

COVER SHEET

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Sec. Registration Number

S P C P O W E R C O R P O R A T I O N

(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 B D O T o w e r s P a s e o

8 7 4 1 P a s e o d e R o x a s

M a k a t i C i t y

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

Mr. Niño Ray D. Aguirre

Contact Person

8810 44 74 to 77

Company Telephone Number

0 3

Month

3 1

Day

Calendar Year

SEC FORM

1 7 - Q

FORM TYPE

0 5

Month

3 0

Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

DOCUMENT I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT UNDER SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17 (2) (b) THEREUNDER

1. For the year ended March 31, 2024
2. SEC Identification Number AS94-002365 3. BIR Tax Identification No. 003-868-048
4. SPC POWER CORPORATION
Exact name of the issuer as specified in its charter
5. Metro Manila, Philippines 6. (SEC Use Only)
Province, country, or other jurisdiction of incorporation Industry Classification Code:
7. 7th FL, BDO Towers Paseo, 8741, Paseo de Roxas, Makati City, 1209
Address of Issuer's principal office Postal Code
8. (63 2) 8810-4474 to 77
Issuer's telephone number, including area code
9. 7th FL, Cebu Holdings Center, Archbishop Reyes Avenue, Cebu Business Park, Cebu City
Former name of former address, if changed since last report

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

a. Title of Each Class

b. Number of Shares of Common Stock
Outstanding and Amount of Debt
Outstanding

Common Shares (as of March 31, 2024) 1,496,551,803 shares
Total Debt (as of March 31, 2024) -

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

Yes [☒] No [☐]

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

Philippine Stock Exchange

common shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months or for such shorter period that the registrant was required to file such report(s):

Yes [☒] No [☐]

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

Yes [☒] No [☐]

PART I – FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated interim financial statements of the Parent Company and its Subsidiaries (the “Group”) are attached herewith as follows:

- a. Consolidated Statements of Financial Position – March 31, 2024 (unaudited) and December 31, 2023 (audited).
- b. Consolidated Statements of Comprehensive Income – Three Months Ended March 31, 2024 and 2023 (unaudited).
- c. Consolidated Statements of Changes in Stockholders’ Equity – Three Months Ended March 31, 2024 and 2023 (unaudited).
- d. Consolidated Statements of Cash Flows – Three Months ended March 31, 2024 and 2023 (unaudited).
- e. Notes to the Consolidated Interim Financial Statements.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND 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 interim 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

Three Months Ended March 31, 2024 and 2023

The Group registered a total comprehensive income of ₱113.7 million in the first quarter of 2024, 57.7% lower compared to the same period last year of ₱268.6 million as both revenue and investee companies' income contribution declined this year, translating to a return on average equity of 1.1% and an earnings per share of ₱0.07.

Equity share from the earnings of the investee companies (namely, KSPC and MECO) comprised the bulk of the Group’s total comprehensive income in the first quarter of 2024, accounting for 76.0% of the total.

The generation and distribution business segments, which made up 24.0% of the group's net income, pitched in at ₱27.1 million in the first quarter of 2024, 72.6% lower compared to ₱99.0 million in the same period last year.

Consolidated revenues declined by 10.3% to ₱820.4 million in the first quarter of this year, from ₱914.8 million in the same period last 2023, due mainly to lower pass-through cost of services.

Cost of services increased by 11.3% in the first quarter of 2024 from ₱713.8 million in the same period of 2023, due to increases in global fuel prices utilized by the generation business segment net of lower purchased power used by the distribution business segment.

As cost of services grew faster than revenue, gross margin declined by 87.2% to ₱25.6 million in the first quarter of 2024, as compared to the first quarter of 2023 amounting to ₱200.9 million.

General and administrative expenses decreased by 9.6% to ₱60.5 million in the first quarter of this year, from ₱66.9 million in the same period a year earlier, due to lower business development and personnel related expenses and taxes and licenses .

Interest Income amounts to ₱46.8 million in the first quarter of 2024, higher by 121.5% from the same period last year amounting to ₱21.1 million due to higher effective interest rates in short-term money market placements.

Foreign exchange gain from the restatement of U.S. dollar-denominated assets amounted to ₱19.1 million in the first quarter of 2024, in contrast from the same period of last year's net foreign exchange losses of ₱30.2 million. This was due to the appreciation of the peso vis-à-vis the U.S. dollar from March 31, 2024 and 2023.

Provision For Income Tax went down by 61.3% to ₱11.7 million in the first quarter of 2024, from the same period of previous year's ₱30.2 million because of this year's lower taxable income.

Financial Condition

March 31, 2024 Vs. December 31, 2023

The Group's consolidated assets at the end-March 2024 amounts to ₱11,651.2 million, lower by 7.0% than the last audited balance of ₱12,531.2 million at the end of 2023 due to the declaration and payment of cash dividends net of cash dividends received from an affiliate, decline in the carrying value of investments in associates as well as lower cash from operating activities in the first quarter of 2024.

Total liabilities decreased by 7.8% at the end of March 2024 amounting to ₱1,127.8 million as compared to the start of the year (₱1,223.4 million), mostly as a result of dividends payable payments at the end of the quarter this year.

In line with this, **total stockholders' equity** also went down by 6.9% to ₱10,523.5 million this end-March 2024, from ₱11,307.7 million at the start of the year. This decrease was attributed to comprehensive income attributable to Parent Company equity holders, net of interim cash dividends declared amounting to ₱897.9 million.

Trade and other receivables grew by 2.6% to ₱665.7 million as at end-March 2024, from ₱649.1 million in last year, due to higher production output in the latter month of the quarter.

Materials and supplies inventory went down by 3.0% to ₱387.4 million, from the previous year's ₱399.4 million, due mainly to lower volume of fuel inventory as at end-March 2024.

Prepayments and other current assets increased by 12.0% to ₱93.8 million this end-March 2024, from ₱83.7 million last year, due mainly to deferred business tax and accumulated input tax awaiting application against output tax.

Investment in associates as at end-March 2024 is 8.7% lower compared to ₱5,815.8 million last year, this is because of dividends received this quarter amounting to ₱590.3 million.

Property, plant and equipment slightly declined by 1.7% to ₱724.0 million this year at end-March 2024, from ₱736.6 million last year. This was attributed to depreciation and amortization amounting to ₱22.8 million net of new additions to property, plant and equipment amounting to ₱9.9 million.

Trade and other payables decreased by 2.4% to ₱719.8 million, from ₱737.7 million due mainly to the payment of dividends payable amounting to ₱115.3 million.

Unappropriated retained earnings decreased by ₱791.1 million or 8.2% to ₱8,806.9 million, from ₱9,598.0 million. The decrease is reflective of the net effect of the following: (i) increase due to net income attributable to equity holders of the Parent Company amounting to ₱106.8 million in the first three months of 2024, (ii) decrease due to interim cash dividends declared on Feb 7, 2024 amounting to ₱897.9 million.

Cash Flows

The Group's cash flow and liquidity remains strong and we have material headroom to fund investment and further capital management initiatives.

Cash and cash equivalents increased by 2.8% to ₱4,365.9 million as at end-March 2024, from end-March 2023's amount of ₱4,247.1 million. This was primarily on account of net cash inflows generated in 2023, net of cash flows from investing and financing activities in the three months ended March 31, 2024.

Key Performance Indicators

The following financial indicators are used, among others, to evaluate the performance of the Group as of March 31, 2024 and December 31, 2023 and for the three months ended March 31, 2024 and 2023:

Key Performance Indicators	2024	2023
A. For Three months ended March 31 2024 & 2023.		
Earnings Per Share	P0.07	P0.18
Share In Net Earnings of Associates	P86,428,425	P169,724,784
Return on Equity (total comprehensive income divided by average total equity)	1.10%	2.55%
Return on Assets (total comprehensive income divided by average total assets)	0.98%	2.29%
Cash Flows for Three months ended March 31 2024 & 2023.		
Net cash inflows generated from operating activities	P4,028,757	P259,465,330
Net cash inflows (outflows) used in investing activities	P580,837,478	(P9,611,747)
Net cash flows used in financing activities	(P981,012,957)	(P4,761,867)
Solvency ratio (total comprehensive income before depreciation and amortization divided by total liabilities)	0.12	0.24
B. As of March 31, 2024 & December 31, 2023:		
Cash and cash equivalents at end of period	P4,365,915,801	P4,743,043,034
Current ratio (total current assets divided by current liabilities)	7.09	6.75
Debt ratio (total liabilities divided by total assets)	0.10	0.10
Debt-to-equity ratio (total liabilities divided by total equity)	0.11	0.11

Further descriptions of the performance indicators are shown below:

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 relevant period.

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 net income by the investor's percentage of ownership, less goodwill impairment cost, if any. Goodwill is the difference between the acquisition cost of the investment and the investor's share in the value of the net identifiable assets of the investee at the date of 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 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 average 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 capital 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.

Any Significant Elements of Income or Loss from Continuing Operations

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

Major Subsequent Events

The following are the major events that happened after March 31, 2024, but before the release of the Quarterly Report on May 6, 2024:

1. On April 3, 2024, the BOD of Mactan Electric Company Inc. (MECO) declared cash dividends in the amount of P500.0 million in favor of all shareholders of record as of April 3, 2024, payable on or before April 30, 2024.
2. On April 5, 2024, the BOD of MECO resolved to offer for subscription the amount of P499.0 million divided into 49,902,713 MECO shares in relation to the increase in its authorized capital stock from P500.0 million to P1,000.0 million through amendment of its Articles of Incorporation in its April 3, 2024 special BOD meeting. The stockholders of record as of April 3, 2024, including SPC with its 40% interest, may exercise their preemptive right to subscribe to the increase in proportion to their shareholdings on or before May 15, 2024.
3. The SPC Board of Directors, during its meeting on April 11, 2024, approved without objection, the declaration of cash dividend in the amount of P0.40 per share, or for a total amount of P598.62 million, to all stockholders of record as of April 25, 2024, payable on or before May 10, 2024.
4. The SPC Board in a special meeting on April 24, 2024 approved the sale of the Corporation's 29,925,000 common shares in Bohol Light Company, Inc. for P 6.67 per share to Primelectric Holdings, Inc. or in the total amount of P 199.5 million. The sale shall be in accordance with the terms and conditions of a Share Purchase Agreement and other definitive documents to be entered into by the parties.
Bohol Light Company Inc. is a distribution utility engaged in the distribution of electricity in Tagbilaran City, its franchise area.

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

Known Trends

Except as already discussed herein and in the notes to the interim 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.

SIGNATURES

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

SPC POWER CORPORATION

Issuer

By:



EDGARDO S. CABRAL, JR.

Finance Manager

Date: May 6, 2024



NIÑO RAY D. AGUIRRE

VP-Finance & Treasurer

Date: May 6, 2024

SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Philippine Pesos)

	Mar 31, 2024	Dec 31, 2023	Incr. / (Decr.)	
	(Unaudited)	(Audited)	Amount	Percent
ASSETS				
Current Assets				
Cash and cash equivalents	4,365,915,801	4,743,043,034	(377,127,233)	(8.0%)
Trade and other receivables - net	665,660,571	649,107,657	16,552,914	2.6%
Inventories - at cost	387,380,836	399,393,666	(12,012,830)	(3.0%)
Prepayments and other current assets	93,794,095	83,709,811	10,084,284	12.0%
Total Current Assets	5,512,751,303	5,875,254,168	(362,502,865)	(6.2%)
Noncurrent Assets				
Investment in associates	5,311,855,959	5,815,751,427	(503,895,468)	(8.7%)
Property, plant and equipment - net	724,030,384	736,630,614	(12,600,230)	(1.7%)
Deferred income tax assets	35,245,743	35,457,044	(211,301)	(0.6%)
Goodwill	32,522,016	32,522,016	-	0.0%
Intangible Assets	1,899,949	2,171,373	(271,424)	(12.5%)
Other noncurrent assets - net	32,932,425	33,371,571	(439,146)	(1.3%)
Total Noncurrent Assets	6,138,486,476	6,655,904,045	(517,417,569)	(7.8%)
TOTAL ASSETS	11,651,237,779	12,531,158,213	(879,920,434)	(7.0%)
LIABILITIES & EQUITY				
Current Liabilities				
Trade and other payables	719,799,123	737,676,850	(17,877,727)	(2.4%)
Income tax payable	18,596,019	10,919,560	7,676,459	70.3%
Current portion of lease liabilities	2,200,254	2,200,254	-	0.0%
Dividends payable	37,001,653	119,577,816	(82,576,163)	(69.1%)
Total current liabilities	777,597,049	870,374,480	(92,777,431)	(10.7%)
Noncurrent Liabilities				
Customers' deposits	196,321,926	193,914,394	2,407,532	1.2%
Asset retirement obligation	93,069,477	93,069,477	-	0.0%
Net pension liabilities	34,376,585	37,166,411	(2,789,826)	(7.5%)
Deferred income tax liabilities	19,555,870	19,725,739	(169,869)	(0.9%)
Lease liabilities - net of current portion	6,853,530	7,359,242	(505,712)	(6.9%)
Other noncurrent liability	-	1,839,924	(1,839,924)	(100.0%)
Total noncurrent liabilities	350,177,388	353,075,187	(2,897,799)	(0.8%)
Total Liabilities	1,127,774,437	1,223,449,667	(95,675,230)	(7.8%)

(Forward)

SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Philippine Pesos)

	Mar 31, 2024	Dec 31, 2023	Incr. / (Decr.)	
	(Unaudited)	(Audited)	Amount	Percent
Stockholders' Equity				
Capital stock - P1 par value				
Authorized - 2,000,000,000 shares				
Issued - 1,569,491,900 shares	1,569,491,900	1,569,491,900	-	0.0%
Additional paid-in capital	86,810,752	86,810,752	-	0.0%
Retained earnings:				
Unappropriated	8,806,870,331	9,598,002,269	(791,131,938)	(8.2%)
Other comprehensive income:				
Remeasurement of employee benefits	1,208,496	1,208,496	-	0.0%
Net unrealized valuation gains				
on financial asset at FVOCI	13,350,000	13,350,000	-	0.0%
Share in remeasurement of employee				
benefits of associates	2,941,249	2,941,249	-	0.0%
Treasury stock at cost - 72,940,097 shares	(131,008,174)	(131,008,174)	-	0.0%
Equity attributable to equity holders				
of Parent	10,349,664,554	11,140,796,492	(791,131,938)	(7.1%)
Equity attributable to Non-controlling				
interests	173,798,788	166,912,054	6,886,734	4.1%
Total Equity	10,523,463,342	11,307,708,546	(784,245,204)	(6.9%)
TOTAL LIABILITIES and EQUITY	11,651,237,779	12,531,158,213	(879,920,434)	(7.0%)

See accompanying Notes to Consolidated Financial Statements.

SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Philippine Pesos)

	Three months ended Mar 31		Increase / (Decrease)	
	2024	2023	Amount	Percent
	(Unaudited)	(Unaudited)		
REVENUE	820,419,723	914,750,232	(94,330,509)	(10.3%)
COST OF OPERATIONS	794,789,096	713,825,434	80,963,662	11.3%
GROSS MARGIN	25,630,627	200,924,798	(175,294,171)	(87.2%)
GENERAL AND ADMINISTRATIVE				
EXPENSES	(60,517,592)	(66,924,702)	6,407,110	(9.6%)
OTHER INCOME (CHARGES) - Net				
Equity in net earnings of associates	86,428,425	169,724,784	(83,296,359)	(49.1%)
Interest Income	46,813,474	21,132,393	25,681,081	121.5%
Interest Expense	(161,984)	(188,464)	26,480	(14.1%)
Foreign exchange gains (losses)	19,130,926	(30,182,640)	49,313,566	(163.4%)
Others - net	8,018,052	4,210,701	3,807,351	90.4%
	160,228,893	164,696,774	(4,467,881)	(2.7%)
INCOME BEFORE INCOME TAX	125,341,928	298,696,870	(173,354,942)	(58.0%)
PROVISION FOR INCOME TAX				
Current	11,614,618	30,162,171	(18,547,553)	(61.5%)
Deferred	41,432	(49,210)	90,642	(184.2%)
	11,656,050	30,112,961	(18,456,911)	(61.3%)
NET INCOME	113,685,878	268,583,909	(154,898,031)	(57.7%)
OTHER COMPREHENSIVE INCOME	-	-	-	
TOTAL COMPREHENSIVE INCOME	113,685,878	268,583,909	(154,898,031)	(57.7%)
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent	106,799,144	263,967,835	(157,168,691)	(59.5%)
Non-controlling interests	6,886,734	4,616,074	2,270,660	49.2%
	113,685,878	268,583,909	(154,898,031)	(57.7%)
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Equity holders of the Parent	106,799,144	263,967,835	(157,168,691)	(59.5%)
Non-controlling interests	6,886,734	4,616,074	2,270,660	49.2%
	113,685,878	268,583,909	(154,898,031)	(57.7%)
EARNINGS PER SHARE (Note 3):				
Basic/diluted, for income for the period				
attributable to equity holders of the Parent	0.07	0.18	(0.11)	(59.5%)

See accompanying Notes to Consolidated Financial Statements.

SPC POWER CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE 3 MONTHS ENDED MARCH 31, 2024 AND 2023**

Equity Attributable to Equity Holders of the Parent												
	Remeasurement of Employee Benefits					Share of Associates in OCI	Retained Earnings		Net Unrealized Valuation Gains on Financial Assets at FVOCI	Total	Non-controlling Interest	Total
	Capital Stock	Paid-In Capital	Treasury Stock at Cost	Remeasurement of Employee Benefits	Appropriated		Unappropriated					
Balances at January 1, 2024	P1,569,491,900	P86,810,752	P(131,008,174)	P1,208,496	P2,941,249	-	P9,598,002,269	P13,350,000	P11,140,796,492	P166,912,054	P11,307,708,546	
Total comprehensive income	-	-	-	-	-	-	106,799,144	-	106,799,144	6,886,734	113,685,878	
Cash dividends	-	-	-	-	-	-	(897,931,082)	-	(897,931,082)	-	(897,931,082)	
Reversal of appropriations	-	-	-	-	-	-	-	-	-	-	-	
Appropriation (Note 12)	-	-	-	-	-	-	-	-	-	-	-	
Balances at Mar 31, 2024	P1,569,491,900	P86,810,752	P(131,008,174)	P1,208,496	P2,941,249	-	P8,806,870,331	P13,350,000	P10,349,664,554	P173,798,788	P10,523,463,342	
Balances at January 1, 2023	P1,569,491,900	P86,810,752	P(131,008,174)	P(3,858,148)	P6,800,073	P1,800,000,000	P6,927,417,031	P11,350,000	P10,267,003,434	P132,482,482	P10,399,485,916	
Total comprehensive income	-	-	-	-	-	-	263,967,835	-	263,967,835	4,616,074	268,583,909	
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	
Balances at Mar 31, 2023	P1,569,491,900	P86,810,752	P(131,008,174)	P(3,858,148)	P6,800,073	P1,800,000,000	P7,191,384,866	P11,350,000	P10,530,971,269	P137,098,556	P10,668,069,825	

See accompanying Notes to Consolidated Financial Statements.

SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Philippine Pesos)

	Three months ended Mar 31	
	2024	2023
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
INCOME BEFORE INCOME TAX	125,341,928	298,696,870
Adjustments for:		
Equity in Net Earnings (Losses) of Associates	(86,428,425)	(169,724,784)
Depreciation and amortization	22,797,214	21,519,274
Interest expense	161,984	188,464
Net changes in pension liability	(2,789,826)	(692,823)
Interest income	(46,813,474)	(21,132,393)
Others	(19,019,489)	29,408,468
Operating income before working capital changes	(6,750,088)	158,263,076
Decrease (increase) in:		
Trade and Other Receivables - net	(16,552,914)	114,520,521
Materials and Supplies - net of allowance	12,012,830	19,417,787
Prepayments and Other Current Assets	(10,084,285)	(9,298,475)
Increase (decrease) in:		
Trade and other payables	(19,660,162)	(44,304,340)
Customers' deposits	2,392,002	292,229
Net cash generated from operations	(38,642,617)	238,890,798
Income Tax Paid	(3,938,159)	(337,890)
Interest paid	(203,941)	(229,948)
Interest received	46,813,474	21,142,370
Net cash flows from operating activities	4,028,757	259,465,330
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received	590,323,892	19,999,978
Additions to plant, property and equipment	(9,925,560)	(21,948,508)
Decrease in other noncurrent assets	439,146	(7,663,217)
Net cash provided by (used in) investing activities	580,837,478	(9,611,747)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(980,507,245)	(4,342,485)
Payment of lease liabilities	(505,712)	(419,382)
Net cash provided by (used in) financing activities	(981,012,957)	(4,761,867)
NET EFFECT OF EXCHANGE RATE CHANGES	19,019,489	(29,408,949)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(396,146,722)	245,091,716
CASH AND CASH EQUIVALENTS AT BEG. OF PERIOD	4,743,043,034	4,031,421,593
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,365,915,801	4,247,104,360

See accompanying Notes to Financial Statements.

SPC POWER CORPORATION AND SUBSIDIARIES
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General

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

	Nature of Business	% of Ownership		
		Direct	Indirect	Total
SPC Island Power Corporation	Power generation	100.00%	-	100.00%
Cebu Naga Power Corporation	Power generation	100.00%	-	100.00%
SPC Malaya Power Corporation	Power generation	40.00%	38.40%	78.40%
SPC Light Company, Inc.	Holding company	40.00%	24.00%	64.00%
Bohol Light Company, Inc.	Power distribution	39.90%	13.76%	53.66%
SPC Electric Company, Inc.	Holding company	40.00%	-	40.00%

The consolidated interim financial statements of the Group were authorized for issue by the Parent Company's Board of Directors through its Executive Committee on May 6, 2023.

2. Accounting Policies

The Group's consolidated interim financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). Measurements are on historical cost basis, except for financial assets at FVOCI which have been measured at fair value, and are presented in Philippine Peso, the Group's functional and presentation currency.

The accounting policies adopted in the preparation of the interim financial statements are the same as those mentioned in the audited financial statements for the year 2024.

3. Earnings Per Share

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

	Three months ended Mar 31	
	2024	2023
Net income attributable to equity holders of the parent	P106,799,144	P263,967,835
Weighted average number of common shares issued and outstanding	1,496,551,803	1,496,551,803
Basic/Diluted earnings per share	P0.07	P0.18

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

Number of shares issued 1,569,491,900

Less weighted average number of treasury shares	72,940,097
	1,496,551,803

There are no dilutive potential common stocks issued as of March 31, 2024.

4. Seasonal Aspects

The group does not have any seasonal aspect that has a material effect on its financial condition and results of operations.

5. Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income, or Cash Flows That Are Unusual Because of Their Nature, Size or Incidence.

Aside from what is already disclosed in the management's discussion and analysis of financial condition and results of operations, there are no other assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

6. Nature and Amount of Changes in Estimates of Amounts Reported in Prior Interim Periods of the Current Financial Year or Changes in Estimates of Amounts Reported in Prior Financial Years, if Those Changes Have a Material Effect in the Current Interim Period.

There are no changes in estimates of amounts in the first quarter of 2024.

7. Issuances, Repurchases & Repayments of Debts & Equity Securities.

There are no issuances, repurchases and repayments of debt and equity securities during the three months ended March 31, 2024.

8. Segment Information

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

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

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

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

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

No inter-segment revenues were earned within the Group in the three months ended March 31, 2024 and 2023.

The following tables present revenue and income information and certain asset and liability information regarding the business segments as of March 31, 2024 and 2023:

Mar 31, 2024

	Before Eliminations				Adjustments and Eliminations	After Eliminations/ Consolidated
	Generation	Distribution	Others	Total		
Revenue	P570,717,973	P249,701,750	-	P820,419,723	-	P820,419,723
Income before income tax	610,285,977	18,835,986	115,432	629,237,395	(503,895,467)	125,341,928
Net income	602,733,465	14,732,447	115,432	617,581,344	(503,895,467)	113,685,878
Total assets	8,778,090,409	711,691,653	66,225,974	9,556,008,036	2,095,229,743	11,651,237,779
Property, plant and equipment	451,841,234	270,921,245	-	722,762,479	1,267,905	724,030,384
Total liabilities	725,688,664	401,693,970	101,268	1,127,483,902	290,535	1,127,774,437
Depreciation and amortization	15,344,946	7,452,268	-	22,797,214	-	22,797,214

Mar 31, 2023

	Before Eliminations				Adjustments and Eliminations	After Eliminations/ Consolidated
	Generation	Distribution	Others	Total		
Revenue	P492,514,867	P422,235,365	-	P914,750,232	-	P914,750,232
Income before income tax	216,478,929	12,647,880	(154,835)	228,971,973	69,724,897	298,696,870
Net income	188,883,582	10,130,265	(154,835)	198,859,012	69,724,897	268,583,909
Total assets	8,648,244,354	856,369,841	62,963,485	9,567,577,680	2,285,473,480	11,853,051,160
Property, plant and equipment	465,964,124	268,186,966	-	734,151,090	1,267,905	735,418,995
Total liabilities	561,627,838	623,016,066	129,759	1,184,773,663	211,672	1,184,985,335
Depreciation and amortization	15,006,576	6,512,698	-	21,519,274	-	21,519,274

Adjustments and eliminations are part of detailed reconciliations presented below:

Reconciliation of Net Income

Three months ended Mar. 31

	2024	2023
Segment net income	P617,581,344	P198,859,012
Equity in net earnings of associates	86,428,425	169,724,784
Dividend Income	(590,323,892)	(99,999,888)
Group net income	P113,685,878	P268,583,909

<i>Reconciliation of Total Assets</i>	Mar 31, 2024	Dec 31, 2023
Segment assets	₱9,556,008,036	₱9,941,635,003
Inter-segment receivables	(8,348,327)	(16,682,422)
Property, plant and equipment	1,267,905	-
Investments in associates and subsidiaries	2,069,788,149	2,573,683,616
Goodwill	32,522,016	32,522,016
Group assets	₱11,651,237,779	₱12,531,158,213

<i>Reconciliation of Total Liabilities</i>	Mar 31, 2024	Dec 31, 2023
Segment liabilities	₱1,127,483,901	₱1,232,761,131
Inter-segment payables	290,536	(9,311,464)
Group liabilities	₱1,127,774,437	₱1,223,449,667

9. Effect of Changes in the Composition of the Issuer During the Interim Period, Including Business Combinations, Acquisition or Disposal of Subsidiaries & Long-term Investments, Restructurings, and Discontinuing Operations.

There are no changes in the composition of the registrant during the interim period.

10. Changes in Contingent Liabilities or Contingent Assets Since the Last Annual Balance Sheet Date.

There are no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

11. Financial Risk Management and Policies

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

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

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

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to risk of changes in market interest

Liquidity Risk

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

The tables below summarize the maturity profile of the Group's financial assets used to manage liquidity risk and financial liabilities at March 31, 2024 and December 31, 2023 based on contractual undiscounted payments:

Mar 31, 2024						
	Total	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days
Financial Assets						
At amortized cost:						
Cash and cash equivalents	P4,365,915,801	P640,555,141	P3,725,360,660			
Trade and other receivables						
Receivable from customers	460,312,563	302,032,489	33,570,073	16,004,703	15,494,979	93,210,319
Dividends receivable	39,999,956	-	-	-	-	39,999,956
Current portion of PSALM deferred adjustments	-	-	-	-	-	-
Due from related parties	3,288,788	508,795	137,357	16,398	199,158	2,427,080
Others	162,059,264	92,782,032	17,698,385	7,578,259	3,849,850	40,150,738
	665,660,571	395,323,316	51,405,815	23,599,360	19,543,987	175,788,093
PSALM deferred adjustments (included in "Other noncurrent assets")	-	-	-	-	-	-
	5,031,576,372	1,035,878,457	3,776,766,475	23,599,360	19,543,987	175,788,093
At FVOCI:						
Investment in proprietary club shares	15,000,000	-	-	-	-	15,000,000
	5,046,576,372	1,035,878,457	3,776,766,475	23,599,360	19,543,987	190,788,093
Financial Liabilities						
Trade and other payables						
Trade	414,611,691	282,275,903	88,815,521	3,308,773	4,344,654	35,866,840
Nontrade	91,904,232	1,188,308	88,172	298,704	-	90,329,048
Accrued expenses	31,749,421	9,856,560	1,183,037	1,107,662	268,783	19,333,379
Due to related parties	523,939	14,149	-	-	7,148	502,642
	538,789,283	293,334,920	90,086,730	4,715,139	4,620,585	146,031,909
Customers' deposits	196,321,926	-	-	-	-	196,321,926
Lease liabilities	10,073,150	-	-	-	-	10,073,150
Dividends payable	37,001,653	37,001,653				
Other noncurrent liability	-	-				
	782,186,012	330,336,573	90,086,730	4,715,139	4,620,585	352,426,985

Dec 31, 2023						
	Total	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days
Financial Assets						
At amortized cost:						
Cash and cash equivalents	P4,743,043,034	P798,410,969	P3,944,632,065	-	-	-
Trade and other receivables						
Receivable from customers	457,828,766	296,349,329	31,681,359	18,264,876	13,918,375	97,614,827
Dividends receivable	39,999,956	-	-	-	-	39,999,956
Current portion of PSALM deferred adjustments	31,892,013	31,892,013	-	-	-	-
Due from related parties	3,149,695	557,384	20,474	143,405	196,013	2,232,419
Others	116,237,227	39,395,814	17,110,654	11,097,177	2,645,408	45,988,174
	649,107,657	368,194,540	48,812,487	29,505,458	16,759,796	185,835,376
PSALM deferred adjustments (included in "Other noncurrent assets")	1,839,924	-	-	-	-	1,839,924
	5,393,990,615	1,166,605,509	3,993,444,552	29,505,458	16,759,796	187,675,300
At FVOCI:						
Investment in proprietary club shares	15,000,000	-	-	-	-	15,000,000
	5,408,990,615	1,166,605,509	3,993,444,552	29,505,458	16,759,796	202,675,300
Financial Liabilities						
Trade and other payables						
Trade	394,559,067	368,776,398	3,800,169	280,257	602,161	21,100,082
Nontrade	244,060,030	92,297,513	3,202,704	3,394,647	3,204,128	141,961,038
Accrued expenses	30,994,396	12,089,740	634,320	615,359	(490,310)	18,145,287
Due to related parties	530,150	20,360	-	-	7,148	502,642
	670,143,643	473,184,011	7,637,193	4,290,263	3,323,127	181,709,049
Customers' deposits	193,914,394	-	-	-	-	193,914,394
Lease liabilities	10,725,319	-	-	-	-	10,725,319
Other noncurrent liability	1,839,924	-	-	-	-	1,839,924
	876,623,280	473,184,011	7,637,193	4,290,263	3,323,127	388,188,686

Credit Risk

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

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

With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, due from related parties and PSALM deferred adjustments included in "Other noncurrent assets", the Group's exposure to credit risk arises from default of the counterparty.

The Group's credit risk from cash and cash equivalents is mitigated by Philippine Deposit Insurance Corporation's (PDIC) insurance coverage on the cash in bank. While the Group does not hold collateral as security, its credit risk from trade and other receivables is mitigated by the customers' deposits which are collected to guarantee any uncollected bills from the customers upon termination of the service contract.

security, its credit risk from trade and other receivables is mitigated by the customers' deposits which are collected to guarantee any uncollected bills from the customers upon termination of the service contract.

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

Mar 31, 2024			
	Maximum exposure	Offset	Exposure to credit risk
At amortized cost:			
Cash and cash equivalents (excluding cash on hand)	P4,365,307,294	P(10,245,585)	P4,355,061,708
Trade and other receivables	665,660,571		665,660,571
Investment in proprietary club shares	15,000,000	-	15,000,000
	P5,045,967,865	P(10,245,585)	P5,035,722,279

Dec 31, 2023			
	Maximum exposure	Offset	Exposure to credit risk
At amortized cost:			
Cash and cash equivalents (excluding cash on hand)	P4,742,464,501	P(10,138,295)	P4,732,326,206
Trade and other receivables	649,107,657		649,107,657
PSALM deferred adjustments (included in "Other noncurrent assets")	1,839,924	-	1,839,924
At FVOCI:			
Investment in proprietary club shares	15,000,000	-	15,000,000
	P5,408,412,082	P(10,138,295)	P5,398,273,787

As of March 31, 2024 and December 31, 2023, the Group's significant concentration of credit risk pertains to its trade and other receivables and PSALM deferred adjustments amounting to P665.7 million and P650.9 million, respectively, and impaired financial assets, determined based on probability of collection, are adequately covered with allowance.

Applicable for the first quarter and year ended March 31, 2024 and December 31, 2023.

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

General Approach

- *Cash and cash equivalents* - As of March 31, 2024 and December 31, 2023, the ECL relating to the cash and cash equivalents of the Group is minimal as these are deposited in reputable banks which have good bank standing, and is considered to have low credit risk.

- *Due from NPC/PSALM, related parties, and other receivables* - As of March 31, 2024 and December 31, 2023, there were no individually impaired accounts. No ECL is recognized for these receivables since there was no history of default payments. This assessment is undertaken each financial year through examining the financial position of the parties and the markets in which the parties operate.

Simplified Approach

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

Mar 31, 2024					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	-	-	₱44,894,258	₱665,660,571	₱710,554,829
Loss allowance	-	-	(44,894,258)	-	(44,894,258)
Carrying amount	-	-	-	₱665,660,571	₱665,660,571

Dec 31, 2023					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	-	-	₱44,894,258	₱649,107,657	₱694,001,915
Loss allowance	-	-	(44,894,258)	-	(44,894,258)
Carrying amount	-	-	-	₱649,107,657	₱649,107,657

The Group grades its financial assets as follows:

- *Cash and Cash Equivalents*: These are assessed as high grade since these are deposited in reputable banks which have good bank standing, thus credit risk is minimal.
- *Receivable/Due from NPC/PSALM, NGCP and Distribution Utilities*: These are assessed as high grade since these receivables arose from the contract provisions of the ROMM Agreement, Operation and Maintenance Service Contracts (OMSC), Ancillary Services Procurement Agreements (ASPA), Power Supply Contracts (PSCs), and/or collectible from government institution.
- *Receivable from Customers of BLCI*: Receivables from commercial customers are classified as high grade; receivables from residential customers as standard; and receivables from the government, hospitals and radio stations as substandard. Classification is based on the collection history with these customers.
- *Due from Related Parties*: These are assessed as standard, although recoverability of these receivables is certain, as these are given secondary priority as to settlement by the related parties compared to third party obligations.
- *Other Receivables*: Grading of financial assets is determined individually based on the Group's collection experience with the counterparty.

Fair Value of Financial Assets and Financial Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

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

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

As of March 31, 2024 and December 31, 2023, the Group considers its investment in proprietary club shares measured and carried at fair values of ₱15.0 million under Level 1 classification, respectively. The Group also considers its noncurrent receivable amounting to nil as of March 31, 2024 and ₱1.8 December 31, 2023, respectively, noncurrent liability amounting to nil million as of March 31, 2024 and ₱1.8 December 31, 2023, and customers' deposits amounting to ₱196.3 million as of March 31, 2024 and ₱193.9 million December 31, 2023, respectively, under the Level 3 classification.

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

12. Existence of Material Contingencies and any Other Events or Transactions that are Material to an Understanding of the Current Interim Period.

Except as already discussed in the Management's Discussion and Analysis of Financial Conditions and Results of Operations as well as in the schedules and disclosures set forth in this Selected Notes to Interim Consolidated Financial Statements, there are no other material contingencies and any other events or transactions that are material to an understanding of the current interim period.

Certification

I, Mishelle Anne Rubio-Aguinaldo. Assistant Corporate Secretary of SPC Power Corporation with SEC registration number AS094-002365 with principal office at the 7/F BDO Towers Paseo, 8741 Paseo de Roxas, Makati City, on oath state:

- 1) That on behalf of SPC Power Corporation, I have caused SEC Form 17-Q (Quarterly Report) report to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That we submit the attached Quarterly Report in compliance with SEC reportorial requirements;
- 4) That SPC Power Corporation will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
- 5) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of the filing fee.

The Certification was issued by the undersigned Assistant Corporate Secretary in lieu of the Corporate Secretary since the latter, by reason of his health condition (i.e. diabetic, cancer survivor, and had also lost one of his kidneys) and advanced age, has to observe health and safety protocols. Moreover, since the onset pandemic in 2020, it has been a practice that the Assistant Corporate Secretary issue certifications and other reportorial requirements for reasons of practicality, convenience, and accessibility. Rest assured, the Assistant Corporate Secretary is supervised by the Corporate Secretary and has personal knowledge on all corporate matter that she certifies.

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of May, 2024.

Mishelle Anne R. Rubio-Aguinaldo
Affiant

MAKATI CITY

SUBSCRIBED AND SWORN TO before me this **MAY 08 2024** at Makati City, Philippines by the affiant who exhibited to me her Philippine Passport No. P7454258B, issued on August 24, 2021 at DFA Manila, valid until August 23, 2031.

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Book No. 17
Series of 2024.

ATTY. JOEL FERRER FLORES
Notary Public for Makati City
Until December 31, 2024
Appointment No. M-115 (2023-2024)
Roll Of Attorney No. 77376
MCLE Compliance No. 0001393-
Jan. 3, 2023 until Apr. 12, 2028
PTR NO. 10973945/ Jan. 2, 2024/ Makati City
IBP No. 330740/ Jan. 2, 2024/ Pasig City
1107 Bataan St., Guadalupe Nuevo, Makati City