

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 6

Month

3 0

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

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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 June 30, 2024
2. SEC Identification Number AS94002365 3. BIR Tax Identification No. 003-868-048-00000
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 June 30, 2024)

1,496,551,803 shares

Total Debt (as of June 30, 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 – June 30, 2024 (unaudited) and December 31, 2023 (audited).
- b. Consolidated Statements of Comprehensive Income – Three Months Ended June 30, 2024 and 2023 (unaudited).
- c. Consolidated Statements of Comprehensive Income – Six Months Ended June 30, 2024 and 2023 (unaudited).
- d. Consolidated Statements of Changes in Stockholders’ Equity – Six Months Ended June 30, 2024 and 2023 (unaudited).
- e. Consolidated Statements of Cash Flows – Six Months ended June 30, 2024 and 2023 (unaudited).
- f. 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 June 30, 2024 and 2023

The second-quarter net income improved by 14.9% to P640.3 million from P557.5 million in the same period last year. This was primarily due to increase in equity net earnings from investee companies, higher foreign exchange gains net of the effect of the decline in the gross margin which still resulted in an increase in the bottom line.

Equity share in the earnings of KEPCO SPC Power Corporation (KSPC), one of the investee companies, soared by 60.8% to ₱361.6 million in the second quarter of 2024, from ₱224.9 million in the same period last year. This was attributed to the significant drop in fuel costs due to lower coal prices, and increase in WESM revenue as available capacity of expiring PSCs now being sold to Wholesale Electricity Spot Market (WESM).

Another investee company, Mactan Electric Company (MECO), generated higher revenue and other income from this quarter however, this was surpassed by the higher operating and administrative costs resulting to a decrease in its equity share in earnings by 37.7% year-on-year to ₱49.5 million from ₱79.4 million in the same period the previous year.

The aggregate equity shares in the earnings of investee companies surged by 35.1% to ₱411.0 million in the second quarter of 2024, from ₱304.3 million a year ago.

The power generation business segment contributed ₱216.9 million to the consolidated net income, slightly lower by 11.4% as compared with last year's ₱244.9 million. This was due mainly to the lower capacity utilized for rendering ancillary services resulting from the expiration of the 16.2 MW Ancillary Services Purchase Agreement (ASPA) firm contract in April 2024 and the temporary under-recovery of higher pass-through fuel costs.

The distribution business unit increased its contribution to the total comprehensive income to ₱12.3 million in the second quarter of 2024, from ₱8.4 million in the same period the previous year, fueled mainly by the increase in the volume of electricity sold and lower pass through prices.

Consolidated revenues for the second quarter of 2024 rose by 13.1% to ₱1,494.5 million, from ₱1,321.6 million in the same period last year. The increase was traced mainly to the higher pass through cost of fuel and recovery of prior periods' cost of fuel used for rendering ancillary services. The increase in power distribution's volume of electricity sold did not equate to an increase in its revenue during the second quarter of 2024, due to lower pass through cost of services.

The consolidated cost of services increased by 24.1% to ₱1,288.9 million this year from ₱1,039.0 million in 2023. This was mostly caused by rising fuel prices, which are passed on to customers and correlate with the increase in volume of electricity generated and sold by the generation business segment, net of lower purchased power cost used by the distribution business segment.

Consolidated administrative and general expenses recorded a minimal decrease by 2.4% to ₱60.3 million in April-June 2024, from ₱61.6 million in the same period last year, mostly as a result of retirement related expenses and higher taxes and licenses incurred in 2023.

Other income increased to ₱521.6 million from ₱381.5 million due to the increase in equity in net earnings of associates and foreign exchange gains from foreign currency-denominated financial assets and transactions.

Due to an overall decline in taxable income, the income tax provision dropped by 41.0% from ₱44.9 million to ₱26.5 million.

Six Months Ended June 30, 2024 and 2023

Consolidated revenues increased by 3.5% to ₱2,314.9 million in the first half of this year, from ₱2,236.4 million in the same period last year, due mainly to higher energy dispatched in the power generation segment and a higher volume of electricity sold in distribution utility.

The power generation business segment revenue increased by 21.5% to ₱1,664.2 million this year from ₱1,369.5 million in the same period last year. This can be attributed to the increased energy that was sold and dispatched in April and May, when the market observed a significant increase in both power demand and pricing. The pass-through fuel cost is a significant contributor to revenue, as it also diminished the gross margin.

The distribution business unit's revenue for the first half of this year is ₱650.6 million, down 24.9% from ₱866.9 million during the same period last year. Despite selling a higher volume of electricity this year, distribution utilities' revenue had decreased due to the lower price of purchased power.

The cost of services increased by 18.9% in the first half of 2024 from ₱1,752.9 million in the same period of 2023. This is due to increases in global fuel prices utilized by the generation business segment and higher electricity sold, net of lower purchased power cost used by the distribution business segment.

As cost of services grew more quickly than revenue, gross margin declined by 52.2% to ₱231.2 million in the first half of 2024, as compared to the same period of 2023 amounting to ₱483.5 million.

General and administrative expenses decreased by 6.0% to ₱120.8 million in the first half of this year, from ₱128.5 million in the same period a year earlier. This results from the streamlining of Makati and Cebu offices, resulting to lower cost of professional services, personnel and other incidental costs. Moreover, majority of the decline can be attributed to costs associated with retirement as well as taxes and licenses paid in the first half of 2023.

Other income (charges) increased by 24.8% to ₱681.8 million in the first half of 2024, from ₱546.2 million in the same period last year. This can be attributed to the rise in equity in net earnings of associates, interest income, and foreign exchange gains from financial assets and transactions denominated in foreign currencies.

Interest income rose to ₱89.3 million, higher by 32.5% as compared to last year due to higher effective interest rates on the company's temporary excess cash invested in short-term money market with persistent monitoring and placement strategy.

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 half of 2024, accounting for 66.0% of the total.

The generation and distribution business segments, which made up 33.99% of the group's net income, pitched in at ₱256.3 million in the first half of 2024, 27.3% lower compared to ₱352.3 million in the same period last year.

Provision for Income Tax went down by 49.1% to ₱38.2 million in the first half of 2024, from the same period of previous year's ₱75.1 million because of this year's lower taxable income.

Overall, the Group registered a total comprehensive income of ₱754.0 million in the first half of 2024, 8.7% lower compared to the same period last year of ₱826.1 million. With a net profit margin of 32.6%, the company's strong financial condition was sustained by the robust net earnings of its associates.

Financial Condition

June 30, 2024 Vs. December 31, 2023

The Group's **Total assets** at the end-June 2024 amounts to ₱11,789.8 million, lower by 5.9% than the last audited balance of ₱12,531.2 million at the end of 2023 due to the lower cash and cash equivalents balance affected by the payment of cash dividends declared net of the cash dividends received from an affiliate. Furthermore, the carrying value of investments in associates decreased at end-June 2024 by 5.2%.

Total liabilities increased by 3.5% at the end of June 2024, amounting to ₱1,266.3 million as compared to the start of the year balance of ₱1,223.4 million as a result of higher fuel deliveries during the last month of the second quarter, which are due for payment in July 2024.

In line with this, **total stockholders' equity** also fell by 6.9% to ₱10,523.5 million at the end-June 2024, down from ₱11,307.7 million at the start of the year due to comprehensive income attributable to Parent Company equity holders, net of interim cash dividends declared amounting to ₱897.9 million and ₱598.6 million in February 7, 2024 and April 26, 2024, respectively.

Trade and other receivables soared by 58.3% to ₱1,027.6 million as at end-June 2024, from ₱649.1 million in last year, due to higher production output in the latter month of the quarter and the deferral or staggered collection of sales from WESM during the month of May 2024 as mandated by ERC.

Materials and supplies inventory grew by 6.3% to ₱424.4 million, from the previous year's ₱399.4 million, due mainly to higher volume of fuel inventory as at end-June 2024.

Investment in associates as at end-June 2024 is 5.2% lower compared to ₱5,815.8 million last year. The increase in investment in associates was due to the additional investment to MECO amounting to ₱199.6 million proportional to the increase in its authorized capital stock, and the ₱497.5 million share in net earnings from investee companies net of the ₱1,001.2 million dividends received from associates as of June 2024.

Property, plant and equipment slightly declined by 0.3% to ₱734.5 million this year at end-June 2024, from ₱736.6 million last year. This was attributed to depreciation and amortization amounting to ₱45.6 million net of new additions to property, plant and equipment amounting to ₱42.9 million.

Trade and other payables increased by 13.9% to ₱840.3 million, from ₱737.7 million due mainly to the higher fuel deliveries during the last month of the second quarter which are payable only by July 2024.

Unappropriated retained earnings decreased by ₱762.2 million or 7.9% to ₱8,835.8 million, from ₱9,598.0 million reflective of the net effect of the following: (i) increase due to net income attributable to equity holders of the Parent Company amounting to ₱734.4 million in the first six months of 2024, (ii) decrease due to interim cash dividends declared on Feb 7, 2024 and April 26, 2024 amounting to ₱897.9 million and ₱598.6 million, respectively.

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 decreased by 15.3% to ₱3,906.0 million as at end-June 2024, from end-June 2023's amount of ₱4,609.9 million.

Major source of cash and cash equivalents in the first six months of 2024 was from cash dividends received from investee companies amounting to ₱1,001.2 million.

The major applications of funds in the first six months of 2024 were: (i) payment of interim cash dividends amounting to ₱1,596.8 million, (ii) additional investment in an associate amounting to ₱199.6 million, and (iii) new additions to property, plant and equipment amounting to ₱42.9 million.

Key Performance Indicators

The following financial indicators are used, among others, to evaluate the performance of the Group as of June 30, 2024 and December 31, 2023 and for the six months ended June 30, 2024 and 2023:

	For the six months ended June 30	
	2024	2023
Earnings Per Share	₱0.49	₱0.55
Share In Net Earnings of Associates	₱497,454,309	₱473,994,797
Return on Equity (total comprehensive income divided by average total equity)	7.09%	7.64%
Return on Assets (total comprehensive income divided by average total assets)	6.38%	6.81%
Net cash flows generated from (used in) operating activities	(₱68,306,754)	₱574,746,465

Net cash inflows used in investing activities	₱758,228,399	₱20,685,927
Net cash flows used in financing activities	(₱1,597,802,961)	(₱5,209,152)
Solvency ratio (total comprehensive income before depreciation and amortization divided by total liabilities)	0.63	0.62
	Jun. 30, 2024	Dec. 31, 2023
Cash and cash equivalents at end of period	₱3,905,967,363	₱4,743,043,034
Current ratio (total current assets divided by current liabilities)	5.94	6.75
Debt ratio (total liabilities divided by total assets)	0.11	0.10
Debt-to-equity ratio (total liabilities divided by total equity)	0.12	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

There are no major subsequent events that happened after June 30, 2024, up to the release of the Quarterly Report on August 12, 2024

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 June 30, 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, Events, and Uncertainties which may have Material Impact on the Registrant

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 ₱ 6.67 per share to Primelectric Holdings, Inc. or in the total amount of ₱ 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. As of June 30, 2024, the said Share Purchase Agreement and other definitive documents to be entered into by the parties are still being finalized.

Except as already discussed above 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: August 12, 2024

NIÑO RAY D. AGUIRRE

VP-Finance & Treasurer

Date: August 12, 2024

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

	Jun. 30, 2024	Dec. 31, 2023	Incr. / (Decr.)	
	(Unaudited)	(Audited)	Amount	Percent
ASSETS				
Current Assets				
Cash and cash equivalents	3,905,967,363	4,743,043,034	(837,075,671)	(17.6%)
Trade and other receivables - net	1,027,613,940	649,107,657	378,506,283	58.3%
Inventories - at cost	424,368,195	399,393,666	24,974,529	6.3%
Prepayments and other current assets	83,235,194	83,709,811	(474,617)	(0.6%)
Total Current Assets	5,441,184,692	5,875,254,168	(434,069,476)	(7.4%)
Noncurrent Assets				
Investment in associates	5,511,601,243	5,815,751,427	(304,150,184)	(5.2%)
Property, plant and equipment - net	734,470,281	736,630,614	(2,160,333)	(0.3%)
Deferred income tax assets	34,543,150	35,457,044	(913,894)	(2.6%)
Goodwill	32,522,016	32,522,016	-	0.0%
Intangible Assets	1,628,528	2,171,373	(542,845)	(25.0%)
Other noncurrent assets - net	33,823,518	33,371,571	451,947	1.4%
Total Noncurrent Assets	6,348,588,736	6,655,904,045	(307,315,309)	(4.6%)
TOTAL ASSETS	11,789,773,428	12,531,158,213	(741,384,785)	(5.9%)
LIABILITIES & EQUITY				
Current Liabilities				
Trade and other payables	840,331,812	737,676,850	102,654,962	13.9%
Income tax payable	11,853,404	10,919,560	933,844	8.6%
Current portion of lease liabilities	2,200,254	2,200,254	-	0.0%
Dividends payable	61,050,549	119,577,816	(58,527,267)	(48.9%)
Total current liabilities	915,436,019	870,374,480	45,061,539	5.2%
Noncurrent Liabilities				
Customers' deposits	198,991,816	193,914,394	5,077,422	2.6%
Asset retirement obligation	93,069,477	93,069,477	-	0.0%
Net pension liabilities	33,596,705	37,166,411	(3,569,706)	(9.6%)
Deferred income tax liabilities	18,851,986	19,725,739	(873,753)	(4.4%)
Lease liabilities - net of current portion	6,341,351	7,359,242	(1,017,891)	(13.8%)
Other noncurrent liability	-	1,839,924	(1,839,924)	(100.0%)
Total noncurrent liabilities	350,851,335	353,075,187	(2,223,852)	(0.6%)
Total Liabilities	1,266,287,354	1,223,449,667	42,837,687	3.5%

(Forward)

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

	Jun. 30, 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	8,835,844,165	9,598,002,269	(762,158,104)	(7.9%)
Appropriated	-	-	-	
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	10,378,638,388	11,140,796,492	(762,158,104)	(6.8%)
Equity attributable to Non-controlling interests	144,847,686	166,912,054	(22,064,368)	(13.2%)
Total Equity	10,523,486,074	11,307,708,546	(784,222,472)	(6.9%)
TOTAL LIABILITIES and EQUITY	11,789,773,428	12,531,158,213	(741,384,785)	(5.9%)

See accompanying Notes to Consolidated Financial Statements.

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

	For the three months ended June 30		Increase / (Decrease)	
	2024 (Unaudited)	2023 (Unaudited)	Amount	Percent
REVENUE	1,494,468,684	1,321,599,992	172,868,692	13.1%
COST OF OPERATIONS	1,288,933,563	1,039,036,131	249,897,432	24.1%
GROSS MARGIN	205,535,121	282,563,861	(77,028,740)	(27.3%)
GENERAL AND ADMINISTRATIVE EXPENSES	(60,258,355)	(61,574,745)	1,316,390	(2.1%)
OTHER INCOME (CHARGES) - Net				
Equity in net earnings of associates	411,025,884	304,270,013	106,755,871	35.1%
Interest Income	42,448,631	46,216,432	(3,767,801)	(8.2%)
Interest Expense	(153,512)	(185,843)	32,331	(17.4%)
Foreign exchange gains (losses)	52,786,822	18,407,245	34,379,577	186.8%
Others - net	15,481,670	12,757,316	2,724,354	21.4%
	521,589,495	381,465,163	140,124,332	36.7%
INCOME BEFORE INCOME TAX	666,866,261	602,454,279	64,411,982	10.7%
PROVISION FOR INCOME TAX				
Current	26,518,098	45,054,798	(18,536,700)	(41.1%)
Deferred	(1,290)	(115,606)	114,316	(98.9%)
	26,516,808	44,939,192	(18,422,384)	(41.0%)
NET INCOME	640,349,453	557,515,087	82,834,366	14.9%
OTHER COMPREHENSIVE INCOME	-	-	-	
TOTAL COMPREHENSIVE INCOME	640,349,453	557,515,087	82,834,366	14.9%
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent	627,594,555	553,632,317	73,962,238	13.4%
Non-controlling interests	12,754,898	3,882,770	8,872,128	228.5%
	640,349,453	557,515,087	82,834,366	14.9%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent	627,594,555	553,632,317	73,962,238	13.4%
Non-controlling interests	12,754,898	3,882,770	8,872,128	228.5%
	640,349,453	557,515,087	82,834,366	14.9%
EARNINGS PER SHARE (Note 3):				
Basic/diluted, for income for the period attributable to equity holders of the Parent	0.42	0.37	0.05	13.4%

See accompanying Notes to Consolidated Financial Statements.

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

	For the six months ended June 30		Increase / (Decrease)	
	2024 (Unaudited)	2023 (Unaudited)	Amount	Percent
REVENUE	2,314,888,407	2,236,350,224	78,538,183	3.5%
COST OF OPERATIONS	2,083,722,659	1,752,861,565	330,861,094	18.9%
GROSS MARGIN	231,165,748	483,488,659	(252,322,911)	(52.2%)
GENERAL AND ADMINISTRATIVE EXPENSES	(120,775,947)	(128,499,447)	7,723,500	(6.0%)
OTHER INCOME (CHARGES) - Net				
Equity in net earnings of associates	497,454,309	473,994,797	23,459,512	4.9%
Interest Income	89,262,105	67,348,825	21,913,280	32.5%
Interest Expense	(315,496)	(374,307)	58,811	(15.7%)
Foreign exchange gains (losses)	71,917,748	(11,775,395)	83,693,143	(710.7%)
Others - net	23,499,722	16,968,017	6,531,705	38.5%
	681,818,388	546,161,937	135,656,451	24.8%
INCOME BEFORE INCOME TAX	792,208,189	901,151,149	(108,942,960)	(12.1%)
PROVISION FOR INCOME TAX				
Current	38,132,716	75,216,969	(37,084,253)	(49.3%)
Deferred	40,142	(164,816)	204,958	(124.4%)
	38,172,858	75,052,153	(36,879,295)	(49.1%)
NET INCOME	754,035,331	826,098,996	(72,063,665)	(8.7%)
OTHER COMPREHENSIVE INCOME	-	-	-	
TOTAL COMPREHENSIVE INCOME	754,035,331	826,098,996	(72,063,665)	(8.7%)
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent	734,393,699	817,600,152	(83,206,453)	(10.2%)
Non-controlling interests	19,641,632	8,498,844	11,142,788	131.1%
	754,035,331	826,098,996	(72,063,665)	(8.7%)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent	734,393,699	817,600,152	(83,206,453)	(10.2%)
Non-controlling interests	19,641,632	8,498,844	11,142,788	131.1%
	754,035,331	826,098,996	(72,063,665)	(8.7%)
EARNINGS PER SHARE (Note 3):				
Basic/diluted, for income for the period attributable to equity holders of the Parent	0.49	0.55	(0.06)	(10.2%)

See accompanying Notes to Consolidated Financial Statements.

SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2024 & 2023

	Equity Attributable to Equity Holders of the Parent									
	Capital Stock	Additional Paid-In Capital	Treasury Stock at Cost	Remeasurement of Employee Benefits	Share of Associates in OCI	Retained Earnings		Net Unrealized Valuation Gains on Financial Assets at FVOCI	Non- controlling Interest	Total
						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	-	-	-	-	-	-	734,393,699	-	734,393,699	19,641,632 754,035,331
Cash dividends	-	-	-	-	-	-	(1,496,551,803)	-	(1,496,551,803)	(41,706,000) (1,538,257,803)
Reversal of appropriations	-	-	-	-	-	-	-	-	-	-
Appropriation (Note 12)	-	-	-	-	-	-	-	-	-	-
Balances at June 30, 2024	P1,569,491,900	P86,810,752	P(131,008,174)	P1,208,496	P2,941,249	-	P8,835,844,165	P13,350,000	P10,378,638,388	P144,847,686 P10,523,486,074
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	-	-	-	-	-	-	817,600,152	-	817,600,152	8,498,844 826,098,996
Cash dividends	-	-	-	-	-	-	-	-	-	-
Balances at June 30, 2023	P1,569,491,900	P86,810,752	P(131,008,174)	P(3,858,148)	P6,800,073	P1,800,000,000	P7,745,017,183	P11,350,000	P11,084,603,586	P140,981,326 P11,225,584,912

See accompanying Notes to Consolidated Financial Statements.

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

	For the six months ended June 30	
	2024	2023
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
INCOME BEFORE INCOME TAX	792,208,189	901,151,149
Adjustments for:		
Equity in Net Earnings (Losses) of Associates	(497,454,309)	(473,994,797)
Depreciation and amortization	45,627,325	43,563,100
Interest expense	315,496	374,307
Net changes in pension liability	(3,569,706)	(911,606)
Interest income	(89,262,105)	(67,348,825)
Others	(70,805,645)	11,782,241
Operating income before working capital changes	177,059,245	414,615,569
Decrease (increase) in:		
Trade and Other Receivables - net	(378,506,283)	(102,455,736)
Materials and Supplies - net of allowance	(24,974,529)	54,856,404
Prepayments and Other Current Assets	474,617	2,169,363
Increase (decrease) in:		
Trade and other payables	100,872,547	222,313,170
Customers' deposits	5,046,103	1,491,414
Net cash generated from operations	(120,028,300)	592,990,184
Income Tax Paid	(37,198,872)	(85,191,812)
Interest paid	(341,687)	(400,732)
Interest received	89,262,105	67,348,825
Net cash flows from operating activities	(68,306,754)	574,746,465
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received	1,001,217,732	59,999,932
Additions to plant, property and equipment	(42,924,147)	(44,445,766)
Additional investment in associates	(199,613,239)	-
Decrease in other noncurrent assets	(451,947)	5,131,761
Net cash provided by (used in) investing activities	758,228,399	20,685,927
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(1,596,785,070)	(4,342,485)
Payment of lease liabilities	(1,017,891)	(866,667)
Net cash provided by (used in) financing activities	(1,597,802,961)	(5,209,152)
NET EFFECT OF EXCHANGE RATE CHANGES	70,805,645	(11,782,240)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(907,881,316)	590,223,240
CASH AND CASH EQUIVALENTS AT BEG. OF PERIOD	4,743,043,034	4,031,421,593
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,905,967,363	4,609,862,593

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 August 12, 2024.

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 2023.

3. Earnings Per Share

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

	Six months ended June 30	
	2024	2023
Net income attributable to equity holders of the parent	₱734,393,699	₱817,600,152
Weighted average number of common shares issued and outstanding	1,496,551,803	1,496,551,803
Basic/Diluted earnings per share	₱0.49	₱0.55

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

There are no dilutive potential common stocks issued as of June 30, 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 second 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 six months ended June 30, 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 six months ended June 30, 2024 and 2023.

The following tables present revenue and income information and certain asset and liability information regarding the business segments as of June 30, 2024 and 2023:

June 30, 2024

	Before Eliminations				Adjustments and Eliminations	After Eliminations/ Consolidated
	Generation	Distribution	Others	Total		
Revenue	₱1,664,242,006	₱650,646,401	-	₱2,314,888,407	-	₱2,314,888,407
Income before income tax	1,289,698,499	34,955,329	19,611,784	1,344,265,612	(552,057,423)	792,208,189
Net income	1,259,432,567	27,048,403	19,611,784	1,306,092,754	(552,057,423)	754,035,331
Total assets	8,946,876,278	660,856,634	86,433,321	9,694,166,233	2,095,607,195	11,789,773,428
Property, plant and equipment	464,741,191	268,461,186	-	733,202,376	1,267,905	734,470,281
Total liabilities	835,098,639	428,542,995	2,109,777	1,265,751,411	535,943	1,266,287,354
Depreciation and amortization	30,044,015	15,583,310	-	45,627,325	-	45,627,325

June 30, 2023

	Before Eliminations				Adjustments and Eliminations	After Eliminations/ Consolidated
	Generation	Distribution	Others	Total		
Revenue	₱1,369,475,116	₱866,875,108	-	₱2,236,350,224	-	₱2,236,350,224
Income before income tax	503,194,979	24,125,934	(164,673)	527,156,240	373,994,909	901,151,149
Net income	433,747,140	18,521,620	(164,673)	452,104,087	373,994,909	826,098,996
Total assets	9,141,674,584	844,387,160	62,963,484	10,049,025,228	2,588,748,332	12,637,773,560
Property, plant and equipment	458,356,436	276,519,029	-	734,875,465	1,267,905	736,143,370
Total liabilities	810,194,510	602,642,033	135,598	1,412,972,141	(783,493)	1,412,188,648
Depreciation and amortization	29,927,566	13,635,534	-	43,563,100	-	43,563,100

Adjustments and eliminations are part of detailed reconciliations presented below:

Reconciliation of Net Income

Six months ended June 30

	2024	2023
Segment net income	₱1,313,058,745	₱452,104,087
Equity in net earnings of associates	497,454,309	473,994,797
Dividend Income	(1,056,477,724)	(99,999,888)
Group net income	₱754,035,331	₱826,098,996

<i>Reconciliation of Total Assets</i>	June 30, 2024	Dec 31, 2023
Segment assets	₱9,694,166,233	₱9,941,635,003
Inter-segment receivables	(8,102,919)	(16,682,422)
Property, plant and equipment	1,267,905	-
Investments in associates and subsidiaries	2,069,920,193	2,573,683,616
Goodwill	32,522,016	32,522,016
Group assets	₱11,789,773,428	₱12,531,158,213
	-	
<i>Reconciliation of Total Liabilities</i>	June 30, 2024	Dec 31, 2023
Segment liabilities	₱1,265,751,411	₱1,232,761,131
Inter-segment payables	535,943	(9,311,464)
Group liabilities	₱1,266,287,354	₱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 rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group's policy is to manage its interest cost using the variable-rate debts.

As of June 30, 2024 and December 31, 2023, the Group does not have a financial liability that is exposed to interest rate risk.

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 June 30, 2024 and December 31, 2023 based on contractual undiscounted payments:

June 30, 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	P3,905,967,363	P1,182,247,798	P2,723,719,565	-	-	-
Trade and other receivables						
Receivable from customers	878,328,936	499,151,315	242,115,496	25,863,894	22,355,266	88,842,965
Dividends receivable	39,999,956	-	-	-	-	39,999,956
Current portion of PSALM deferred adjustments	-	-	-	-	-	-
Due from related parties	3,220,599	511,028	45,269	58,908	104,306	2,501,088
Others	106,064,450	49,210,535	16,684,671	7,408,322	3,694,881	29,066,041
	1,027,613,940	548,872,878	258,845,436	33,331,124	26,154,453	160,410,050
PSALM deferred adjustments (included in "Other noncurrent assets")	-	-	-	-	-	-
	4,933,581,303	1,731,120,676	2,982,565,001	33,331,124	26,154,453	160,410,050
At FVOCI:						
Investment in proprietary club shares	15,000,000	-	-	-	-	15,000,000
	4,948,581,303	1,731,120,676	2,982,565,001	33,331,124	26,154,453	175,410,050
Financial Liabilities						
Trade and other payables						
Trade	526,893,882	488,884,233	4,731,788	3,492,115	3,059,466	26,726,280
Nontrade	116,359,538	29,705,973	-	-	-	86,653,565
Accrued expenses	32,955,589	10,984,372	1,282,344	1,712,373	-	18,976,499
Due to related parties	521,319	11,528	-	-	-	509,791
	676,730,328	529,586,107	6,014,132	5,204,488	3,059,466	132,866,136
Customers' deposits	198,991,816	-	-	-	-	198,991,816
Lease liabilities	9,420,984	-	-	-	-	9,420,984
Dividends payable	61,050,549	61,050,549	-	-	-	-
Other noncurrent liability	-	-	-	-	-	-
	946,193,677	590,636,656	6,014,132	5,204,488	3,059,466	341,278,935
Net Financial Assets (Liabilities)	P4,002,387,628	P1,140,484,021	P2,976,550,869	P28,126,636	P23,094,987	P(165,868,886)

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
Net Financial Assets (Liabilities)	P4,532,367,335	P693,421,498	P3,985,807,359	P25,215,195	P13,436,669	P(185,513,386)

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.

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.

June 30, 2024			
	Maximum exposure	Offset	Exposure to credit risk
At amortized cost:			
Cash and cash equivalents (excluding cash on hand)	₱3,899,350,591	₱(10,259,111)	₱3,889,091,480
Trade and other receivables	1,027,613,940		1,027,613,940
Investment in proprietary club shares	15,000,000	-	15,000,000
	₱4,941,964,531	₱(10,259,111)	₱4,931,705,421

Dec 31, 2023			
	Maximum exposure	Offset	Exposure to credit risk
At amortized cost:			
Cash and cash equivalents (excluding cash on hand)	₱4,742,464,501	₱(10,138,295)	₱4,732,326,206
Trade and other receivables	649,107,657		649,107,657
PSALM deferred adjustments (included in "Other noncurrent assets")	1,839,924	-	1,839,924
At FVOCI:			
Investment in proprietary club shares	15,000,000	-	15,000,000
	₱5,408,412,082	₱(10,138,295)	₱5,398,273,787

As of June 30, 2024 and December 31, 2023, the Group's significant concentration of credit risk pertains to its trade and other receivables amounting to ₱1,027.6 million and ₱650.9 million, respectively, and impaired financial assets, determined based on probability of collection, are adequately covered with allowance.

Applicable for the second quarter and year ended June 30, 2024 and December 31, 2023.

The following are the details of the Group's assessment of credit quality and the related ECLs as at June 30, 2024 and December 31, 2023:

General Approach

- *Cash and cash equivalents* - As of June 30, 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 June 30, 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 June 30, 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.

June 30, 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	₱1,027,613,940	₱1,072,508,198
Loss allowance	-	-	(44,894,258)	-	(44,894,258)
Carrying amount	-	-	-	₱1,027,613,940	₱1,027,613,940

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 June 30, 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 June 30, 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 June 30, 2024 and ₱1.8 million December 31, 2023, respectively, noncurrent liability amounting to nil as of June 30, 2024 and ₱1.8 million December 31, 2023, and customers' deposits amounting to ₱199.0 million as of June 30, 2024 and ₱193.9 million December 31, 2023, respectively, under the Level 3 classification.

During the reporting period ended June 30, 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 as of June 30, 2024) 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 as of June 30, 2024 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 13th day of August, 2024.

Mishelle Anne R. Rubio-Aguinaldo
Affiant

SUBSCRIBED AND SWORN TO before me this **AUG 13 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.

Doc. No. 61 ;
Page No. 14 ;
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 VIII No.0001393
Jan. 3, 2023 until Apr. 12, 2028
PTR NO.10073945/Jan. 2, 2024/Makati City
IBP No.330740/Jan. 2, 2024/Pasig City
07 Bataan St , Guadalupe Nuevo, Makati City