

COVER SHEET

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S.E.C. Registration Number

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(f	o	r	m	e	r	l	y		S	A	L	C	O	N		P	O	W	E	R		C	O	R	P	.)			

(Company's Full Name)

7	t	h		F	l	o	o	r		C	e	b	u		H	o	l	d	i	n	g	s		C	e	n	t	e	r		
A	r	c	b	i	s	h	o	p		R	e	y	e	s		A	v	e	n	u	e	.									
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(Business Address: No. Street City/ Town / Province)

Mr. Jaime M. Balisacan

Contact Person

8810 44 74 to 77

Company Telephone Number

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Month Day
Calendar Year

SEC FORM
1 7 - A

FORM TYPE
AMENDED

0	6	2	5
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Month Day
Annual Meeting

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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Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

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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 year ended December 31, 2021
2. SEC Identification Number AS94002365 3. BIR Tax Identification No. 003-868-048
4. SPC POWER CORPORATION
Exact name of issuer as specified in its charter
5. Cebu City, Philippines 6. (SEC Use Only
Province, country or other jurisdiction of Industry Classification Code:
Incorporation
7. 7th Floor, Cebu Holdings Center, Archbishop Reyes Avenue, Cebu 6000
Business Park, Cebu City (Manila Office: 7th Floor, BDO Towers (1209)
Paseo, 8741 Paseo de Roxas, Makati City)
Address of principal office Postal Code
8. (63 32) 232 0375 ; 232 0477 / (63 2) 81044 74 to 77, 810 44 50, 810 44 65
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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>Common Shares (as of December 31, 2021)</u>	<u>1,496,551,803 shares</u>
<u>Total Debt (as of December 31, 2021)</u>	<u>₱ 929,866,003</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:

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)-a 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 [☐]

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 ₱2,935,071,309 (198,315,629 x ₱ 14.80) as of March 31, 2022.

14. N.A.

15. N.A.

I. BUSINESS & GENERAL INFORMATION

Business Development

The Company

SPC Power Corporation (the Parent Company), formerly Salcon Power Corporation, 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 be 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 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.

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 the 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 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 29 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 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 2/3 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 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. As of March 31, 2022, the Parent Company is awaiting SEC approval of the amendment.

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 had also operated the Olango Diesel Power Plant (ODPP), located

in 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 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 29 of the Notes to Consolidated Financial Statements). CNPC remains not to have 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 Pilillia, 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 retroactive from October 20, 2000 to October 19, 2025 in the area presently comprised by Tagbilaran City, Bohol.

(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.

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 Circulating Fluidized Bed Combustion (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 focus of the Group remains steadfast in seeking growth in new markets and customer segments.

As of March 31, 2022, there is no immediate assurance yet that the Group will have substantial and additional sources of income. However, the Company has been looking for other suitable opportunities in power and energy related projects.

On February 10, 2022, The Parent Company executed a Sale and Purchase Agreement (SPA) with STEAG GmbH for the acquisition of the latter's 40.5% interest in STEAG State Power, Inc. (SPI) estimated at US\$ 41.3 million. The completion of the transaction is subject to certain closing conditions and the final purchase price will be confirmed after closing. SPI owns and operates Mindanao's first coal-fired power plant located at the PHIVIDEC Industrial Estate in Villanueva, Misamis Oriental. The plant was built through a Build-Operate-Transfer scheme with the National Power Corporation as the other party to the Power Purchase Agreement with a period of twenty-five (25) years.

On July 29, 2021, the Parent Company's Board of Directors further amended the Parent Company's Articles of Incorporation (approved by 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. As of March 31, 2022, the Parent Company is awaiting SEC approval of the said amendment.

While in pursuit of new opportunities, the Group will continue to focus on further improving efficiencies and leveraging existing business assets to sustain profitability.

Competition

Increasing competition remains the primary challenge for the Group. It continues to face 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 have an effect on the extent to which and the terms on which the Group is able to obtain or renew power supply contracts and to 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.

In order to optimize plant operations, the Group not only endeavors to renew expiring contracts from existing capacities but also maximizes 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, 2021.

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 vary 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 set forth 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
Feb. 10, 2016	16-02-M-00068V	KSPC	Unit 1	Coal-fired	City of Naga, Cebu	110.50 MW	Coal	Until Feb. 19, 2023 (i)
		KSPC	Unit 2	Coal-fired		110.50 MW	Coal	Until Feb. 19, 2023 (i)
Nov. 29, 2016	16-11-M-00286hV	SIPC (PDPP)		Diesel Power Plant	Dingle, Iloilo	92.22 MW	Diesel/Bunker C	Until Apr. 24, 2022 (ii)
June 13, 2016	16-06-M-00286nl	SIPC (BDPP)		Diesel Power Plant	Dampas, Tagbilaran City	22.00 MW	Diesel/Bunker C	Until July 17, 2022 (iii)
June 20, 2018	18-06-M-00163V	SPC (PB 104)	Unit 2	Diesel Power Plant	Ubay, Bohol	8.00 MW	Diesel/Bunker C	Until Feb. 19, 2023
		SPC (PB 104)	Unit 3	Diesel Power Plant	Ubay, Bohol	8.00 MW	Diesel/Bunker C	Until Feb. 19, 2023
Dec. 19, 2018	18-12-M-00167V	SPC (PB 104)	Unit 1	Diesel Power Plant	Ubay, Bohol	8.00 MW	Diesel/Bunker C	Until Dec. 18, 2023
June 11, 2019		SPC (PB 104)	Unit 4	Diesel Power Plant	Ubay, Bohol	8.00 MW	Diesel/Bunker C	Until Dec. 10, 2021 (iv)

(i) Pending completion of certification for renewal of COC, KSPC Units 1 and 2 were granted Provisional Authority to Operate (PAO) by ERC from February 20, 2021 to February 19, 2022. Pending compliance with the PAO conditions, extension was recommended from February 20, 2022 to February 19, 2023 and is for approval of the Commission.

(ii) SIPC PDPP was granted PAO by ERC from April 25, 2021 to April 24, 2022 pending compliance with PAO conditions.

(iii) SIPC BDPP was granted PAO by ERC from July 18, 2021 to July 17, 2022 pending compliance with PAO conditions.

(iv) PB 104 Unit 4 was granted PAO by ERC from June 11, 2019 to December 10, 2021 pending compliance with PAO conditions. The SPC wrote a letter to ERC dated October 22, 2021 re: "Request for Fourth (4th) Extension of PAO, however the ERC is still on the process of reviewing the supporting documents requested by ERC from SPC".

Also, under the EPIRA, the business of electricity distribution requires a national franchise that can be granted only by Congress, except 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. The following are the expiration periods of the Group's Distribution Utilities' franchises:

<u>Distribution Utility</u>	<u>Expiration Date</u>
MECO	July 16, 2041
BLCI	October 19, 2025

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 license from the ERC in accordance with 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 Retail Electricity Supplier (RES) valid from October 18, 2016 to October 17, 2021 and from October 18, 2021 to October 17, 2026.

Manpower

The Parent Company had 83 employees consisting of 81 regular employees and 2 project and/or contractual employees as of December 31, 2021. The regular employees consist of 27 managerial employees and 54 rank-and-file employees.

The Parent Company and its subsidiaries employed a total of 299 employees including 10 project and/or contractual employees as of December 31, 2021.

Regular employee benefits of the Parent Company include a retirement plan and all government-mandated benefits, supplemented by group life and health insurance, medical care, rice subsidy, longevity pay, funeral and burial assistance, cash conversion of unused vacation and sick leave credits, and at the discretion of the Board, year-end bonus, various incentive and productivity awards, merit adjustments, and loyalty bonus.

There is no collective bargaining agreement covering the Parent Company employees as of December 31, 2021.

The Parent Company does not anticipate any substantial increase in manpower within the next twelve months unless new development projects and acquisitions would require an increase in the number of employees.

Properties

The consolidated net book value of property, plant and equipment of the Parent Company and its subsidiaries amounted to ₱731.8 million and ₱749.7 million as of December 31, 2021 and 2020, respectively. The breakdown is as follows:

Property, Plant and Equipment	2021	2020
Distribution lines, poles, and fixtures	₱89,364,695	₱89,351,427
Power transformers, switches, and devices	78,118,797	79,745,537
Plant machinery and equipment	428,716,330	454,254,338
Motor vehicles	13,314,748	17,133,387
Structures	16,664,818	18,549,820
Furniture and office equipment	4,268,226	4,861,590
Land held by subsidiaries	87,472,343	73,905,897
Construction in progress	9,230,467	2,757,018
Right-of-use-assets	4,615,478	9,124,369
Total	₱731,765,902	₱749,683,383

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

Company/Subsidiary	Description	Location/Address	Condition
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
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.
BLCI	Land	Tagbilaran City, Bohol	In use for operations
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 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.

Through an Accession Agreement on August 28, 2000, BLCI acquired the assets and equipment, rights, and interest 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.

In 2006, BLCI entered into a lease agreement with Bohol Water Utilities, Inc., a sister company, for the lease of land for a period of 20 years starting January 1, 2006 until December 31, 2025, renewable upon such terms and conditions as may be mutually agreed upon by both parties. The land is used and occupied primarily for the operation, management and maintenance of BLCI's utility plant and equipment.

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) by virtue of 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 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 at 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 at the 7th Floor of Cebu Holdings Center, Cebu Business Park and 7th Floor of Citibank Center, Makati City from the Parent Company's affiliate – SPEC Properties, Inc. for use as its Cebu Head 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, 2021, 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:

Period	Highest Close		Lowest Close	
	Price	Date	Price	Date
2022:				
1st Quarter	15.00	February 22	13.84	January 7
2021:				
1 st Quarter	10.50	March 18	9.72	January 4
2 nd Quarter	12.50	June 29	10.22	April 26
3 rd Quarter	14.76	September 27	11.34	July 21
4 th Quarter	14.70	October 1	13.40	October 13
2020:				
1 st Quarter	9.36	January 30	6.71	March 19
2 nd Quarter	8.38	May 11	7.62	May 26
3 rd Quarter	10.10	September 23	7.95	July 15
4 th Quarter	11.20	December 15	9.82	December 29

As of March 31, 2022, the total number of stockholders was 809 (713 under transfer agents and including 96 depository participants counted as one stockholder each).

Top 20 Stockholders

The following composed the top 20 stockholders as of March 31, 2022:

Rank	Name	Nationality	No. of Shares	Percent
1.	KEPCO Philippines Holdings, Inc.	Korean	568,098,822	37.96%
2.	Intrepid Holdings, Inc.	Filipino	321,905,611	21.51%
3.	JAD Holdings, Inc.	Filipino	293,201,397	19.59%
4.	KV Holdings, Inc.	Filipino	74,749,847	4.99%
5.	Boxboard Containers Corporation	Filipino	41,000,000	2.74%
6.	Cancorp, Inc.	Filipino	41,000,000	2.74%
7.	Rowell Plastic Corporation	Filipino	38,864,638	2.60%
8.	LDI Power Holdings, Inc.	Filipino	24,931,036	1.67%
9.	ALH Management, Inc.	Filipino	21,850,269	1.46%
10.	Mali Ni	Filipino	10,000,000	0.67%
11.	PCD Nominee (Fil/Non-Fil) Corp.	Fil/Non-Fil	8,954,054	0.60%
12.	Dennis T. Villareal	Filipino	6,425,501	0.42%
13.	Cecilia Chua Tiu	Filipino	1,000,000	0.07%
14.	Alberto P. Fenix, Jr.	Filipino	855,933	0.06%
15.	Ma. Theresa M. Ballesteros	Filipino	691,492	0.05%
16.	Cesar O. Villegas	Filipino	685,492	0.05%
17.	Corazon L. Gamez	Filipino	685,492	0.05%
18.	Stanley Krug	American	274,196	0.02%
	Dennis Lawrence N. Villareal	Filipino	274,196	0.02%
	James Roy N. Villareal	Filipino	274,196	0.02%
	Victor Anthony N. Villareal	Filipino	274,196	0.02%
19.	Myra P. Villanueva	Filipino	233,000	0.02%
20.	Landmark Holdings Corporation	Filipino	200,000	0.01%
TOTAL			1,456,249,368	97.31%

Dividends

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

Year	Cash Dividends Per Share	Total Amount Declared	Record Date
2021	0.40	598,620,721	Apr. 23, 2021
2021	0.60	897,931,082	June 14, 2021
2021	0.55	823,103,492	Dec. 23, 2021
2020	0.40	598,620,721	May 22, 2020
2020	0.40	598,620,721	Dec. 21, 2020
2019	0.70	1,047,586,262	Dec. 10, 2019
2019	0.40	598,620,721	Apr. 12, 2019

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 to 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

The Parent Company has not had any sales of unregistered securities during the past three years.

Description of the Company's Shares

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

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, 2021 vs. Year Ended Dec. 31, 2020

The unprofitable operations of the Group in the fourth quarter of 2021 dragged the full-year consolidated net income in 2021 to ₱1,197.2 million, falling by 26.8% from ₱1,636.4 million in 2020.

With lower results, earning per share decreased to ₱0.80 in 2021 as compared with ₱1.07 in 2020. The performance also translated to a lower return on equity of 11.99% in 2021 versus 15.80% in 2020.

The Group's operations turned into a net loss of ₱178.7 million in the fourth quarter of 2021, in contrast to the average quarterly income of ₱458.7 million in the first three quarters of 2021. The poor performance in the fourth quarter of 2021 was attributed mainly to the following:

- (i) Typhoon Odette which barreled through parts of the Visayas region on December 16, 2021 and caused severe damages to power facilities (especially to distribution utilities). Wholesale Electricity Spot Market (WESM) operation in the Visayas Grid, excluding Bohol Island, was resumed only on January 17, 2022. In the Bohol Island (where BDPP, PB 104 and BLCI are operating) WESM operation was resumed effective February 10, 2022; and
- (ii) Lower revenue of investee from sale of power generated and sold to Distribution Utilities/Electric cooperatives brought about by lower prices and expired power supply contracts which were not fully compensated by the increase of available capacities sold to WESM.

By business segment, equity share in the earnings of investee companies contributed ₱867.8 million to the consolidated comprehensive income in 2021, down by 28.5% from ₱1,213.5 million in the comparable year-ago period. The power generation business segment contributed net income of ₱317.8 million, lower by 17.8% from last year. The power distribution business segment bore the brunt of typhoon damage as contribution to the current year's net income declined by 68.9% to ₱11.4 million, from ₱36.6 million a year ago. Furthermore, temporary lag in the recovery of purchased power costs exacerbated the woes of the power distribution business in Bohol.

Equity share in the earnings of investee companies accounted for 72.5% of the consolidated net income in 2021, while power generation and power distribution business segments accounted for 26.5% and 1.0%, respectively.

Consolidated revenues rose by 23.7% to ₱2,469.4 million in 2021, from ₱1,996.1 million in 2020, due mainly to higher pass-through cost of fuel and purchased power. Consolidated cost of operations also went up by 35.2% to ₱1,952.5 million in 2021, from ₱1,444.4 million in 2020, as a result also of higher pass-through cost of fuel and purchased power. As costs grew faster than revenues, gross margin decreased by 6.3% to ₱516.9 million in 2021 from the previous year's ₱551.7 million.

The Group reined in administrative and general expenses which increased only slightly by 1.1% to ₱205.7 million in 2021, from ₱203.4 million a year earlier.

Other service income substantially dropped to ₱40.0 million, from ₱120.0 million in the previous year, on account mainly of lower provision of technical and upgrading services rendered during the current period.

Interest income substantially dropped by 33.0% to ₱34.6 million, from ₱51.6 million, because of lower effective interest rate and lower amount of excess cash invested in short-term money market placements after payment of cash dividends.

Year Ended Dec. 31, 2020 vs. Year Ended Dec. 31, 2019

The Group ended 2020 with consolidated comprehensive income of ₱1,636.4 million, 9.6% lower than the ₱1,810.2 million in 2019. All business segments posted lower income in 2020 due mainly to the effects of COVID-19 pandemic on business operations. The demand growth recorded in the first quarter of 2020 was negated by decrease in average demand for the rest of the year, especially in the second and third quarters when the most stringent quarantine protocols were in place. The decrease in interest income further eroded year-on-year earnings.

Earnings per share declined to ₱1.07 in 2020 as compared with ₱1.19 in 2019. The performance also translated to a lower return on equity of 15.80% in 2020 versus 17.93% in 2019.

The investee companies remained the biggest contributor in 2020 with equity share in their net earnings of ₱1,213.5 million or 74.3% of the pie. This was lower by 8.6% year-on-year.

The power generation business segment made up the second biggest chunk of the Group's net income contributing 23.6% of the total. The power generation business segment contributed net income of ₱386.7 million, down by 6.2% from last year.

The power distribution business segment accounted for the balance of the pie, posting a net income of ₱36.6 million, lower by 46.9% from last year. The slight increase in demand for electricity from its residential customers could not offset the 21.5% average drop in demand from its commercial and industrial customers.

Consolidated revenues in 2020 declined to ₱1,996.1 million, falling by 28.7% from ₱2,799.0 million in 2019. This was attributed to weaker demand, lower prices due to adequate supply and competition, and lesser pass-through cost of fuel and purchased power.

Lower operating costs and expenses helped cushion the impact of the decrease in revenues.

Consolidated cost of operations decreased substantially by 31.5% to ₱1,444.4 million, from ₱2,108.5 million. The cost reduction was brought about mainly by lower cost of fuel, purchased power, lubricants, and spare parts.

Consolidated administrative and general expenses went down by 26.7% to ₱203.4 million in 2020, from ₱277.4 million in the previous year, due mainly to lower expenses for business development, taxes and licenses, transportation and travel, repairs and maintenance, and freight and handling.

Interest income substantially dropped by 49.6% to ₱51.6 million, from ₱102.5 million, because of lower effective interest rate and lower amount of excess cash invested in short-term money market placements after payment of cash dividends.

Financial Condition

Dec. 31, 2021 vs. Dec. 31, 2020

Total assets stood at ₱10,352.2 million at end-2021, down by 9.5% from the end-2020 level at ₱11,440.0 million. The decrease in total assets was mainly a consequence of higher dividend payments made in 2021.

Total liabilities rose by 5.1% to ₱929.9 million as at end-2021. This was mainly on account of the increase in trade payables and customers' deposits.

The decrease in total assets and increase in total liabilities brought down stockholders' equity by 10.7% to ₱9,422.4 million in 2021, from ₱10,555.3 million in 2020.

The decrease in total equity resulted in book value per share declining to ₱6.30 from ₱7.05 at the end of the previous year.

Further details of significant items that contributed to the changes in assets, liabilities and stockholders' equity are discussed hereunder.

Trade and other receivables increased by 44.9% to ₱489.8 million, from ₱338.1 million in the previous year. This was attributed mainly to increase in trade receivables and accrual of additional cash dividends declared by MECO in December 2021 for payment on or before April 2022.

Materials and supplies inventory increased by 7.2% to ₱389.8 million as at end-2021, from ₱363.6 million at the beginning of the year. This was traced mainly to the build-up of inventories for fuel and maintenance spare parts for power generation and power distribution.

Prepayments and other current assets increased 38.9% to ₱76.3 million as at end-2021, from ₱55.0 due mainly to accumulated input VAT awaiting application against future output VAT.

Investment in associates decreased by 4.8% or by ₱277.6 million to ₱5,505.2 million as at end-2021 from ₱5,782.9 million as at end-2020. The decrease mainly reflected the net effect of the following: (i) decrease in investments due to cash dividends received from the investee companies amounting to ₱1,146.8 million and (ii) increase in investment due to fresh equity share in the earnings of investee companies amounting to ₱867.8 million in 2021.

Property, plant and equipment slightly decreased by 2.4% to ₱731.8 million, from ₱749.7 million. This was attributed to the net effect of the following: (i) increase due to new additions to property, plant and equipment amounting to ₱70.8 million; and (ii) reduction due to depreciation and disposal amounting to ₱85.9 million.

Other noncurrent assets decreased by 18.7% to ₱109.9 million from ₱135.3 million due mainly to amortization of cost recovery adjustment approved by ERC to be recovered by PSALM through the distribution business segment of the Group over a period of seven years from January 2018. The original amount of ₱257.6 million was booked as noncurrent assets pending collections by initially charging the customers as part of the generation charge over a period of seven years. See Note 29 of the consolidated financial statements.

Trade and other payables went up by 18.4% to ₱536.7 million at end-2021. However, this is in line with the increase in inventories to build-up fuel and maintenance spare parts for power generation and power distribution.

Customers' deposits grew by 6.9% to ₱186.8 million from ₱174.7 million due mainly to additional bill and material deposits received from customers.

Other noncurrent liabilities decreased by 33.7% to ₱72.4 million from ₱109.2 million due mainly to amortization of cost recovery adjustment approved by ERC to be recovered by PSALM through the distribution business segment of the Group over a period of seven years from January 2018. The original amount of ₱257.6 million was booked as noncurrent liabilities pending remittance to PSALM of the amount collected from customers. See Note 29 of the consolidated financial statements.

Unappropriated retained earnings decreased by 15.9% to ₱5,954.4 million as at end-2021 from ₱7,083.4 million as at end-2020. The net decrease of ₱1,129.0 million was accounted mainly as follows: (i) decrease due to cash dividends declared by the Parent Company amounting to ₱2,319.7 million; and (ii) increase due to comprehensive income in 2021 attributable to equity holders of the Parent Company amounting to ₱1,190.7 million.

Dec. 31, 2020 vs. Dec. 31, 2019

Despite the decline in net income, the Group's financial position remained solid in 2020.

As at year-end 2020, total assets increased to ₱11,440.0 million from ₱11,095.7 million in 2019. The 3.1% growth in total assets was coupled by a total reduction in liabilities by 5.2% to ₱884.8 million from ₱933.3 million. The increase in assets and decrease in liabilities raised stockholders' equity by 3.9% to ₱10,555.3 million, from ₱10,162.4 million in 2019.

Current ratio increased to 9.71 : 1 from 7.82 : 1; total liabilities as a percentage of equity also reduced to 8.4% from 9.2%; and book value per share was higher at ₱7.05 compared to ₱6.79 in 2019.

Further details of significant items that contributed to the changes in assets, liabilities and stockholders' equity are discussed below.

Details of changes in the balance of cash and cash equivalents are discussed in the section for Cash Flows.

Trade and other receivables decreased by 19.5% to ₱338.1 million, from ₱418.9 million. This was attributed mainly to lower billings in December 2020 as compared to same month in 2019.

Investment in associates decreased slightly by 2.8% or ₱166.5 million to ₱5,782.9 million, from ₱5,949.3 million. The decrease reflected the net effect of the following: (i) decrease in investments due to cash dividends received from the investee companies amounting to ₱1,381.0 million and (ii) increase in investment due to fresh equity share in the earnings of investee companies amounting to ₱1,213.5 million in.

Property, plant and equipment decreased by 5.6% to ₱749.7 million, from ₱793.8 million. This was attributed to the net effect of the following: (i) increase due to new additions to property, plant and equipment amounting to ₱49.5 million; and (ii) reduction due to depreciation amounting to ₱93.1 million.

Other noncurrent assets decreased by 19.5% to ₱173.2 million from ₱215.2 million due mainly to amortization of cost recovery adjustment approved by ERC to be recovered by PSALM through the distribution business segment of the Group over a period of seven years from January 2018. The original amount of ₱257.6 million was booked as noncurrent assets pending collections by initially charging the customers as part of the generation charge. See Note 29 of the consolidated financial statements.

Trade and other payables were down by 6.8% year-on-year to ₱453.4 million due to lower fuel purchased for power generation as well as lower cost of purchased power for distribution to customers.

Customers deposits were up by 17.2% year-on-year to ₱174.7 million due to additional bill and material deposits received from customers in the power distribution business.

Other noncurrent liabilities decreased by 25.2% to ₱109.2 million from ₱146.0 million due mainly to amortization of cost recovery adjustment approved by ERC to be recovered by PSALM through the distribution business segment of the Group over a period of seven years from January 2018. The original amount of ₱257.6 million was booked as noncurrent liabilities pending remittance to PSALM of the amount collected from customers. See Note 29 of the consolidated financial statements.

Appropriated retained earnings decreased to ₱1.8 billion from ₱2.8 billion due to retained earnings reverted to unappropriated during the meeting of the Board of Directors of the Parent Company held on December 2, 2020.

Unappropriated retained earnings increased by 24.8% to ₱7,083.4 million as at end-2020, from ₱5,677.2 million as at end-2019. The net increase of ₱1,406.2 million was accounted as follows: (i) increase propelled by total comprehensive income in 2020 attributable to equity holders of the Parent Company amounting to ₱1,603.4 million; (ii) increase due reversal of appropriations amounting to ₱1,000.0 million per note 18 of consolidated financial statements; and (iii) decrease due to cash dividends declared amounting to ₱1,197.2 million.

Cash Flows

2021 vs. 2020

Cash and cash equivalents decreased by 24.3% to ₱2,984.1 million as at end-2021 from ₱3,944.3 million at the beginning of the year. Net cash flows used in financing activities exceeded net cash flows generated from operating and investing activities.

Major sources of cash and cash equivalents in 2021 were from operating activities and cash dividends received from investee companies amounting to ₱300.4 million and ₱1,146.8 million, respectively.

The major applications of funds in 2021 were: (i) payment of cash dividends amounting to ₱2,325.7 million, and (ii) new additions to property, plant and equipment amounting to ₱70.8 million.

2020 vs. 2019

The year 2020 was characterized by robust cash flows despite the pandemic. Net cash inflows exceeded cash outflows resulting in a 22.2% increase in the balance of cash and cash equivalents to ₱3,944.3 million as at end-2020 from ₱3,227.4 million at the beginning of the year.

Major sources of cash and cash equivalents in 2020 were: (i) net cash provided by operating activities amounting to ₱629.2 million and (ii) cash dividends received from investee companies amounting to ₱1,381.0 million. These funds were used principally for: (i) payment of cash dividends amounting to ₱1,243.5 million, and (ii) new additions to property, plant and equipment amounting to ₱49.5 million.

Key Performance Indicators

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

Key Performance Indicators	2021	2020	2019
<u>For the years ended December 31:</u>			
Earnings per share	₱0.80	₱1.07	₱1.19
Share in net earnings of associates	₱867,849,896	₱1,213,454,901	₱1,327,469,713
Return on equity	11.99%	15.80%	17.93%
Return on assets	10.99%	14.52%	16.43%
Cash Flows:			
Net cash flows from operating activities	₱300,434,967	₱629,238,373	₱663,826,139
Net cash flows from investing activities	₱1,065,237,033	₱1,335,891,638	₱1,302,561,277
Net cash flows used in financing activities	(₱2,327,504,748)	(₱1,247,833,991)	(₱1,675,050,395)

As of December 31:

Balance of cash and cash equivalent at end of period	₱2,984,110,635	₱3,944,306,886	₱3,227,403,650
Current ratio	7.21	9.71	7.82
Debt ratio	0.09	0.08	0.08
Debt-to-equity ratio	0.10	0.08	0.09
Solvency ratio	1.38	1.96	2.06

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 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 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

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

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 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, and 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, 2021, the Parent Company earmarked ₱2,357.3 million for capital expenditure investments. The amount of ₱2,157.6 million is allotted to the acquisition of 40.5% interest in STEAG State Power, Inc., while the balance of ₱199.7 million will be used to improve existing 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 Accountants on Accounting and Financial Disclosure

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

External Audit Fees

For the annual audit of the Parent Company's and Subsidiaries' financial statements, tax advisory and other related financial advisory services, the aggregate fees paid to the independent auditors amounted to ₱5.0 million, ₱1.5 million and ₱1.3 million in 2021, 2020 and 2019, respectively, exclusive of VAT and out-of-pocket expenses. 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, award is endorsed by the Board Audit Committee, recommended by the Board to the shareholders and approved by the shareholders during its annual meeting. Award 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 2020-2021 and their respective positions.

<u>Name</u>	<u>Nationality</u>	<u>Position with the Company</u>
Alfredo L. Henares ^{1,2}	Filipino	Chairman
Dennis T. Villareal ¹	Filipino	Director, President & CEO
Alberto P. Fenix, Jr. ¹	Filipino	Executive Director
Enrique L. Benedicto ³	Filipino	Director (Independent)
Francisco L. Viray ⁴	Filipino	Director (Independent)
Sergio R. Ortiz-Luis, Jr. ⁵	Filipino	Director (Independent)
James Roy N. Villareal ⁶	Filipino	Director, Vice President
Lee, Dalhun ⁷	Korean	Director
Kim, Kilwon ⁷	Korean	Director
Youn, Sang Young ⁸	Korean	Director
Lee, Kyung-Eun ⁸	Korean	Director
Maria Luz L. Caminero ⁹	Filipino	SVP, Legal/Regulatory Affairs and Compliance Officer
Cesar O. Villegas ¹⁰	Filipino	SVP-Operations and Business Development
Jaime M. Balisacan ¹¹	Filipino	SVP – Finance and Administration/ Treasurer
Nino Ray D. Aguirre ¹²	Filipino	VP - Finance
Victor P. Lazatin ¹³	Filipino	Corporate Secretary
Mishelle Ann Rubio-Aguinaldo ¹⁴	Filipino	Asst. Corporate Secretary

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

² Mr. Alfredo L. Henares elected has been Chairman since May 30, 2014 up to the present.

³ Director from September 16, 2008 up to the present.

⁴ Director from May 28, 2021 up to the present.

⁵ Director from May 30, 2017 up to the present.

⁶ Assistant Vice President from Nov. 28, 2018 to May 29, 2019; Vice President from May 30, 2019 up to the present; Director from Nov. 4, 2021 up to the present.

⁷ Director from Feb. 4, 2022 up to the present.

⁸ Director from April 7, 2021 up to the present.

⁹ 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.

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

¹¹ VP- Finance from Aug. 16, 1997 to April 2, 2018; SVP for Finance and Administration effective April 3, 2018; concurrent Treasurer from November 25, 2019 up to the present.

¹² VP-Finance effective May 7, 2020.

¹³ Corporate Secretary since June 25, 2020.

¹⁴ 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. Enrique L. 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 nor 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, 68 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 in 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, 80 years old, is the Founding President, Chief Executive Officer and a 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 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 in 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, 77 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 of VC Securities Corporation. He serves as 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.

Enrique L. Benedicto, Filipino, 80 years old, was appointed as Independent Director of the Parent Company on September 16, 2008 and continue 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 Chairman of the following companies: Enrison Holdings, Inc.; Enrison land, Inc.; Mabuhay Filcement, Inc.; Benedict Ventures, Inc.; and Berben Wood Industries, Inc. He is likewise the Vice Chairman of Bernardo Benedicto Foundation, Inc. Previously, he was either the Chairman or President of the following: Consular Corps of the Philippines, Cebu Chapter; Philippine Foundation, Inc.; Cebu Jaycee Foundation; and Cebu Jaycee Senate. He was also a Vice Chairman of the Cebu Investment

Promotion Center and Trustee of the Cebu Chamber of Commerce & Industry, Inc. He was Honorary Consul of the Royal Consulate of Belgium from 1986 to 2017 and recipient of the following prestigious awards: Entrepreneur of the Year award (Grand Chamber Award) given by the Cebu Chamber of Commerce on June 28, 2013; "Officer in the Order of Leopold II" award conferred by His Majesty Baudouin King of the Belgians; Most Outstanding Cebuano Citizen presented during the 54th Cebu City's Charter day celebration; Great Cebuano Award conferred by the Province of Cebu, Mandaue Chamber of Commerce and Industry, Inc., Kapisanan Ng Mga Broadcaster ng Pilipinas (KBP), and Sugbuanong Kumintaristang Nagpakabana (SUKNA); Most Outstanding Alumnus conferred by the University of San Jose-Recoletos; Recognition Award for Outstanding Achievements by the Cebu City Government; and Recognition Award as a Member of the Board of Trustees for Ten Consecutive Years of the Cebu Investment Promotions Center. Mr. Benedicto has a Bachelor of Science in Commerce degree from the University of San Jose Recoletos.

Francisco L. Viray, Filipino, 72 years old, was appointed as Independent Director of the Parent Company on May 28, 2021 and continue 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 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 Master's degree in Electrical Engineering from the University of the Philippines. He obtained his Doctorate degree in Engineering from West Virginia University, U.S.A.

Sergio R. Ortiz-Luis, Jr., Filipino, 78 years old, was appointed as Independent Director of the Parent Company on May 30, 2017 and continue 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.; Jollville 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 Export Development Council; Commissioner of Patrol 117; BPLS Champion of 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 Rotary Club of Green Meadows Foundation; the Past President of 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 Pasigüeno, 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 masteral degrees in Business Administration; 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

James Roy N. Villareal, Filipino, 32 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 until his appointment as Vice President from May 30, 2019 and continuous 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. He was connected with Seawood Resources, Inc. as 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, 55 years old, was elected to the Parent Company's Board and appointed as 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, UAE Nuclear Power Construction department; General Manager of 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 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, 46 years old, was elected to the Parent Company's Board and appointed as 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 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.

Lee, Kyung-Eun, Korean, 40 years old, has been a Director and member of the Board's Executive Committee since April 7, 2021. She is also currently the Senior Manager of Finance Department of KEPCO Philippines Corporation and KEPCO Philippines Holdings, Inc. Ms. Lee joined KEPCO

in 2003 and held the following positions: Senior Manager, Global Business Management Dept.; Senior Manager, Grid Planning Dept.; Senior Manager, Legal Affairs Dept.; and Assistant Manager, Overseas Project Development Dept. Educational attainment: BA in Law, Korea National Open University, Korea (2007) and BA in English Literature and Asia-Pacific Business Admin, Hanyang University, Korea (2004).

Youn, Sang Young, Korean, 51 years old, was elected to the Parent Company's Board on April 7, 2021. He is currently the Senior Manager of KEPCO Global Business Development Dept. He also held other positions in KEPCO including as: General Manager - KEPCO Gumi Regional Office, Gyeongbuk; Senior Manager - KEPCO Smart KGrid & New Business Dept.; Senior Manager - KEPCO Transmission & Substation Construction Dept.; Senior Manager - KEPCO Global Business Development Dept.; and Senior Manager - KEPCO Structural Adjustment & Privatization Dept. Educational background: UM-Master of Business Administration, Helsinki School of Economics, Finland and Bachelor of Laws, Chung-Ang University, Republic of Korea

Maria Luz L. Caminero, Filipino, 59 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-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, 60 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. Before joining the SPC Group, he was a Technical Manager of Ultrawaters, Inc. (a water treatment company); 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.

Jaime M. Balisacan, Filipino, 67 years old, has been the Senior Vice President for Finance and Administration of the Parent Company since April 3, 2018 and concurrent Treasurer from November 25, 2019 up to the present. On April 8, 2022, he was appointed as Executive Vice President and CFO of KEPCO SPC Power Corporation. He was elected as Treasurer of Mactan Electric Company, Inc. from August 14, 2020 up to the present. He also renders financial services to certain subsidiaries in the SPC Group. Mr. Balisacan joined the SPC Group on August 16, 1997 as Vice President for Finance of the Parent Company. Before joining the SPC Group, he was the Controller of Toledo Power Company from July 1994 to August 1997. He also worked as Financial Services Director/Specialist with Atlas Consolidated Mining and Development Corporation (ACMDC) from March 1989 to June 1994. He likewise served ACMDC in other capacities as Inventory Control Superintendent – Materials Management Division, Group Head/Inventory Accountant, Accounting Supervisor and Audit Clerk – Comptrollers Division. Mr. Balisacan is a Certified Public Accountant. He graduated from the Divine Word College of Laoag, Laoag City with a degree in Bachelor of Science in Commerce, Major in Accounting.

Nino Ray D. Aguirre, Filipino, 44 years old, has been the Group's Vice President for Finance since his election on May 7, 2020 up to the present. Before joining the 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, 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, 74 years old, was elected as Corporate Secretary on June 25, 2020. He is 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 (1982-2012); 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 3rd in the 1971 Bar Examinations.

Mishelle Anne R. Rubio-Aguinaldo, Filipino, 34 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 is a legal adviser of Archipelago Philippine Ferries Corporation and its Group of Companies from 2019 up to 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 as a 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 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 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 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

I. 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 five (5) most highly compensated Senior Officers are as follows:

<u>Name & Principal Position</u>	<u>Year</u>	<u>Salary (Pesos)</u>	<u>Bonus (Pesos)</u>	<u>Total</u>
President/CEO, Executive Director, and five (5) most highly compensated Senior Officers	Projected 2022	37,912,413	4,232,929	42,145,342
	Actual 2021	36,287,553	4,031,361	40,318,914
	Actual 2020	33,426,666	3,040,010	36,466,676
	Actual 2019	28,647,257	2,841,705	31,488,962
All Directors and Senior Officers as a group unnamed	Projected 2022	43,712,312	4,232,929	47,945,241
	Actual 2021	42,093,108	4,031,361	46,124,469
	Actual 2020	39,226,565	3,040,010	42,266,575
	Actual 2019	35,275,035	2,841,705	38,116,740

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 - Vice President/Director.
Maria Luz L. Caminero - SVP, Legal/Regulatory Affairs and Compliance Officer.
Cesar O. Villegas - SVP, Operations and Business Development.
Jaime M. Balisacan - SVP, Finance and Administration/Treasurer.
Nino. R. D. Aguirre - VP, Finance and Administration.

In 2021, 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:

Director	Amount
Alfredo L. Henares	P938,889
Francisco L. Viray	461,111
Enrique L. Benedicto	738,889
Sergio R. Ortiz-Luiz, Jr.	738,889
Youn, Sang Young	616,667
Lee, Kyung-Eun	616,667
Total	P4,111,112

2. 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. There are no warrants or options 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 March 31, 2022, 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 18 th 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 7 th Floor, BDO Towers Paseo 8741 Paseo de Roxas, Makati City (Stockholder) ³	Intrepid Holdings, Inc. Mr. Dennis T. Villareal, President	Filipino	321,905,611	21.52%
Common	JAD Holdings, Inc. ² 7 th 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%

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

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

³ 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, 2022:

Title of Class	Name of Beneficial Owner	Citizenship	Number of Shares and Nature of Ownership	Percent of Ownership
Common	Dennis T. Villareal	Filipino	6,425,501(d)	0.43 %
Common	Alfredo L. Henares	Filipino	1 (d)	n.m.
Common	Alberto P. Fenix, Jr.	Filipino	855,933 (d)	0.06
Common	Enrique L. Benedicto	Filipino	1 (d)	n.m.
Common	Francisco L. Viray	Filipino	1 (d)	n.m.
Common	Sergio R. Ortiz-Luis, Jr.	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	Jaime M. Balisacan	Filipino	51,000 (d)	n.m.
Common	Maria Luz L. Caminero	Filipino	137, 098 (d)	0.01
Common	Cesar O. Villegas	Filipino	685, 492	0.05
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			8,429,228	0.56%

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, 2021 and 2020; 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, 2021 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, 2021 and 2020; 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, 2021; and notes to Parent Company financial statements.

Reports on SEC Form 17-C

The following reports on SEC Form 17-C were filed with SEC/PSE from April 1, 2021 to March 31, 2022:

	Nature/Subject Matter of Disclosure	Date Filed (with SEC)
1.	Resignation of Mr. Chung, Keeyong and Mr. Kim, Jeong-Heon as member of the Board and the subsequent nomination and election of Ms. Lee, Kyung-Eun and Mr. Youn, Sang-Young as their replacement; Date and time of the annual stockholders meeting on May 28, 2021 and participation by remote communication (via Zoom Video teleconference); Declaration of cash dividend in the amount of P0.40 per share to stockholders of record as of April 23, 2021, payable on or before April 30, 2021; and Approval of the enrollment/registration of SPC Power Corporation to the SEC's Online Submission Tool (OST) and the designation of authorized representatives of the corporation in the submission of reportorial requirements with the SEC through OST.	April 7, 2021
2.	List of Top 100 SPC Power Corporation's Stockholders as of March 31, 2021.	April 15, 2021
3.	List of SPC Power Corporation's Stockholder and their stockholdings as of May 7, 2021.	May 14, 2021
4.	Results of the 2021 Annual Stockholders' Meeting	May 28, 2021
5.	Results of the 2021 Organizational Meeting	May 28, 2021
6.	Declaration of cash dividend in the amount of P0.40 per share to stockholders of record as of April 23, 2021, payable on or before April 30, 2021; and	May 28, 2021
7.	List of Top 100 SPC Power Corporation's Stockholders as of June 30, 2021..	July 12, 2021
8.	Board approval of the Company's amendment of its Articles of Incorporation	July 30, 2021
9..	Report on the List of Top 100 SPC Power Corporation's Stockholders as of August 20, 2021.	August 27, 2021

10.	Signing of an asset purchase agreement between AC Energy Corporation. Corporation and SPC Island Power Corporation, a wholly owned subsidiary of SPC Power Corporation, for the latter's purchase of PB 102 and PB 103. Closing of the transaction is subject to the satisfaction of agreed conditions precedent.	September 22, 2021
11.	Report on Director Ramon Y. Sy's untimely demise on September 16, 2021.	September 27, 2021
12.	Report on the List of Top 100 SPC Power Corporation's Stockholders as of September 30, 2021.	October 8, 2021
13.	Stockholders' approval by written assent of the Company's amendment of its Articles of Incorporation.	October 13, 2021
14.	Nomination and election of Mr. James Roy N. Villareal as member of the Board; nomination and appointment of Mr. Francisco L. Viray as Chairman of the Board; Audit Committee and member of the Board's Corporate Governance Committee; and nomination and appointment of Mr. Enrique L. Benedicto as member of the Audit Committee.	November 4, 2021
15.	Declaration of cash dividend in the amount of P0.55 per share to stockholders of record as of December 22, 2021 payable on or before December 27, 2021.	December 9, 2021
16.	Report on the resignation of Messrs Yoon, Jong-Ryoon and Kim, Yong-Uk from the Board due to recall to their Head Office in Korea to assume new assignments.	January 7, 2022.
17.	Nomination and election of Messrs Lee, Dalhun and Kim, Kilwon to the SPC Power Corporation Board of Directors; nomination and appointment of Mr. Lee, Dalhun as member of the Board's Executive Committee; and nomination and appointment of Mr. Kim, Kilwon as member of the Board's Executive Committee, Audit Committee and Corporate Governance Committee.	February 4, 2022
18.	Report on the Certification of Independent Directors of SPC Power Corporation.	February 8, 2022
19.	Record of attendance of SPC Power Corporation Directors.	February 10, 2022
20.	Execution of a Sale and Purchase Agreement (SPA) with STEAG GmbH for the acquisition of the latter's 40.5% interest in STEAG State Power, Inc. (SPI). The completion of the	February 10, 2022

	transaction is subject to certain closing conditions. Power Purchase Agreement with a period of twenty-five (25) years.	
21.	Acquisition of Power Barge 102 from AC Energy Corporation	February 22, 2022


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 13, 2022.


Alfredo L. Henares
 Chairman, Board of Directors


Dennis T. Villareal
 Director, President & CEO


Jaime M. Balisacan
 Senior Vice President/Treasurer


Mishelle Anne R. Rubio-Aguinaldo
 Assistant Corporate Secretary

13 APR 2022

SUBSCRIBED AND SWORN to before me this ___ day of April 2022, 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	March 11, 2020	DFA NCR East
Jaime M. Balisacan	G01-94-171271	February 11, 2018	LTO Cebu City
Mishelle Anne R. Rubio-Aguinaldo	N26-16-001204	March 19, 2018	LTO Muntinlupa

Doc No. 53 ;
 Page No. 12 ;
 Book No. 57 ;
 Series of 2022.


JOSHUA P. LAPUZ
 Notary Public for Makati City
 Appointment No. M-19 / Until 12-31-23
 Roll No. 45790 / IBP Life No. 04897 / 07-03-03
 PTR-O.R. No. 8852510 / 01-03-22 / Makati City
 MCLE No. V1-0016565 / 01-14-19
 G/F Freedom Suites, 199 Salcedo St.
 Legaspi Village, 1229 Makati City

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 , C e b u H o l d i n g s C e n t e
r , A r c h b i s h o p R e y e s A v e n u e , C e
b u B u s i n e s s P a r k , C e b u 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

www.spcpowergroup.com

Company's Telephone Number

(032) 232-0377

Mobile Number

N/A

No. of Stockholders

808

Annual Meeting (Month / Day)

05/31

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Jaime M. Balisacan

Email Address

jmbalisacan@spcpower.com

Telephone Number/s

(032) 232-0377

Mobile Number

(0917) 3231469

CONTACT PERSON'S ADDRESS

7th Floor, Cebu Holdings Center, Archbishop Reyes Avenue, Cebu Business Park, Cebu 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, 2021 and 2020, 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 and President



JAIME M. BALISACAN
Treasurer/Senior Vice President – Finance and Administration

Signed this 6th day of April, 2022.

13 APR 2022

SUBSCRIBED AND SWORN TO before me this _____ day of April 2022 at Makati City; Affiants exhibited to me their CTC/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
Jaime M. Balisacan	4778276	January 25, 2022	Cebu City

Doc. No. 64
Page No. 14
Book No. 27
Series of 2022.

JOSHUA P. LAPUZ

Notary Public for Makati City
Appointment No. M-19 / Until 12-31-23
Roll No. 45790 / IBP Life No. 04897 / 07-03-03
PTR-O.R. No. 8852510 / 01-03-22 / Makati City
MCLE No. VI-0016565 / 01-14-19
G/F Fedman Suites, 199 Salcedo St.
Legaspi Village, 1229 Makati City

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
SPC Power Corporation
7th Floor, Cebu Holdings Center
Archbishop Reyes Avenue, Cebu Business Park
Cebu 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, 2021 and 2020, 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, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

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 Professional 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

The Group's revenue from the distribution of power amounting to ₱973.7 million represents 39% of total revenue in 2021 and arises from its service contracts to a large number of customers consisting of commercial, residential, government institutions and other customers located within its 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 3 and 23 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% of KEPCO SPC Power Corporation (KEPCO SPC) and Mactan Electric Company, Inc. (MECO). As discussed in Note 10 to the consolidated financial statements, the Group's investments in these associates are accounted for under the equity method. As of December 31, 2021, the investments in these associates amounted to ₱5.6 billion (representing 54% 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 ₱1.0 billion (representing 75% of the Group's consolidated net income). The accounting for these investments is significant to our audit because of the substantial amount of the Group's investments and equity in net earnings from these 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 obtained the financial information of KEPCO SPC and MECO and recomputed the Group's equity in net earnings for the year ended December 31, 2021. In addition, our audit procedures included coordinating and instructing the other auditors 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.

In addition to reviewing the relevant working papers of the other auditors, we also 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, 2021, 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, 2021 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 PFRSs, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

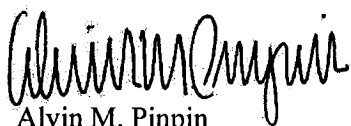
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 94303-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-070-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854347, January 3, 2022, Makati City

April 6, 2022



SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	P2,984,110,635	P3,944,306,886
Trade and other receivables (Notes 5, 7 and 29)	489,827,621	338,055,500
Materials and supplies (Note 8)	389,819,368	363,627,827
Prepayments and other current assets (Note 9)	76,307,342	54,950,450
Total Current Assets	3,940,064,966	4,700,940,663
Noncurrent Assets		
Investments in associates (Note 10)	5,505,243,597	5,782,866,638
Property, plant and equipment (Note 11)	731,765,902	749,683,383
Deferred income tax assets - net (Note 25)	28,346,424	33,322,150
Goodwill (Note 13)	32,522,016	32,522,016
Intangible assets (Note 12)	4,342,740	5,428,425
Other noncurrent assets (Notes 12 and 29)	109,939,293	135,260,031
Total Noncurrent Assets	6,412,159,972	6,739,082,643
TOTAL ASSETS	P10,352,224,938	P11,440,023,306
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 5, 14 and 29)	P536,682,592	P453,351,738
Income tax payable	6,878,630	26,310,765
Current portion of lease liabilities (Note 30)	2,662,317	4,685,106
Total Current Liabilities	546,223,539	484,347,609
Noncurrent Liabilities		
Customers' deposits (Note 15)	186,776,397	174,742,186
Asset retirement obligation (ARO) (Note 16)	89,721,893	85,475,665
Pension liabilities (Note 17)	34,773,836	29,529,558
Lease liabilities - net of current portion (Note 30)	—	1,487,649
Other noncurrent liabilities (Note 29)	72,370,338	109,168,815
Total Noncurrent Liabilities	383,642,464	400,403,873
Total Liabilities	929,866,003	884,751,482

(Forward)

