI as of December 31, 2023 is provided below:

##### Statements of financial position:

Current assets	₱485,501,080
Noncurrent assets	278,358,312
Current liabilities	263,613,220
Noncurrent liabilities	204,897,425
Equity	295,348,747

##### Statements of comprehensive income:

Revenue	1,678,615,101
Costs and expenses	1,592,057,631
Net income	86,890,665
Total comprehensive income	87,041,730
Net income attributable to non-controlling interest	40,226,436
Total comprehensive income attributable to non-controlling interest	40,335,138
Accumulated non-controlling interest	136,864,609

As of December 31, 2024, total accumulated non-controlling interest in BLCI amounting to ₱120.2 million was included in the disposal group..



As of December 31, 2024 and 2023, total non-controlling interest amounted to ₱14.8 million and ₱166.9 million, respectively.

#### Capital Management

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2024 and 2023.

The Group considers its total equity attributable to equity holders of the Parent, excluding other comprehensive income (loss), as its core capital and is not subject to any externally imposed capital requirements.

As of December 31, 2024 and 2023, the Group's core capital amounted as follows:

	2024	2023
Capital stock	<b>₱1,569,491,900</b>	₱1,569,491,900
Additional paid-in capital	<b>86,810,752</b>	86,810,752
Retained earnings	<b>9,577,942,927</b>	9,598,002,269
Treasury stock	<b>(131,008,174)</b>	(131,008,174)
	<b>₱11,103,237,405</b>	₱11,123,296,747

#### 19. Cost of Operations

	2024	2023	2022
Fuel, lubricants and chemicals (see Note 9)	<b>₱1,978,456,577</b>	₱1,821,728,933	₱1,781,888,188
Purchased power (see Notes 5 and 25)	<b>99,190,300</b>	35,674,270	25,543,370
Personnel costs (see Note 21)	<b>106,480,650</b>	99,482,431	92,353,959
Depreciation and amortization (see Note 22)	<b>51,086,295</b>	55,739,959	54,246,395
Spares, materials and supplies (see Note 9)	<b>77,244,646</b>	58,424,572	35,669,642
Repairs and maintenance	<b>34,201,379</b>	30,069,893	25,829,602
Others (see Note 25)	<b>34,386,718</b>	24,572,232	19,030,362
	<b>₱2,381,046,565</b>	₱2,125,692,290	₱2,034,561,518



## 20. General and Administrative Expenses

	2024	2023	2022
Personnel costs (see Note 21)	<b>₱59,823,915</b>	₱66,041,786	₱56,527,473
Taxes, licenses and regulatory charges	<b>56,174,886</b>	22,072,494	10,546,973
Business development	<b>34,353,420</b>	56,039,146	62,357,903
Professional fees	<b>19,377,152</b>	18,863,525	14,086,922
Shared expenses	<b>16,885,467</b>	26,597,373	15,349,154
Directors' fees	<b>16,239,704</b>	13,897,659	14,961,926
Insurance	<b>14,345,870</b>	15,596,171	14,582,894
Depreciation and amortization (see Note 22)	<b>10,182,276</b>	7,897,346	3,554,513
Rentals (see Notes 5, 30 and 31)	<b>6,636,474</b>	6,282,648	6,627,758
Transportation and travel	<b>5,847,382</b>	3,865,724	2,996,819
Repairs and maintenance	<b>4,812,326</b>	6,141,018	3,169,441
Office supplies	<b>3,676,345</b>	1,677,822	1,597,425
Communications	<b>3,306,084</b>	3,783,247	2,955,812
Provisions (see Note 7)	<b>3,113,129</b>	—	—
Corporate social responsibility	<b>1,691,996</b>	1,392,121	2,069,438
Trainings and seminars	<b>1,640,982</b>	1,544,577	108,334
Association dues	<b>1,395,694</b>	2,103,820	1,399,213
Janitorial and security	<b>1,363,997</b>	818,134	397,073
Power and water	<b>746,359</b>	716,501	645,977
Entertainment, amusement and recreation	<b>650,757</b>	499,968	437,373
Freight and handling	<b>225,605</b>	209,971	242,082
Others	<b>6,257,866</b>	7,196,282	7,652,244
	<b>₱268,747,686</b>	₱263,237,333	₱222,266,747

## 21. Personnel Costs

	2024	2023	2022
Cost of operations (see Note 19)			
Salaries and wages	<b>₱74,607,653</b>	₱69,673,731	₱64,597,762
Retirement (see Note 17)	<b>2,911,167</b>	3,059,209	2,684,179
Other employee benefits	<b>28,961,830</b>	26,749,491	25,072,018
	<b>106,480,650</b>	99,482,431	92,353,959
General and administrative (see Note 20)			
Salaries and wages	<b>40,174,520</b>	37,464,299	36,429,711
Retirement (see Note 17)	<b>4,452,512</b>	5,328,108	4,070,132
Other employee benefits	<b>15,196,883</b>	23,249,379	16,027,630
	<b>59,823,915</b>	66,041,786	56,527,473
	<b>₱166,304,565</b>	₱165,524,217	₱148,881,432



## 22. Depreciation and Amortization

	2024	2023	2022
Depreciation of property, plant and equipment (see Note 11):			
Cost of operations (see Note 19)	<b>₱51,086,295</b>	₱55,739,959	₱54,246,395
General and administrative (see Note 20)	<b>9,574,025</b>	7,289,095	2,946,262
	<b>60,660,320</b>	63,029,054	57,192,657
Amortization of software costs:			
General and administrative (see Note 20)	<b>608,251</b>	608,251	608,251
	<b>₱61,268,571</b>	₱63,637,305	₱57,800,908

## 23. Discontinued Operations

On a special meeting on April 24, 2024, the Board of the Parent Company approved the sale of the corporation's 29,925,000 common shares in BLCI for ₱6.67 per share to PHI. SLCI also sold its entire 16,125,000 shares in BLCI to PHI for the same selling price per share with the Parent Company. The sale is in accordance with the terms and conditions of a Share Purchase Agreement and other definitive documents entered into by the parties. On September 12, 2024, the parties signed the respective Deed of Absolute Sale covering the Parent Company's 29,925,000 common shares and SLCI's 16,125,000 common shares in BLCI for total consideration of ₱307.2 million which resulted to a gain of disposal of net assets of BLCI amounting to ₱161.8 million.

The following is the computation of gain from disposal of net assets of BLCI:

Consideration received	₱307,153,500
Total assets	685,784,025
Total liabilities	(418,319,421)
Noncontrolling interest	(120,202,247)
Remeasurement on employee benefits	(1,925,791)
Less net assets sold	145,336,566
Gain from disposal of net assets of BLCI	₱161,816,934

With BLCI being sold to PHI, the distribution of power segment is no longer presented in the segment information of the Group. The results of BLCI's operations is also hereby presented as discontinued operations in the consolidated statements of comprehensive income.





The results of BLCI for the period ended are presented below:

	September 12, 2024	December 31, 2023	December 31, 2022
Revenue	<b>₱969,241,184</b>	₱1,678,615,101	₱1,354,150,548
Cost of operations	<b>(927,661,019)</b>	(1,558,971,278)	(1,255,611,404)
Gross margin	<b>41,580,165</b>	119,643,823	98,539,144
General and administrative expenses	<b>(24,441,353)</b>	(33,086,352)	(27,040,822)
Other income (charges)	<b>22,520,568</b>	29,526,357	26,872,187
	<b>39,659,380</b>	116,083,828	98,370,509
Gain from disposal of net assets of BLCI	<b>161,816,934</b>	—	—
Income before tax from discontinued operations	<b>201,476,314</b>	116,083,828	98,370,509
Provision for income tax	<b>(6,611,029)</b>	(29,276,673)	(8,165,562)
Income from discontinued operations	<b>₱194,865,285</b>	₱86,807,155	₱90,204,947

The net cash flows generated by (used in) BLCI are, as follows:

	September 12, 2024	December 31, 2023	December 31, 2022
Operating	<b>₱38,593,919</b>	₱111,362,419	₱59,459,721
Investing	<b>(13,671,809)</b>	(43,216,840)	(60,839,245)
Financing	<b>(104,999,979)</b>	(11,250,005)	(11,250,000)
Net cash inflow(outflow)	<b>(₱80,077,869)</b>	₱56,895,574	(₱12,629,524)

## 24. Unbundling of Rates

### Unbundling of Electricity Bill

In compliance with EPIRA, BLCI started to bill its customers using the final unbundled rates approved by the ERC in May 2008 per ERCi decision dated March 27, 2008. The Uniform Rate Filing Requirements (UFR) on the rate unbundling released by the ERC on October 30, 2001 specified that BLCI billing will have the following components: Generation Charge, Transmission Charge, System Loss Charge, Distribution Charge, Supply Charge, Metering Charge, and Interclass and Lifeline Subsidies. Local Franchise Taxes, the Power Act Reduction (PAR, for Residential Customers) and the Universal Charge are also separately indicated in the customer's billing statements. The Universal Charges, which are billed and collected merely on behalf of the national government agency, do not form part of BLCI's revenues.



The components of the unbundled bill presented below pertain only to those with recovery mechanism.

Unbundled Bill Component	Mechanism
Generation and System Loss Charges	<ul style="list-style-type: none"> <li>Guidelines for the Automatic Adjustment of Generation Rates and System Loss Rates by Distribution Utilities (DU), as Amended (AGRA)</li> </ul>
Transmission Charge	<ul style="list-style-type: none"> <li>Guidelines for the Adjustment of Transmission Rates by DU (TRAM)</li> <li>Rules for Calculation of the Over or Under Recovery in the Implementation of Transmission Rates and the Corresponding System Loss Rates by DU</li> </ul>
Inter-class Subsidy	<ul style="list-style-type: none"> <li>Guidelines for a “True-Up” Mechanism of the Over or Under Recovery in the Implementation of Inter-class Cross Subsidy Removal by DU</li> </ul>
Lifeline Rate/Subsidy	<ul style="list-style-type: none"> <li>Guidelines for the Calculation of the Over or Under Recovery in the Implementation of Lifeline Rates by DU</li> </ul>

For the nine-month ended September 12, 2024 and for the years ended December 31, 2023 and 2022, BLCI’s revenue from distribution of power amounted to ₱969.2 million, ₱1,678.6 million and ₱1,354.2 million, respectively. The amounts have been included as part of income from discontinued operations (see Notes 23 and 25).

#### Implementation of VAT

With the enactment of R.A. No. 9337, the ERC issued on November 7, 2005 Resolution No. 20, Series of 2005 which prescribed the Guidelines for Implementing the Recovery of VAT and Other Provisions of R.A. No. 9337 affecting the Power Industry. R.A. No. 9337 removes the 2% national franchise tax but imposes a VAT on generation, transmission, distribution, and supply of electricity. Similar to the local franchise tax, the VAT is a separate item in the customers’ bills. The 12% VAT is imposed on electricity consumptions starting February 1, 2006.

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## 25. Significant Contracts

The Group has the following significant contracts:

#### Parent Company

On May 26, 2015, the Parent Company entered into an Ancillary Services Procurement Agreement (ASPA) with the National Grid Corporation of the Philippines (NGCP) that took effect on September 26, 2015 after getting the provisional approval of the ERC. The Parent Company and NGCP executed the ASPA for the supply of dispatchable reserve and reactive power support from its Cebu Diesel Power Plant located in the City of Naga, Cebu for a period of five (5) years under a non-firm arrangement. The ASPA was pre-terminated on July 13, 2018 due to the return of the Cebu Diesel Power Plant to PSALM (see Note 30).

On December 18, 2018, the Parent Company entered into an ASPA with NGCP for the supply of dispatchable reserve and reactive power support and black start service from the former’s 4x7 MW PB 104 located in Tapal Wharf, Ubay, Bohol under firm and non-firm arrangements. The term of this agreement is for a period of five (5) years commencing upon receipt of a final approval, or in the absence thereof, a provisional approval by the ERC of the application filed on February 14, 2019. The ASPA was implemented effective September 26, 2019. On September 26, 2024, the ASPA contract with NGCP has expired.



### SIPC

SIPC and NGCP entered into a Connection Agreement on August 28, 2010, in order for SIPC's generation facilities to remain connected to the transmission system of the NGCP and to continue to avail of the transmission services. This agreement is subject to the terms and conditions for the connection of the generation facility to the transmission system pursuant to the revised rules, terms and conditions for the provision of Open Access Transmission Service. Total transmission charges, lodged in "Others" under "Cost of operations" amounted to ₱16.5 million, ₱8.7 million and ₱5.7 million in 2024, 2023 and 2022, respectively (see Note 19).

On April 18, 2013, SIPC entered into an ASPA with NGCP with provisional approval granted by the ERC on November 11, 2013. The ASPA, however, was made effective only on February 25, 2014 due to the impact of super typhoon Yolanda in November 2013. SIPC and NGCP executed the ASPA for the supply of contingency reserve, dispatchable reserve, reactive power support, and black start service from the Panay and Bohol Diesel Power Plants for a period of five (5) years under a non-firm arrangement. The agreement expired on February 25, 2019. Due to the necessity of extending the services of providing the same ancillary services, SIPC and NGCP have agreed per letter dated November 26, 2018 to extend the ASPA until a new ASPA for each power plant is approved by the ERC.

On November 20, 2018, SIPC entered into an ASPA with NGCP for the supply of dispatchable reserve and black start service under firm and non-firm arrangements, respectively, from SIPC's BDPP. The term of this agreement is for a period of five (5) years commencing upon receipt of a final approval, or in the absence thereof, a provisional approval by the ERC. The ASPA was implemented effective April 26, 2019. On April 26, 2024, SIPC terminated its ASPA contract with NGCP, which encompassed the supply of contingency reserve, dispatchable reserve, reactive power support and black start service from BDPP.

On July 3, 2019 and July 25, 2019, SIPC entered into an ASPA with NGCP for the supply of dispatchable reserve and contingency reserve under firm and non-firm arrangements from SIPC's PDPP. The term of this agreement is for a period of five (5) years commencing upon receipt of a final approval, or in the absence thereof, a provisional approval by the ERC. As of December 31, 2021, all of SIPC's power supply contracts for the supply of peaking power requirements have expired. Revenue generated from the PSC in 2021 that expired amounted to ₱6.8 million. On September 26, 2024, the ASPA contract with NGCP for PDPP also concluded, marking the end of SIPC's agreements with NGCP for ancillary services at both plants.

In December 2021, due to the major damages brought by Typhoon Odette on the power supply in Bohol, the Company entered in Emergency Power Sales Agreement (EPSA) with local distribution utilities to provide emergency power to the Province of Bohol until the transmission lines connecting the province to the Visayas power grid was completed in February 2022. Revenues generated from the EPSA in 2022 amounted to ₱75.5 million.

### BLCI

On March 22, 2013, the ERC provisionally approved the Power Sales Contract (PSC) between BLCI and KEPCO SPC that was executed on October 12, 2012. The contract period is 10 years with an annual contract quantity of 43,800,000 kWh. KEPCO SPC started its supply to BLCI on July 26, 2013. On June 29, 2015, ERC issued the final approval on the PSC between BLCI and KPSC with modification on the base price particularly on the fuel cost component.



Pursuant to Section 8 of R.A. No. 9136, the National Transmission Corporation (TransCo) was created and assumed the electrical transmission functions of the NPC. On November 13, 2006, BLCI and TransCo entered into a Transmission Service Agreement (TSA) to support the CSEE between BLCI and NPC. By virtue of R.A. No. 9511 dated December 1, 2008, the NGCP was granted a franchise to engage in the business of conveying or transmitting electricity through high voltage backbone system of interconnected transmission lines, substations and related facilities and for other purposes. These activities were previously undertaken by TransCo.

The Wholesale Electricity Spot Market (WESM) started operation in the Visayas region on December 26, 2010. BLCI is registered with Philippine Electricity Market Corporation (PEMC)/Independent Electricity Market Operator of the Philippines, Inc. (IEMOP) as a direct WESM participant in order to avail of the opportunities in the competitive electricity market effective December 26, 2010.

Total power purchases from KEPCO SPC, NGCP, NPCs and PEMC/IEMOP, net of discounts, amounted to ₱883.5 million, ₱1,489.4 million and ₱1,254.9 million for the period from January 1, 2024 to September 12, 2024, for the years ended December 31, 2023 and 2022, respectively, and presented as part of "Cost of operations" under Income from discontinued operations in the consolidated statements of comprehensive income (see Note 23). The outstanding payables to KEPCO SPC, NGCP and PEMC/IEMOP included under "Trade and other payables" (see Note 14), on purchased power amounted to ₱223.2 million and ₱106.8 million as of December 31, 2024 and 2023, respectively.

The outstanding payables to KEPCO SPC, NGCP and PEMC/IEOMP amounting to ₱202.8 million as of September 12, 2024 is included in net assets of BLCI which was disposed (see Note 23).

## 26. Income Tax

	2024	2023	2022
Current	<b>₱99,037,190</b>	₱114,038,830	₱84,896,444
Deferred	<b>(6,298,534)</b>	(1,962,423)	15,045,125
	<b>₱92,738,656</b>	₱112,076,407	₱99,941,569

The reconciliation between the amounts of provision for income tax computed at the statutory tax rates of 25% and 20% in 2024, 2023 and 2022 to provision for income tax in the consolidated statements of comprehensive income for the years ended December 31 follows:

	2024	2023	2022
Income before income tax	<b>₱1,459,182,379</b>	₱1,236,436,718	₱1,296,518,952
Provision for income tax at respective income tax rates	<b>₱364,795,595</b>	₱309,131,571	₱341,669,971
Adjustments to income tax resulting from:			
Equity in net earnings of associates	<b>(202,523,512)</b>	(146,789,091)	(231,338,576)
Interest income already subjected to final tax	<b>(46,822,099)</b>	(39,810,675)	(6,825,742)
Net unrealized forex loss (gain)	<b>(10,198,286)</b>	(2,100,467)	17,014,161
Impact of OSD	<b>1,022,789</b>	8,429,383	(1,752,081)
Others	<b>(13,535,831)</b>	(16,784,314)	(18,826,164)
	<b>₱92,738,656</b>	₱112,076,407	₱99,941,569



The Group's deferred income tax assets and deferred income tax liabilities relate to the following:

	2024	2023
Deferred income tax assets on:		
Asset retirement obligation	<b>₱24,356,092</b>	₱23,267,369
Pension liabilities	<b>5,617,129</b>	2,244,087
Lease liability	<b>1,780,029</b>	7,383,274
Unrealized foreign exchange loss	<b>2,102,757</b>	2,562,314
	<b>₱33,856,007</b>	₱35,457,044
	2024	2023
Deferred income tax liabilities on:		
Excess of fair value over acquisition cost - property, plant and equipment and inventory	<b>₱737,874</b>	₱415,702
Right-of-use asset	<b>1,531,521</b>	1,433,924
Unrealized forex exchange gain	<b>12,302,530</b>	17,876,113
	<b>₱14,571,925</b>	₱19,725,739

The Group did not recognize deferred income tax on temporary differences on provision for impairment losses and net operating loss carryover (NOLCO) amounting to ₱8.8 million and ₱0.7 million in 2024 and 2023, respectively because management believes that these items may have no possible future deductible benefit when these will be reversed, settled or realized.

On July 7, 2008, R.A. No. 9504, which amended the provisions of the 1997 Tax Code, became effective. It includes provisions relating to the availment of the OSD. Corporations, except for non-resident foreign corporations, may now elect to claim standard deduction in an amount not exceeding 40% of their gross income. A corporation must signify in its returns its intention to avail of the OSD. If no indication is made, it shall be considered as having availed of the itemized deductions. The availment of the OSD shall be irrevocable for the taxable year for which the return is made. On November 26, 2008, the BIR issued Revenue Regulation 16-2008 for the implementing guidelines of the law.

The Parent Company and SIPC availed of the OSD in the computation of their taxable income in 2024, 2023 and 2022 with an effective tax rate of 15% in 2024, 2023 and 2022.

## 27. Segment Information

For management purposes, the Group is organized into business units based on their products and services provided as follows:

- Generation - generation and supply of power and ancillary services to NPC/PSALM, NGCP, distribution utilities, WESM and other customers.
- Others - includes the operations of SECI, SLCI, CNPC and SMPC such as to manage, operate and invest in power generating plants and related facilities.

These operating segments are consistent with those reported to the BOD, the Group's Chief Operating Decision Maker (CODM).

The Group operates and generates revenue principally only in the Philippines (i.e., one geographical location). Thus, geographical segment information is not presented.



The CODM monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss in the consolidated financial statements.

2024					
	Before Eliminations			Eliminations	After
	Generation	Others	Total		Eliminations/ Consolidated
Revenue	₱3,034,529,893	₱–	₱3,034,529,893	₱–	₱3,034,529,893
Other income	1,688,710,237	153,558,743	1,842,268,980	(767,802,343)	1,074,466,637
Income before income tax	1,933,615,433	139,442,564	2,073,057,997	(613,875,618)	1,459,182,379
Net income	1,840,876,778	139,442,564	1,980,319,342	(419,010,334)	1,561,309,008
Total assets	9,319,709,312	55,329,270	9,375,038,582	2,390,098,890	11,765,137,472
Property, plant and equipment (see Note 11)	448,757,620	–	448,757,620	1,267,905	450,025,525
Total liabilities	624,636,629	2,248,824	626,885,453	(2,709,903)	624,175,550
Depreciation and amortization (see Note 22)	61,268,571	–	61,268,571	–	61,268,571
Capital expenditures	62,702,823	–	62,702,823	–	62,702,823
2023					
	Before Eliminations			Eliminations	After
	Generation	Others	Total		Eliminations/ Consolidated
Revenue	₱2,873,821,678	₱–	₱2,873,821,678	₱–	₱2,873,821,678
Other income	368,984,683	3,453,106	372,437,789	379,107,584	751,545,373
Income before income tax	854,312,421	3,016,713	857,329,134	379,107,584	1,236,436,718
Net income	742,236,015	3,016,713	745,252,728	465,914,738	1,211,167,466
Total assets	9,111,704,641	66,154,480	9,177,859,121	3,353,299,092	12,531,158,213
Property, plant and equipment (see Note 11)	462,115,188	–	462,115,188	274,515,426	736,630,614
Total liabilities	764,105,579	145,207	764,250,486	459,199,181	1,223,449,667
Depreciation and amortization (see Note 22)	63,640,305	–	63,640,305	–	63,640,305
Capital expenditures	51,560,897	–	51,560,897	–	51,560,897
2022					
	Before Eliminations			Eliminations	After
	Generation	Others	Total		Eliminations/ Consolidated
Revenue	₱2,565,982,204	₱–	₱2,565,982,204	(₱70,160,929)	₱2,873,821,678
Other income	1,336,446,884	10,179,049	1,346,625,933	(289,099,991)	1,057,525,942
Income before income tax	1,645,872,826	9,907,042	1,655,779,868	(359,260,916)	1,296,518,952
Net income	1,545,931,257	9,907,042	1,555,838,299	(269,055,969)	1,286,782,330
Total assets	8,548,644,207	63,229,460	8,611,873,667	2,995,829,629	11,607,703,296
Property, plant and equipment (see Note 11)	473,583,345	–	473,583,345	261,134,517	734,717,862
Total liabilities	650,911,273	236,902	651,148,175	557,069,205	1,208,217,380
Depreciation and amortization (see Note 22)	57,800,908	–	57,800,908	–	57,800,908
Capital expenditures	13,035,579	–	13,035,579	–	13,035,579

The Group's revenue from contracts with customers is mainly from generation services. Set out below is the disaggregation of the Group's revenue from contracts with customer in 2024, 2023 and 2022:

	2024	2023	2022
Revenue from power supply contracts and ancillary services	₱363,685,125	₱744,309,063	₱1,054,696,712
Revenue from market power trading	2,670,844,768	2,129,512,615	1,441,124,563
Total revenue	₱3,034,529,893	₱2,873,821,678	₱2,495,821,275

Revenue from the Group's major customers, which account for 12%, 26%, 36% in 2024, 2023 and 2022, respectively, amounted to ₱363.7 million, ₱744.3 million and ₱906.6 million, respectively.



### Eliminations

Eliminations are part of detailed reconciliations presented below:

#### *Reconciliation of Net Income*

	2024	2023	2022
Segment net income	<b>₱1,980,319,342</b>	₱745,252,727	₱1,555,838,303
Equity in net earnings of associates (see Note 8)	<b>810,094,050</b>	587,156,364	925,354,304
Dividend income from associates (see Note 8)	<b>(1,061,217,981)</b>	(199,999,778)	(1,004,673,517)
Dividend income from subsidiaries	<b>(82,218,287)</b>	–	(205,292,029)
Dividend income from discontinued operations	<b>(48,294,000)</b>	(8,049,002)	(4,488,749)
Income from discontinued operations	<b>194,865,285</b>	86,807,155	90,204,947
Others*	<b>(232,239,401)</b>	–	(70,160,929)
Group net income	<b>₱1,561,309,008</b>	₱1,211,167,466	₱1,286,782,330

\* Others include the gain on disposal of net assets of BLCI of the Parent Company and SLCI in 2024 and intercompany profit on purchased power in 2022

#### *Reconciliation of Total Assets*

	2024	2023
Segment assets	<b>₱9,375,038,582</b>	₱9,941,635,003
Inter-segment receivables	<b>(6,709,707)</b>	(16,682,422)
Investments in associates and subsidiaries	<b>2,396,808,597</b>	2,573,683,616
Goodwill	–	32,522,016
Group assets	<b>₱11,765,137,472</b>	₱12,531,158,213

#### *Reconciliation of Total Liabilities*

	2024	2023
Segment liabilities	<b>₱626,885,453</b>	₱1,232,761,131
Inter-segment payables	<b>(2,709,903)</b>	(9,311,464)
Group liabilities	<b>₱624,175,550</b>	₱1,223,449,667

### Indicators

The following financial indicators are used, among others, by management to evaluate the performance of the Group as of and for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
For the years ended December 31:			
Earnings per share (see Note 28)	<b>₱0.99</b>	₱0.78	₱0.85
Share in net earnings of associates (see Note 8)	<b>810,094,050</b>	587,156,364	925,354,304
Return on equity (total comprehensive income divided by average total equity)	<b>13.87%</b>	11.19%	13.06%
Return on assets (total comprehensive income divided by average total assets)	<b>12.86%</b>	10.06%	11.80%
Cash flows:			
Net cash flows from operating activities	<b>400,591,358</b>	847,577,391	369,629,036



	2024	2023	2022
Net cash flows from investing activities	<b>₱1,142,580,725</b>	₱65,222,085	₱930,799,167
Cash flows used in financing activities	<b>1,668,273,213</b>	192,854,222	321,100,929
As of December 31:			
Cash and cash equivalents (see Note 6)	<b>₱4,658,740,988</b>	₱4,743,043,034	₱4,031,421,593
Current ratio (total current assets including noncurrent assets held for sale divided by total current liabilities including liabilities directly associated with noncurrent assets held for sale)	<b>11.50</b>	6.75	6.52
Debt ratio (total liabilities divided by total assets)	<b>0.05</b>	0.10	0.10
Debt-to-equity ratio (total liabilities divided by total equity)	<b>0.06</b>	0.11	0.11
Solvency ratio (total comprehensive income before depreciation and amortization divided by total liabilities)	<b>2.52</b>	1.07	1.16

## 28. Earnings Per Share

The following presents information necessary to calculate earnings per share attributable to equity holders of the Parent Company:

	2024	2023	2022
Net income from continuing operations attributable to equity holders of the Parent (a)	<b>₱1,303,102,870</b>	₱1,123,314,877	₱1,191,439,932
Net income from discontinued operations attributable to equity holders of the Parent (b)	<b>179,550,679</b>	46,580,719	80,916,549
Net income attributable to equity holders of the Parent (c)	<b>1,482,653,549</b>	1,169,895,596	1,272,356,481
Weighted average number of common shares issued and outstanding (d)	<b>1,496,551,803</b>	1,496,551,803	1,496,551,803
Basic/Diluted earnings per share (c/d)	<b>₱0.99</b>	₱0.78	₱0.85
Basic/Diluted earnings per share from continuing operations (a/d)	<b>₱0.87</b>	₱0.75	₱0.80
Basic/Diluted earnings per share from continuing operations (b/d)	<b>₱0.12</b>	₱0.03	₱0.05





Computation of weighted average number of common shares issued and outstanding follows:

Number of shares issued	1,569,491,900
Less weighted average number of treasury shares	72,940,097
	<u>1,496,551,803</u>

There are no potentially dilutive common shares issued as of December 31, 2024, 2023 and 2022.

## 29. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents and trade and other payables. The Group has various other financial assets and liabilities such as trade and other receivables, trade and other payables, PSALM deferred adjustments included under "Other noncurrent assets" and customers' deposits which arise directly from its operations.

The main risks arising from the Group's financial instruments are liquidity risk and credit risk.

The Group's senior management oversees the management of these risks. The Group's senior management ensures that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk appetite.

The BOD reviews and approves policies for managing each of these risks and they are summarized below.

### Liquidity Risk

Liquidity risk is the potential of not meeting obligations as they come due because of an inability to liquidate assets or obtain adequate funding. The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements are maintained to meet maturing obligations and pay dividend declarations.

The tables below summarize the maturity profile of the Group's financial liabilities at December 31 based on contractual undiscounted payments:

	2024					
	Total	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days
Trade and other payables						
Trade	₱122,868,576	₱118,004,036	₱1,291,838	₱401,473	₱222,566	₱2,948,663
Nontrade	96,209,857	8,650,401	93,744	95,357	102,878	87,267,477
Accrued expenses	9,213,279	7,588,742	—	281,501	273,361	1,069,675
Due to related parties	632,261	11,318	—	—	—	620,943
	228,923,973	134,254,497	1,385,582	778,331	598,805	91,906,758
Lease liabilities	7,986,223	—	—	—	—	7,986,223
Dividends payable	60,857,481	—	—	—	—	60,857,481
	₱297,767,677	₱134,254,497	₱1,385,582	₱778,331	₱598,805	₱160,750,462



2023						
	Total	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days
Trade and other payables						
Trade	₱394,559,067	₱368,776,398	₱3,800,169	₱280,257	₱602,161	₱21,100,082
Nontrade	124,482,214	86,507,533	3,202,704	3,394,647	3,204,128	28,173,202
Accrued expenses	30,994,396	12,089,740	634,320	615,359	(490,310)	18,145,287
Dividends payable	119,577,816	5,789,980	—	—	—	113,787,836
Due to related parties	530,150	20,360	—	—	7,148	502,642
	670,143,643	473,184,011	7,637,193	4,290,263	3,323,127	181,709,049
Customers' deposits	193,914,394	—	—	—	—	193,914,394
Lease liabilities	10,725,319	—	—	—	—	10,725,319
Other noncurrent liability	1,839,924	—	—	—	—	1,839,924
	₱876,623,280	₱473,184,011	₱7,637,193	₱4,290,263	₱3,323,127	₱388,188,686

### Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting to a financial loss.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit procedures. In addition, receivable balances are monitored on an ongoing basis with the result that exposure to impairment loss is not significant.

With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and PSALM deferred adjustments included in "Other noncurrent assets", the Group's exposure to credit risk arises from default of the counterparty. The Group's credit risk from cash and cash equivalents is mitigated by Philippine Deposit Insurance Corporation's (PDIC) insurance coverage on the cash in bank. While the Group does not hold collateral as security, its credit risk from trade and other receivables is mitigated by the customers' deposits which are collected to guarantee any uncollected bills from the customers upon termination of the service contract.

The Group's maximum exposure equals to the carrying amount of the aforementioned instruments, excluding cash on hand, and is offset by the PDIC insurance coverage and customers' deposits. The offset relates to balances where there is a legally enforceable right of offset in the event of counterparty default and where, as a result, there is a net exposure for credit risk management purposes. However, as there is no intention to settle these balances on a net basis under normal circumstances, they do not qualify for net presentation for accounting purposes.

2024			
	Maximum exposure	Offset	Exposure to credit risk
At amortized cost:			
Cash and cash equivalents			
(excluding cash on hand)	₱4,658,275,686	(₱8,019,398)	₱4,650,256,288
Trade and other receivables	414,451,431	—	414,451,431
At FVOCI:			
Investment in proprietary club shares	18,000,000	—	18,000,000
	₱5,090,727,117	(₱8,019,398)	₱5,082,707,719



	2023		
	Maximum exposure	Offset	Exposure to credit risk
At amortized cost:			
Cash and cash equivalents (excluding cash on hand)	₱4,742,464,501	(₱10,138,295)	₱4,732,326,206
Trade and other receivables	649,107,657	—	649,107,657
PSALM deferred adjustments (included in “Other noncurrent assets”)	1,839,924	—	1,839,924
At FVOCI:			
Investment in proprietary club shares	15,000,000	—	15,000,000
	₱5,408,412,082	(₱10,138,295)	₱5,398,273,787

As of December 31, 2024 and 2023, the Group’s significant concentration of credit risk pertains to its trade and other receivables and PSALM deferred adjustments amounting to ₱414.5 million and ₱650.9 million, respectively, and impaired financial assets, determined based on probability of collection, are adequately covered with allowance.

The following are the details of the Group’s assessment of credit risk and the related ECLs as at December 31, 2024 and 2023:

#### General Approach

- *Cash and cash equivalents* - As of December 31, 2024 and 2023, the ECL relating to the cash and cash equivalents of the Group is minimal as these are deposited in reputable banks which have good bank standing, and is considered to have low credit risk.
- *Due from NPC/PSALM and other receivables* - As of December 31, 2024 and 2023, there were no individually impaired accounts. No ECL is recognized for these receivables since there were no history of default payments. This assessment is undertaken each financial year through examining the financial position of the parties and the markets in which the parties operate.

	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount	₱4,658,275,686	₱—	₱—	₱4,658,275,686
Less allowance*	—	—	—	—
Carrying amount	₱4,658,275,686	₱—	₱—	₱4,658,275,686

	2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount	₱4,744,304,425	₱—	₱—	₱4,744,304,425
Less allowance*	—	—	—	—
Carrying amount	₱4,744,304,425	₱—	₱—	₱4,744,304,425



### *Simplified Approach*

- *Trade and other receivables* - The Group applied the simplified approach using a 'provision matrix'. As of December 31, 2024 and 2023, the allowance for impairment losses as a result of performing collective and specific impairment test amounted to ₱47.8 million and ₱44.9 million. Management evaluated that the Parent Company's trade receivables are of high grade and of good credit quality.

2024						
	Current	<30 days	30-60 days	61-90 days	Over 90 days	Total
Expected credit loss rate	1%	2%	2%	5%	33%	
Estimated total gross carrying amount at default	₱223,566,046	₱28,062,615	₱18,965,610	₱12,088,614	₱131,768,547	₱414,451,432
Expected credit losses	2,445,878	461,135	468,873	581,199	43,817,540	47,774,625

2023						
	Current	<30 days	30-60 days	61-90 days	Over 90 days	Total
Expected credit loss rate	0%	1%	2%	2%	23%	
Estimated total gross carrying amount at default	₱368,194,540	₱48,812,487	₱29,505,458	₱16,759,796	₱185,835,376	₱649,107,657
Expected credit losses	1,427,657	329,617	491,953	314,018	42,331,012	44,894,257

### Fair Value of Financial Assets and Financial Liabilities

Fair value is defined as 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. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

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 and Trade and Other Payable.* The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate their value due to the relatively short-term maturity of these financial instruments.
- *Investment in Proprietary Club Shares.* Market values have been used to determine the fair value of traded proprietary club shares.
- *Noncurrent Receivable (included in "Other Noncurrent Assets") and Other Noncurrent Liability.* The fair values of the noncurrent receivable and noncurrent liability are based on the net present value of cash flows using the prevailing market rate of interest. As of December 31, 2024 and 2023, the carrying values of the noncurrent receivable and noncurrent liability approximate their fair values.
- *Customers' Deposits.* The fair value of customers' deposits approximates the carrying value as (1) bill deposits earn interest at the prevailing market interest rate in accordance with regulatory guidelines and (2) the timing and related amounts of future cash flows relating to material deposits cannot be reasonably and reliably estimated for purposes of establishing their fair values using an alternative valuation technique.

As of December 31, 2024 and 2023, the Group considers its investment in proprietary club shares measured and carried at fair values of ₱18.0 million and of ₱15.0 million under Level 1 classification, respectively (see Notes 3 and 12). The Group also considers its noncurrent receivable amounting to nil and ₱1.8 million as of December 31, 2024 and 2023, respectively; noncurrent liability amounting to nil and ₱1.8 million as of December 31, 2024 and 2023, respectively; and customers' deposits amounting to nil and ₱193.9 million as of December 31, 2024 and 2023, respectively, under the Level 3 classification.



During the reporting period ended December 31, 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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### 30. Other Matters

#### Electricity Power Industry Reform Act (EPIRA) of 2001

On June 8, 2001, the EPIRA was signed into law and took effect on June 26, 2001. The law provides, among others, for the privatization of the assets of NPC, the creation of PSALM to accept transfers of all assets and assume all outstanding obligations of NPC, and the restructuring of the electric power industry sector as a whole. The law also provides for the mandate and framework to introduce competition in the electricity market and penalize anti-competitive behaviour. The IRR of the EPIRA was approved by the Joint Congressional Power Commission on February 27, 2002.

The EPIRA and its covering IRR provide for significant changes in the power industry including the following: (i) Competition in the retail supply of electricity; (ii) Open access to the transmission and distribution systems; (iii) Establishment of a Wholesale Electricity Spot Market (WESM); (iv) Unbundling of the generation, transmission and distribution rates; and (v) Removal of existing cross-subsidies provided by industrial and commercial users to residential customers.

An important milestone in the Philippine power industry was reached when the WESM began commercial operations on June 23, 2006. In the Visayas region, WESM started operations on December 26, 2010. The establishment of the WESM is one of the preconditions to retail competition and open access required by the EPIRA.

SIPC, after complying with the requirements set under WESM rules, has been participating in the WESM since the start of commercial operation of the WESM in the Visayas Grid on December 26, 2010 up to the present. The Parent Company participated in the WESM starting in the last quarter of 2014.

#### Land Lease Agreements (LLAs)

The Parent Company and SIPC entered into LLAs with PSALM (as Lessor) in furtherance of and as an ancillary contract to the respective Asset Purchase Agreements (APA) with PSALM, governing the sale of assets as follows:

- *Panay and Bohol Diesel Power Plants.* The purchase of the Panay and Bohol Diesel Power Plants was covered by LLA between the Parent Company and PSALM which provides, among others, that the control and possession of the facilities will be turned over to the Parent Company upon completion of the conditions precedent to closing. Subsequently, with the written consent of PSALM, the Parent Company assigned its rights and obligations under the APA and LLA to SIPC. Following the completion of the conditions precedent and the completion of the respective Certificates of Closing of the Parent Company, SIPC and PSALM, the control and possession of the purchased assets were turned over and transferred to SIPC on March 25, 2009 (the “Closing Date”).

The term of the LLA is 25 years from Closing Date, which may be renewed or extended for another period of 25 years or the remaining corporate life of PSALM, whichever is shorter, upon the mutual written agreement of the parties. The rentals which were paid in full on Closing Date (March 25, 2009) amounted to ₱10.6 million.



- *LBGTs.* On January 29, 2010, the Parent Company executed the LLA with a term of 10 years from Closing Date, which may be renewed or extended for another period of 10 years or the remaining corporate life of PSALM, whichever is shorter, upon the mutual written agreement of the parties. The rentals which were paid in full on Closing Date amounted to ₱1.2 million.
- *153.1 MW Naga Power Plant (consisting of CTPP 1, CTPP 2 and CDPP 1).* On September 25, 2014, the Parent Company executed the LLA with a term of 25 years from Closing Date, which may be renewed or extended for another period of 25 years or the remaining corporate life of PSALM, whichever is shorter, upon the mutual written agreement of the parties. The rentals which were paid in full in 2014 amounted to ₱712.5 million including withholding tax borne by the Parent Company.

Under the LLAs, the Parent Company and SIPC shall use and occupy the leased premises primarily for the operation, management, expansion and maintenance of the power plants, and shall not assign or transfer any of their right under the LLA or sublease all or any part of the leased premises without the prior consent of PSALM. The Parent Company and SIPC, at their own expense, shall be solely responsible for obtaining all the necessary authorizations, licenses and permits for any alterations, additions, facilities, improvements and installations introduced on the leased premises. Within a period of 180 days from the termination of the LLAs or expiration of the lease terms, the Parent Company and SIPC are obliged to perform activities to facilitate clean-up, return and surrender of the leased premises (see Notes 3 and 4).

The LLAs also cover an option to purchase optioned assets within the leased premises that may be offered by the Lessor. The purchase price (on a per square meter basis) shall be equivalent to the highest of the following valuations and/or amounts: (i) the assessment of the Provincial Assessor; (ii) the assessment of the Municipal or City Assessor; and (iii) the zonal valuation of the Bureau of Internal Revenue. The unused rentals corresponding to the area of the optioned assets over which the option was exercised shall be deducted from the purchase price.

In 2017, SIPC exercised its option to purchase the optioned assets covering all the lots underlying the Bohol Diesel Power Plant with a total area of 27,527 square meters. The aggregate of the purchase price amounting to ₱35.6 million is shown as part of “Property, plant and equipment” account in the consolidated statements of financial position (see Note 11).

- *Berthing Area and Subtransmission Steel Post.* On June 23, 2022, the Parent Company entered into a 5-year lease agreement for a parcel of land with Philippine Ports Authority designated as berthing and subtransmission steel post area in the Port of Tapal, Bohol.

#### PSALM’s Cost Recovery Adjustments

*Deferred Accounting Adjustments (DAA).* The ERC issued an Order dated June 20, 2017-authorizing PSALM to implement the methodology for the recovery/refund of the approved DAA pertaining to GRAM and ICERA, which was granted by ERC in a Decision dated March 26, 2012.

Upon Private Electric Power Operators Association’s (PEPOA) motion, the ERC, in an Order dated October 19, 2017, deferred the implementation of the approved DAA pending clarification by the ERC of the queries raised in the motion for clarification.



The ERC subsequently clarified that the GRAM and ICERA DAA are deferred adjustments, which were incurred by PSALM/NPC in supplying energy during the corresponding period; thus, it should be recovered/refunded by PSALM/NPC to its customers. Hence, the Distribution Utilities (DUs) are not just mere collectors of the said DAA but these are charges that they should pay to NPC/PSALM and charged to their customers as part of their generation charge. In the same Order, the ERC directed the DUs to resume the implementation of the GRAM and ICERA starting the January 2018 billing period.

*Automatic Cost Recovery Mechanism (ACRM).* On June 20, 2017, the ERC issued its Decision, authorizing PSALM to recover/refund the True-up Adjustments of Fuel and Purchased Power Costs and Foreign Exchange-Related Costs effective its next billing period.

In an Order dated October 19, 2017, the implementation of the ACRM was deferred to the January 2018 billing period pending the evaluation of the clarifications raised in PEPOA's letter and motion and, subsequently, the ERC issued an Order directing PSALM and the DUs to abide with the clarifications issued by the ERC.

The current portion of the Group's PSALM deferred adjustments amounting to nil and ₱31,892,013 as of December 31, 2024 and 2023, respectively, is recorded under "Trade and other receivables" and the noncurrent portion amounting to nil and ₱1.8 million as of December 31, 2024 and 2023, respectively, are presented as part of "Other noncurrent assets", in the consolidated statements of financial position (see Notes 7 and 12). The current and noncurrent portions of the corresponding amounts due to PSALM was presented as part of "Nontrade" under "Trade and other payables" and "Other noncurrent liability" in the consolidated statements of financial position as of December 31, 2024 and 2023.

#### Acquisition and Turnover of the 153.1 MW Naga Power Plant Complex (NPPC)

Prior to the expiration of the OMSC on September 25, 2014, the Parent Company purchased the NPPC after exercising its "right-to-top" (RTT) the winning bid, which right was pursuant to the LLA with PSALM that was executed when the LBGTs were acquired by the Parent Company in 2010. Pursuant to the APA executed by the Parent Company and PSALM covering the purchase of the assets consisting of the thermal and diesel power plants (CTPP 1 and CTPP 2, and CDPP 1), the Parent Company paid PSALM a total of ₱463.3 million. The Parent Company and PSALM also entered into an LLA, as an ancillary contract to the APA, covering the land where the purchased assets are located, and paid in full the total lease rentals amounting to ₱712.5 million. Following the issuance of Notice of Award on July 28, 2014 and after completing all the conditions for Closing, PSALM turned over the NPPC to the Parent Company on September 25, 2014, coinciding with the termination of the OMSC.

More than one year after PSALM awarded the NPPC to the Parent Company, the Supreme Court (SC) declared the APA and the LLA for the sale of the NPPC to be null and void per decision promulgated on September 28, 2015.

On December 1, 2015, the Parent Company filed its Motion for Reconsideration of the SC Decision dated September 28, 2015. In said Motion for Reconsideration, the Parent Company stressed that, as the owner of the LBGT and the lease on the land on which the LBGT stands, it has an interest in the whole of the Complex and not just within the leased premises. This is due to the fact that the Parent Company's payment for the LBGT necessarily includes payment for the RTT, the LBGT and the land subject of the LBGT-LLA which forms part of the Complex, and the Parent Company shares in the use, upkeep and maintenance of the Co-Use Facilities within the Complex, thus, showing that the Parent Company's interest extends to the whole of the Complex.



On December 9, 2015, the SC resolved to deny the Motion for Reconsideration. Thus, a Motion For Leave to File and Admit the Attached Urgent Motion for Second Reconsideration and/or Referral to the En Banc was filed by the Parent Company on February 2, 2016. However, on April 6, 2016, the SC issued a Resolution where it resolved among others to deny the said Motion For Leave and noted without action, the attached Urgent Motion for Second Reconsideration and /or Referral to En Banc, in view of the denial of the Motion for Leave. Accordingly, an amount equivalent to ₱1,143.2 million (i.e., amount paid by the Parent Company to PSALM in 2014, net of withholding tax) was recognized as other noncurrent receivable as of December 31, 2016 and 2015. On October 5, 2016, the SC granted the manifestation/motion of Therma Power Visayas, Inc. (TPVI) dated March 16, 2016 praying for the reinstatement of the notice of award in favor of TPVI dated April 30, 2014. The Parent Company then filed an Urgent Motion For Reconsideration with Alternative Motion to Refer to the En Banc, on November 2, 2016. In a Resolution dated November 28, 2016, the SC denied the same. Another Urgent Motion For Reconsideration was filed by the Parent Company on December 9, 2016. This was followed up by the filing on January 19, 2017 of a Supplemental Motion/Petition for Referral to the En Banc which argued that there was a violation of SPC's substantive right to due process in reinstating the Notice of Award in favor of TPVI and a violation of procedural due process in lifting the Entry of Judgment of September 28, 2015.

On February 21, 2017, the Parent Company received the Entry of Judgment through its legal counsel certifying that the September 28, 2015 Decision and October 5, 2016 Resolution have become final and executory on November 28, 2016 and were recorded in the Books of Entries of Judgments.

On April 26, 2017, the SC issued a final resolution denying both the Motion for Reconsideration and the Supplemental Motion/Petition for Referral to the En Banc filed on December 9, 2016 and January 19, 2017, respectively. In its final resolution, the SC confirmed that the September 28, 2015 Decision and the October 5, 2016 Resolution became final on November 28, 2016.

After receipt of the Notice of the Second Entry of Judgment in February 2017, the Parent Company was anticipating a speedy turnover of the NPPC. However, serious negotiations never transpired as of December 31, 2017 through no fault of the Parent Company.

Considering that the NPPC has been in the possession of the Parent Company even after November 28, 2016, it has to operate the plant as the best way to preserve it pending the eventual turn-over to PSALM and the return of the purchase price, as well as the reimbursement of necessary and useful expenses made on the NPPC. The incidental income and expenses derived from operating and preserving the NPPC after November 28, 2016 are recognized as part of "Others - net" in the consolidated statements of comprehensive income (see Note 8).

On July 9, 2018, PSALM and the Parent Company finally entered into a Memorandum of Agreement (MOA) containing the terms and conditions for the return of the NPPC to PSALM, return of the SPC Bid to the Parent Company, and the settlement of all claims between the parties.

In accordance with the MOA, PSALM and the Parent Company executed the Joint Certificate of Turnover on July 13, 2018. Thus, the Parent Company turned over the NPPC and paid the entire payable to PSALM through cash amounting to ₱75.7 million, net of withholding tax, for fuel and coal consumed and through replacement of fuel while PSALM returned the SPC Bid to the Parent Company amounting to ₱1,143.2 million.





Donation of ODPP to the Technical Education and Skills Development Authority (TESDA)

On December 9, 2021, the Board of Directors of SIPC approved the donation of ODPP to TESDA, a government agency tasked to manage and supervise technical education and skills development in the Philippines. This is in relation to SIPC's intention to promote education and welfare among the people in Olango Island and nearby areas. The donation, approximately worth ₱4.1 million of equipment, materials and related facilities, excludes land and fixed structures and improvements.

The Deed of Donation was executed on February 14, 2022.

Purchase of Power Barge 102 and 103

On September 15, 2021, SIPC entered into an Asset Purchase Agreement (APA) with AC Energy Corporation (ACEN) (Seller) for the purchase of PB 102 and 103 to obtain new and used engine spare parts and replacement equipment for the group's existing operating plant and power barge. Power Barge (PB) 102 and 103, are both 4x8MW oil-fired diesel barges located in Barangay Obrero, Iloilo City and Barangay Poblacion, Lapu-Lapu City, respectively, and are not in commercial operation. Completion of the transaction is subject to the satisfaction of the agreed conditions precedent, including applicable regulatory approvals. Under the APA, SIPC has the right to assign its rights to purchase PB 102 and 103 to SPC, its parent company. In a Board Resolution dated September 15, 2021, SIPC assigned its rights under the APA to SPC, with such assignment accepted by SPC on a Board Resolution dated the same day.

On February 22, 2022, the Deed of Absolute Sale for the purchase of PB 102 was executed between SPC and ACEN for a consideration amounting to ₱39.2 million, inclusive of VAT. On April 18, 2022, the Deed of Absolute Sale for the purchase of PB103 was executed between SPC and ACEN for the same consideration as PB102.

### 31. Lease Agreements

The Group has entered into various leases for rooms, office spaces, parking lots, sub transmission line steel post space, and parcels of land which include those with other landowners and those with respect to its LLA with PSALM (see Note 29). Leases of parcels of land generally have lease terms between 5–25 years. Lease terms for the other leased assets generally vary between five months to 4 years. Total rent expense charged to operations amounted to ₱6.6 million, ₱6.3 million and ₱6.6 million in 2024, 2023 and 2022, respectively (see Notes 19 and 20).

Set out below are the carrying amounts of the Company's right-of-use assets, presented as part of property, plant and equipment, and lease liabilities and the movements during the years ended December 31:

**2024**

	<b>Right of Use asset</b>	<b>Lease Liabilities</b>
At January 1	<b>₱12,467,151</b>	<b>₱9,559,496</b>
Interest accretion	–	<b>538,842</b>
Depreciation expense	<b>(2,830,008)</b>	–
Payments of:		
Principal	–	<b>(2,439,382)</b>
Interest	–	<b>(538,842)</b>
Derecognition	<b>(33,139)</b>	–
At December 31	<b>₱9,604,004</b>	<b>₱7,120,114</b>



2023

	Right of Use asset	Lease Liabilities
At January 1	₱15,297,159	₱11,387,692
Interest accretion	—	661,891
Depreciation expense	(2,830,008)	—
Payments of:		
Principal	—	(1,828,196)
Interest	—	(661,891)
At December 31	₱12,467,151	₱9,559,496

Presented below are the classification of current and noncurrent portion of lease liabilities of the Group as of December 31, 2024 and 2023:

	2024	2023
Current	₱2,386,043	₱2,200,254
Noncurrent	4,734,071	7,359,242
As at December 31	₱7,120,114	₱9,559,496

Set out below are the amounts recognized in the consolidated statements of comprehensive income for the years ended December 31:

	2024	2023
Depreciation expense of right-of-use assets	₱2,830,008	₱2,830,008
Interest expense on lease liabilities	538,842	661,891
Rent expense - short-term leases (see Notes 19 and 20)	6,636,474	6,282,648
	₱10,005,324	₱9,774,547

Shown below is the maturity analysis as of December 31, 2024 and 2023 of the undiscounted lease payments:

	2024	2023
One year	₱3,013,006	₱2,739,096
More than 1 years to 2 years	3,314,307	3,013,006
More than 2 years to 3 years	1,658,910	3,314,307
More than 3 years to 4 years	—	1,658,910
	₱7,986,223	₱10,725,319



### 32. Notes to the Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities are as follows:

2024						
	At January 1	Dividend Declaration	Dividend Attributable to NCI	Others	Cash Flows	At December 31
Dividends payable (see Note 18)	₱119,577,819	₱1,496,551,803	₱110,561,693	₱–	(₱1,665,833,832)	₱60,857,483
Lease liabilities* (see Note 31)	9,559,496	–	–	–	(2,439,381)	7,120,115
	₱129,137,315	₱1,496,551,803	₱110,561,693	₱–	(₱1,668,273,213)	₱67,977,598

\* Others include the net effect of interest accrual for lease liabilities and payment for the same amount but classified as part of operating activities (see Note 30). Others also include additional lease liabilities recognized during the year.

2023						
	At January 1	Dividend Declaration	Dividend Attributable to NCI	Others	Cash Flows	At December 31
Dividends payable (see Note 18)	₱4,342,483	₱299,310,361	₱6,951,000	₱–	(₱191,026,026)	₱119,577,818
Lease liabilities* (see Note 31)	11,387,692	–	–	–	(1,828,196)	9,559,496
	₱15,730,175	₱299,310,361	₱6,951,000	₱–	(₱192,854,222)	₱129,137,314

\* Others include the net effect of interest accrual for lease liabilities and payment for the same amount but classified as part of operating activities (see Note 30). Others also include additional lease liabilities recognized during the year.

2022						
	At January 1	Dividend Declaration	Dividend Attributable to NCI	Others	Cash Flows	At December 31
Dividends payable (see Note 18)	₱4,342,484	₱299,310,361	₱18,263,772	₱–	(₱317,574,134)	₱4,342,483
Lease liabilities* (see Note 31)	2,662,317	–	–	12,252,170	(3,526,795)	11,387,692
	₱7,004,801	₱299,310,361	₱18,263,772	₱12,252,170	(₱321,100,929)	₱15,730,175

\* Others include the net effect of interest accrual for lease liabilities and payment for the same amount but classified as part of operating activities (see Note 30). Others also include additional lease liabilities recognized during the year.

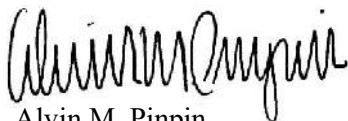


## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

The Board of Directors and the Stockholders  
SPC Power Corporation  
7<sup>th</sup> Floor, BDO Towers Paseo  
Paseo de Roxas  
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of SPC Power Corporation and Subsidiaries as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, included in this Form 17-A, and have issued our report thereon dated April 3, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin

Partner

CPA Certificate No. 94303

Tax Identification No. 198-819-157

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-070-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465360, January 2, 2025, Makati City

April 3, 2025



**SPC POWER CORPORATION AND SUBSIDIARIES**

**SCHEDULE A - FINANCIAL ASSETS**

**CASH, RECEIVABLES, FINANCIAL ASSETS AND OTHER SHORT-TERM INVESTMENTS**

**DECEMBER 31, 2024**

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position/Notes	Value Based on Market Quotations at End of Reporting Period	Income Received and Accrued
At amortized cost:				
Cash and cash equivalents	–	₱4,658,740,988	₱4,658,740,988	₱190,653,663
Trade and other receivables:				
Receivable from customers	–	358,866,240	358,866,240	–
Current portion of PSALM deferred adjustments	–	–	–	–
Due from related parties	–	2,202,093	2,202,093	–
Dividend receivable	–	–	–	–
Others	–	53,383,098	53,383,098	–
		5,073,192,419	5,073,192,419	
PSALM deferred adjustments (included in “Other noncurrent assets”)	–	–	–	–
		5,073,192,419	5,073,192,419	190,653,663
Financial assets at fair value through other comprehensive income:				
Investment in proprietary club shares		18,000,000	18,000,000	
Total financial assets	–	₱5,091,192,419	₱5,091,192,419	₱190,653,663

*See Note 28 of the Consolidated Financial Statements.*

**SPC POWER CORPORATION AND SUBSIDIARIES**

**SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES,  
AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**

**DECEMBER 31, 2023**

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Collections	Write Offs	Balance at End of Period		Total
					Current	Noncurrent	
– Not applicable –							

**SPC POWER CORPORATION AND SUBSIDIARIES**

**SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED  
DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

Name and Designation of Debtor	Balance at Beginning of Period*	Additions	Collections	Write Offs	Balance at End of Period		Total
					Current	Noncurrent	
SPC Electric Company, Inc.	₱6,009	₱15,705	(₱6,145)	₱ –	₱15,569	₱ –	₱15,569
SPC Island Power Corporation	675,535	209,501	(461,245)	–	423,791	–	423,791
SPC Malaya Power Corporation	1,682,604	81,901	–	–	1,764,505	–	1,764,505
SPC Light Company, Inc.	6,451	13,491	(19,025)	–	917	–	917
Cebu Naga Power Plant Corporation	326,262	43,412	–	–	369,674	–	369,674
	₱2,696,861	₱364,010	(₱486,415)	₱–	₱2,574,456	₱–	₱2,574,456

*\*This excludes the beginning balance of the amount receivable from BLCI amounting to ₱0.3 million due to deconsolidation of BLCI in 2024*

**SPC POWER CORPORATION AND SUBSIDIARIES**

**SCHEDULE D - LONG-TERM DEBT**

**DECEMBER 31, 2024**

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Current Portion of Long-term Debt	Long-term Debt
– Not applicable –			



**SPC POWER CORPORATION AND SUBSIDIARIES**

**SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)**  
**DECEMBER 31, 2024**

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
– Not applicable –		

**SPC POWER CORPORATION AND SUBSIDIARIES**

**SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS**

**DECEMBER 31, 2024**

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
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– Not applicable –

**SPC POWER CORPORATION AND SUBSIDIARIES**

**SCHEDULE G - CAPITAL STOCK**

**DECEMBER 31, 2024**

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown under Related Consolidated Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Affiliates	Directors and Officers	Others
Capital stock	2,000,000,000	1,496,551,803	—	21,850,269	1,275,830,707	198,870,827

*See Note 18 of the Consolidated Financial Statements.*

**SPC POWER CORPORATION**  
**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR**  
**DIVIDEND DECLARATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**Unappropriated retained earnings beginning of reporting period** **₱5,613,696,788**

**Add: Category A: Items that are directly credited to unappropriated retained earnings**

Reversal of retained earnings appropriation/s	—	
Effect of restatements or prior-period adjustments	—	
Others	—	—

**Less: Category B: Items that are directly debited to unappropriated retained earnings**

Dividend declaration during the reporting period	1,496,551,803	
Retained earnings appropriated during the reporting period	—	
Effect of restatements or prior-period adjustments	—	
Treasury shares	131,008,174	1,627,559,977

**Unappropriated retained earnings, as adjusted** **3,986,136,811**

**Add/less: net income (loss) for the current year** **1,427,972,849**

**Less: Category C.1: Unrealized income recognized in profit or loss during the reporting period (net of tax)**

Equity in net income of associate/joint venture net of dividends declared	—	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Unrealized fair value gain on investment property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	—

**Add: Category C.2: Unrealized income recognized in profit or loss in prior reporting periods but realized in the current reporting period (net of tax)**

Realized foreign exchange gain, except those attributable to cash and cash equivalent	—	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Realized fair value gain on investment property	—	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	—

**Add: Category C.3: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)**

Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalent	—	—
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	—
Reversal of previously recorded fair value gain on investment property	—	—
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	—
<b>Adjusted net income/loss</b>		<b>1,427,972,849</b>

**Add: Category D: Non actual losses recognized in profit or loss during the reporting period (net of tax)**

Depreciation on revaluation increment (after tax)	—	—
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**Add: Category E: Adjustments related to relief granted by the SEC and BSP**

Amortization of the effect of reporting relief	—	—
Total amount of reporting relief granted during the year	—	—
Others (describe nature)	—	—

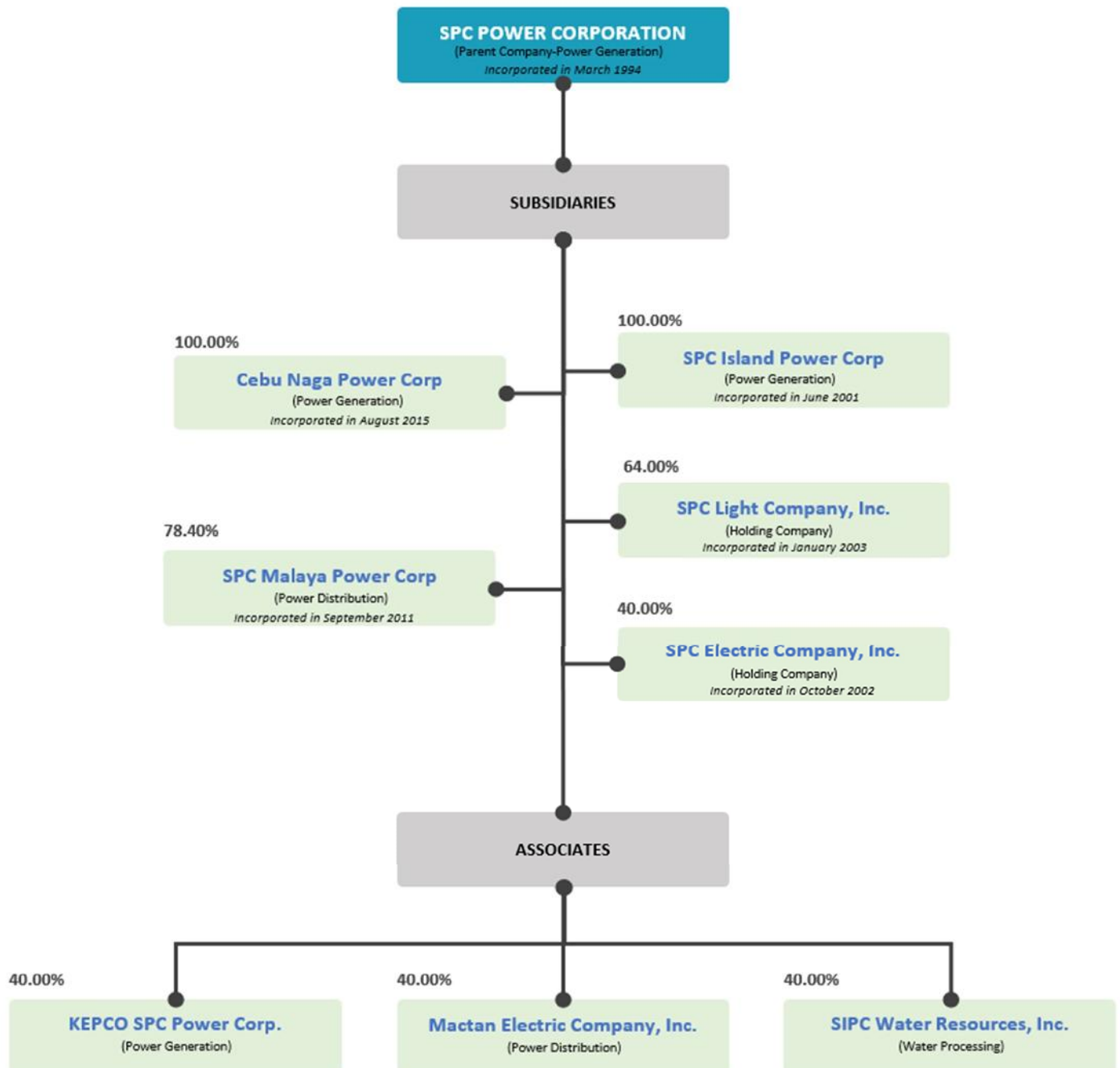
**Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividend distribution**

Net movement of treasury shares (except reacquisition of redeemable shares)	—	—
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	550,063	—
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable.	—	—
Interest expense – lease liabilities	538,842	<b>1,088,905</b>

<b>Total retained earnings, end of the reporting period available for dividend</b>		<b>₱5,415,198,565</b>
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## SPC POWER CORPORATION AND SUBSIDIARIES

### MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP DECEMBER 31, 2024

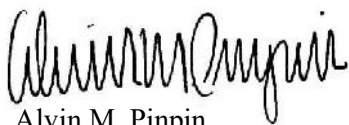


## **INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Board of Directors and the Stockholders  
SPC Power Corporation  
7<sup>th</sup> Floor, BDO Towers Paseo  
Paseo de Roxas  
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of SPC Power Corporation and Subsidiaries (the Group) as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated April 3, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulae, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin

Partner

CPA Certificate No. 94303

Tax Identification No. 198-819-157

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-070-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465360, January 2, 2025, Makati City

April 3, 2025



## SPC POWER CORPORATION AND SUBSIDIARIES

### FINANCIAL SOUNDNESS INDICATORS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

Ratio	Formulae	2024	2023
Current Ratio	<p>Total Current Assets divided by Total Current Liabilities</p> <p>Total Current Assets <b>₱5,477,181,346</b></p> <p>Divide by: Total Current Liabilities 476,360,724</p> <p>Current Ratio 11.50</p>	11.50	6.75
Acid Test Ratio	<p>Quick Assets (<i>Total Current Assets less Inventories and Prepayments and Other Current Assets</i>) divided by Total Current Liabilities</p> <p>Total Current Assets <b>₱5,477,181,346</b></p> <p>Less: Inventories 366,917,840</p> <p>Prepayments and Other Current Assets 37,071,087</p> <p>Quick Assets 5,073,192,419</p> <p>Divide by: Total Current Liabilities 476,360,724</p> <p>Acid Test Ratio 10.65</p>	10.65	6.20
Solvency Ratio	<p>Total Comprehensive Income before Depreciation and Amortization divided by Total Liabilities</p> <p>Total Comprehensive Income <b>₱1,562,494,910</b></p> <p>Add: Depreciation and Amortization* 82,588,167</p> <p>1,645,083,077</p> <p>Divide by: Total Liabilities 624,175,550</p> <p>Solvency Ratio 2.64</p> <p><i>*including depreciation and amortization from discontinued operations amounting to ₱21.3 million</i></p>	2.64	1.07
Debt-to-Equity Ratio	<p>Total Liabilities divided by Total Equity</p> <p>Total Liabilities <b>₱624,175,550</b></p> <p>Divide by: Total Equity 11,140,961,922</p> <p>Debt-to-Equity Ratio 0.06</p>	0.06	0.11
Asset-to-Equity Ratio	<p>Total Assets divided by Equity Attributable to Parent</p> <p>Total Assets <b>₱11,765,137,472</b></p> <p>Divide by: Equity Attributable to Parent 11,126,158,349</p> <p>Asset-to-Equity Ratio 1.06</p>	1.06	1.12



Ratio	Formulae	2024	2023
Interest Rate Coverage Ratio	<p>Earnings before Income Tax, Depreciation and Amortization (<i>Net Income plus Provision for Income Tax, Interest Expense, Depreciation and Amortization less Interest Income</i>) divided by Interest Expense</p> <p>Net Income <span style="float: right;">₱1,561,309,008</span>  Add: Provision for Income Tax* <span style="float: right;">99,349,684</span>  Interest Expense** <span style="float: right;">6,305,100</span></p> <hr/> <p><span style="float: right;">1,666,963,792</span></p> <p>Less: Interest Income*** <span style="float: right;">190,653,663</span></p> <hr/> <p>EBIT <span style="float: right;">1,476,310,129</span>  Add: Depreciation and Amortization**** <span style="float: right;">82,588,167</span></p> <hr/> <p>EBITDA <span style="float: right;">1,558,898,296</span>  Divide by: Interest Expense** <span style="float: right;">6,305,100</span></p> <hr/> <p>Interest Expense Coverage Ratio <span style="float: right;">247.24</span></p> <p><i>*including provision for income taxes from discontinued operations amounting to ₱6.6 million</i>  <i>**including interest expense from discontinued operations amounting to ₱42,096</i>  <i>***including interest income from discontinued operations amounting to ₱0.5 million</i>  <i>****including depreciation and amortization from discontinued operations amounting to ₱21.3 million</i></p>	247.24	232.49
Return on Equity	<p>Total Comprehensive Income divided by Average Total Equity (<i>Total Equity PY + Total Equity CY divided by 2</i>)</p> <p>Total Comprehensive Income <span style="float: right;">₱1,562,494,910</span>  Total Equity CY <span style="float: right;">11,126,158,349</span>  Total Equity PY <span style="float: right;">11,140,796,492</span></p> <hr/> <p>Average Total Equity <span style="float: right;">11,133,477,421</span></p> <hr/> <p>Return on Equity <span style="float: right;">14.03%</span></p>	14.03%	11.19%
Return on Assets	<p>Total Comprehensive Income divided by Average Total Assets (<i>Total Assets PY + Total Assets CY divided by 2</i>)</p> <p>Total Comprehensive Income <span style="float: right;">₱1,562,494,910</span>  Total Assets CY <span style="float: right;">11,765,137,472</span>  Total Assets PY <span style="float: right;">12,531,158,213</span></p> <hr/> <p>Average Total Assets <span style="float: right;">12,148,147,843</span></p> <hr/> <p>Return on Assets <span style="float: right;">12.86%</span></p>	12.86%	10.06%
Net Profit Margin	<p>Net Income Attributable to Parent divided by Revenue</p> <p>Net Income Attributable to Parent <span style="float: right;">₱1,482,653,549</span>  Divide by: Revenue* <span style="float: right;">4,003,771,077</span></p> <hr/> <p>Net Income Margin <span style="float: right;">37.03%</span></p> <p><i>*including revenue from discontinued operations amounting to ₱969 million</i></p>	37.03%	25.70%

**SPC POWER CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR**  
**FEE-RELATED INFORMATION**  
**DECEMBER 31, 2024**

	<b>2024</b>	<b>2023</b>
<b>Total Audit Fees</b>	<b>₱1,209,095</b>	<b>₱1,424,605</b>
Non-audit service fees*:		
Business Tax Advisory Services	<b>740,000</b>	410,000
Transaction Advisory Services	–	2,800,000
<b>Total Non-audit Fees</b>	<b>740,000</b>	<b>3,210,000</b>
<b>Total Audit and Non-audit Fees</b>	<b>₱1,949,095</b>	<b>₱4,634,605</b>

*\*Billed non-audit fees for the year ended December 31, 2024 and 2023*



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**From** eafs@bir.gov.ph <eafs@bir.gov.ph>  
**Date** Sat 4/12/2025 4:46 PM  
**To** Finance <finance@spcpower.com>  
**Cc** Niño Ray D. Aguirre <ndaguirre@spcpower.com>

Hi SPC POWER CORPORATION,

**Valid files**

- EAFS003868048RPTTY122024.pdf
- EAFS003868048ITRTY122024.pdf
- EAFS003868048AFSTY122024.pdf

**Invalid file**

- <None>

Transaction Code: **AFS-0-MTSMZQVM095BE99C7M4S1MSSZ08D8C7GKH**  
Submission Date/Time: **Apr 12, 2025 04:46 PM**  
Company TIN: **003-868-048**

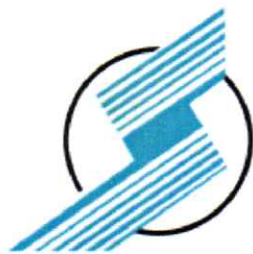
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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
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# SPC Power Corporation

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **SPC POWER CORPORATION** (the Parent Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

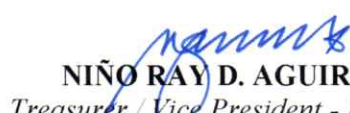
The Board of Directors is responsible for overseeing the Parent Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Parent Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

  
**ALFREDO L. HENARES**  
*Chairman of the Board*

  
**DENNIS T. VILLAREAL**  
*Chief Executive Officer / President*

  
**NIÑO RAY D. AGUIRRE**  
*Treasurer / Vice President - Finance*

Signed this April 3, 2025.

**SUBSCRIBED AND SWORN TO** before me this \_\_\_\_\_ at Makati City;  
Affiants exhibited to me their Passport Nos. as follows:

<u>Names</u>	<u>CTC/Passport No.</u>	<u>Date of Issue</u>	<u>Place of Issue</u>
Alfredo L. Henares	P5099307B	March 11, 2020	DFA NCR East
Dennis T. Villareal	P8767960A	September 17, 2018	DFA Manila
Niño Ray D. Aguirre	P2916565C	January 13, 2023	DFA Manila

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Page No. 33  
Book No. VIII  
Series of 2025.

**ATTY. CESAR T. VERANO**

NOTARY PUBLIC MAKATI CITY

APPOINTMENT NO: M-029

VALID UNTIL DECEMBER 31, 2025

ISSUED ON: DECEMBER 15, 2023

PTR NO.: MKT 10465510 / 01-02-2025 / MAKATI CIT

IBP NO.: 484720 ROLL NO. 29024

MCLE COMPLIANCE NO.: VII-0023845

VALID UNTIL DECEMBER 31, 2025

OFFICE ADDRESS: #2733 G/F CARREON BLDG

ZEJUNDA ST., BRGY. POBLACION, MAKATI CITY

MANILA OFFICE: 7th Floor, BDO Towers Paseo (formerly Citibank Center), 8741 Paseo de Roxas, Makati City, P.O. Box 1222 MCPO, Makati City 1209 Philippines. Tels: (632) 88104474 to 77 Fax No. (632) 88934844

CEBU OFFICE: 7th Floor, Cebu Holding Center, Cebu Business Park, Archbishop Reyes Avenue, Cebu City 6000 Philippines. Tels (032) 2320377 / 2319372 to 73 Fax No.: (032) 2320376 / 2319369

## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors and the Stockholders  
SPC Power Corporation  
7<sup>th</sup> Floor, BDO Towers Paseo  
Paseo de Roxas  
Makati City

### **Report on the Audit of the Parent Company Financial Statements**

#### **Opinion**

We have audited the parent company financial statements of SPC Power Corporation (Parent Company), which comprise the parent company statements of financial position as at December 31, 2024 and 2023, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the parent company financial statements, including including material accounting policy information.

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

#### **Basis for Opinion**

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

#### **Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements**

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



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

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

### **Auditor's Responsibilities for the Audit of the Parent Company Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

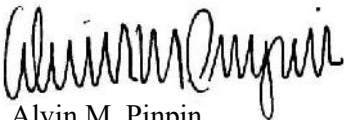
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on the Supplementary Information Required Under Revenue Regulations 15-2010**

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 26 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of SPC Power Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Alvin M. Pinpin.

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin

Partner

CPA Certificate No. 94303

Tax Identification No. 198-819-157

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-070-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465360, January 2, 2025, Makati City

April 3, 2025





**SPC POWER CORPORATION****PARENT COMPANY STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2024	2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 6)	₱3,464,002,847	₱3,759,794,015
Trade and other receivables (Note 7)	172,933,670	183,094,611
Inventories (Note 8)	102,720,187	111,832,064
Prepayments and other current assets (Note 9)	21,804,175	22,149,105
Total Current Assets	3,761,460,879	4,076,869,795
<b>Noncurrent Assets</b>		
Investments in associates (Note 10)	3,052,078,608	2,852,465,368
Investments in subsidiaries (Note 11)	295,524,704	341,177,829
Property, plant and equipment (Note 12)	320,676,732	367,488,888
Other noncurrent assets (Notes 13 and 25)	40,498,889	31,421,496
Total Noncurrent Assets	3,708,778,933	3,592,553,581
<b>TOTAL ASSETS</b>	<b>₱7,470,239,812</b>	<b>₱7,669,423,376</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Note 14)	₱223,717,346	₱355,757,777
Income tax payable	4,286,596	—
Current portion of lease liabilities (Note 23)	2,386,043	2,200,254
Total Current Liabilities	230,389,985	357,958,031
<b>Noncurrent Liability</b>		
Pension liability (Note 21)	8,615,948	6,616,493
Deferred income tax liability-net (Note 20)	9,893,773	14,667,949
Lease liabilities - net of current portion (Note 23)	4,734,072	7,359,242
Total Noncurrent Liabilities	23,243,793	28,643,684
Total Liabilities	253,633,778	386,601,715
<b>Equity</b>		
Capital stock - ₱1 par value (Note 15)		
Authorized - 2,000,000,000 shares		
Issued - 1,569,491,900 shares	1,569,491,900	1,569,491,900
Additional paid-in capital	86,810,752	86,810,752
Retained earnings (Note 15):		
Appropriated	—	—
Unappropriated	5,677,107,535	5,745,686,489
Other comprehensive income:		
Remeasurement of retirement benefits obligations (Note 21)	(2,145,979)	(1,509,306)
Net unrealized valuation gains on financial asset at fair value through other comprehensive income (FVOCI) (Note 13)	16,350,000	13,350,000
Treasury stock at cost - 72,940,097 shares (Note 15)	(131,008,174)	(131,008,174)
Total Equity	7,216,606,034	7,282,821,661
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱7,470,239,812</b>	<b>₱7,669,423,376</b>

See accompanying Notes to Parent Company Financial Statements.



**SPC POWER CORPORATION****PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31		
	2024	2023	2022
<b>REVENUE</b>			
Operating fees (Note 16)	<b>₱1,102,126,879</b>	₱1,028,440,475	₱720,908,368
<b>COST OF SERVICES</b>			
Plant operations (Notes 16)	<b>940,930,748</b>	814,107,863	629,973,619
<b>GROSS PROFIT</b>	<b>161,196,131</b>	214,332,612	90,934,749
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b> (Note 17)	<b>217,880,210</b>	229,171,867	195,776,658
<b>OTHER INCOME (CHARGES)</b>			
Dividend income (Notes 5, 10 and 11)	<b>1,157,557,552</b>	205,984,776	1,209,880,065
Interest income (Note 6)	<b>155,042,210</b>	148,666,114	26,934,920
Gain on sale of investment in BLCI (Note 11)	<b>153,946,625</b>	—	—
Foreign exchange gain (loss)	<b>42,156,776</b>	(8,162,250)	93,624,980
Interest expense (Notes 23)	<b>(538,842)</b>	(661,891)	(373,979)
Others - net	<b>(3,660,447)</b>	2,595,059	6,159,117
	<b>1,504,503,874</b>	348,421,808	1,336,225,103
<b>INCOME BEFORE INCOME TAX</b>	<b>1,447,819,795</b>	333,582,553	1,231,383,194
<b>PROVISION FOR INCOME TAX</b> (Note 20)	<b>19,846,946</b>	30,550,579	34,969,401
<b>NET INCOME</b>	<b>1,427,972,849</b>	303,031,974	1,196,413,793
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Unrealized valuation gain on financial asset at FVOCI (Note 13)	<b>3,000,000</b>	2,000,000	5,000,000
Remeasurement gain (loss) on retirement benefits obligations, net of tax effect (Note 21)	<b>(636,673)</b>	4,062,730	(3,352,674)
	<b>2,363,327</b>	6,062,730	1,647,326
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱1,430,336,176</b>	₱309,094,704	₱1,198,061,119
<b>EARNINGS PER SHARE (BASIC/DILUTED)</b>			
(Note 15)	<b>₱0.95</b>	₱0.20	₱0.80

See accompanying Notes to Parent Company Financial Statements.



# SPC POWER CORPORATION

## PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	Capital Stock (Note 15)	Additional Paid-in Capital	Retained Earnings (Note 16)		Other Comprehensive Income (Loss)		Treasury Stock at Cost (Note 15)	Total
			Appropriated	Unappropriated	Remeasurement of Retirement Benefits Obligations (Note 21)	Net Unrealized Valuation Gains on Financial Assets at FVOCI (Note 13)		
<b>At January 1, 2024</b>	<b>₱1,569,491,900</b>	<b>₱86,810,752</b>	<b>₱–</b>	<b>₱5,745,686,489</b>	<b>(₱1,509,306)</b>	<b>₱13,350,000</b>	<b>(₱131,008,174)</b>	<b>₱7,282,821,661</b>
Total comprehensive income	–	–	–	1,427,972,849	(636,673)	3,000,000	–	1,430,336,176
Cash dividends (Note 15)	–	–	–	(1,496,551,803)	–	–	–	(1,496,551,803)
<b>At December 31, 2024</b>	<b>₱1,569,491,900</b>	<b>₱86,810,752</b>	<b>₱–</b>	<b>₱5,677,107,535</b>	<b>(₱2,145,979)</b>	<b>₱16,350,000</b>	<b>(₱131,008,174)</b>	<b>₱7,216,606,034</b>
At January 1, 2023	₱1,569,491,900	₱86,810,752	₱1,800,000,000	₱3,941,964,875	(₱5,572,036)	₱11,350,000	(₱131,008,174)	₱7,273,037,317
Total comprehensive income	–	–	–	303,031,974	4,062,730	2,000,000	–	309,094,704
Reversal of appropriation (Note 15)	–	–	(1,800,000,000)	1,800,000,000	–	–	–	–
Cash dividends (Note 15)	–	–	–	(299,310,360)	–	–	–	(299,310,360)
<b>At December 31, 2023</b>	<b>₱1,569,491,900</b>	<b>₱86,810,752</b>	<b>₱–</b>	<b>₱5,745,686,489</b>	<b>(₱1,509,306)</b>	<b>₱13,350,000</b>	<b>(₱131,008,174)</b>	<b>₱7,282,821,661</b>
At January 1, 2022	₱1,569,491,900	₱86,810,752	₱1,800,000,000	₱3,044,861,443	(₱2,219,362)	₱6,350,000	(₱131,008,174)	₱6,374,286,559
Total comprehensive income	–	–	–	1,196,413,793	(3,352,674)	5,000,000	–	1,198,061,119
Cash dividends (Note 15)	–	–	–	(299,310,361)	–	–	–	(299,310,361)
<b>At December 31, 2022</b>	<b>₱1,569,491,900</b>	<b>₱86,810,752</b>	<b>₱1,800,000,000</b>	<b>₱3,941,964,875</b>	<b>(₱5,572,036)</b>	<b>₱11,350,000</b>	<b>(₱131,008,174)</b>	<b>₱7,273,037,317</b>

See accompanying Notes to Parent Company Financial Statements.



**SPC POWER CORPORATION**  
**PARENT COMPANY STATEMENTS OF CASH FLOWS**

	Years Ended December 31		
	2024	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	<b>₱1,447,819,795</b>	₱333,582,553	₱1,231,383,194
Adjustments for:			
Dividend income (Notes 5, 10 and 11)	<b>(1,157,557,552)</b>	(205,984,776)	(1,209,880,065)
Interest income (Note 6)	<b>(155,042,210)</b>	(148,666,114)	(26,934,920)
Depreciation and amortization (Notes 12 and 19)	<b>48,195,868</b>	46,021,632	40,289,703
Unrealized foreign exchange gain (loss)	<b>(40,569,121)</b>	8,401,870	(68,056,643)
Net changes in pension liability (Note 21)	<b>1,362,782</b>	(2,961,615)	1,797,290
Interest expense (Notes 23)	<b>538,842</b>	661,891	373,979
Gain on disposal of investment in BLCI	<b>(153,946,625)</b>	–	–
Operating income before working capital changes	<b>(9,198,221)</b>	31,055,441	(31,027,462)
Decrease (increase) in:			
Trade and other receivables	<b>(35,946,201)</b>	(57,638,851)	73,592,477
Inventories	<b>9,111,877</b>	19,348,577	(50,993,444)
Prepayments and other current assets	<b>(25,234,778)</b>	3,420,103	(7,414,504)
Increase (decrease) in trade and other payables	<b>(73,864,893)</b>	87,664,495	(2,752,505)
Net cash generated from operations	<b>(135,132,216)</b>	83,849,765	(18,595,438)
Interest received	<b>155,164,397</b>	148,666,114	26,934,920
Interest paid (Notes 23)	<b>(538,842)</b>	(36,525,464)	(21,205,197)
Income taxes paid	–	(661,891)	(373,979)
Net cash flows from (used in) operating activities	<b>19,493,339</b>	195,328,524	(13,239,694)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash dividends received (Notes 5, 10 and 11)	<b>1,203,542,506</b>	205,984,776	1,209,880,065
Additions to:			
Investment in associates (Notes 10)	<b>(199,613,240)</b>	–	–
Property, plant and equipment (Note 13)	<b>(775,461)</b>	(39,010,774)	(1,422,842)
Proceeds from disposal of investment in BLCI (Note 11)	<b>199,599,750</b>	–	–
Decrease (increase) in other noncurrent assets	<b>(6,685,644)</b>	5,489,402	2,807,098
Net cash flows from investing activities	<b>1,196,067,911</b>	172,463,404	1,211,264,321
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash dividends paid (Note 15 and 25)	<b>(1,549,482,158)</b>	(185,522,525)	(299,310,361)
Payment of principal portion of lease liabilities (Note 23)	<b>(2,439,381)</b>	(1,828,196)	(3,526,795)
Cash flows used in financing activities	<b>(1,551,921,539)</b>	(187,350,721)	(302,837,156)

(Forward)



	Years Ended December 31		
	2024	2023	2022
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(₱336,360,289)</b>	<b>₱180,441,207</b>	<b>₱895,187,471</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>40,569,121</b>	<b>(8,401,870)</b>	<b>68,056,643</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>3,759,794,015</b>	<b>3,587,754,678</b>	<b>2,624,510,564</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)</b>	<b>₱3,464,002,847</b>	<b>₱3,759,794,015</b>	<b>₱3,587,754,678</b>

*See accompanying Notes to Parent Company Financial Statements.*



## **SPC POWER CORPORATION**

### **NOTES TO PARENT COMPANY FINANCIAL STATEMENTS**

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#### **1. Corporate Information**

SPC Power Corporation (the Parent Company) was incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on March 11, 1994.

The Parent Company was formerly a venture company owned by members of the Salcon Consortium which entered into a Rehabilitation, Operation, Maintenance and Management Agreement (ROMM Agreement) with the National Power Corporation (NPC) on March 25, 1994 for the purpose of undertaking the rehabilitation, operation, maintenance and management of the 203.8 megawatt (MW) Naga Power Plant Complex (NPPC) in Colon, Naga, Cebu under the rehabilitate-operate-maintain-and-manage scheme as defined in the ROMM Agreement.

Under the ROMM Agreement, the Parent Company, at its own cost, rehabilitated, operated, maintained and managed the NPPC over the cooperation period of 15 years (Cooperation Period: up to May 29, 2009 for the Land-Based Gas Turbines (LBGTs), and up to March 25, 2012 for the Cebu Thermal Power Plant (CTPP) 1, CTPP 2 and Cebu Diesel Power Plants 1 (CDPP 1), as amended).

In resolutions dated September 28, 2001, the Board of Directors (BOD) and Stockholders amended the primary purposes for which the Parent Company is formed. Together with its subsidiaries and associates, it is engaged in various business activities within the Philippines that include, among others, the development, construction, rehabilitation, maintenance, management and operation of power generating plants, electricity distribution and related facilities in accordance with existing laws.

On April 2, 2002, the Parent Company's common shares were listed in the Philippine Stock Exchange (PSE) with ticker symbol: SPC (see Note 15).

On April 15, 2016, SPC Island Power Corporation (SIPC), a wholly owned subsidiary of the Parent Company, submitted the highest offer to Power Sector Assets and Liabilities Management Corporation (PSALM) in the negotiated sale of the 32-MW Power Barge (PB) 104. On June 16, 2016, the Parent Company executed an Amendment, Accession and Assumption Agreement with PSALM and SIPC. Under the agreement, SIPC assigned all its rights and obligations as Buyer of PB 104 to the Parent Company after PSALM gave its consent pursuant to the provisions of the Asset Purchase Agreement (APA) between SIPC and PSALM. On June 30, 2016, PSALM turned over the PB 104 to the Parent Company.

On January 4, 2017, the SEC approved the Parent Company's amendment to the Articles of Incorporation to engage in the business of selling, brokering, marketing, or aggregating electricity to the end users.

On June 9, 2022, the SEC approved the Parent Company's amendment to the Articles of Incorporation to engage in the business of renewable energy including the exploration, development and utilization of renewable energy resources, such as but not limited to biomass, solar, wind, hydro, geothermal, ocean energy sources or hybrid systems.



On June 19, 2022, the SEC approved the change in the Parent Company's principal office address from 7th Floor, Cebu Holdings Center, Archbishop Reyes Avenue, Cebu Business Park, Cebu City to 7th floor BDO Towers Paseo, Paseo de Roxas, Makati City.

The financial statements of the Parent Company were authorized for issue by the BOD on April 3, 2025.

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## 2. **Basis of Preparation, Statement of Compliance and Changes in Accounting Policies and Disclosures**

### Basis of Preparation

The Parent Company's financial statements have been prepared on a historical cost basis, except for financial assets at FVOCI which have been measured at fair value, and are presented in Philippine Peso, the Parent Company's functional currency. All amounts are rounded to the nearest Peso except as otherwise indicated.

The Parent Company also prepares and issues consolidated financial statements for the same period as the separate financial statements presented in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. These may be obtained at 7th floor BDO Towers Paseo, Paseo de Roxas, Makati City.

### Statement of Compliance

The Parent Company's financial statements are presented in accordance with the PFRS Accounting Standards.

### New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS Accounting Standards 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.



- Amendments to PAS 7 and PFRS Accounting Standards 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

#### Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements.

#### *Effective beginning on or after January 1, 2025*

- PFRS Accounting Standards 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

#### *Effective beginning on or after January 1, 2026*

- Amendments to PFRS Accounting Standards 9 and PFRS Accounting Standards 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
  - Amendments to PFRS Accounting Standards 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS Accounting Standards 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS Accounting Standards 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
  - Amendments to PFRS Accounting Standards 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

#### *Effective beginning on or after January 1, 2027*

- PFRS Accounting Standards 18, *Presentation and Disclosure in Financial Statements*
- PFRS Accounting Standards 19, *Subsidiaries without Public Accountability*

#### *Deferred effectivity*

- Amendments to PFRS Accounting Standards 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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### **3. Material Accounting Policy Information**

#### Cash and Cash Equivalents

Cash consists of cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of acquisition and that are subject to an insignificant risk of change in value.





## Financial Instruments - Classification and Measurement

*Classification of Financial Assets.* Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Parent Company's business model for managing the financial assets. The Parent Company classifies its financial assets into the following measurement categories:

- Financial assets measured at amortized cost;
- Financial assets measured at fair value through other comprehensive income (FVOCI), where cumulative gains or losses previously recognized are reclassified to profit or loss;
- Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss.

*Contractual Cash Flows Characteristics.* If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Parent Company assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Parent Company determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI on the principal amount outstanding.

*Business Model.* The Parent Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Parent Company's business model does not depend on management's intentions for an individual instrument.

The Parent Company's business model refers to how it manages its financial assets in order to generate cash flows. The Parent Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Parent Company in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Parent Company's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

*Financial Assets at Amortized Cost.* A financial asset is measured at amortized cost if (a) it is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.



These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in “Interest income” in the statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (a) purchased or originated credit-impaired financial assets and (b) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in “Provision for expected credit losses” under “General and administrative expenses” in the parent company statements of comprehensive income.

As at December 31, 2024 and 2023, the Parent Company has financial assets at amortized cost consisting of cash and cash equivalents and trade and other receivables (see Notes 5, 6 and 7).

*Financial Assets at FVOCI.* A financial asset is measured at FVOCI if (a) it is held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets and (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

The Parent Company may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS Accounting Standards 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Parent Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

Dividends are recognized in profit or loss only when:

- the Parent Company’s right to receive payment of the dividend is established;
- it is probable that the economic benefits associated with the dividend will flow to the Parent Company; and
- the amount of the dividend can be measured reliably.

As at December 31, 2024 and 2023, the Parent Company’s financial assets at FVOCI includes proprietary golf club shares recorded as part of “Other noncurrent assets” (see Notes 13).



*Classification of Financial Liabilities.* Financial liabilities are measured at amortized cost, except for the following:

- Financial liabilities measured at fair value through profit or loss (FVPL);
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Parent Company retains continuing involvement;
- Financial guarantee contracts;
- Commitments to provide a loan at a below-market interest rate; and
- Contingent consideration recognized by an acquirer in accordance with PFRS Accounting Standards 3.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- if a host contract contains one or more embedded derivatives; or
- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

The Parent Company's financial liabilities include trade and other payables (see Notes 5 and 14).

#### Impairment of Financial Assets

The Parent Company uses the single, forward-looking "expected loss" impairment model and recognizes ECL for the following financial assets:

- Debt instruments that are measured at amortized cost and FVOCI;
- Loan commitments; and
- Financial guarantee contracts

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

- *Stage 1: 12-month ECL.* For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.
- *Stage 2: Lifetime ECL - not credit-impaired.* For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.



- *Stage 3: Lifetime ECL - credit-impaired.* Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; or
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Parent Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’, or when the exposure is less than 30 days past due.

*Determination of the Stage for Impairment.* At each reporting date, the Parent Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Parent Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

*Simplified Approach.* The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to ‘Trade and other receivables’. The Parent Company has established a provision matrix for commercial and industrial business segments that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Parent Company considers a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

#### Derecognition of Financial Assets and Liabilities

*Financial Assets.* A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Parent Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
- the Parent Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.



*Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

#### Fair Value Measurement

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:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Parent Company.

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 economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Parent Company 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 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 (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the parent company statements of financial position on a recurring basis, the Parent Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Parent Company 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 as explained above.

#### Inventories

Inventories, which consist of spare parts, fuel and consumables used in the operation, repairs and maintenance of the property, plant and equipment, are stated at the lower of cost and net realizable value (NRV). Cost is determined using the moving average method. NRV is the current replacement cost in the ordinary course of business.



#### Investments in Associates and Subsidiaries

The Parent Company's investments in associates and subsidiaries are accounted for at cost less any impairment. An associate is an entity in which the Parent Company has significant influence and which is neither a subsidiary nor a joint venture. A subsidiary is an entity that is controlled by the Parent Company.

#### Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any allowance for impairment losses.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property, plant and equipment and borrowing costs for long term construction projects when the recognition criteria are met. Cost also includes asset retirement obligation specifically for property, plant and equipment installed/constructed on the leased properties.

Advances to suppliers and contractors to be applied as payment for assets to be classified as property, plant and equipment are presented as noncurrent asset and included as part of "Other noncurrent assets" in the statements of financial position.

Expenditures incurred after the property, plant and equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment.

The carrying amount of the replaced part, regardless of whether the replaced part had been depreciated separately, is derecognized if an entity recognizes in the carrying amount of an item of property, plant and equipment the cost of a replacement for part of the item. If it is not practicable for an entity to determine the carrying amount of the replaced part, it may use the cost of the replacement as an indication of what the cost of the replaced part was at the time it was acquired or constructed. When each major inspection is performed, its cost is recognized in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied.

Depreciation of property, plant and equipment commences once the assets are available for use and is computed on a straight-line basis over the estimated useful lives of the assets or lease term (for right-of-use assets), whichever is shorter, as follows:

Category	No. of Years
Buildings, plant machinery and equipment	3-15
Motor vehicles	5
Furniture and office equipment	5
Partitions and air conditioners	5
Right-of-use assets	2-5 or lease term, whichever is shorter



The remaining useful lives and the depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of consumption of future economic benefits from items of property, plant and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any allowance for impairment losses are removed from the accounts and any resulting gain or loss is credited to or charged to current operations.

Construction in progress (CIP) represents assets under construction and is stated at cost. This includes cost of construction, equipment and other direct costs. CIP is not depreciated until such time as the relevant assets are completed and available for operational use.

It is the Parent Company's policy to classify right-of-use assets as part of property and equipment. The Parent Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Parent Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

#### Impairment of Nonfinancial Assets

The Parent Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the parent company statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of accumulated depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company—statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.



## Equity

*Capital Stock and Additional Paid-in Capital.* The capital stock is classified as equity and measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares are recognized as a deduction from equity, net of any tax effects. Proceeds and/or fair value of consideration received in excess of par value are recognized as additional paid-in capital.

*Treasury Shares.* These own equity instruments which are reacquired are recognized at cost and deducted from equity. No gain or loss is recognized in the parent company statement of comprehensive income on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

*Retained Earnings.* Retained earnings include cumulative balance of periodic net income or loss, dividend contributions, prior period adjustments, effect of changes in accounting policy and other capital adjustments. Dividends are recognized as liability and deducted from retained earnings when they are declared.

## Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Parent Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

The Parent Company has concluded that it is the principal in its revenue arrangements because it controls the goods or services before these goods or services are transferred to the customer. The following specific recognition criteria must also be met before revenue is recognized:

*Operating Fees.* Revenue consists of: (i) fees from National Grid Corporation of the Philippines for rendering ancillary services; and (ii) energy fees for electricity sold to the Wholesale Electricity Spot Market (WESM) and Reserve Market.

The Parent Company has concluded that revenue should be recognized over time since the customer simultaneously receives and consumes the benefit as the seller supplies power. For power generation where capacity and energy dispatched are separately identified, these two obligations are to be combined as one performance obligation since these are not distinct within the context of the contract as the buyer cannot benefit from the contracted capacity alone without the corresponding energy and the buyer cannot obtain energy without contracting a capacity. The combined performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer. In contracts with fixed capacity payments which are determined at contract inception, the fixed capacity payments for the entire contract period is determined at day 1 and is recognized over time.

Some contracts with customers provide unspecified quantity of energy, and includes provisional Energy Regulatory Commission (ERC) rates. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved.





*Dividend Income.* Dividend income from investments in associates and subsidiaries is recognized when the Parent Company's right to receive payment is established.

#### Cost and Expense Recognition

Cost and expenses are recognized in the parent company statement of comprehensive income when incurred.

#### Leases

The Parent Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Parent Company as a lessee.* The Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. The Parent Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Lease liabilities.* At the commencement date of the lease, the Parent Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Parent Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Parent Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### Pension Expense

The Parent Company has a funded, noncontributory defined pension plan covering all regular and permanent employees. The cost of providing benefits is determined using the projected unit credit method. This method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.



Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability; and
- Remeasurements of net defined benefit liability.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the parent company-statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability is recognized as expense or income in the parent company statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to parent company statement of comprehensive income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

### Income Tax

*Current Income Tax.* Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

The Parent Company records uncertain tax positions on the basis of a two-step process whereby the Parent Company determines whether it is more likely than not that the tax positions will be sustained based on technical merits of the position, and for those tax positions that meet the more likely than not criteria, the Parent Company recognizes the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with related tax authority. The Parent Company records any interest and penalties on uncertain tax positions in "Income tax expense (benefit)" account in the parent company statement of comprehensive income.



#### Related Party Transactions

Transactions with related parties are accounted for based on the nature and substance of the agreement, and financial effects are included in the appropriate asset, liability, income and expense accounts.

#### Provisions

Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Parent Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

#### Foreign Currency-Denominated Transactions

The Parent Company's financial statements are presented in Philippine Peso, the Parent Company's functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency rate of exchange ruling at the reporting date. All differences are directly charged against or credited to current operations.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

#### Earnings per Share

Basic earnings per common share is determined by dividing net income by the weighted average number of common shares outstanding, after retroactive adjustment for any stock dividend and stock splits declared during the year.

Diluted earnings per common share is calculated by dividing the net income for the year attributable to the ordinary equity holders of the Parent Company by the weighted average number of common shares outstanding during the year plus the weighted average number of ordinary shares that would be issued for any outstanding common stock equivalents.

#### Segment Reporting

For management purposes, the Parent Company is organized into business units based on their services and has only one single operating segment as of December 31, 2021 and 2020. No operating segments have been aggregated to form the Parent Company's single operating segment. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the parent company financial statements.



#### Contingencies

Contingent liabilities are not recognized in the Parent Company financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are likewise not recognized in the parent company financial statements but are disclosed when an inflow of economic benefits is probable.

#### Events After the Reporting Period

Post year-end events that provide additional information about the Parent Company's position at the reporting period (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the parent company financial statements when material.

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#### **4. Significant Accounting Judgments and Estimates**

The Parent Company's financial statements, prepared in compliance with PFRSs, require the Parent Company to make judgments and estimates that affect amounts reported in the parent company financial statements and related notes. In preparing these financial statements, the Parent Company made its best judgments and estimates of certain amounts, giving due consideration to materiality. The Parent Company believes that the following represent a summary of these significant accounting judgments and estimates and the related impact and associated risks in the parent company financial statements.

#### Judgments

In the process of applying the Parent Company's accounting policies, management has made judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the parent company financial statements.

*Revenue Recognition.* The Parent Company recognizes revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered to be transferred when the customer obtains control. The Parent Company determines, at contract inception, whether it will transfer control of a promised good or service over time. If the Parent Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

The Parent Company's revenue from power generation is to be recognized over time since customers simultaneously receive and consume the benefits as the Parent Company supplies power.

Significant judgments in revenue recognition are as follows:

- *Identifying Performance Obligations.* The Parent Company identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Parent Company's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

The Parent Company assesses performance obligations as a series of distinct goods and services that are substantially the same and have the same pattern of transfer if i) each distinct good or services in the series are transferred over time and ii) the same method of progress will be used (i.e., units of delivery) to measure the entity's progress towards complete satisfaction of the performance obligation.



For power generation and ancillary services where capacity and energy dispatched are separately identified, these two obligations are to be combined as one performance obligation since these are not distinct within the context of the contract as the buyer cannot benefit from the contracted capacity alone without the corresponding energy and the buyer cannot obtain energy without contracting a capacity.

The combined performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer since the delivery of energy every month are distinct services which are all recognized over time and have the same measure of progress.

- *Identifying Methods for Measuring Progress of Revenue Recognized Over Time.* The Parent Company determines the appropriate method of measuring progress which is either through the use of input or output methods. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation while output method recognizes revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date.

For power generation and ancillary services, the Parent Company determined that the output method is the best method in measuring progress since actual electricity is supplied to customers. The Parent Company recognizes revenue based on:

- For the variable energy payment, actual kilowatt hours consumed which are billed on a monthly basis.
- For fixed capacity payments, the Parent Company allocates the transaction price on a straight-line basis over the contract term. The allocated fixed payments are also billed on a monthly basis.

*Assessment of Control Over SECI.* Control is presumed to exist when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Management has determined that the Parent Company has the ability to control the operating and financial activities of SECI by virtue of an agreement. The other stockholder (an individual stockholder owning 60% of the outstanding capital stock of SECI and also a major stockholder of the Parent Company) delegates and entrusts all the decisions in the operational and finance functions of SECI to the Parent Company who owns 40% of the outstanding capital stock of SECI.

#### Estimates and Assumptions

*Estimating Expected Credit Losses on Trade and Other Receivables using Simplified Approach.* The Parent Company uses the provision matrix to calculate ECLs for these receivables. The Parent Company calculates provision rates based on days past due for a group of various customer or debtor segments that have similar loss patterns (i.e., customer type).

The provision matrix is initially based on the Parent Company's historical observed loss rates. The Parent Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., inflation rates) are expected to increase over the next year which can lead to an increased number of defaults, the historical loss rates are adjusted. At every reporting date, the historical observed loss rates are updated and changes in the forward-looking estimates are analyzed.



The assessment of the correlation between historical observed loss rates, forecast economic conditions and ECLs is a significant estimate which involves qualitative and quantitative thresholds in place. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Parent Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Parent Company has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 3 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Parent Company has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

An increase in the Parent Company's allowance for expected credit losses of trade and other receivables will increase the Parent Company's recorded expenses and decrease current assets. As of December 31, 2024 and 2023, allowance for expected credit losses amounted to ₱3.9 million and ₱4.2 million, respectively (see Notes 5 and 7). These receivables, net of allowance for expected credit losses, amounted to ₱172.9 million and ₱183.1 million as of December 31, 2024 and 2023, respectively (see Note 7).

*Estimating Impairment of Investments in Associates and Investments in Subsidiaries.* The Parent Company assesses whether there are any indicators of impairment on investments in associates and subsidiaries at each reporting date. Investments in associates and subsidiaries are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The recoverable amount of investments in associates and investments subsidiaries is based on fair value less cost to sell. Fair value less cost to sell is determined to be the amount obtainable from the sale of the underlying net assets of the associate or subsidiary. The carrying amounts of investments in associates as of December 31, 2024 and 2023 amounted to ₱3,052.1 million and ₱2,852.5 million, respectively (see Note 10). The carrying amounts of investments in subsidiaries as of December 31, 2024 and 2023 amounted to ₱295.5 million and ₱341.2 million (see Note 11). Based on management's assessment, the Parent Company's investments in associates and investments in subsidiaries are fairly stated, thus no impairment loss was recognized in 2024, 2023 and 2022.

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## 5. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence.



The Parent Company's policy on material related party transactions is in compliance with the Philippine SEC Memorandum Circular No. 10, Series of 2019, or the *Rules on Material Related Party Transactions for Publicly-Listed Companies*.

The policy covers related party transactions that meet the materiality threshold of 10% of the Parent Company's total assets. It defines the processes, controls and safeguards for the proper handling, including review, approval and disclosure, of such related party transactions in accordance with applicable laws and regulations.

On September 12, 2024, the disposal investment in of BLCI has been finalized (see Note 11). As such, BLCI ceased to be a related party from the date of disposal.

The Parent Company, in the normal course of business, has significant transactions with related parties which principally consist of the following:

- Extension of noninterest-bearing advances to SIPC for working capital requirements and receivables relating to the purchase of inventories made by the Parent Company on behalf of SIPC. Outstanding receivables related to these transactions amounted to nil as of December 31, 2024 and 2023, respectively.
- Extension of noninterest-bearing advances to Bohol Light Company, Inc. (BLCI) for working capital requirements. Outstanding advances amounted to ₱0.3 million as of December 31, 2023.
- Cash dividends earned from subsidiaries, SIPC, SPC Electric Company, Inc.(SECI), SPC Malaya Power Corporation (SMPC), and SPC Light Company, Inc. (SLCI) amounted to ₱60.4 million, ₱6.0 million and ₱205.2 million in 2024, 2023 and 2022, respectively. (see Note 11).
- Extension of short-term, noninterest-bearing advances to KEPCO SPC Power Corporation (KEPCO SPC), an associate, for the development of the 2x100 MW Circulating Fluidized Bed Combustion (CFBC) Boiler Coal-Fired Power Plant in Naga, Cebu. Outstanding advances to KEPCO SPC amounted to ₱0.8 million as of December 31, 2024 and 2023, respectively.
- Cash dividends received from associates (KEPCO SPC and MECO) amounted to ₱1,061.2 million, ₱200 million and ₱1,004.7 million in 2024, 2023 and 2022, respectively (see Note 10).
- Rentals on office spaces from SPEC Properties, Inc. (SPEC) and SII Properties Development Corporation (SPDC) with lease terms ranging from 2–3 years amounted to in ₱4.4 million in 2024, ₱4.5 million in 2023 and ₱4.4 million in 2022. Upon adoption of PFRS Accounting Standards 16, lease liabilities were recognized on the unpaid rentals until the end of lease term for these office spaces.
- Extension/availment of noninterest-bearing advances to/from related parties for working capital requirements.



The results of these transactions are presented in the appropriate accounts in the parent company financial statements. The amounts of due from/due to related parties and trade and other receivables follow:

2024				
Category	Transaction	Outstanding Balance - Receivable (Payable)	Terms	Conditions
<b>Subsidiaries</b>				
<b>Extension (availment) of advances:</b>				
SIPC**	349,063	₱423,791	60-day; Noninterest-bearing	Unsecured; No impairment
SIPC***	352,162	(125,969)	60-day; Noninterest-bearing	Unsecured; No impairment
SMPC**	85,761	114,505	60-day; Noninterest-bearing	Unsecured; No impairment
<b>Extension (availment) of advances:</b>				
SECI**	19,565	15,570	60-day; Noninterest-bearing	Unsecured; No impairment
SLCI**	13,491	917	60-day; Noninterest-bearing	Unsecured; No impairment
CNPC**	20,435	369,674	60-day; Noninterest-bearing	Unsecured; No impairment
<b>Associates</b>				
<b>Extension (availment) of advances:</b>				
KEPCO SPC	—	763,112	Due and demandable	Unsecured; No impairment
MECO	30,000	30,939	60-day; Non-interest bearing	Unsecured; No impairment
<b>Dividend income (see Note 11):</b>				
KSPC	801,217,954	—	Due and demandable	Unsecured
MECO	260,000,027	—	Due and demandable	Unsecured
<b>Affiliates (Companies Under Common Ownership)</b>				
<b>Lease of office space:****</b>				
SPEC	3,907,936	(325,661)	30-day; Noninterest-bearing;	Unsecured
SPDC	825,463	(68,789)	30-day; Noninterest-bearing;	Unsecured
<b>Extension of advances:</b>				
Bohol Water Utilities, Inc. (BWUI)**	241,202	4,185	30-day; Noninterest-bearing;	Unsecured
SPDC**	89,911	657,263	30-day; Noninterest-bearing;	Unsecured
SPDC***	21,000	(21,000)	30-day; Noninterest-bearing;	Unsecured
<b>Extension (availment) of advances:</b>				
Salcon International, Inc. (SII)**	51,033	19,500	30-day; Noninterest-bearing;	Unsecured
Salcon Philippines, Inc. (SPI)**	39,750	20,250	30-day; Noninterest-bearing;	Unsecured
Salcon Philippines, Inc. (SPI)***	—	(5,600)	30-day; Noninterest-bearing;	Unsecured
SIPC Water Resources, Inc. (SWRI)**	46,492	270,078	30-day; Noninterest-bearing;	Unsecured
Western Panay Hydropower Corp. (WPHC)**	36,641	399,405	30-day; Noninterest-bearing;	Unsecured
SPEC**	115,009	33,861	30-day; Noninterest-bearing;	Unsecured
KV Holdings, Inc.**	20,903	3,500	30-day; Noninterest-bearing;	Unsecured
KEPCO Philippines Holdings, Inc.***	—	(497,043)	30-day; Noninterest-bearing;	Unsecured

\* Under "Trade and other receivables"

\*\* Under "Due from related parties"

\*\*\* Under "Due to related parties"

\*\*\*\* Under "Lease liabilities"





2023				
Category	Transaction	Outstanding Balance - Receivable (Payable)	Terms	Conditions
<b>Subsidiaries</b>				
Extension (availment) of advances:				
SIPC**	₱2,427,874	₱675,535	60-day; Noninterest-bearing	Unsecured; No impairment
SIPC***	345,766	(141,970)	60-day; Noninterest-bearing	Unsecured
BLCI**	161,866	332,400	60-day; Noninterest-bearing	Unsecured; No impairment
BLCI***	62,026	191,277	60-day; Noninterest-bearing	Unsecured
SMPC**	21,155	32,604	60-day; Noninterest-bearing	Unsecured; No impairment
SECI**	20,668	6,010	60-day; Noninterest-bearing	Unsecured; No impairment
SLCI**	21,009	6,451	60-day; Noninterest-bearing	Unsecured; No impairment
CNPC**	109,111	326,261	60-day; Noninterest-bearing	Unsecured; No impairment
Dividend income (see Note 11):				
BLCI	5,984,999	5,984,999	Due and demandable	Unsecured; No impairment
<b>Associates</b>				
Extension (availment) of advances:				
KEPCO SPC	—	763,112	60-day; Noninterest-bearing	Unsecured; No impairment
MECO	—	939	60-day; Noninterest-bearing	Unsecured; No impairment
Dividend income (see Note 10):				
MECO	199,999,778	39,999,955	Due and demandable	Unsecured; No impairment
<b>Affiliates (Companies Under Common Ownership)</b>				
Lease of office space:****				
SPEC	3,651,136	(912,784)	30-day; Noninterest-bearing;	Unsecured
SPDC	801,426	(200,357)	30-day; Noninterest-bearing; 3% annual escalation	Unsecured
Extension of advances:				
Bohol Water Utilities, Inc. (BWUI)**	148,992	256,035	60-day; Noninterest-bearing	Unsecured; No impairment
SPDC**	162,543	576,063	60-day; Noninterest-bearing	Unsecured; No impairment
Extension (availment) of advances:				
Salcon International, Inc. (SII)**	246,450	428,386	60-day; Noninterest-bearing	Unsecured; No impairment
Salcon Philippines, Inc. (SPI)**	81,770	59,895	60-day; Noninterest-bearing	Unsecured; No impairment
Salcon Philippines, Inc. (SPI)***	—	5,600	60-day; Noninterest-bearing	Unsecured; No impairment
SIPC Water Resources, Inc. (SWRI)**	—	223,586	60-day; Noninterest-bearing	Unsecured; No impairment
Western Panay Hydropower Corp. (WPHC)**	127,622	362,765	60-day; Noninterest-bearing	Unsecured; No impairment
SPEC**	159,931	67,883	60-day; Noninterest-bearing	Unsecured; No impairment
KV Holdings, Inc.**	24,745	10,825	60-day; Noninterest-bearing	Unsecured; No impairment
KEPCO Philippines Holdings, Inc.***	—	(497,043)	60-day; Noninterest-bearing	Unsecured

\* Under "Trade and other receivables"

\*\* Under "Due from related parties"

\*\*\* Under "Due to related parties"

\*\*\*\* Under "Lease liabilities"



2022				
Category	Transaction	Outstanding Balance - Receivable (Payable)	Terms	Conditions
<b>Subsidiaries</b>				
Extension (availment) of advances:				
SIPC**	₱903,532	₱328,523	60-day; Noninterest-bearing	Unsecured; No impairment
SIPC***	1,672,358	(189,179)	60-day; Noninterest-bearing	Unsecured
BLCI**	316,170	468,893	60-day; Noninterest-bearing	Unsecured; No impairment
BLCI***	—	(129,251)	60-day; Noninterest-bearing	Unsecured
SMPC**	19,588	19,588	60-day; Noninterest-bearing	Unsecured; No impairment
SECI**	77,952	12,869	60-day; Noninterest-bearing	Unsecured; No impairment
SLCI**	15,705	12,289	60-day; Noninterest-bearing	Unsecured; No impairment
CNPC**	40,189	217,151	60-day; Noninterest-bearing	Unsecured; No impairment
Dividend income (see Note 11):				
SIPC	189,999,981	—	Due and demandable	Unsecured
BLCI	4,488,749	4,488,749	Due and demandable	Unsecured; No impairment
SECI	5,674,139	—	Due and demandable	Unsecured; No impairment
SLCI	5,043,679	—	Due and demandable	Unsecured; No impairment
<b>Associates</b>				
Extension (availment) of advances:				
KEPCO SPC**	—	763,112	60-day; Noninterest-bearing	Unsecured; No impairment
MECO	—	939	60-day; Noninterest-bearing	Unsecured; No impairment
Dividend income (see Note 10):				
KEPCO SPC	964,673,562	—	Due and demandable	Unsecured
MECO	39,999,956	—	Due and demandable	Unsecured; No impairment
<b>Affiliates (Companies Under Common Ownership)</b>				
Lease of office space:****				
SPEC	3,651,136	—	30-day; Noninterest-bearing;	Unsecured
SPDC	778,084	—	30-day; Noninterest-bearing; 3% annual escalation	Unsecured
Extension (availment) of advances:				
Bohol Water Utilities, Inc. (BWUI)**	45,638	107,043	60-day; Noninterest-bearing	Unsecured; No impairment
SPDC**	90,729	507,410	60-day; Noninterest-bearing	Unsecured; No impairment
Extension (availment) of advances:				
SPDC***	—	—	60-day; Noninterest-bearing	Unsecured
Salcon International, Inc. (SII)**	42,199	181,935	60-day; Noninterest-bearing	Unsecured; No impairment
Salcon Philippines, Inc. (SPI)**	44,041	171,516	60-day; Noninterest-bearing	Unsecured; No impairment
SIPC Water Resources, Inc. (SWRI)**	—	223,586	60-day; Noninterest-bearing	Unsecured; No impairment
Western Panay Hydropower Corp. (WPHC)**	108,565	235,143	60-day; Noninterest-bearing	Unsecured; No impairment
SPEC**	101,810	304,756	60-day; Noninterest-bearing	Unsecured; No impairment
KV Holdings, Inc.**	30,109	7,789	60-day; Noninterest-bearing	Unsecured; No impairment
KEPCO Philippines Holdings, Inc.***	—	(497,043)	60-day; Noninterest-bearing	Unsecured

\* Under "Trade and other receivables"

\*\* Under "Due from related parties"

\*\*\* Under "Due to related parties"

\*\*\*\* Under "Lease liabilities"



These transactions with related parties are generally settled in cash.

#### Compensation and Benefits of Key Management Personnel

The Parent Company considers all senior officers as key management personnel. The compensation of key management personnel follows:

	2024	2023	2022
Short-term benefits	<b>₱50,945,505</b>	₱45,644,523	₱47,107,848
Post-employment benefits	<b>750,325</b>	711,839	629,884
	<b>₱51,695,830</b>	₱46,356,362	₱47,737,732

#### 6. Cash and Cash Equivalents

	2024	2023
Cash on hand	<b>₱339,842</b>	₱246,281
Cash in banks	<b>339,358,160</b>	274,970,130
Short-term investments	<b>3,124,304,845</b>	3,484,577,604
	<b>₱3,464,002,847</b>	₱3,759,794,015

Cash in banks earn interest at the respective bank deposit rates of 0.03% to 6% in 2024 and 2023 and 0.03% to 2.25% in 2022. Short-term investments are made for varying periods of up to three months or less, depending on the immediate cash requirements of the Parent Company, and earn interest at the prevailing short-term investment rates of short-term rates of 4.45% to 6.35%, 5.45% to 6.15%, 0.35% to 3.3% in 2024, 2023 and 2022, respectively. Total interest income earned amounted to ₱155.0 million, ₱148.7 million and ₱26.9 million in 2024, 2023 and 2022, respectively.

#### 7. Trade and Other Receivables

	2024	2023
Receivable from customers:		
Independent Electricity Market Operator of the Philippines Inc. (IEMOP) (net of allowance for ECL of ₱3.9 million and ₱4.2 million in 2024 and 2023, respectively)	<b>₱115,304,972</b>	₱64,667,032
National Grid Corporation of the Philippines (NGCP)	<b>8,426,803</b>	27,237,039
Dividend receivable (see Note 5)	—	45,984,954
Interest receivable	<b>17,107,210</b>	17,229,397
Advances to officers and employees	<b>11,479,299</b>	11,336,508
Due from related parties (see Note 5)	<b>3,126,550</b>	4,128,750
Others	<b>17,488,836</b>	12,510,931
	<b>₱172,933,670</b>	₱183,094,611

Receivable from customers arises from generation and sale of energy, and from provision of ancillary services. These receivables are noninterest-bearing and are generally on a term of 30–90 days.



Advances to officers and employees are noninterest-bearing and are subject to liquidation within the next two to twelve months.

Others mainly consist of nontrade receivables from various third parties from sale of sludge materials.

Allowance for ECL pertains to trade receivables as a result of performing collective impairment test at reporting date. These relate to debtors who are either in significant financial difficulties, have defaulted on payments or whose accounts are under dispute and legal proceedings.

The following table shows the movement in the allowance for ECL:

	2024	2023
At January 1	<b>₱4,186,084</b>	₱4,599,036
Reversal of allowance	<b>(262,762)</b>	(412,952)
At December 31	<b>₱3,923,322</b>	₱4,186,084

## 8. Inventories

	2024	2023
On hand – at cost:		
Fuel	<b>₱51,045,380</b>	₱54,184,050
Materials and supplies	<b>51,674,807</b>	57,630,895
In transit – at cost	–	17,119
	<b>₱102,720,187</b>	₱111,832,064

Inventories, carried at cost, include fuel, lubricants, chemicals, spare parts, supplies and other consumables used in the operations, repairs and maintenance of property, plant and equipment.

Cost of inventories used in operations recognized as part of “Cost of services” amounted to ₱854.3 million, ₱734.3 million and ₱553.9 million in 2024, 2023 and 2022, respectively, in the parent company statements of comprehensive income (see Note 16).

## 9. Prepayments and Other Current Assets

	2024	2023
Prepaid income tax - Creditable EWT	<b>₱9,307,598</b>	₱13,522,855
Prepaid insurance	<b>8,719,612</b>	4,988,260
Prepaid rent	<b>2,313,349</b>	2,530,738
Refundable deposits	<b>1,081,412</b>	1,087,712
Deferred input VAT	<b>241,866</b>	19,540
Others	<b>140,338</b>	–
	<b>₱21,804,175</b>	₱22,149,105



## 10. Investments in Associates

The Parent Company's associates, corresponding equity ownership and acquisition cost follow:

	Principal Activity	% of Ownership	2024	2023
KEPCO SPC	Power generation	40.0	<b>₱2,472,464,616</b>	₱2,472,464,616
MECO	Power distribution	40.0	<b>579,613,992</b>	380,000,752
			<b>₱3,052,078,608</b>	₱2,852,465,368

### KEPCO SPC

Summarized financial information of KEPCO SPC as of and for the years ended December 31 follows:

	2024	2023
Statements of financial position:		
Current assets	<b>₱4,743,428,130</b>	₱5,025,272,862
Noncurrent assets	<b>6,722,167,995</b>	7,431,058,522
Current liabilities	<b>852,462,561</b>	1,018,887,600
Noncurrent liabilities	<b>183,513,000</b>	177,871,046
Equity	<b>10,429,620,564</b>	11,259,572,738
Statements of comprehensive income:		
Revenue	<b>₱7,998,984,066</b>	₱9,491,824,536
Gross profit	<b>2,127,686,573</b>	1,612,378,636
Net income	<b>1,173,899,287</b>	730,593,462
Other comprehensive loss	<b>(806,576)</b>	(5,662,304)
Total comprehensive income	<b>1,173,092,711</b>	724,931,158

KEPCO SPC declared and paid cash dividends to the Parent Company amounting to ₱801.2 million, nil and ₱964.7 million in 2024, 2023 and 2022, respectively (see Note 5).

### MECO

Summarized financial information pertaining to MECO as of and for the years ended December 31 follows:

	2024	2023
Statements of financial position:		
Current assets	<b>₱4,211,320,904</b>	₱3,420,169,230
Noncurrent assets	<b>5,133,850,482</b>	3,822,420,452
Current liabilities	<b>1,128,996,579</b>	938,870,145
Noncurrent liabilities	<b>3,070,723,105</b>	2,647,655,706
Equity	<b>5,145,451,702</b>	3,656,063,831
Revaluation increment on property, plant and equipment, and others	<b>1,169,479,381</b>	376,509,006

(Forward)



	2024	2023
Statements of comprehensive income:		
Revenue	<b>₱7,763,956,150</b>	₱7,206,586,540
Gross profit	<b>744,060,055</b>	481,187,003
Net income	<b>779,635,095</b>	704,620,130
Other comprehensive income (loss)	<b>846,385,773</b>	(3,984,755)
Total comprehensive income	<b>1,626,020,868</b>	700,635,375
Income after adjustment of depreciation on appraisal increase and others	<b>851,335,837</b>	737,297,447

MECO declared and paid cash dividends to the Parent Company amounting to ₱260.0 million, ₱200.0 million and ₱40.0 million in 2024, 2023 and 2022, respectively (see Note 5).

Based on management's assessment, there were no indicators of impairment. No impairment loss was recognized in 2024, 2023 and 2022.

## 11. Investments in Subsidiaries

Details of the Parent Company's investments in subsidiaries as of December 31, 2024 and 2023 are as follows:

		2024 % of Ownership			Amount
Principal Activity		Direct	Indirect	Total	
SIPC	Power generation	100.00%	—	100.00%	₱274,999,995
SLCI	Holding company	40.00%	24.00%	64.00%	12,609,198
SECI	Holding company	40.00%	—	40.00%	7,565,518
CNPC	Power generation	100.00%	—	100.00%	249,995
SMPC	Power generation	40.00%	38.40%	78.40%	99,998
					<b>₱295,524,704</b>

		2023 % of Ownership			Amount
Principal Activity		Direct	Indirect	Total	
SIPC	Power generation	100.00%	—	100.00%	₱274,999,995
BLCI	Power distribution	39.90%	13.76%	53.66%	45,653,125
SLCI	Holding company	40.00%	24.00%	64.00%	12,609,198
SECI	Holding company	40.00%	—	40.00%	7,565,518
CNPC	Power generation	100.00%	—	100.00%	249,995
SMPC	Power generation	40.00%	38.40%	78.40%	99,998
					<b>₱341,177,829</b>

On April 24, 2024, the SPC Board in a special board meeting has approved the sale of common shares in BLCI for 6.67 per share to Primelectric Holdings, Inc. (PHI). The sale is in accordance with the terms and conditions of a Share Purchase Agreement and other definitive documents entered into by the parties. On September 12, 2024, the Parent Company, together with other selling shareholders, and PHI signed the respective Deed of Absolute Sale for a total consideration of ₱199.6 million which resulted to a gain on sale amounting to ₱153.9 million.



Cash dividends declared by the subsidiaries in the last three years are summarized as follows:

			Amount	
Declared By	Date of Declaration	Record Date	Gross (in millions)	Per Share
2024				
SLCI	November 20, 2024	November 20, 2024	₱90.8	₱2.88
SECI	November 20, 2024	November 26, 2024	60.3	3.19
BLCI	April 15, 2024	April 19, 2024	90.0	1.20
2023				
BLCI	November 30, 2023	December 15, 2023	5.9	0.20
2022				
SIPC	December 12, 2022		190.0	3.80(common)
BLCI	December 7, 2022	December 15, 2022	11.3	
SLCI	November 16, 2022	December 22, 2022	12.6	
SECI	November 16, 2022	November 18, 2022	14.2	
		November 18, 2022		

No impairment loss was recognized in 2024, 2023 and 2022.

## 12. Property, Plant and Equipment

2024							
	Buildings, Plant Machinery and Equipment	Motor Vehicles	Furniture and Office Equipment	Partitions and Air Conditioners	Construction in Progress	Right-of-use Assets (see Note 23)	Total
<b>Cost</b>							
At January 1	₱506,763,662	₱30,138,163	₱13,530,173	₱27,235,606	₱-	₱12,252,170	₱589,919,774
Additions	-	-	559,018	-	216,443	-	775,461
At December 31	506,763,662	30,138,163	14,089,191	27,235,606	216,443	12,252,170	590,695,235
<b>Accumulated Depreciation and Amortization</b>							
At January 1	182,919,157	19,146,245	12,109,220	4,580,613	-	3,675,651	222,430,886
Depreciation and amortization (see Note 19)	36,201,804	3,097,451	573,359	5,264,569	-	2,450,434	47,587,617
At December 31	219,120,961	22,243,696	12,682,579	9,845,182	-	6,126,085	270,018,503
Net Book Value	₱287,642,701	₱7,894,467	₱1,406,612	₱17,390,424	₱216,443	₱6,126,085	₱320,676,732
2023							
	Buildings, Plant Machinery and Equipment	Motor Vehicles	Furniture and Office Equipment	Partitions and Air Conditioners		Right-of-use Assets (see Note 23)	Total
<b>Cost</b>							
At January 1	₱505,532,832	₱19,282,806	₱12,656,557	₱1,184,635		₱12,252,170	₱550,909,000
Additions	1,230,830	10,855,357	873,616	26,050,971		-	39,010,774
At December 31	506,763,662	30,138,163	13,530,173	27,235,606		12,252,170	589,919,774
<b>Accumulated Depreciation and Amortization</b>							
At January 1	146,477,123	16,775,407	11,498,537	1,041,221		1,225,217	177,017,505
Depreciation and amortization (see Note 19)	36,442,034	2,370,838	610,683	3,539,392		2,450,434	45,413,381
At December 31	182,919,157	19,146,245	12,109,220	4,580,613		3,675,651	222,430,886
Net Book Value	₱323,844,505	₱10,991,918	₱1,420,953	₱22,654,993		₱8,576,519	₱367,488,888



There are no property, plant and equipment which the Parent Company has restricted title or that are pledged as security for liabilities, nor are there any amounts of contractual commitments for the acquisition of property, plant and equipment as of December 31, 2024 and 2023.

### 13. Other Noncurrent Assets

	2024	2023
Investment in proprietary club shares	<b>₱18,000,000</b>	₱15,000,000
Project development costs	<b>12,182,812</b>	5,413,176
Software costs (net of accumulated amortization of ₱5.5 million and ₱4.9 million in 2024 and 2023, respectively)	<b>608,253</b>	1,216,504
Advances to suppliers and contractors	<b>2,719,727</b>	2,803,719
Others	<b>6,988,097</b>	6,988,097
	<b>₱40,498,889</b>	₱31,421,496

Project developments costs pertain to due diligence, legal and consultancy services, and other expenditures incurred in relation to the Company's acquisitions as discussed in Note 26.

Investment in proprietary shares is accounted for as FVOCI. In 2024, 2023 and 2022, the Parent Company recognized "Unrealized valuation gain on financial asset at FVOCI" amounting to ₱3.0 million, ₱2.0 million and ₱5.0 million, respectively, in the parent company statements of comprehensive income for its investment in proprietary club shares.

The following table shows the movement of software costs:

	2024	2023
Acquisition Cost	<b>₱6,082,514</b>	₱6,082,514
Accumulated Amortization		
At January 1	<b>4,866,010</b>	4,257,759
Amortization (see Notes 17 and 19)	<b>608,251</b>	608,251
At December 31	<b>5,474,261</b>	4,866,010
Net Book Value	<b>₱608,253</b>	₱1,216,504

### 14. Trade and Other Payables

	2024	2023
Trade	<b>₱22,452,309</b>	₱108,815,952
Nontrade	<b>126,715,527</b>	123,145,720
Dividends payable (see Note 24)	<b>60,857,481</b>	113,787,835
Accrued expenses:		
Withholding taxes and other statutory liabilities	<b>3,276,730</b>	3,153,805
Accrued rent	<b>1,026,754</b>	2,111,138
Others	<b>8,738,933</b>	3,907,437
Due to related parties (see Note 5)	<b>649,612</b>	835,890
	<b>₱223,717,346</b>	₱355,757,777





Trade payables pertain to purchases of goods and services. These are noninterest-bearing and are normally settled on 30–60 days terms.

Nontrade payables include accrual for deferred output tax of ₱5.2 million and ₱35.9 million as of December 31, 2024 and 2023, respectively, and various accounts with nontrade suppliers and contractors.

## 15. Equity

### Capital Stock

There were no changes in the Parent Company's authorized, issued and outstanding common shares as of December 31, 2024 and 2023:

Issued shares	1,569,491,900
Treasury shares	(72,940,097)
Issued and outstanding shares	1,496,551,803

On various dates in 2002 and 2012, the Parent Company registered with SEC its 1,569,491,900 common shares that were offered to the public at an issue price of ₱1.80 per share. Gross proceeds from this issuance of new shares amounted to ₱2.8 billion. As of December 31, 2024, the Parent Company has 797 stockholders including 91 depository participants counted as one stockholder each.

As of December 31, 2024 and 2023, the Parent Company complied with the Minimum Public Ownership requirement of the PSE for listed entities.

### Dividends

Cash dividends declared by the Parent Company in the last three years are summarized as follows:

Date of Declaration	Record Date	Payment Date	Amount	
			Gross (in millions)	Per Share
<b>2024</b>				
<b>February 7, 2024</b>	<b>February 22, 2024</b>	<b>March 7, 2024</b>	<b>₱897.9</b>	<b>₱0.60</b>
<b>April 11, 2024</b>	<b>April 25, 2024</b>	<b>May 10, 2024</b>	<b>598.6</b>	<b>0.40</b>
<b>2023</b>				
July 26, 2023	August 9, 2023	August 23, 2023	299.3	0.20
<b>2022</b>				
May 31, 2022	June 15, 2022	June 24, 2022	299.3	0.20

### Retained Earnings

Retained earnings are restricted for dividend declaration to the extent of the acquisition price of the treasury shares amounting to ₱131.0 million as of December 31, 2024 and 2023.



### Appropriation

On November 25, 2019, the Board of Directors of the Parent Company approved the following: (i) appropriation of retained earnings amounting to ₱1.3 billion for the construction and operation of new generating power plant capacity to supply 39 MW full demand requirements in the mainland of Occidental Mindoro starting May 25, 2022, (ii) appropriation of retained earnings amounting to ₱1.0 billion to invest in SIPC for the 44.2 MW expansion of Bohol Diesel Power Plant in the years 2020 – 2021, and (iii) confirmation of the 2018 appropriation of retained earnings amounting to ₱500.0 million for 1Bohol Power Project that will serve the long-term power requirements of three distribution utilities in Bohol starting December 26, 2023.

On December 2, 2020, the Board of Directors of the Parent Company approved the following: (i) reversal of its 2019 appropriation amounting to ₱1.0 billion as a consequence of change in market conditions. The appropriation was intended for investment in SPC Island Power Corporation for the 44.2 MW expansion of Bohol Diesel Power Plant; (ii) confirmation of the appropriation of retained earnings amounting to ₱1.3 billion for the construction and operation of new generating power plant capacity to supply 39 MW full demand requirements in the mainland of Occidental Mindoro starting May 25, 2022, and (iii) confirmation of the appropriation of retained earnings amounting to ₱500.0 million for 1Bohol Power Project that will serve the long-term power requirements of three distribution utilities in Bohol starting December 26, 2023.

On July, 26, 2023, the Board of Directors of the Parent Company approved the reversal of the following: (i) appropriation of retained earnings amounting to ₱1.3 billion for the construction and operation of new generating power plant capacity to supply 39 MW full demand requirements in the mainland of Occidental Mindoro, and (ii) the ₱500.0 million appropriation for One Bohol Power Project that will serve the long-term power requirements of the three distribution utilities in Bohol starting December 26, 2023, the contract of which was already awarded to Energy Development Corporation (EDC).

### Earnings per Share

The following presents information necessary to calculate earnings per share of the Parent Company:

	2024	2023	2022
Net income	1,427,972,849	303,031,974	1,196,413,793
Weighted average number of common shares issued and outstanding	1,496,551,803	1,496,551,803	1,496,551,803
Basic/Diluted earnings per share	₱0.95	₱0.20	₱0.80

There are no potentially dilutive common stocks issued as of December 31, 2024, 2023 and 2022.

### Capital Management

The Parent Company considers the following as its core economic capital and is not subject to any externally imposed capital requirements. As of December 31, 2024 and 2023, the Parent Company's core capital amounted as follows:

	2024	2023
Capital stock	₱1,569,491,900	₱1,569,491,900
Additional paid-in capital	86,810,752	86,810,752
Retained earnings	5,677,107,535	5,745,686,489
Treasury stock	(131,008,174)	(131,008,174)
	₱7,202,402,013	₱7,270,980,967



## 16. Revenue from Contracts with Customers and Plant Operations

### Revenue from Contracts with Customers

The disaggregation of the Parent Company's revenue from contracts with customers for the years ended December 31, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
Revenue from market power trading	<b>₱958,714,590</b>	₱884,407,878	₱431,361,106
Revenue from power supply contracts and ancillary services	<b>143,412,289</b>	144,032,597	289,547,262
	<b>₱1,102,126,879</b>	₱1,028,440,475	₱720,908,368

### Costs of Services

	2024	2023	2022
Fuel, lubricants and chemicals (see Note 8)	<b>₱837,321,805</b>	₱721,123,427	₱544,406,930
Depreciation (see Note 19)	<b>38,652,238</b>	38,892,468	37,469,068
Personnel costs (see Note 18)	<b>23,968,964</b>	23,690,644	21,345,112
Spares, materials and supplies (see Note 8)	<b>16,987,986</b>	13,192,761	9,515,617
Repairs and maintenance	<b>7,486,391</b>	4,771,657	5,132,289
Purchased power	<b>6,483,449</b>	3,900,008	5,603,097
Taxes and licenses	<b>163,015</b>	131,116	86,716
Others (see Note 26)	<b>9,866,900</b>	8,405,782	6,414,790
	<b>₱940,930,748</b>	₱814,107,863	₱629,973,619

## 17. General and Administrative Expenses

	2024	2023	2022
Personnel costs (see Note 18)	<b>₱58,686,117</b>	₱64,592,700	₱54,946,611
Business development	<b>33,663,816</b>	55,077,424	60,654,276
Taxes and licenses	<b>30,033,515</b>	7,789,798	3,423,312
Professional fees	<b>17,629,174</b>	16,209,175	12,287,279
Shared expenses	<b>16,885,467</b>	26,597,373	15,349,154
Directors' fees	<b>13,489,704</b>	13,619,881	13,663,315
Depreciation and amortization (see Note 12 and 19)	<b>9,543,630</b>	7,129,164	2,820,635
Insurance	<b>6,730,324</b>	8,196,371	7,595,165
Rentals (see Notes 5 and 23)	<b>6,636,474</b>	6,282,648	6,627,758
Repairs and maintenance	<b>4,716,268</b>	5,864,686	2,992,568
Transportation and travel	<b>3,867,618</b>	2,886,849	2,434,358

(Forward)



	2024	2023	2022
Office supplies	<b>₱2,220,663</b>	₱819,355	₱696,931
Communications	<b>1,981,895</b>	2,110,575	1,919,259
Association dues	<b>1,395,694</b>	2,103,820	1,399,213
Corporate social responsibility	<b>1,084,615</b>	938,263	1,433,842
Power and water	<b>746,359</b>	716,501	645,977
Entertainment, amusement and recreation	<b>494,329</b>	400,967	95,026
Freight and handling	<b>102,468</b>	117,925	115,820
Others	<b>7,972,080</b>	7,718,392	6,676,159
	<b>₱217,880,210</b>	₱229,171,867	₱195,776,658

Business development expenses pertains to various studies conducted in the market, including marketing expenses.

#### 18. Personnel Costs

	2024	2023	2022
Plant operations (see Note 16)			
Salaries and wages	<b>₱17,459,289</b>	₱17,401,515	₱15,558,408
Other employee benefits	<b>6,509,675</b>	6,289,129	5,786,704
	<b>23,968,964</b>	23,690,644	21,345,112
General and administrative (see Note 17)			
Salaries and wages	<b>39,366,265</b>	36,390,154	35,303,787
Pension expense (see Note 21)	<b>4,424,125</b>	5,298,277	4,043,958
Other employee benefits	<b>14,895,727</b>	22,904,269	15,598,866
	<b>58,686,117</b>	64,592,700	52,946,611
	<b>₱82,655,081</b>	₱88,283,344	₱76,291,723

#### 19. Depreciation and Amortization

	2024	2023	2022
Depreciation of property, plant and equipment			
Cost of services (see Note 16)	<b>₱38,652,238</b>	₱38,892,468	₱37,469,068
General and administrative (see Note 17)	<b>8,935,379</b>	6,520,913	2,212,384
	<b>47,587,617</b>	45,413,381	39,681,452
Amortization of software costs:			
General and administrative (see Note 17)	<b>608,251</b>	608,251	608,251
	<b>₱48,195,868</b>	₱46,021,632	₱40,289,703



## 20. Income Tax

The Company's provision for current income tax represents regular corporate income tax in 2024 and 2023.

	2024	2023
Current	<b>₱24,621,122</b>	<b>₱32,806,606</b>
Deferred	<b>(4,774,176)</b>	<b>(2,256,027)</b>
	<b>₱19,846,946</b>	<b>₱30,550,579</b>

On July 7, 2008, R.A. 9504, which amended the provisions of the 1997 Tax Code, became effective. It includes provisions relating to the availment of the OSD. Corporations, except for nonresident foreign corporations, may now elect to claim standard deduction in an amount not exceeding 40% of their gross income. A corporation must signify in its returns its intention to avail of the OSD. If no indication is made, it shall be considered as having availed of the itemized deductions. The availment of the OSD shall be irrevocable for the taxable year for which the return is made. On November 26, 2008, the BIR issued Revenue Regulations 16-2008 for the implementing guidelines of the law. In 2024, 2023 and 2022, the Parent Company availed of the OSD in the computation of its taxable income.

The reconciliation between the amounts of provision for income tax computed at the statutory tax rate to provision for income tax in the parent company statements of comprehensive income for the years ended December 31, 2024, 2023 and 2022 follows:

	2024	2023	2022
Income before income tax	<b>₱1,447,819,795</b>	₱333,582,553	₱1,231,383,194
Provision for income tax computed at 25%	<b>₱361,954,949</b>	₱83,395,638	₱307,845,799
Adjustments to income tax resulting from:			
Nontaxable dividend income	<b>(289,389,388)</b>	(51,496,194)	(302,470,016)
Impact of OSD	<b>38,899,069</b>	35,919,651	36,790,134
Gain from disposal of investment	<b>(38,486,656)</b>	—	—
Interest income already subjected to final tax	<b>(38,214,572)</b>	(37,166,529)	(6,733,730)
Net unrealized forex gain	<b>(10,142,280)</b>	(2,100,467)	—
Others	<b>(4,774,176)</b>	1,998,480	(462,786)
	<b>₱19,846,946</b>	₱30,550,579	₱34,969,401

The net deferred income tax liability as at December 31 relate to the following:

	2024	2023
Deferred income taxes recognized in net income:		
Deferred income tax assets:		
Lease liability	<b>₱1,780,028</b>	₱2,389,874
Deferred income tax liabilities:		
Right of use asset	<b>1,531,521</b>	1,684,673
Unrealized foreign exchange gain - net	<b>10,142,280</b>	15,373,150
	<b>11,673,801</b>	17,057,823
	<b>₱9,893,773</b>	₱14,667,949



As of December 31, 2024 and 2023, the Company has unrecognized deferred tax asset related to its allowance for impairment of receivables and pension liability amounting to ₱5.0 million and ₱2.7 million, respectively, because management believes that these items may have no possible future deductible benefit when these will be reversed, settled or realized.

## 21. Pension Plan

Under the existing regulatory framework, Republic Act No. 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employees' retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The Parent Company has a funded, noncontributory defined benefit plan covering all regular and permanent employees. Benefits are based on the employees' final plan salary and years of service. The plan meets the minimum retirement benefit specified under the law.

The following tables summarize the components of pension expense recognized in the parent company statements of comprehensive income and amounts recognized in the parent company statements of financial position.

The components of pension expense recognized under "General and administrative" in the parent company statements of comprehensive income follow (see Note 18):

	2024	2023
Current service cost	<b>₱4,101,478</b>	₱4,820,498
Net interest cost on benefit obligation	<b>322,647</b>	477,779
	<b>₱4,424,125</b>	₱5,298,277

Remeasurement loss recognized under "Other comprehensive income" in the parent company statements of comprehensive income amounted to ₱0.6 million and ₱3.4 million in 2024 and 2022, respectively while remeasurement gain amounting to ₱4.1 million were recognized in 2023.

Net pension liabilities follow:

	2024	2023
Present value of defined benefit obligation	<b>₱34,803,508</b>	₱31,781,226
Fair value of plan assets	<b>(26,187,560)</b>	(25,164,733)
	<b>₱8,615,948</b>	₱6,616,493

Changes in the present value of the defined benefit obligation follow:

	2024	2023
At January 1	<b>₱31,781,226</b>	₱40,854,286
Current service cost	<b>4,101,478</b>	4,820,498
Interest cost	<b>1,307,493</b>	1,734,539
Benefits paid	<b>(3,111,760)</b>	(13,284,933)
Remeasurement gain due to:		
Experience adjustments	<b>664,886</b>	1,066,005
Changes in financial assumptions	<b>28,172</b>	(3,583,651)
Net acquired obligation due to transfers	<b>32,013</b>	174,482
At December 31	<b>₱34,803,508</b>	₱31,781,226



Changes in the fair value of plan assets are as follows:

	2024	2023
At January 1	<b>₱25,164,733</b>	₱27,213,448
Benefits paid	<b>(3,111,760)</b>	(13,284,933)
Contributions to the retirement fund	<b>3,093,356</b>	8,434,374
Gain on return on plan assets	<b>56,385</b>	1,545,084
Interest income included in net interest cost	<b>984,846</b>	1,256,760
At December 31	<b>₱26,187,560</b>	₱25,164,733

Changes in the amounts recognized in the parent company statements of financial position for net pension liability follows:

	2024	2023
At January 1	<b>₱6,616,493</b>	₱13,640,838
Contribution to the retirement fund	<b>(3,093,356)</b>	(8,434,374)
Pension expense	<b>4,424,125</b>	5,298,277
Remeasurement loss on retirement benefit obligation	<b>636,673</b>	(4,062,730)
Net acquired obligation due to transfers	<b>32,013</b>	174,482
At December 31	<b>₱8,615,948</b>	₱6,616,493

The fair value of plan assets by each class as at December 31 follows:

	2024	2023
Cash and cash equivalents	<b>₱1,393,267</b>	₱4,755,955
Investments in government securities	<b>24,966,741</b>	20,503,736
Total assests	<b>26,360,008</b>	25,259,691
Total liabilities	<b>172,448</b>	94,958
Fair value of plan assets	<b>₱26,187,560</b>	₱25,164,733

All government securities are equity instruments that have quoted prices in an active market.

The Parent Company expects to contribute to the retirement fund in 2024.

The principal assumptions used in determining pension obligation for the Parent Company's plan as of December 31 are shown below:

	2024	2023
Discount rate	<b>6.10%</b>	6.12%
Future salary increase rate	<b>5.00%</b>	5.00%



The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of the defined benefit obligation of the most recent actuarial valuation report, as of the end of the reporting period, assuming all other assumptions were held constant:

	Increase (Decrease)	Present Value Change of Defined Benefit Obligation	
		2024	2023
Discount rate	+100 basis points	<b>(₱1,527,641)</b>	(₱1,323,102)
	-100 basis points	<b>1,758,547</b>	1,551,764
Salary increase rate	+100 basis points	<b>1,963,733</b>	1,662,476
	-100 basis points	<b>(1,716,325)</b>	(1,442,886)

The weighted average duration of the benefit payments is approximately 9.85 years and 9.71 years as of December 31, 2024 and 2023, respectively. The expected benefit payment assumes that all actuarial assumptions will materialize.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31:

Plan Year	2024	2023
Less than one year	<b>₱20,922,060</b>	₱18,865,612
One year to less than five years	<b>7,536,949</b>	8,543,873
Five years to less than 10 years	<b>11,250,109</b>	9,431,437
10 years to less than 15 years	<b>24,906,924</b>	19,037,568
15 years to less than 20 years	<b>19,207,507</b>	17,624,381
20 years and above	<b>58,624,710</b>	53,519,059
	<b>142,448,259</b>	127,021,930

## 22. Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments comprise of cash and cash equivalents and trade and other payables. The Parent Company has various other financial assets and liabilities such as trade and other receivables and trade and other payables.

The main risks arising from the Parent Company's financial instruments are liquidity risk and credit risk.

The Parent Company's senior management oversees the management of these risks. The Parent Company's senior management ensures that the Parent Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Parent Company's policies and risk appetite.





The BOD reviews and approves policies for managing each of these risks and they are summarized below.

### Liquidity Risk

Liquidity risk is the potential of not meeting obligations as they come due because of an inability to liquidate assets or obtain adequate funding. The Parent Company's objective is to maintain a balance between continuity of funding and flexibility. The Parent Company maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements are maintained to meet maturing obligations and pay dividend declarations.

The tables below summarize the maturity profile of the Parent Company's financial liabilities at December 31 based on contractual undiscounted payments:

	2024			
	Total	Current	1 to 30 Days	Over 30 Days
<b>Financial Liabilities</b>				
<b>Other financial liabilities:</b>				
Trade and other payables*				
Trade	₱22,452,309	₱18,134,366	₱1,291,838	₱3,026,105
Non-trade	95,982,647	8,623,069	93,744	87,265,834
Accrued expenses	7,792,603	6,339,924	(75,339)	1,528,018
	126,227,559	33,097,359	1,310,243	91,819,957
Due to related parties	613,794	—	—	613,794
Dividends payable	7,986,219	—	—	7,986,219
Lease liabilities	60,857,481	—	—	60,857,481
	₱195,685,053	₱33,097,359	₱1,310,243	₱161,277,451

\*Excluding Statutory Payables

	2023			
	Total	Current	1 to 30 Days	Over 30 Days
<b>Financial Liabilities</b>				
<b>Other financial liabilities:</b>				
Trade and other payables*				
Trade	₱108,815,952	₱106,023,933	₱1,811,965	₱980,054
Non-trade	87,229,395	82,106,124	86,012	5,037,259
Accrued expenses	4,450,791	2,385,805	634,319	1,430,667
	200,496,138	190,515,862	2,532,296	7,447,980
Due to related parties	835,890	203,996	—	631,894
Dividends payable	113,787,836	—	—	113,787,836
Lease liabilities	10,725,316	—	—	10,725,316
	₱325,845,180	₱190,719,858	₱2,532,296	₱132,593,026

\*Excluding Statutory Payables

### Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting to a financial loss.

The Parent Company trades only with recognized, creditworthy third parties. It is the Parent Company's policy that all customers who wish to trade on credit terms are subject to credit procedures. In addition, receivable balances are monitored on an ongoing basis with the result that exposure to bad debts is not significant

With respect to the Parent Company's credit risk arising from the financial assets which comprise cash and cash equivalents and trade and other receivables, the Parent Company's exposure to credit risk arises from default of the counterparty.



The Parent Company's credit risk from cash and cash equivalents is mitigated by the Philippine Deposit Insurance Corporation's (PDIC) insurance coverage on the cash in bank.

The Parent Company's maximum exposure equals to the carrying amount of its financial assets, excluding cash on hand, and is offset by the PDIC insurance coverage. The offset relates to balances where there is a legally enforceable right of offset in the event of counterparty default and where, as a result, there is a net exposure for credit risk management purposes. However, as there is no intention to settle these balances on a net basis under normal circumstances, they do not qualify for net presentation for accounting purposes.

2024			
	Maximum exposure	Offset	Exposure to credit risk
<b>At Amortized Cost</b>			
<b>Cash and cash equivalents</b>			
(excluding cash on hand)	₱3,463,663,006	(₱4,000,000)	₱3,459,663,006
<b>Trade and other receivables</b>	172,933,670	–	172,933,670
	<b>₱3,636,596,676</b>	<b>(₱4,000,000)</b>	<b>₱3,632,596,676</b>
2023			
	Maximum exposure	Offset	Exposure to credit risk
<b>At Amortized Cost</b>			
<b>Cash and cash equivalents</b>			
(excluding cash on hand)	₱3,759,547,734	(₱4,000,000)	₱3,755,547,734
<b>Trade and other receivables</b>	183,094,611	–	183,094,611
	<b>₱3,942,642,345</b>	<b>(₱4,000,000)</b>	<b>₱3,938,642,345</b>

As of December 31, 2024 and 2023, the Parent Company's significant concentration of credit risk pertains to its trade and other receivables amounting to ₱172.9 million and ₱183.1 million, respectively, and impaired financial assets, determined based on probability of collection, have been adequately covered with allowance.

The following are the details of the Parent Company's assessment of credit risk and the related ECLs as at December 31, 2024 and 2023:

#### *General Approach*

- *Cash and cash equivalents* - As of December 31, 2024 and 2023, the ECL relating to the cash and cash equivalents of the Parent Company is minimal as these are deposited in reputable banks which have good bank standing, and is considered to have low credit risk



- *Due from related parties* - As of December 31, 2024 and 2023, there were no individually impaired accounts. No ECL is recognized for these receivables since there were no history of default payments. This assessment is undertaken each financial year through examining the financial position of the parties and the markets in which the parties operate.

	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount	₱3,463,663,006	₱—	₱—	₱3,463,663,006
Loss allowance	—	—	—	—
Carrying amount	₱3,463,663,006	₱—	₱—	₱3,463,663,006

	2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount	₱3,759,547,734	₱—	₱—	₱3,759,547,734
Loss allowance	—	—	—	—
Carrying amount	₱3,759,547,734	₱—	₱—	₱3,759,547,734

#### *Simplified Approach*

- *Trade and Other Receivables* - The Parent Company applied the simplified approach under PFRS Accounting Standards 9, using a 'provision matrix'. As of December 31, 2024 and 2023, the allowance for impairment losses as a result from performing collective and specific impairment test amounted to ₱3.9 million and ₱4.2 million, respectively.

	2024			
	Current	1 to 30 days	Over 30 days	Total
Expected credit loss rate	0%	0%	6%	
Estimated total gross carrying amount at default	₱97,375,703	₱13,473,229	₱62,084,738	₱172,933,670
Expected credit losses	56,970	1,717	3,864,635	3,923,322

	2023			
	Current	1 to 30 days	Over 30 days	Total
Expected credit loss rate	0%	1%	6%	
Estimated total gross carrying amount at default	₱112,604,084	₱8,859,304	₱61,631,223	₱183,094,611
Expected credit losses	56,970	1,717	3,864,635	3,923,322

#### Fair Value of Financial Assets and Financial Liabilities

Fair value is defined as 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. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

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 and Trade and Other Payables.* The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate their value due to the relatively short-term maturity of these financial instruments.



- *Investment in Proprietary Club Shares.* Market values have been used to determine the fair value of traded proprietary club shares.

As of December 31, 2024 and 2023, the Parent Company considers its investment in proprietary club shares with fair values of ₱18.0 million and ₱15.0 million under Level 1 classification, respectively (see Notes 3 and 14).

During the reporting period ended December 31, 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

## 23. Lease Agreements

The Parent Company has entered into various leases for rooms, office spaces, parking lots, sub transmission line steel post space, and parcel of land which include those with respect to its LLA with PSALM (see Note 26). Lease of parcel of land generally has a lease term of 25 years. Lease terms for the other leased assets generally vary between five months to three years. Total rent expense charged to operations amounted to ₱6.6 million, ₱6.3 million and ₱7.3 million in 2024, 2023 and 2022, respectively (see Notes 16 and 17).

Set out below are the carrying amounts of the Company's lease liabilities and the movements during the years ended December 31:

	2024	2023
At January 1	<b>₱9,559,496</b>	₱11,387,692
Interest accretion	<b>538,842</b>	661,891
Payments of:		
Principal	<b>(2,439,381)</b>	(1,828,196)
Interest	<b>(538,842)</b>	(661,891)
Balance at end of year	<b>7,120,115</b>	9,559,496
Less current portion	<b>2,386,043</b>	2,200,254
	<b>₱4,734,072</b>	₱7,359,242

Set out below are the amounts recognized in the parent company statements of comprehensive income for the years ended December 31:

	2024	2023
Depreciation expense of right-of-use assets	<b>₱2,450,434</b>	₱2,450,434
Interest expense on lease liabilities	<b>538,842</b>	661,891
Rent expense - short-term leases (see Notes 16 and 17)	<b>6,642,271</b>	6,283,148
	<b>₱9,631,547</b>	₱9,395,473



## 24. Notes to the Parent Company Statements of Cash Flows

Changes in liabilities arising from financing activities in 2024, 2023 and 2022 are as follows:

	January 1, 2024	Dividend Declaration	Amortization of Transaction Costs	Additions	Cash Flows	December 31, 2024
Dividends payable (see Note 14)	₱113,787,835	₱1,496,551,804	₱–	₱–	(₱1,549,482,158)	₱60,857,481
Lease liabilities (see Note 23)	9,559,496	–	–	–	(2,439,381)	7,120,115
	₱123,347,331	₱1,496,551,804	₱–	₱–	(₱1,551,921,539)	₱67,977,596

	January 1, 2023	Dividend Declaration	Amortization of Transaction Costs	Additions	Cash Flows	December 31, 2023
Dividends payable (see Note 14)	₱–	₱299,310,360	₱–	₱–	(₱185,522,525)	₱113,787,835
Lease liabilities (see Note 23)	11,387,692	–	–	–	(1,828,196)	9,559,496
	₱11,387,692	₱299,310,360	₱–	₱–	(₱187,350,721)	₱123,347,331

	January 1, 2022	Dividend Declaration	Amortization of Transaction Costs	Additions	Cash Flows	December 31, 2022
Dividends payable (see Note 14)	₱–	₱299,310,361	₱–	₱–	(₱299,310,361)	₱–
Lease liabilities (see Note 23)	2,662,317	–	–	12,252,170	(3,526,795)	11,387,692
	₱2,662,317	₱299,310,361	₱–	₱12,252,170	(₱302,837,156)	₱11,387,692

## 25. Other Matters

### Electricity Power Industry Reform Act (EPIRA) of 2001

On June 8, 2001, the EPIRA was signed into law and took effect on June 26, 2001. The law provides, among others, for the privatization of the assets of NPC, the creation of PSALM to accept transfers of all assets and assume all outstanding obligations of NPC, and the restructuring of the electric power industry sector as a whole. The law also provides for the mandate and framework to introduce competition in the electricity market and penalize anti-competitive behaviour. The IRR of the EPIRA was approved by the Joint Congressional Power Commission on February 27, 2002.

The EPIRA and its covering IRR provide for significant changes in the power industry including the following: (i) Competition in the retail supply of electricity; (ii) Open access to the transmission and distribution systems; (iii) Establishment of a Wholesale Electricity Spot Market (WESM); (iv) Unbundling of the generation, transmission and distribution rates; and (v) Removal of existing cross-subsidies provided by industrial and commercial users to residential customers.

An important milestone in the Philippine power industry was reached when the WESM began commercial operations on June 23, 2006. In the Visayas region, WESM started operations on December 26, 2010. The establishment of the WESM is one of the preconditions to retail competition and open access required by the EPIRA.

The Parent Company participated in the WESM starting in the last quarter of 2014.



Ancillary Services Procurement Agreement (ASPA)

On May 26, 2015, the Parent Company entered into an ASPA with NGCP that took effect on September 26, 2015 after getting the provisional approval of the ERC. The Parent Company and NGCP executed the ASPA for the supply of dispatchable reserve and reactive power support from its Cebu Diesel Power Plant located in the City of Naga, Cebu for a period of five (5) years under a non-firm arrangement. The ASPA was pre-terminated on July 13, 2018 due to the return of the Cebu Diesel Power Plant to PSALM.

On December 18, 2018, the Parent Company entered into an ASPA with NGCP for the supply of dispatchable reserve and reactive power support from the former's 4x7 MW PB 104 located in Tapal Wharf, Ubay, Bohol under firm and non-firm arrangements. The term of this agreement is for a period of five (5) years commencing upon receipt of a final approval, or in the absence thereof, a provisional approval by the ERC of the application filed on February 14, 2019. The ASPA was implemented effective September 26, 2019. In September 2024, the ASPA has ended.

Land Lease Agreements (LLA)

The Parent Company entered into LLAs with PSALM (as Lessor) in furtherance of and as an ancillary contract to the respective APA with PSALM governing the sale of assets as follows:

- *LBGTs.* On January 29, 2010, the Parent Company executed the LLA with a term of 10 years up to January 28, 2020 which may be renewed or extended for another period of 10 years or the remaining corporate life of PSALM, whichever is shorter, upon the mutual written agreement of the parties. The rentals which were paid in full on March 25, 2009 (the "Closing Date") amounted to ₱1.2 million.
- *153.1 MW Naga Power Plant (consisting of CTPP 1, CTPP 2 and CDPP 1).* On September 25, 2014, the Parent Company executed the LLA with a term of 25 years from Closing Date, which may be renewed or extended for another period of 25 years or the remaining corporate life of PSALM, whichever is shorter, upon the mutual written agreement of the parties. The rentals which were paid in full in 2014 amounted to ₱712.5 million including withholding tax borne by the Parent Company.

Under the LLA, the Parent Company shall use and occupy the leased premises primarily for the operation, management, expansion and maintenance of the power plants, and shall not assign or transfer any of its right under the LLA or sublease all or any part of the leased premises without the prior consent of PSALM.

The LLAs also cover an option to purchase optioned assets within the leased premises that may be offered by the Lessor. The purchase price (on a per square meter basis) shall be equivalent to the highest of the following valuations and/or amounts: (i) the assessment of the Provincial Assessor; (ii) the assessment of the Municipal or City Assessor; and (iii) the zonal valuation of the Bureau of Internal Revenue. The unused rentals corresponding to the area of the optioned assets over which the option was exercised shall be deducted from the purchase price.

The Parent Company, at its own expense, shall be solely responsible for obtaining all the necessary authorizations, licenses and permits for any alterations, additions, facilities, improvements and installations introduced on the leased premises by or for the benefit of the Parent Company.



Pursuant to the provisions of the LLA, within a period of 180 days from the termination of the LLA or expiration of the lease term, the Parent Company is obliged to perform activities to facilitate clean-up, return and surrender of the leased premises.

## 26. Supplementary Information Required Under Revenue Regulation (RR) 2015-2010

In compliance with the requirements set forth by RR 15-2010, hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year:

### VAT

The National Internal Revenue Code of 1997 also provides for the imposition of VAT on sales of goods and services. Accordingly, the Parent Company's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12.0%.

- Net Sales/Receipts and Output VAT declared in the Parent Company's VAT returns filed for the period:

	Net Sales/ Receipts	Output VAT
Vatable sales of services	₱1,296,022,863	₱155,522,744
Sales to Government	483,224	57,987
Zero-rated sales	24,085	—
	₱1,296,530,172	₱155,580,731

### Input VAT

At January 1	₱—
Current year's domestic purchases/payments or importations for:	
Goods other than for resale or manufacture	101,807,454
Services lodged under general and administrative expenses and other accounts	7,287,163
Capital goods subject to amortization	3,323,247
	112,417,864
Claims for tax credit/refund and other adjustments	(112,417,864)
At December 31	₱—

Details of the Parent Company's importations are shown below:

Dutiable value	₱1,379,158
Customs duties	80,680
Brokerage charges	6,016
Total landed cost	₱1,465,854

### Excise Taxes

The Parent Company did not have local nor imported excisable items.



Other Taxes and Licenses

All other local taxes, local and national, including real estate taxes, license and permit fees were lodged under the Taxes and Licenses account under “Cost of Services” and “General and administrative expenses” in the 2024 parent company statement of comprehensive income:

Details consist of the following:

Local:	
Business tax	₱4,490,421
License and permits fees	197,129
National:	
Deficiency taxes for CY2020	7,000
Capital gains tax	25,451,213
Others	50,767
	<u>₱30,196,530</u>

Withholding Taxes

Expanded withholding taxes	₱12,495,827
Withholding taxes on compensation and benefits	9,650,945
Final withholding taxes	9,978,025
	<u>₱32,124,797</u>

Tax Assessments and Cases

The Parent Company does not have pending tax cases outside the administration of the BIR as of December 31, 2024.





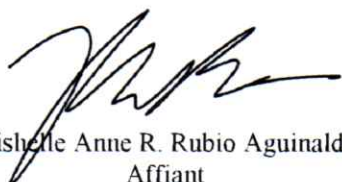
## Certification

I, Mishelle Anne Rubio-Aguinaldo, Assistant Corporate Secretary of SPC Power Corporation with SEC registration number AG094-002365 with principal office at the 7/F BDO Towers Paseo, Paseo de Roxas, Makati City, on oath state:

- 1) That on behalf of SPC Power Corporation, I have caused SEC Form 17-A (Annual Report) report to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/ or based on true records;
- 3) That we submit the attached report on the Annual Report in compliance with SEC reportorial requirements;
- 4) That SPC Power Corporation will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/ or documents through electronic mail; and
- 5) That I am fully aware that documents filed online which require pre-evaluation and/ or processing fee shall be considered complete and officially received only upon payment of the filing fee.

The Certification was issued by the undersigned Assistant Corporate Secretary in lieu of the Corporate Secretary since the latter, by reason of his health condition (i.e. diabetic, cancer survivor, and had also lost one of his kidneys) and advanced age, has to observe health and safety protocols. Moreover, since the onset pandemic in 2020, it has been a practice that the Assistant Corporate Secretary issues certifications and other reportorial requirements for reasons of practicality, convenience, and accessibility. Rest assured, the Assistant Corporate Secretary is supervised by the Corporate Secretary and has personal knowledge on all corporate matters that she certifies.

IN WITNESS WHEREOF, I have hereunto set my hand this 3<sup>rd</sup> day of April 2025.

  
Mishelle Anne R. Rubio Aguinaldo  
Affiant

APR 11 2025

SUBSCRIBED AND SWORN TO before me this \_\_\_\_\_, at Makati City, Philippines by the affiant who exhibited to me her Philippine Passport No. P7454258B, issued on August 24, 2021 at DFA Manila, valid until August 23, 2031.

Doc. No. 182  
Page No. 77  
Book No. VM  
Series of 2025.

  
ATTY. CESAR T. VERANO

NOTARY PUBLIC MAKATI CITY  
APPOINTMENT NO: M-029  
VALID UNTIL DECEMBER 31, 2025  
ISSUED ON: DECEMBER 15, 2023  
PTR NO.: MKT 10465510 / 01-02-2025 / MAKATI CITY  
IBP NO.: 434720 ROLL NO. 29024  
MCLE COMPLIANCE NO.: VII-0023845  
VALID UNTIL DECEMBER 31, 2025  
OFFICE ADDRESS: #2733 G/F CARREON BLDG  
2nd FLORIDA ST., BRGY. POBLACION MAKATI CITY

## EXHIBIT 3



## **SPC Power Corporation** 2024 SUSTAINABILITY REPORT




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CONTEXTUAL  
INFORMATION

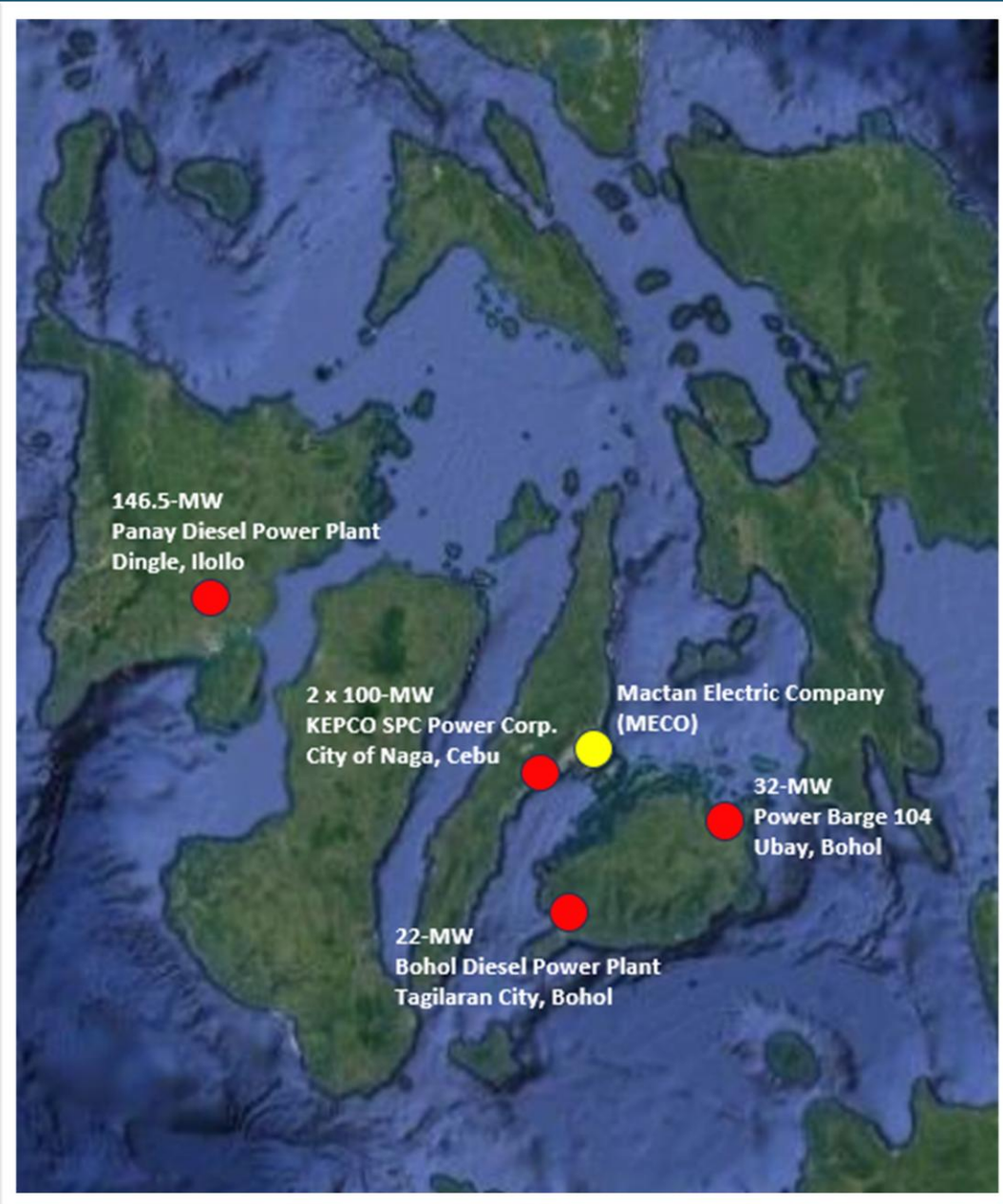
Name of Organization	SPC POWER CORPORATION
Location of Headquarters	7 <sup>TH</sup> Floor BDO Towers Paseo Paseo De Roxas, Makati City
Location of Operations	PDPP Complex, Dingle, Iloilo Tagbilaran City, Bohol Ubay, Bohol;
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Includes the following subsidiaries:  SPC Island Power Corporation SPC Light Company, Inc. SPC Electric Company, Inc. Cebu Naga Power Corp. SPC Malaya Power Corp.
Business Model, including Primary Activities, Brands, Products, and Services	Power generation and distribution
Reporting Period	For the year ended December 31, 2024
Highest Ranking Person responsible for this report	 Atty. Maria Luz L. Caminero Senior Vice President, Legal and Regulatory Affairs

## ABOUT US

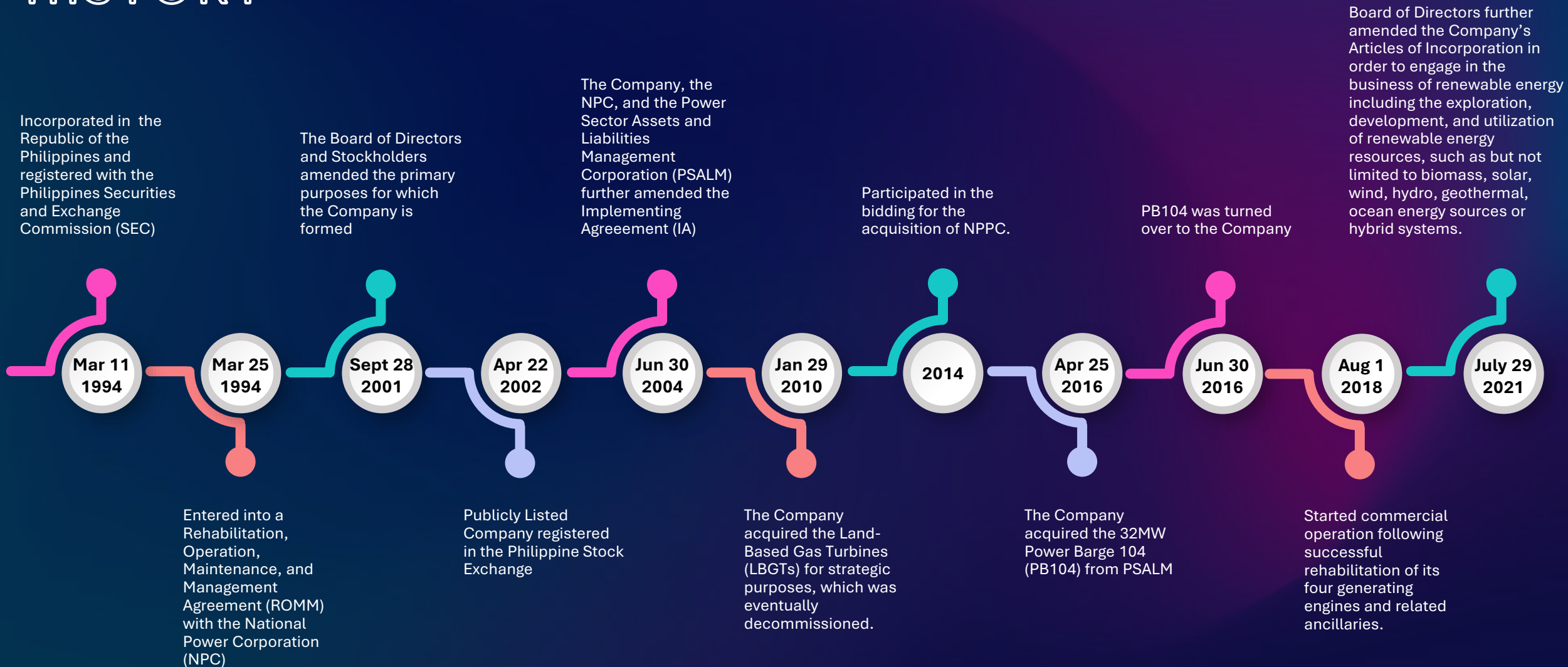
SPC Power Corporation (SPC), a company established under the laws of the Republic of the Philippines, was officially registered with the Philippine Securities and Exchange Commission (SEC) on March 11, 1994. Over its nearly 29-year history, SPC has emerged as a key player in the energy sector, particularly in the Visayas Region. The company owns and operates several power generation facilities, including the 32-MW Power Barge 104 (PB 104) in Ubay, Bohol; the 146.5-MW Panay Diesel Power Plant (PDPP) in Dingle, Iloilo; and the 22-MW Bohol Diesel Power Plant (BDPP) in Tagbilaran City, Bohol. These facilities are managed through its wholly-owned subsidiary, SPC Island Power Corporation. Additionally, SPC holds a stake in the 2 x 100-MW KEPCO SPC Power Corporation (KSPC), located in Colon, City of Naga, Cebu, an affiliate of the company.

In addition to power generation, SPC has expanded into the power distribution sector, with investments in Mactan Electric Company (MECO), which provides electricity to Lapu-lapu City and the Municipality of Cordova in Cebu Province. The parent company, SPC Power Corporation, is headquartered at the 7th Floor of BDO Towers Paseo on Paseo De Roxas in Makati City, serving as the administrative and operational hub for its diverse energy-related activities.

Recognizing the global shift toward sustainable energy, SPC is actively transitioning to renewable energy, with several projects already in the pipeline. These initiatives reflect the company's commitment to reducing its carbon footprint and contributing to the Philippines' renewable energy goals. By integrating cleaner energy solutions into its portfolio, SPC aims to balance its traditional power generation operations with environmentally responsible practices, ensuring long-term sustainability and resilience in the evolving energy landscape.



# HISTORY



# MISSION, VISION AND VALUES

## OUR MISSION

To deliver quality and reliable power supply at a fair and reasonable price, while promoting sustainable energy solutions and responsible business practices for the benefit of our communities.

## OUR VISION

Advancing sustainable energy solutions to build a brighter, resilient future for our communities.

## OUR CORE VALUES

I

### INTEGRITY

We expect everyone to do the right thing in the right way.

M

### MINDSET

We create a safe place to work where we are curious, open-minded, share ideas, and listen to one another.

P

### PURPOSE

We have a clear understanding of the organization's goals and how we contribute to them. Through effective communication, we align these goals with ourselves and each other.

A

### ACCOUNTABILITY

We believe everyone should be responsible for his/her role. We celebrate our wins and we learn from our failures.

C

### COURAGE

With determination, commitment, passion, and grit, we get through difficult times and achieve our long-term goals.

T

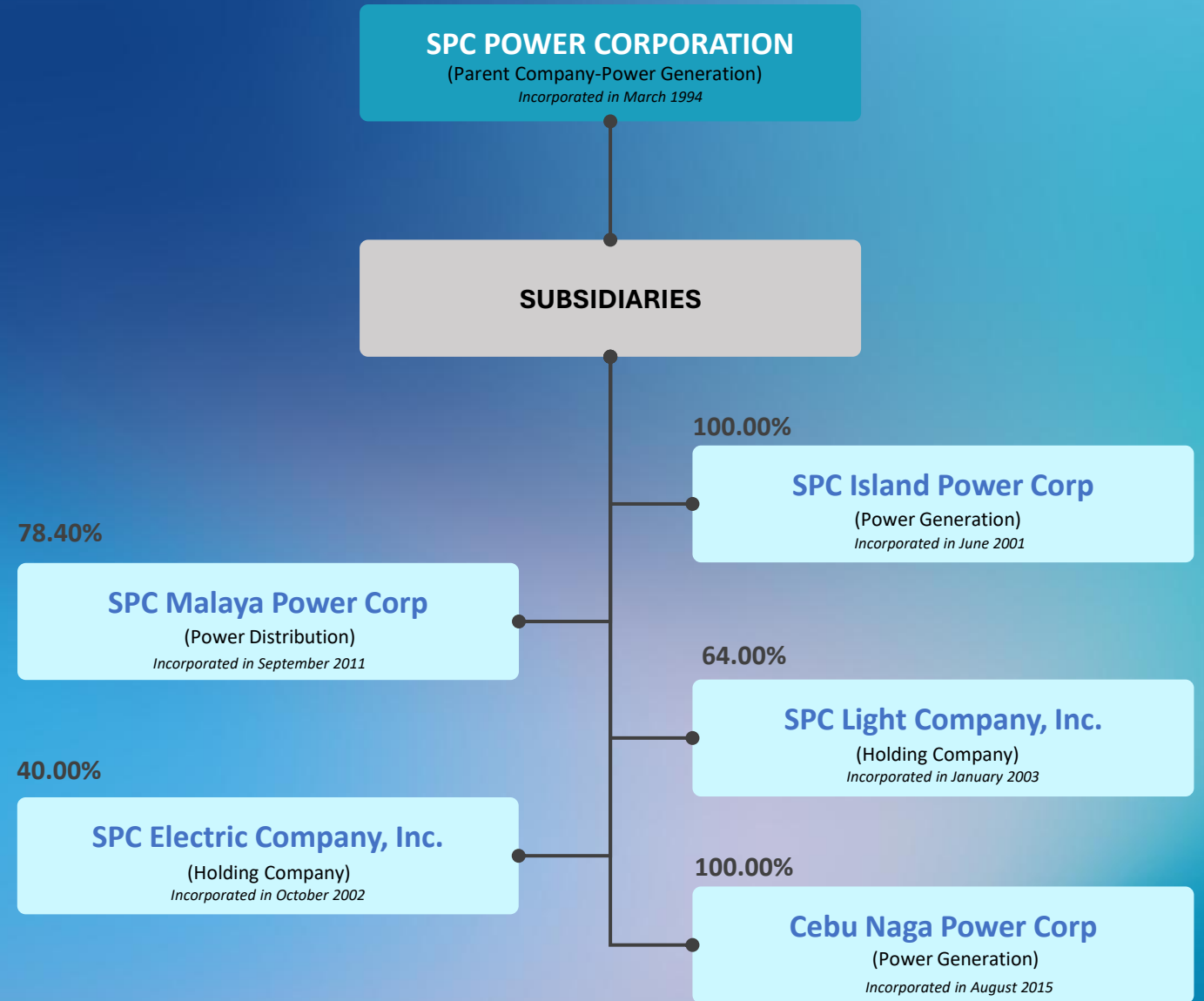
### TEAMWORK

We are stronger together. We believe diverse team thinking creates an environment of high performance.



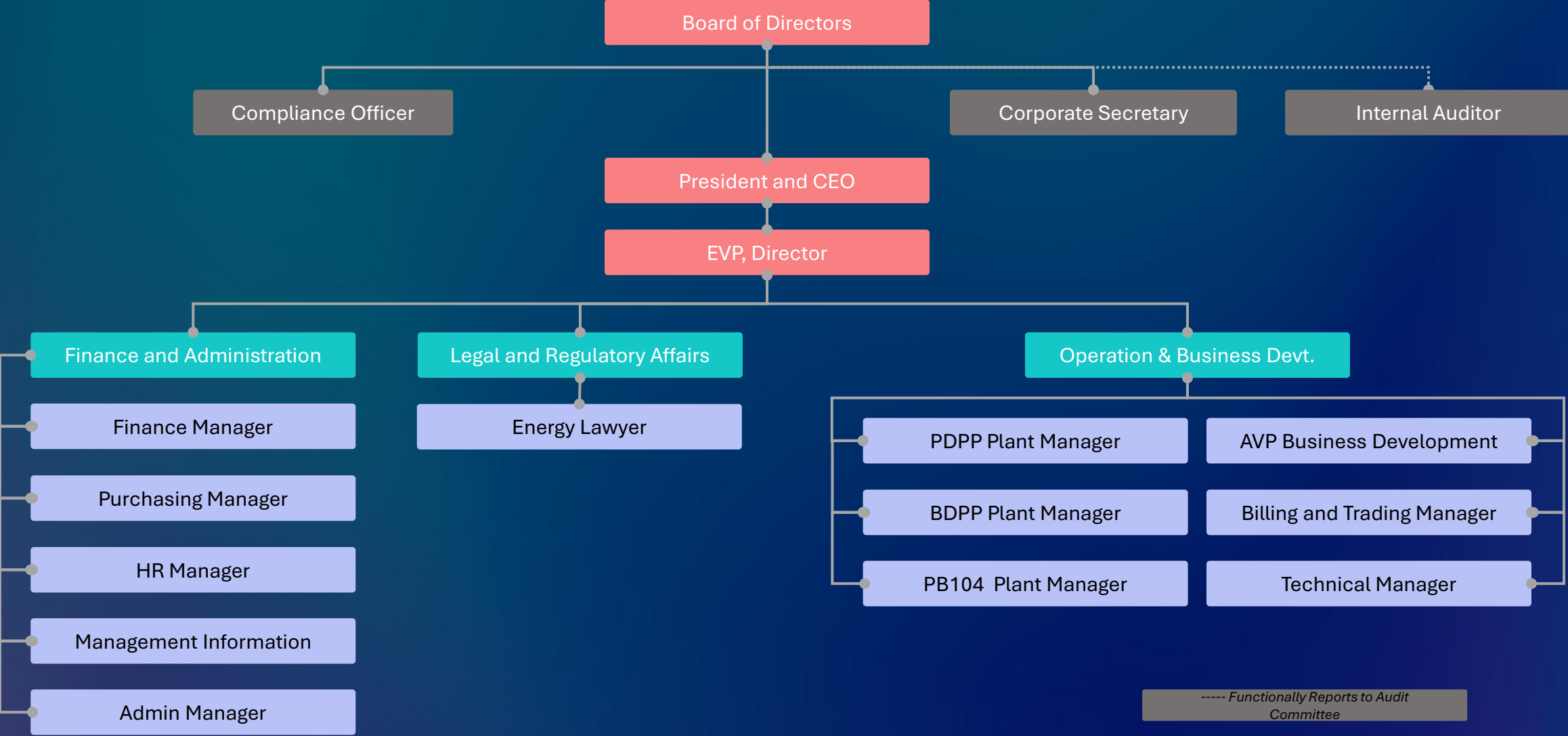
# SPC POWER CORP. AND SUBSIDIARIES

## GROUP STRUCTURE





# SPC ORGANIZATIONAL CHART



# AWARDS & RECOGNITION

## WESM ANNUAL COMPLIANCE AWARDS

### OIL-BASED RESOURCE TYPE

#### 2024

- 2<sup>nd</sup> Rank – Bohol Diesel Power Plant Unit 1,2,3,4
- 3<sup>rd</sup> Rank – Power Barge 104 Unit 1,2,3,4

#### 2023

- 1<sup>st</sup> Rank – Panay Diesel Power Plant 1
- 2<sup>nd</sup> Rank – Panay Diesel Power Plant 3
- 3<sup>rd</sup> Rank – Power Barge 104

#### 2022

- 2<sup>nd</sup> Rank - Panay Diesel Power Plant 1

#### 2021

- 1<sup>st</sup> Rank – Bohol Diesel Power Plant
- 2<sup>nd</sup> Rank – Panay Diesel Power Plant 1

#### 2020

- 1<sup>st</sup> Rank – Panay Diesel Power Plant
- 2<sup>nd</sup> Rank – Bohol Diesel Power Plant

## DEPARTMENT OF ENERGY

### FULL COMPLIANCE W/ REPORTORIAL REQUIREMENTS

### PLAQUE OF APPRECIATION

### 2021 & 2022 ALL PLANTS





# ABOUT THIS REPORT

This report focuses on the sustainability initiatives and performance of the Parent Company, SPC Power Corporation, and its subsidiaries, collectively referred to as the Group. It covers the year 2024 and highlights the Group's environmental, social, and governance (ESG) efforts across its operational locations in Makati, Cebu, Bohol, and Iloilo. The report is intended to provide stakeholders with insights into the Group's commitment to sustainable practices, including energy efficiency, community engagement, and responsible governance.

# OUR MATERIALITY PROCESS

The Group has undertaken a process to understand, assess, and prioritize the issues considered material to the business concerning economic, environmental, social, and governance (EESGs). The Group considers an issue as material when it influences the decisions, actions, and performance of the Group and/or its stakeholders. Interviews with Management were undertaken to assess the EESGs issues, and identified the following:

- A. Employee Welfare
- B. Customer satisfaction
- C. Safe work environment
- D. Integrity from among its officers and employees
- E. Renewable energy
- F. Compliance on energy regulations
- G. Ethical operations
- H. Data privacy and data security
- I. Digitalization
- J. Conservation and efficient use of resources

# IMPORTANCE TO STAKEHOLDERS AND BUSINESS MATRIX

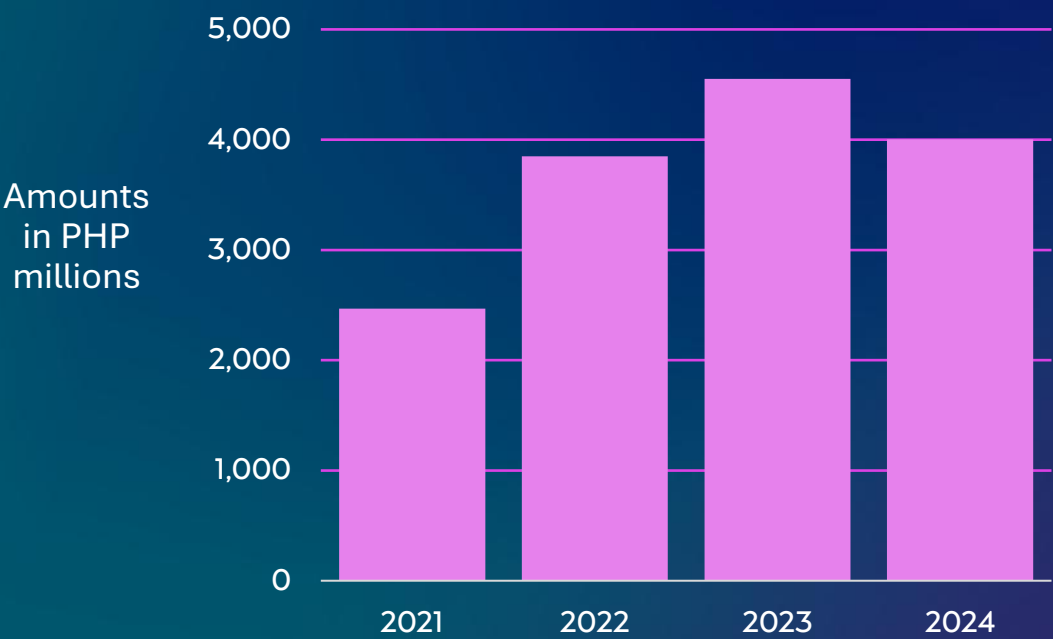


SPC considered factors like Ethical Operations, Employee Welfare, Safe Work Environment, Customer Satisfaction, and Compliance on Energy Regulations fall in Quadrant 1, representing high importance to both stakeholders and the business. These are essential for maintaining trust with stakeholders while directly impacting business success and long-term sustainability.

Factors like Renewable Energy, Integrity from Officers and Employees, and Data Privacy and Security appear in Quadrant 2, indicating high importance to stakeholders but lower immediate business impact. In Quadrant 3, Conservation and Efficient Use of Resources and Digitalization are important for business efficiency and competitiveness but have less direct relevance to stakeholders. This matrix helps prioritize actions that balance stakeholder interests with business needs.

# ECONOMIC VALUE

ECONOMIC VALUE BY YEAR



ECONOMIC VALUE DISTRIBUTED

	2022	2023	2024
Operating costs	3,290	3,685	3,309
Employee wages and benefits	188	205	193
Payment to suppliers of goods and Services	3,235	3,512	3,266
Payment to providers of capital	318	209	1,101
Payments to government	120	170	106
Corporate Social Responsibility	2	1	1

# FINANCIAL POSITION & RATIOS

PHP MILLIONS	2022	2023	2024
Total Assets	11,607	12,531	11,765
Total Liabilities	1,208	1,223	624
Total Stockholder's Equity	10,399	11,308	11,141

	2022	2023	2024
Current Ratio	6.52 : 1	6.75 : 1	11.50 : 1
Debt-to-Equity Ratio	0.12 : 1	0.11 : 1	0.06 : 1

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Economic value generated & distributed has a positive impact on our major areas of operations in the provinces of Iloilo and Bohol; and investors in the organization.	The following stakeholders are affected: employees, community, suppliers and contractors, government, stockholders, and lenders.	Paying taxes properly and timely; faithful compliance to labor laws; fairness in dealing with suppliers and contractors; ensuring reasonable rate of return to shareholders; commitment to corporate social responsibility.

# FINANCIAL POSITION & RATIOS

<i>What are the Risk/s Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Financial risks (increase in competition); Natural calamities/disasters; Legal risks (change in law); Regulatory risks	The following stakeholders are affected: employees, community, suppliers and contractors, government, stockholders, and lenders.	Diversification; Ensure Insurance coverage; Contract management.
<i>What are the Opportunity/ies Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Business expansion.	The following stakeholders are affected: employees, community, suppliers and contractors, government, stockholders, and lenders.	Invest in research and business development.



# CLIMATE-RELATED RISKS AND OPPORTUNITIES



## GOVERNANCE

The management committee integrates climate-related considerations into strategy review, risk management, budgeting, business planning, performance monitoring, and oversight of major expenditures and investments.



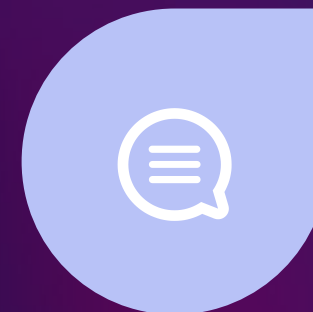
## STRATEGY

The organization's business strategy already considered investing in climate-friendly technologies in its power generation business.



## RISK MANAGEMENT

The organization identifies, and assesses climate-related risks by being aware of established laws and regulations; assessing the organization's compliance; and taking necessary measures for compliance.



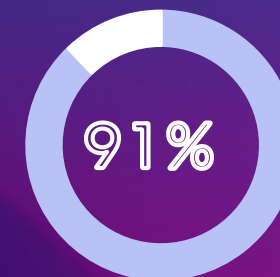
## METRICS & TARGETS

The metrics and targets used to assess and manage relevant climate-related risks and opportunities by the organization are aligned with the requirements of the relevant regulatory agencies.



# PROCUREMENT PRACTICES

## Proportion of spending on local suppliers

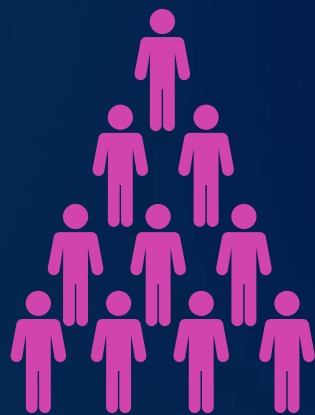


Procurement budget used for significant locations of operations that is spent on local suppliers.

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
The proportion of spending on local suppliers has a positive impact on our major areas of operations and our local suppliers.	The following stakeholders are affected: employees, community, suppliers and contractors, government and stockholders.	Priority is given to local suppliers and contractors whenever the goods and services needed in our operations are locally available.
<i>What are the Risk/s Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
No risks were identified because issues or concerns arising from procurement from local suppliers and contractors are manageable.	None	Accreditation of all prospective local suppliers and contractors to determine their capabilities, quality, and competitiveness of their products.
<i>What are the Opportunity/ies Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Mutual growth of the business leads to a better quality of life for everyone.	Community, suppliers and contractors, and the organization itself (indirectly its employees and investors, government).	Priority is given to local suppliers and contractors whenever the goods and services needed in our operations are locally available.

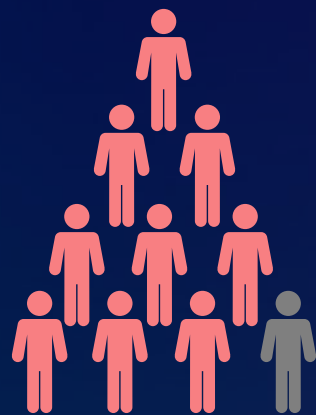
# ANTI-CORRUPTION

## Training on Anti-corruption Policies and Procedures



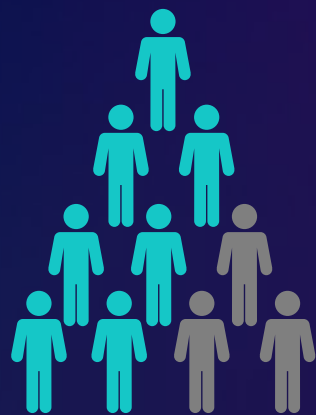
100%

% of employees to whom the organization’s anticorruption policies and procedures have been communicated to



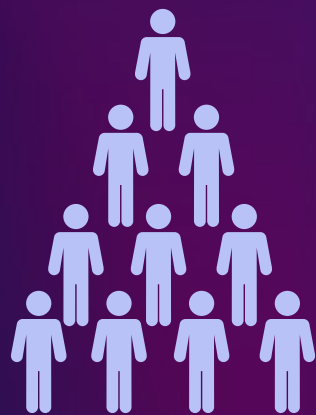
93%

% of business partners to whom the organization’s anti-corruption policies and procedures have been communicated to



76%

Percentage of directors and management that have received anti-corruption training



100%

Percentage of employees that have received anti-corruption training

# ANTI-CORRUPTION

## Training on Anti-corruption Policies and Procedures

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
The anti-corruption policies and procedures adopted and implemented by the organization have positive, actual, and direct impacts on the management and Employee levels of the organization; and business partners. The organization has taken concrete measures or steps to ensure a high level of awareness of anti-corruption policies within the company.	Suppliers and contractors and employees, management, and other business partners.	Management adopted an anti-corruption policy under its ethical values of honesty, integrity, and fair dealing. It has disseminated this policy publicly through its disclosure on its website and included a specific provision on anticorruption in some of its major contracts.
<i>What are the Risk/s Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Compliance risks	Suppliers and contractors and employees, management, and other business partners.	Financial and internal, Operation, and Legal audit.
<i>What are the Opportunity/ies Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Promotes transparency, fairness, and accountability in the conduct of our business.	Suppliers and contractors and employees, management, and other business partners.	Periodic review of policies and procedures on anti-corruption; Financial and internal, Operation, and legal audit.

# ANTI-CORRUPTION

## Incidents of Corruption

Number of incidents in which directors were removed or disciplined for corruption



Number of incidents in which employees were dismissed or disciplined for corruption



Number of incidents when contracts with business partners were terminated due to incidents of corruption



# ANTI-CORRUPTION

## Incidents of Corruption

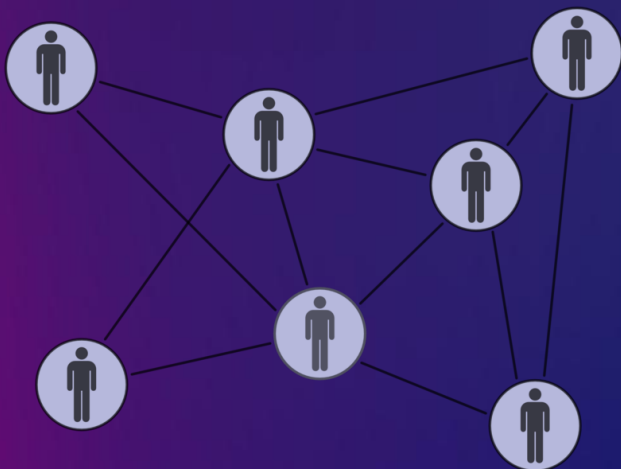
<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
<p>No incidents of corruption were noted during the covered period of this report.</p> <p>The organization has taken concrete measures or steps to ensure a high level of awareness of anti-corruption policies within the company.</p>	<p>Since no incidents of corruption were noted during the covered period of this report, no stakeholders were negatively affected.</p>	<p>Management adopted an anti-corruption policy under its ethical values of honesty, integrity, and fair dealing. It has disseminated this policy publicly through its disclosure on its website and included a specific provision on anticorruption in some of its major contracts.</p>
<i>What are the Risk/s Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
<p>No incidents of corruption were noted during the covered period of this report.</p>	<p>Since no incidents of corruption were noted during the covered period of this report, no stakeholders were negatively affected.</p>	<p>If incidents of corruption occur, the anticorruption policies and procedures adopted are implemented by the organization.</p>
<i>What are the Opportunity/ies Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
<p>Improves positive business reputation and trustworthiness.</p>	<p>Suppliers and contractors and employees, management, shareholders, and other business partners.</p>	<p>Management adopted and implemented an anti-corruption policy under its ethical values of honesty, integrity, and fair dealing. It has disseminated this policy publicly through its disclosure on its website and included a specific provision on anticorruption in its major contracts.</p>

# OUR CORPORATE GOVERNANCE

The Group is committed to the principles and guidelines outlined in the Code of Corporate Governance for Publicly Listed Companies (PLCs) and its Manual of Corporate Governance. Beyond the compliance requirements, the Board of Directors and Management, employees, and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and therefore undertakes every effort necessary to create awareness thereof within the organization.

The Group's Manual of Corporate Governance provides, among others, the following:

## RELATED PARTY TRANSACTIONS POLICY



The Company has adopted a policy on Material Related Party Transactions. In accordance with its policy, it shall not extend preferential treatment to its related partners; and shall accord equal treatment to related and non-related parties under similar circumstances.

The Compliance Officer works with the Board and Management identifying persons and companies that are considered as related parties. The Board of Directors and its Management require quarterly review and update of the Related Party registry to capture organizational and structural changes in the Company and its related parties.

# OUR CORPORATE GOVERNANCE



## WHISTLE-BLOWING POLICY

The Company promotes honest and ethical behavior in all dealings. Employees, officers, and directors must report any suspected violations of laws, regulations, policies, or ethical guidelines to an independent director or the Compliance Officer.

The Board, via the Corporate Governance Committee (CGC), will create a whistleblowing framework that allows employees, officers, and directors to raise concerns about illegal or unethical practices without fear of retaliation, ensuring direct access to an independent Board member or Compliance Officer. The CGC is responsible for establishing, supervising, and enforcing this framework.



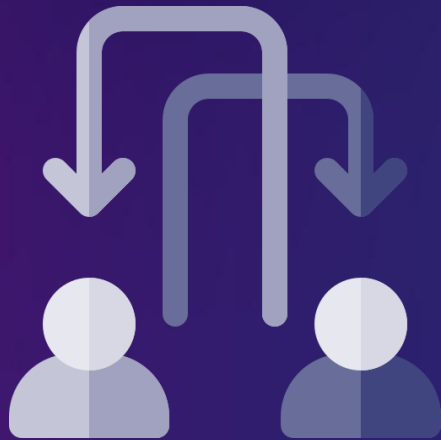
## INSIDER TRADING POLICY

The Company adheres to fair and transparent principles of trading its securities. Thus, the Company, its directors, officers, and employees are bound to strictly observe the provisions of the Corporation Code, the Securities Regulations Code, and its Implementing Rules and Regulations on prohibitions on fraud, manipulation, and Insider Trading.



# OUR CORPORATE GOVERNANCE

## CONFLICT-OF-INTEREST POLICY



Pursuant to the Code of Corporate Governance for Publicly-Listed Companies (CGCPLCs), “the Board should oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of the Management, board members, and shareholders. The Board should also approve the Internal Audit Charter.”

Based on the foregoing, the Company hereby establishes a Conflict-of-Interest Policy. The Board of Directors, officers, and all employees shall at all times avoid any conflict of interest. The Company’s business interest shall in all cases be given preeminence over the personal interests of all employees.

The Board, through the Corporate Governance Committee, shall ensure the implementation of this policy by formally establishing an appropriate internal control system, including setting up a mechanism for monitoring and managing potential conflicts of interest of the Management, board members, employees, and shareholders.



# ENVIRONMENT

## Resource Management

ENERGY CONSUMPTION WITHIN THE ORGANIZATION:	2024	UNITS
Energy consumption (renewable sources)	0	GJ
Energy consumption (heavy fuel oil - Operation)	36,737,638	Li
Energy consumption (light fuel oil - Operation)	3,151,849	Li
Energy consumption (lubricant - Operation)	433,253	Li
Energy consumption (electricity - Plant Consumption)	7,803,143	kWh

REDUCTION OF ENERGY CONSUMPTION:	2024	UNITS
Energy consumption (renewable sources)	0	GJ
Energy consumption (heavy fuel oil - Operation)	(920,823)	Li
Energy consumption (light fuel oil - Operation)	(758,918)	Li
Energy consumption (lubricant - Operation)	(23,592)	Li
Energy consumption (electricity - Plant Consumption)	1,557,571	kWh



# ENVIRONMENT

## Resource Management

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
<p>The increase in energy consumption is an unintended impact or consequence resulting from an increase in the demand for the organization's product (sale of electricity) and not from wastage or unwarranted consumption.</p> <p>The organization's involvement in the impact is due to a higher level of operations brought about by the increase in demand for its product.</p>	Suppliers and contractors and employees, management, shareholders, and other business partners.	Maintenance of cost efficiency measures in the operation; compliance with environmental laws and regulations.
<i>What are the Risk/s Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
An increase in energy consumption would proportionately increase demand for extraction of natural resources identified as components of materials critical for the operations of the organization.	Suppliers and contractors and employees, management, shareholders, and other business partners	Maintenance of cost efficiency measures in the operation; compliance with environmental laws and regulations.
<i>What are the Opportunity/ies Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Fast-track the development of alternative energy resources or technologies that will help conserve natural resources being exploited for power generation.	Suppliers and contractors and employees, management, shareholders, and other business partners	Maintenance of cost efficiency measures in the operation; compliance with environmental laws and regulations.



# ENVIRONMENT

## Water consumption within the organization:

DISCLOSURE	2024	UNITS
Water withdrawal (Plant Consumption)	144,092.16	Cubic meters
Water consumption (Plant Consumption)	149,417.96	Cubic meters
Water recycled and reused (Plant Consumption)	(Not Quantified)	Cubic meters

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
<p>The increase in water consumption is an unintended impact or consequence resulting from an increase in the demand for the organization's product (sale of electricity) and not from wastage or unwarranted consumption.</p> <p>The organization's involvement in the impact is due to a higher level of operations brought about by an increase in demand for its product.</p>	Suppliers and contractors and employees, management, shareholders, and other business partners	Maintenance of cost efficiency measures in the operation; compliance with environmental laws and regulations.
<i>What are the Risk/s Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
An increase in water consumption would proportionately increase the demand for extraction of natural resources identified as components of materials critical for the operations of the organization.	Suppliers and contractors and employees, management, shareholders, and other business partners	Maintenance of cost efficiency measures in the operation; compliance with environmental laws and regulations.
<i>What are the Opportunity/ies Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Fast-track the development of alternative water resources or technologies that will help conserve natural resources being exploited for power generation.	Suppliers and contractors and employees, management, shareholders, and other business partners	Maintenance of cost efficiency measures in the operation; compliance with environmental laws and regulations.

# ENVIRONMENT

## Materials used by the organization:

DISCLOSURE	2024	UNITS
Materials used by weight or volume - Renewable	Information not available	kg/liters
Materials used by weight or volume – Non-renewable (HFO)	7,253,236	kg/liters
Percentage of recycled input materials used to manufacture the organization’s primary products and services	Information not available	%

<i>What is the impact and where does it occur? What is the organization’s involvement in the impact?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Due to the unavailability of information on materials used by the organization that are either renewable or non-renewable, we have no basis for answering this question.	N/A	N/A
<i>What are the Risk/s Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Due to the unavailability of information on materials used by the organization that are either renewable or non-renewable, we have no basis for answering this question.	N/A	N/A
<i>What are the Opportunity/ies Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Due to the unavailability of information on materials used by the organization that are either renewable or non-renewable, we have no basis for answering this question.	N/A	N/A

# ENVIRONMENT

## Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

DISCLOSURE	2024	UNITS
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	
Habitats protected or restored	2	ha
International Union for Conservation of Nature (IUCN) Red List species and National Conservation List species with habitats in areas affected by operations	None	

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
There being no operational sites that the organization owns, leases, manages in, or is adjacent to, protected areas and areas of high biodiversity value outside protected areas, we have no basis to respond to this question.	N/A	N/A
<i>What are the Risk/s Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
There being no operational sites that the organization owns, leases, manages in, or is adjacent to, protected areas and areas of high biodiversity value outside protected areas, we have no basis to respond to this question.	N/A	N/A
<i>What are the Opportunity/ies Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
There being no operational sites that the organization owns, leases, manages in, or is adjacent to, protected areas and areas of high biodiversity value outside protected areas, we have no basis to respond to this question.	N/A	N/A

# ENVIRONMENTAL IMPACT MANAGEMENT

## Air Emissions – GHG

DISCLOSURE	2024	UNITS
Direct (Scope 1) GHG Emissions	No data available	Tonnes CO2e
Energy Indirect (Scope 2) GHG Emissions	No data available	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	No data available	Tonnes

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
There being no available data, we have no basis to respond to this question.	N/A	N/A
<i>What are the Risk/s Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
There being no available data, we have no basis to respond to this question.	N/A	N/A
<i>What are the Opportunity/ies Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
There being no available data, we have no basis to respond to this question.	N/A	N/A

# ENVIRONMENTAL IMPACT MANAGEMENT

## Air Pollutants

DISCLOSURE	2024	UNITS
NOx	4,331	mg/Nm3
SOx	4,832	mg/Nm3
Persistent organic pollutants (POPs)	1,400	kg
Volatile organic compounds (VOCs)	Information not available	kg
Hazardous air pollutants (HAPs)	Information not available	kg

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
There had been no complaints from host communities and government regulators	Employees, community, suppliers, and vulnerable groups	The Management quarterly monitors the air emissions through an expert consultant and performs remedial measures as recommended, if any. To date, the Group has not exceeded the limits prescribed by the DENR.
<i>What are the Risk/s Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Health hazards	Employees, community, suppliers, government regulators, and vulnerable groups	The Management quarterly monitors the air emissions through an expert consultant and performs remedial measures as recommended, if any. To date, the Group has not exceeded the limits prescribed by the DENR.
<i>What are the Opportunity/ies Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Fosters harmonious relationship with host communities	Employees, community, suppliers, and vulnerable groups	The Management quarterly monitors the air emissions through an expert consultant and performs remedial measures as recommended, if any. To date, the Group has not exceeded the limits prescribed by the DENR.

# ENVIRONMENTAL IMPACT MANAGEMENT

## Solid and Hazardous Wastes

DISCLOSURE	2024	UNITS
Reusable (Biodegradable)	930	kg
Recyclable	38,258	kg
Composted	1,180	kg
Incinerated	0	kg
Residuals/Landfilled	1,695	kg
<b>Total solid waste generated</b>	<b>42,063</b>	<b>kg</b>

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
There is no environmental degradation due to proper disposal of solid wastes	Employees, community	The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the environmental compliance of the Group. The Group complies with the EMB environmental requirements.
<i>What are the Risk/s Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Hazardous to the environment	Employees, community	The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the environmental compliance of the Group. The Group complies with the EMB environmental requirements.
<i>What are the Opportunity/ies Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Recycling/composting contributes to the improvement of the quality of soil used for planting; cuts down on the amount of trash and reduces the cost and carbon emissions it takes to haul and process these garbage materials; reduces soil pollution.	Employees, community	The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the environmental compliance of the Group. The Group complies with the EMB environmental requirements.



# ENVIRONMENTAL IMPACT MANAGEMENT

## Hazardous Waste



<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Water discharges are treated in accordance with the Environmental Management Bureau's (EMB) standards. Consequently, the protection and conservation of marine resources .	Employee and community	The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the environmental compliance of the Group. The Group complies with the EMB requirement on water effluents. Quarterly testing by an EMB accredited facility is performed before discharge.
<i>What are the Risk/s Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Accidental discharge of effluents due to acts of God such as strong typhoons and tsunami	Employee and community	The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the environmental compliance of the Group. The Group has a Risk Disaster Plan for each Plant and conducts periodic drills to prepare for any contingency.
<i>What are the Opportunity/ies Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Preservation of natural breeding ground habitat or abode of fishes and other marine organism	Employee and community	The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the environmental compliance of the Group. The Group complies with the EMB requirement on water effluents. Quarterly testing by an EMB accredited facility is performed before discharge.

# ENVIRONMENTAL COMPLIANCE

## Non-compliance with Environmental Laws and Regulations

DISCLOSURE	2024	UNITS
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	50,000	PHP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	1	#
No. of cases resolved through dispute resolution mechanism	1	#

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Continuous unhampered operations on the primary business through implementation and strict observance of the environmental regulations.	Employees and community	The Management appoints an Environmental, Health, Safety and Security (EHSS) Officer to oversee the environmental compliance of the Group.
<i>What are the Risk/s Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Closure of business, related damage to the environment, and costly litigation for damages	Employees and community	Management has identified this as one of the Group's core Values i.e. Caring for and protecting our environment is a prerequisite for the success of our business; Institutionalized policies and procedures safeguarding the environment; Compliance with environmental laws.
<i>What are the Opportunity/ies Identified?</i>	<i>Which stakeholders are affected?</i>	<i>Management Approach</i>
Continuous unhampered operations	Employees and community	Management has identified this as one of the Group's core Values i.e. Caring for and protecting our environment is a prerequisite for the success of our business; Institutionalized policies and procedures safeguarding the environment; Compliance with environmental laws.

# SOCIAL

Our current workforce:



MALE

FEMALE



ATTRITION RATE



ABOVE MINIMUM WAGE



Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)



# 2024 EMPLOYEE BENEFITS

LIST OF BENEFITS	Y / N	% of female emp. who availed	% of male emp. who availed
SSS	Y	41%	45%
PhilHealth	Y	25%	28%
Pag-ibig	Y	44%	46%
Parental leaves	Y	0%	0%
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%
Medical benefits (aside from PhilHealth))	Y	100%	100%
Housing assistance (aside from Pagibig)	Y	0%	0%
Retirement fund (aside from SSS)	Y	0%	0.40%
Further education support	Y	0%	0%
Company stock options	Y	0%	0%
Telecommuting	Y	0%	0%
Flexible-working Hours	Y	58%	62%
Others	Y	0%	0%

# SOCIAL

## Employee benefits

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Management Approach</i>	<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>
<p>The Company's workforce is motivated to perform well at work and get involved socially in family and community activities</p> <p>Ensuring employee equal opportunity and satisfactory benefits package which is annually reviewed by management</p>	<p>Management provides annual merit increase as a result of employees' performance evaluation; The Management provides Productivity incentive bonus depending on the performance of the Company.</p> <p>Management provides annual merit increase as a result of employees' performance evaluation with consideration of inflationary factors</p>	<p>The Company's workforce is motivated to perform well at work and get involved socially in family and community activities</p> <p>Ensuring employee equal opportunity and satisfactory benefits package which is annually reviewed by management</p>
<i>What are the Risk/s Identified?</i>	<i>Management Approach</i>	<i>What are the Risk/s Identified?</i>
High employee turnover	<p>Establishment of grievance procedures;</p> <p>Management provides annual merit increase as a result of employees' performance evaluation; The Management provides Productivity incentive bonus depending on the performance of the Company.</p>	High employee turnover
<i>What are the Opportunity/ies Identified?</i>	<i>Management Approach</i>	<i>What are the Opportunity/ies Identified?</i>
Productive and efficient employees	<p>Management provides annual merit increase as a result of employees' performance evaluation; The Management provides Productivity incentive bonus depending on the performance of the Company.</p>	Productive and efficient employees

# SOCIAL

## Employee Training and Development

DISCLOSURE	2024	UNITS
Total training hours provided to employees		
a. Female employees	1,116	hours
b. Male employees	6,223	hours
Average training hours provided to employees		
a. Female employees	35	hours
b. Male employees	25	hours

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Management Approach</i>	<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>
Enhances the expertise of the employees; uplifts employees' morale; attracts and retains good employees by providing them the opportunity for growth and advancement; motivates employees to face bigger challenges in their careers.	Management provides training venues to its employees; Requires employees to attend seminars for professional development; plans and implements effective employee training programs and development	Enhances the expertise of the employees; uplifts employees' morale; attracts and retains good employees by providing them the opportunity for growth and advancement; motivates employees to face bigger challenges in their careers.
<i>What are the Risk/s Identified?</i>	<i>Management Approach</i>	<i>What are the Risk/s Identified?</i>
Inability to match the pace of changes in technological development in terms of continuing professional development in training employees; low employee morale/performance due to insufficient training and development.	Management adopts a policy on continuing professional education and development; Serves as one of the parameters for employee advancement within the organization; plans and implements effective employee training programs and development	Inability to match the pace of changes in technological development in terms of continuing professional development in training employees; low employee morale/performance due to insufficient training and development.
<i>What are the Opportunity/ies Identified?</i>	<i>Management Approach</i>	<i>What are the Opportunity/ies Identified?</i>
Employee growth in the organization; Promotes efficiency and effectivity that are mutually beneficial to the Company and the employees.	Management adopts a policy on continuing professional education and development; which serves as one of the parameters for employee advancement within the organization.	Employee growth in the organization; Promotes efficiency and effectivity that are mutually beneficial to the Company and the employees.



# SOCIAL

## Labor-Management Relations

DISCLOSURE	2024	UNITS
% of employees covered with Collective Bargaining Agreements	none	
Number of consultations conducted with employees concerning employee-related policies	Around 4	# (2024 only)

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Management Approach</i>
Promotes industrial peace	Management allows employee participation in the development of employee-related policies and compliance with all labor laws, rules, and regulations.
<i>What are the Risk/s Identified?</i>	<i>Management Approach</i>
Labor disputes; Strike and lockdowns; disruption of operations resulting to loss of revenue or shutdown of operations.	Management allows employee participation in the development of employee-related policies; Compliance with all labor laws, rules, and regulations; Formulation and implementation of grievance procedures and conciliation.
<i>What are the Opportunity/ies Identified?</i>	<i>Management Approach</i>
Fosters Industrial Peace; Motivated and productive employees; Less employee turnover.	Management allows employee participation in the development of employee-related policies; Compliance with all labor laws, rules, and regulations; Formulation and implementation of grievance procedures and conciliation.

# SOCIAL

## Diversity and Equal Opportunity



**\*The vulnerable sector includes the elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).**

DISCLOSURE	2024	UNITS
% of female workers in the workforce	11%	%
% of male workers in the workforce	89%	%
Number of employees from indigenous communities and/or vulnerable sectors*	16	#

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Management Approach</i>
Non-discrimination of qualified female and vulnerable sector individuals; provides a wider pool of talents for the organization	Management promotes a policy of gender equality and inclusiveness.
<i>What are the Risk/s Identified?</i>	<i>Management Approach</i>
Misogynism; limits the pool of talents available for the organization	Management promotes a policy of gender equality and inclusiveness.
<i>What are the Opportunity/ies Identified?</i>	<i>Management Approach</i>
Provides equal opportunity in the workplace	Management promotes a policy of gender equality and inclusiveness.

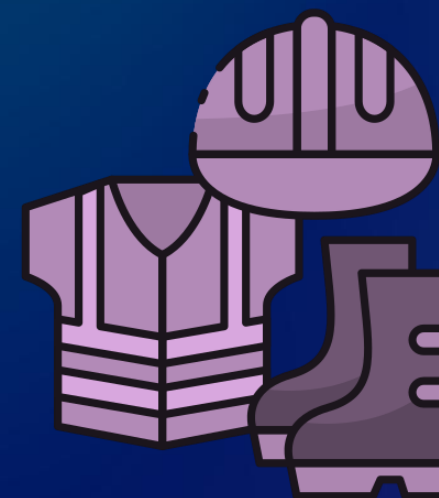


# WORKPLACE CONDITIONS, LABOR STANDARDS, AND HUMAN RIGHTS

## Occupational Health and Safety

DISCLOSURE	2024	UNITS
Safe Man-Hours	322,424	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	1	#
No. of work-related ill-health	0	#
No. of safety drills	54	#

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Management Approach</i>
Reduced absenteeism; reduced health care expenditures; productive employees; employees become more focused and goal-oriented at work; fosters harmonious relationships among employees in the workplace.	The Management appoints an EHSS Officer to oversee employee health and safety. Medical and life insurance covering consultations and annual physical exams, is provided to all regular employees.
<i>What are the Risk/s Identified?</i>	<i>Management Approach</i>
High incidence of absenteeism resulting to low productivity; high operating expenses; depletion of workforce	The Management designates an EHSS Officer to ensure the health and safety of the Group's employees. All regular employees are provided with medical and life insurance, covering consultation fees and mandatory annual physical exams.
<i>What are the Opportunity/ies Identified?</i>	<i>Management Approach</i>
Fosters harmonious relationships within the workplace; high level of productivity; provides continuous opportunity for growth and advancement; Health is wealth.	The Management appoints an EHSS Officer to oversee the health and safety of employees of the Group. Provision of medical and life insurance to all regular employees which includes coverage on consultation fees and mandatory annual physical examination;




# WORKPLACE CONDITIONS, LABOR STANDARDS, AND HUMAN RIGHTS

## Labor Laws and Human Rights

DISCLOSURE	2024	UNITS
No. of legal actions or employee grievances involving forced or child labor	0	#

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
No cases were filed against the Group on forced labor, child labor, and human rights violations.	Management has integrated the policies against forced labor and child labor; and respect for human rights, in the Employee Uniform Code of Conduct.
What are the Risk/s Identified?	Management Approach
Prosecution of management and its officers for violations of anti-child labor, anti-forced labor laws, and human rights.	Management has integrated the policies against forced labor and child labor; and respect for human rights, in the Employee Uniform Code of Conduct.
What are the Opportunity/ies Identified?	Management Approach
Enhances good reputation as a corporate citizen	Management has integrated the policies against forced labor and child labor; and respect for human rights, in the Employee Uniform Code of Conduct.

Do you have policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?



TOPIC	Y/N	IF YES, CITE THE REFERENCE IN THE COMPANY POLICY
Forced labor	Y	Employee Uniform Code of Conduct
Child labor	Y	Employee Uniform Code of Conduct
Human Rights	Y	Employee Uniform Code of Conduct

# SUPPLY CHAIN MANAGEMENT

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Yes, we have a supplier accreditation policy incorporated in the Purchasing Policy.

Do you consider the following sustainability topics when accrediting suppliers



<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Management Approach</i>
Suppliers became aware of the Company's sustainability requirements for accreditation.	The Management has incorporated the sustainability topics in the Group's supplier accreditation policy
<i>What are the Risk/s Identified?</i>	<i>Management Approach</i>
This may limit the number of suppliers to choose from	The Management has incorporated the sustainability topics in the Group's supplier accreditation policy
<i>What are the Opportunity/ies Identified?</i>	<i>Management Approach</i>
The Company may contribute to the reduction of practices of certain suppliers that make use of forced/child labor, violate human rights, and engage in bribery and corruption.	The Management has incorporated the sustainability topics in the Group's supplier accreditation policy

TOPIC	Y / N	IF YES, CITE THE REFERENCE IN THE SUPPLIER POLICY
Environmental performance	Y	Embodied in the Company's supplier accreditation policy
Forced labor	Y	
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	

# RELATIONSHIP WITH COMMUNITY

## Significant Impacts on Local Communities

CERTIFICATES	2024	UNITS
The Free and prior Informed Consent is a continuous process	0	#
Certification Preconditions secured	0	#

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Local employment opportunities	Bohol, Iloilo, Cebu, Makati	Elderly	N	Employment concerns	Hiring Priority/ preference for local residents
Boost local economic activities	Bohol, Iloilo, Cebu, Makati	Elderly, PWDs, poor	N	Livelihood	Patronize local products and suppliers
Payment of taxes to local government units (LGU)	Bohol, Iloilo, Cebu, Makati	Indirectly	N	Efficient delivery of government services	Timely payment of correct taxes to the LGUs
Continuous generation of electricity to avoid power shortages	Visayas Grid	Children, elderly, youth, PWDs, women, poor	N	Affordable power supply	Efficient operations to reduce cost

<i>What are the Risk/s Identified?</i>	<i>Management Approach</i>
No IPs in our area of operations	No IPs in our area of operations
<i>What are the Opportunity/ies Identified?</i>	<i>Management Approach</i>
No IPs in our area of operations	No IPs in our area of operations

# CUSTOMER MANAGEMENT

## Customer Satisfaction

DISCLOSURE	SCORE	DID A THIRD PARTY CONDUCT THE CUSTOMER SATISFACTION STUDY (Y/N)?
Customer satisfaction	None	N

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Management Approach</i>
<p>By supporting and providing affordable and reliable electricity, we empower our customers in the community to be able to:</p> <ul style="list-style-type: none"> <li>a. create businesses and employment opportunities</li> <li>b. building home-grown capabilities</li> <li>c. improve the standard of living of the residents in our areas of operation</li> </ul>	Adopting the philosophy of “Customer is always right”; encourages customers to engage in open-line communication with the Group and inculcates the value of responsiveness to customer demands.
<i>What are the Risk/s Identified?</i>	<i>Management Approach</i>
Slow down on economic activities; regression of social development in areas of operation	Encourage customers to engage in open line communication with the Group; Inculcate the value of responsiveness to customer demands
<i>What are the Opportunity/ies Identified?</i>	<i>Management Approach</i>
Continuous business growth and sustained social development	Encourage customers to engage in open line communication with the Group; Inculcate the value of responsiveness to customer demands

# HEALTH AND SAFETY

DISCLOSURE	2024	UNITS
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Management Approach</i>
Continuous business growth and sustained social development	The Management appoints an Environmental, Health, Safety, and Security (EHSS) Officer to oversee the continuous implementation of health and safety rules and regulations.
<i>What are the Risk/s Identified?</i>	<i>Management Approach</i>
Destruction of the environment; health hazard	The Management appoints an Environmental, Health, Safety, and Security (EHSS) Officer to oversee the continuous implementation of health and safety rules and regulations.
<i>What are the Opportunity/ies Identified?</i>	<i>Management Approach</i>
Preservation and conservation of the environment; healthy and able-bodied citizens/residents	The Management appoints an Environmental, Health, Safety, and Security (EHSS) Officer to oversee the continuous implementation of health and safety rules and regulations.



**\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.**

# MARKETING AND LABELLING

## Employee benefits

DISCLOSURE	2024	UNITS
No. of substantiated complaints on marketing and labeling*	None	#
No. of complaints addressed	None	#

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Management Approach</i>
Continuous business growth and sustained social development	Management is committed to ensuring that its representations on the delivery of reliable and affordable electricity can be depended upon by the customers
<i>What are the Risk/s Identified?</i>	<i>Management Approach</i>
Slow down on economic activities; regression of social development in areas of operation	Management is committed to ensuring that its representations on the delivery of reliable and affordable electricity can be depended upon by the customers
<i>What are the Opportunity/ies Identified?</i>	<i>Management Approach</i>
Continuous business growth and sustained social development.	Management is committed to ensuring that its representations on the delivery of reliable and affordable electricity can be depended upon by the customers



# CUSTOMER PRIVACY

DISCLOSURE	2024	UNITS
No. of substantiated complaints on customer privacy*	None	#
No. of complaints addressed	None	#
No. of customers, users, and account holders whose information is used for secondary purposes	None	#

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Management Approach</i>
Reliance upon the business quality of the Group; protection of information of customers	Strict implementation of the Data Privacy Act of 2012
<i>What are the Risk/s Identified?</i>	<i>Management Approach</i>
Prosecution of management and its officers for violations of the Data Privacy Act of 2012.	Strict implementation of the Data Privacy Act of 2012
<i>What are the Opportunity/ies Identified?</i>	<i>Management Approach</i>
Enhancement of corporate credibility.	Strict implementation of the Data Privacy Act of 2012



\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.



# DATA SECURITY



DISCLOSURE	2024	UNITS
No. of data breaches, including leaks, thefts, and losses of data	None	#

<i>What is the impact and where does it occur? What is the organization's involvement in the impact?</i>	<i>Management Approach</i>
Reliance upon the business quality and credibility of the Group; protection of information of customers	Strict implementation of the Data Privacy Act of 2012
<i>What are the Risk/s Identified?</i>	<i>Management Approach</i>
Prosecution of management and its officers for violations of the Data Privacy Act of 2012.	Strict implementation of the Data Privacy Act of 2012
<i>What are the Opportunity/ies Identified?</i>	<i>Management Approach</i>
Enhancement of corporate credibility.	Strict implementation of the Data Privacy Act of 2012

# UN SUSTAINABLE DEVELOPMENT GOALS

## Product or Service Contribution to UN SDGs

Key products and services and their contribution to sustainable development.

KEY PRODUCTS AND SERVICES	SOCIETAL VALUE / CONTRIBUTION TO UN SDGS	POTENTIAL NEGATIVE IMPACT OF CONTRIBUTION	MANAGEMENT APPROACH TO NEGATIVE IMPACT
Power generation and distribution	<ul style="list-style-type: none"> <li>• Good Health and Promote Wellbeing</li> <li>• Gender Equality</li> <li>• Affordable and Clean Energy</li> <li>• Decent Work and Economic Growth</li> <li>• Sustainable Cities and Communities</li> <li>• Responsible Consumption and Production</li> <li>• Climate Action</li> </ul>	Increased reliance on renewable energy may affect the stability of the grid, particularly in an archipelagic country prone to natural calamities.	<ul style="list-style-type: none"> <li>A. Diversification of power plant portfolio.</li> <li>B. Combat the spread of infectious and transmissible diseases and protect the company employees and their families by: <ul style="list-style-type: none"> <li>a. providing appropriate protective equipment,</li> <li>b. enforcing skeletal workforce at the workplace</li> <li>c. establishing work-from-home set-up among its workforce if needed and</li> <li>d. other related preventive measures</li> </ul> </li> </ul>

*\*None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

"JOIN US AS WE TRANSITION TO A  
RENEWABLE AND SUSTAINABLE  
FUTURE."



+63 2 8810-4474 to 77  
<http://www.spcpowergroup.com>