

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Unappropriated retained earnings increased by 24.8% to ₱7,083.4 million as at end-2020, from ₱5,677.2 million as at end-2019. The net increase of ₱1,406.2 million was accounted as follows: (i) increase propelled by total comprehensive income in 2020 attributable to equity holders of the Parent Company amounting to ₱1,603.4 million; (ii) increase due reversal of appropriations

amounting to ₱1,000.0 million per note 18 of consolidated financial statements; and (iii) decrease due to cash dividends declared amounting to ₱1,197.2 million.

Cash Flows

2021 vs. 2020

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

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

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

2020 vs. 2019

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

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

Key Performance Indicators

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

Key Performance Indicators	2021	2020	2019
<u>For the years ended December 31:</u>			
Earnings per share	₱0.80	₱1.07	₱1.19
Share in net earnings of associates	₱867,849,896	₱1,213,454,901	₱1,327,469,713
Return on equity	11.99%	15.80%	17.93%
Return on assets	10.99%	14.52%	16.43%
Cash Flows:			
Net cash flows from operating activities	₱300,434,967	₱629,238,373	₱663,826,139
Net cash flows from investing activities	₱1,065,237,033	₱1,335,891,638	₱1,302,561,277
Net cash flows used in financing activities	(₱2,327,504,748)	(₱1,247,833,991)	(₱1,675,050,395)
<u>As of December 31:</u>			
Balance of cash and cash equivalent at end of period	₱2,984,110,635	₱3,944,306,886	₱3,227,403,650
Current ratio	7.21	9.71	7.82
Debt ratio	0.09	0.08	0.08
Debt-to-equity ratio	0.10	0.08	0.09
Solvency ratio	1.38	1.96	2.06

Earnings Per Share (EPS)

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

Share in Net Earnings of Associates

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

Return on Equity

Return on Equity is derived by dividing total comprehensive income by average total stockholders' equity. This ratio indicates the level of profit earned by the Group in comparison with the total amount of stockholders' equity found in the statements of financial position. The higher the return

on equity, the higher the Group's ability to produce internally generated cash flows. Moreover, the higher the Group's return on equity compared to other companies in the same industry, the better.

Return on Assets

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

Cash Flows

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

Current Ratio

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

Debt Ratio

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

Debt-to-Equity Ratio

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

Solvency Ratio

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

Known Trends

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

Any Significant Elements of Income or Loss from Continuing Operations

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

Any Event That Will Trigger Direct or Contingent Financial Obligation That is Material to the Company Including Any Default or Acceleration of an Obligation

There are no known events that will trigger direct or contingent financial obligation that is material to the company including any default or acceleration of an obligation.

Material Off-Balance Sheet Items

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

Material Commitments for Capital Expenditures

As of December 31, 2021, there are no material commitments for capital expenditures other than in the ordinary course of business to improve power generation and distribution facilities. Funding comes from internally generated cash from operations.

Seasonal Aspects

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

External Audit Fees

For the annual audit of the Parent Company's and Subsidiaries' financial statements, tax advisory and other related financial advisory services, the aggregate fees paid to the independent auditors amounted to ₱5.0 million, ₱1.5 million and ₱1.3 million in 2021, 2020 and 2019, respectively, exclusive of VAT and out-of-pocket expenses. There were no other fees paid to the independent auditors other than for the above-described services.

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

Financial Statements

The audited annual consolidated financial statements of the Parent Company and Subsidiaries as of and for the year ended December 31, 2021 and the unaudited interim financial statements for the quarter ended March 31, 2022 (together with the management's discussion and analysis) as set forth in SEC Form 17-A and SEC Form 17-Q are incorporated in this information statement.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE FREE OF CHARGE, A COPY OF THE COMPANY'S SEC FORM 17- A (ANNUAL REPORT) DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING ADDRESS:

SPC POWER CORPORATION
7TH FLOOR, BDO TOWERS PASEO
8741 PASEO DE ROXAS, MAKATI CITY
1226 PHILIPPINES

ATTENTION: MISHELLE ANNE R. RUBIO-AGUINALDO

Certification

I, Mishelle Anne R. Rubio-Aguinaldo. Assistant Corporate Secretary of SPC Power Corporation with SEC registration number AS094-002365 with principal office at the 7/F Cebu Holdings Center, Archbishop Reyes Avenue, Cebu Business Park, Cebu City, on oath state:

- 1) That on behalf of SPC Power Corporation, I have caused SEC Form 20-IS (Preliminary Information Statement) 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 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
- 4) 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.

I further attest that this Certification was issued by the undersigned Assistant Corporate Secretary in lieu of the Corporate Secretary since the latter, by reason of his health condition as a diabetic, cancer survivor, and had also lost one of his kidneys, as well as seniority of age, has to observe health and safety protocols. Moreover, since the onset the 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.

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of April, 2022.

Mishelle Anne R. Rubio-Aguinaldo
Affiant

SUBSCRIBED AND SWORN TO before me this APR 25 2022, at Makati City, Philippines by the affiant who exhibited to me her Philippine Non-Professional Driver's License No. N26-001204 valid until February 2023.

Doc. No. 146
Page No. 33
Book No. 33
Series of 2022.

JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment No. M-19 / Until 12-31-23
Roll No. 25790 / DTI Lic. No. 04897 / 07-03-03
PTR-G.R. No. N-2518 / 01-03-22 / Makati City
MCLE No. 140010-545 / 01-14-19
G/F Floor and Suite 199 Salcedo St.
Legaspi Village, 1229 Makati City

EXHIBIT “A”**Ratification of Material Actions of the Board of Directors and Officers Since the 2021 Annual Stockholders’ Meeting Until the Date of this Report**

Date of Meeting	Material Actions
May 28, 2021	<u>Organizational Meeting</u> 1. Election of Officers for 2021 – 2022 2. Election of Board Committee members for 2021 – 2022 3. Declaration of cash dividends of P0.60 per share to stockholders of records as of June 14, 2021, payable on or before June 22, 2021
July 29, 2021	<u>Special Meeting</u> Approval of the Minutes of the Previous (May 28, 2021) Meeting
August 12, 2021	<u>By Written Assent</u> Approval of PB 104 BESS Auxiliary Support Project
November 4, 2021	<u>Special Meeting</u> 1. Election of Mr. James Roy N. Villareal as member of the Board of Directors (to replace Mr. Ramon Y. Sy) 2. Election of Dir. Viray and Dir. Benedicto and as Chairman and member of Audit Committee, respectively; and election of Dir. Viray as member of Corporate Governance Committee. 3. Approval of Contract of Lease with PPA 4. Acquisition of 51% in STEAG State Power Inc. 5. Compliance with Philippine Competition Commission 6. Opening of UCPB Account 7. Compliance with EVOSS 8. Sale of Unusable Motor Vehicle
December 9, 2021	<u>Regular Meeting</u> 1. Declaration of Cash Dividends 2. Approval of Directors’ Fees 3. Approval of 2022 Budget 4. Assignment of APA with AC Energy 5. Updating of OST Authorized Filers
January 31, 2022	<u>By Written Assent</u> Authority to Apply for Eligibility and Participate in the ASPA Bidding
February 4, 2022	<u>Special Meeting</u> 1. Election of Mr. Lee Dal Hun and Kim Kilwon as members of the Board of Directors 2. Election of Dir. Lee Dal Hun and Dir. Kim Kilwon as members of the Executive Committee and election of Dir. Kim Kilwon as member of the Audit Committee and Corporate Governance Committee
March 3, 2022	<u>Special Meeting</u> 1. Opening of USD Account 2. Renewal of Accreditation with the Bureau of Customs

April 6, 2022	<u>Regular Meeting</u> 1. Schedule of ASM on May 31, 2022, 9:00 a.m. by remote communication or teleconference 2. Makati office renovation project and authorizing the signatories 3. Account opening with BDO 4. Appointment of Representative at KEPCO SPC Power Corporation Annual Meeting 5. Authority to apply for, and enter into, SEOC with DOE (Resolutions 1 and 2-SEOC) 6. Approval of Audited Financial Statements for the Year Ended December 31, 2021 7. Delegation of Approval of SEC Form 17-Q (for Quarter Ended March 31, 2022) to the EXECOM
April 27, 2022	<u>Special Meeting</u> Approval of Potential Site for a Solar Project and authorizing persons to represent the Corporation (Resolution 1 and 2-SEOC)
May 2, 2022	<u>Special Meeting</u> Approval of the Termination of Share Purchase Agreement

SPC POWER CORPORATION



**GUIDELINES FOR THE ANNUAL STOCKHOLDERS' MEETING
By Remote Communication**

Registration Requirements

A. Individual and Joint Stockholders

1. Copy of valid government-issued ID with full name, signature, and photograph of stockholder/s; if joint,
2. In case of proxy, Special Power of Attorney, as proof of appointment and authority, and copy of valid government-issued ID of the proxy
3. Official e-mail address
4. Official mobile number

B. Stockholders under Broker Accounts

1. A broker's certification on the stockholder's number of shareholdings
2. Copy of valid government-issued ID with full name, signature, and photograph of stockholder/s
3. Official e-mail address
4. Official mobile number

C. Corporate Stockholders

1. Secretary's Certificate or duly signed and notarized Board Resolution
2. Copy of valid government-issued ID with full name, signature, and photograph of authorized representative
3. Official e-mail address
4. Official mobile number

Stockholders who wish to attend the ASM must be able to comply with registration requirements to be able to participate in the meeting. Unvalidated proxies shall not be honored.

Once registration requirements are validated and verified, the meeting link, access codes, materials, and other pertinent documents will be emailed to the stockholders at the official e-mail address provided. Registration requirements may be emailed at the following e-mail address/es:

SPCSECGroup@spcpower.com
info@spcpower.com

Registration

Registration period will be from 9:00 a.m. to 9:55 a.m.

1. Attendees are advised to log-in within the registration period. Upon the lapse of the registration period, no one will be allowed to enter the platform.
2. Use of Display Names

Stockholders appearing in person	-	(Full Name)
Stockholders appearing by proxy	-	(Full Name, SH represented)
Other attendees	-	(Full Name, Company)

Attendees will not be allowed to enter the platform if the attendee cannot be identified through his or her display name.
3. Upon entering the platform, attendees (except directors and officers) will be asked to type their names in the chat box. This will be the basis for the attendance sheet/registration sheet.
5. Official List

An official list of attendees will be prepared based on the validated registration requirements received by the Corporation.
6. Persons requesting for the zoom link must have proof of legal standing, as a stockholder or proxy, subject to validation.

Meeting Proper

1. Manner of Voting (*see also Voting Procedure in Information Statement*)

Required vote: Unless otherwise required by law, on all matters to be taken up, majority vote of the outstanding capital stock present and represented at the meeting where a quorum is existing shall be sufficient.

- (a) Election - Cumulative, openly or by secret ballot
- (b) Motions – *viva voce* or by secret ballot

The Corporate Secretary, in the presence of the external auditor, will then tally and report on the votes, including the votes of stockholders *in absentia*. Thereafter, the Chairman will declare the elected directors. In case of motions, the Chairman will ask the stockholders who are *in favor*, *not in favor*, and those who *abstain* from voting.

Stockholders who will participate via remote communication or in absentia may submit their votes on agenda items requiring stockholders' action, as well as their concerns, through the following e-mail address SPCSECGroup@spcpower.com and info@spcpower.com on or before 9:00 A.M. of May 31, 2022, or an hour before the conduct of the Annual Stockholders' Meeting.

2. Opportunity to raise comments, objections, or questions

At the end of every agenda item, the Chairman will ask the stockholders for comments or objections. A stockholder who wish to be acknowledged must click the "raise-hand" icon or make a request in

the chat box so he/she can be properly acknowledged. Comments, objections, or questions may also be made directly in the chat box.

3. No interruptions

An attendee who will interrupt the proceedings will be muted by the Administrator. All attendees are enjoined to observe proper conduct during the entire meeting.

Link to the Annual Stockholders' Meeting:

Meeting ID:

Passcode:

References: ByLaws, Internal Procedures for Annual Stockholders' Meeting by Teleconference, and SEC Memorandum Circular No. 6, Series of 2020.

EXHIBIT "C"

SECRETARY'S CERTIFICATE

I, Mishelle Anne R. Rubio-Aguinaldo, Asst. Corporate Secretary of SPC Power Corporation, a corporation organized and existing under the laws of the Republic of the Philippines, with principal office at the 7th Floor, Cebu Holdings Center, Cebu Business Park, Cebu City, hereby certify that basing on records of the Corporation, no Director or Officer of the Corporation is connected to or working with any government agency or instrumentality.

IN WITNESS WHEREOF, I have affixed my signature this 25th day of April 2022.


MISHELLE ANNE R. RUBIO-AGUINALDO
Assistant Corporate Secretary

SUBSCRIBED and SWORN to before me in Makati City this APR 25 2022
day of April 2022 by the affiant who is personally known to me and to me known who exhibited her Philippine Non-Professional Driver's License No. N26-001204 valid until February 2023.

Doc. No. 127,
Page No. 33,
Book No. 33,
Series of 2022,



JOSHUA D. LAPUZ
Notary Public for Makati City
Appointment No. M-19 / Until 12-31-23
Roll No. 45790 / HRP Life No. 94897 / 07-03-03
PTR-O.R. No. 8552519 / 01-03-21 / Makati City
MCLE No. A11000 / 01-14-19
G/F Padmanabha, 199 Salceda St.
Legaspi Village, 1229 Makati City

EXHIBIT "D"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, FRANCISCO L. VIRAY, Filipino, of legal age and a resident of 10 Sydney Street, Vista Real Classica, Batasan Hills, Quezon City, after having been duly sworn to in accordance with law hereby declare that:

1. I am a nominee for independent director of SPC Power Corporation and have been its independent director since November 4, 2021.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP
Shin Clark Power Holdings, Inc	President & Director
San Roque Power Corporation	Director
Phinma Solar Corporation	Chairman & Director
University of Pangasinan	Trustee
UPang Urdaneta	Trustee

GOVERNMENT AFFILIATIONS:

CIVIC ORGANIZATION:

OTHERS:

University of Iloilo	Director of Engineering

- Done, this 28th day of January 2022 at Makati City.

Affiant

Doc. No.
Page No.
Book No.
Series of 2022.

JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment No. M-18-000007 / 12-31-23
Roll No. 45790 / IBP Lic. No. 000007 / 07-03-03
PTR-O.R. No. 8852510 / 01-03-21 Makati City
MCLE No. VI-00107 / 01-01-19
G/F Federation Suites, 1000000 St.
Legaspi Village, 1200 Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Enrique L. Benedicto, Filipino, of legal age and a resident of Doña Emilia Benedicto Bldg., 7 E. Benedicto St., Cebu City, after having been duly sworn to in accordance with law do hereby declare that:


1. I am a nominee for independent director of SPC Power Corporation and have been its independent director since September 16, 2008.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Consulate of Belgium	Honorary Consul	1986 to 2017
Mabuhay Filcement Inc.	Chairman	2003 to present
Enrison Land Inc.	Chairman	2007 to present

I am not affiliated to any Government-Owned and Controlled Corporation.

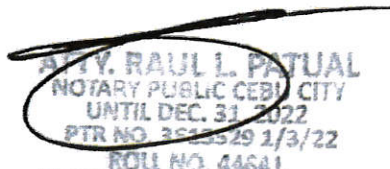
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SPC Power Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to the any director/officer/substantial shareholder of SPC Power Corporation, as provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.
7. I shall inform the corporate secretary of SPC Power Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this 27th day of January, 2022 at Cebu City, Philippines.


ENRIQUE L. BENEDICTO

SUBSCRIBED AND SWORN to before me this FEB 04 2022 at _____, affiant personally appeared before me and exhibited to me his Passport No. P9540542A issued at DFA Cebu on 14 Nov 2018 valid until 13 Nov 2028.

Doc. No. 48 ;
Page No. 9 ;
Book No. 141 ;
Series of 2022.


ATTY. RAUL L. PATUAL
NOTARY PUBLIC CEBU CITY
UNTIL DEC. 31, 2022
PTR NO. 3513529 1/3/22
ROLL NO. 44641
NOTARIAL COMMISSION 0121
LIFETIME NO. 07536
OFF D. JAKUSALEM ST., CEBU CITY
BAYANIHAN BLDG. PROV. OF CEBU
MCLE COMPLIANCE NO. V1005073

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **SERGIO R. ORTIZ-LUIS JR.**, Filipino, of legal age and a resident of 3RD Flr. Commerce and Industry Plaza, 1030 Campus Avenue corner Park Avenue, Mckinley Hills, Fort Bonifacio, Taguig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **SPC POWER CORPORATION** and have been its independent director since 2017.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP
Philippine Exporters Confederation Inc. (PHILEXPORT)	President
Employers Confederation of the Philippines (ECOP)	President
Philippine Chamber of Commerce & Industry (PCCI)	Honorary Chairman/Treasurer
Asia Pacific Chinese Media, Inc.	President
One Philippine Foundation, Inc.	President
Philippine International Airways	Chairman
National Center for Mediation	Chairman
Waterfront Mactan Casino Hotel, Inc.	Chairman
Waterfront Wellness Group, Inc.	Chairman
Grand Ilocandia Resort and Development, Inc.	Chairman
Waterfront Philippines, Inc.	Chairman
Waterfront Hotel Management Corporation	Chairman
Mayo Bonanza, Inc.	Chairman
Club Waterfront International, Limited	Chairman
Waterfront Food Concepts, Inc.	Chairman
Waterfront Cebu City Casino Hotel, Inc.	Chairman
Waterfront Entertainment Corporation	Chairman
Waterfront Promotion Limited	Chairman
Waterfront Horizon Corporation	Chairman
Davao Insular Hotel Company, Inc.	Chairman
Aristocrat Manila City Holdings, Inc.	Chairman
Country Garden Agri-Tourism Dev't Inc.	Chairman
VC Securities Corp	Vice Chairman
Integrated Concepts & Solutions, Inc.	Honorary Chairman
Alliance Global, Inc.	Director
Acesite Hotel Philippines, Inc.	Director

GS1 Philippines, Inc. (Formerly Philippine Article Numbering Council)	Director
International Chamber of Commerce of the Phil	Director
The Wellex Group	Director
Manila Exposition Complex, Inc (World Trade Center)	Director
Lasal Tech Academy, Inc.	Director
Philippine Estate Corporation	Director
B.A Securities	Director
Rural Bank of Baguio	Director
Forum Pacific, Inc. (FPI: Philippines)	Director
H2O (Formerly Calapan Ventures, Inc.)	Director
LikeCash Asia & Pacific Corp. (LikeCash)	Director
SPC Power Corporation	Director
Alliance Energy Power and Development Inc.	Director
MREIT Inc. (formerly Megaworld Holdings, Inc.)	Independent Director
Philippine Ventures H2O Ventures Corporation	Independent Director
Jolliville Holdings Corporation	Independent Director

GOVERNMENT AFFILIATIONS:

Export Development Council	Vice Chairman
Patrol 117 (Foundation for Crime Prevention)	Commissioner
National Competitiveness Council	BPLS Champion
Industry Development Council	Member
The Philippine Bamboo Council	Private Sector Representative
Philippine National Police, Regional Advisory Council (PNP-RAC)	Member

CIVIC ORGANIZATION:

Rotary Club of Green Meadows Foundation	Chairman
Rotary Club Green Meadows QC RI District 3780	Past President
Philippine Jaycee Senate	Senate
Philippine Coastguard Auxiliary	Captain
JARDELI Club Foundation	Vice Chairman
Bayaning Pulis Foundation, Inc	Director/ Treasurer
Human Resources Development Foundation	Trustee & Treasurer
One Philippine Foundation, Inc.	President
Drug Abuse Resistance Education (DARE) Phils.	Director

OTHERS:

Consulate of Romania in the Philippines	Honorary Consul General
Consular Corps of the Philippines	Dean
International Association of Educator for World Peace	Honorary Adviser

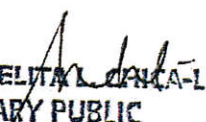
1. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SPC Power Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
2. I am not related to any director/officer/substantial shareholder of SPC Power Corporation, and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Implementing Rules and Regulations of the Securities Regulation Code.
3. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
5. I shall inform the Corporate Secretary of SPC Power Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this 31 day of JAN 2022 at CITY OF PASAY.


SERGIO R. ORTIZ-LUIS JR.
Affiant

CITY OF PASAY SUBSCRIBED AND SWORN to before me this 31 day of JAN 2022 at Makati City, affiant personally appeared before me and exhibited to me his passport number P5889673B issued at DFA Manila on December 02, 2020.

Doc. No. 574
Page No. 104
Book No. 8918
Series of 7022


ATTY. ELENA MELITZA L. LLEDO
NOTARY PUBLIC
UNIT 719 TOWER E SEA RESIDENCE MOA, PASAY CITY
MY COMMISSION EXPIRES ON DEC. 31, 2020
RM 3795 2ND EXTENSION UNTIL JUNE 30, 2022
PTR NO. 7696496 1-3-22 ROLL NO. 38180
BP LIFETIME NO. 06732:CAM. SUR CHAPTER
MCLE NO. VI-0024746 MAY 7, 2019

COVER SHEETfor
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	9	4	0	0	2	3	6	5
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COMPANY NAME

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

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

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

Form Type

A	A	C	F	S
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Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

www.spcpowergroup.com

Company's Telephone Number

(032) 232-0377

Mobile Number

N/A

No. of Stockholders

808

Annual Meeting (Month / Day)

05/31

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATIONThe designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Jaime M. Balisacan

Email Address

jmbalisacan@spcpower.com

Telephone Number/s

(032) 232-0377

Mobile Number

(0917) 3231469

CONTACT PERSON'S ADDRESS7th Floor, Cebu Holdings Center, Archbishop Reyes Avenue, Cebu Business Park, Cebu City

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

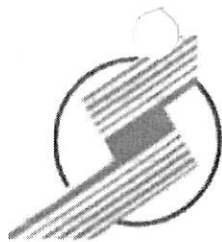
2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its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



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

	<u>Page</u>
CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Management's Responsibility for Financial Statements	2
Independent Auditor's Report	3-7
Consolidated Statements of Financial Position as at December 31, 2021 and 2020	8-9
Consolidated Statements of Comprehensive Income for the years ended December 31, 2021, 2020 and 2019	10
Consolidated Statements of Changes in Equity for the years ended December 31, 2021, 2020 and 2019	11
Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019	12-13
Notes to Consolidated Financial Statements	1-70
INDEX TO THE SUPPLEMENTARY SCHEDULES	
Independent Auditor's Report on Supplementary Schedules:	1
A. Financial Assets	2
B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)	3
C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	4
D. Long-Term Debt	5
E. Indebtedness to Related Parties	6
F. Guarantees of Securities of Other Issuers	7
G. Capital Stock	8
Schedule of Retained Earnings Available for Dividend Declaration	9
Map of the Relationships of the Companies within the Group	10
Independent Auditor's Report on Schedule of Financial Soundness Indicators	11





SPC Power Corporation

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

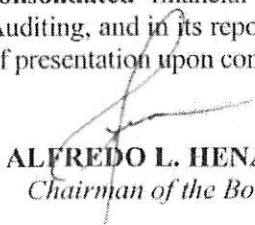
The management of **SPC Power Corporation and Subsidiaries** (the Group) is responsible for the preparation and fair presentation of the **consolidated** financial statements including the schedules attached therein, for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


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


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

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

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


ALFREDO L. HENARES
Chairman of the Board


DENNIS T. VILLAREAL
Chief Executive Officer and President


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


Signed this 6th day of April, 2022.

13 APR 2022

SUBSCRIBED AND SWORN TO before me this _____ day of April 2022 at Makati City; Affiants exhibited to me their CTC/Passport Nos. as follows:

<u>Names</u>	<u>CTC/Passport No.</u>	<u>Date of Issue</u>	<u>Place of Issue</u>
Alfredo L. Henares	P5099307B	March 11, 2020	DFA NCR East
Dennis T. Villareal	P8767960A	September 17, 2018	DFA Manila
Jaime M. Balisacan	4778276	January 25, 2022	Cebu City

Doc. No. 64
Page No. 14
Book No. 37
Series of 2022.


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

• MAIN OFFICE: 7th Floor, Cebu Holding Center, Cebu Business Park, Archbishop Reyes Avenue, Cebu City 6000 Philippines. Tels (032) 2320377 / 2319372 to 73 Fax No.: (032) 2320376 / 2319369
• MANILA OFFICE: 7th Floor, Citibank Center, 8741 Paseo De Roxas, Makati City, P.O. Box 1222 MCPO Makati City, 1209 Philippines. Tels. (032) 8104474 to 77 Fax No.: (032) 8934844

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
SPC Power Corporation
7th Floor, Cebu Holdings Center
Archbishop Reyes Avenue, Cebu Business Park
Cebu City

Opinion

We have audited the consolidated financial statements of SPC Power Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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



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

Revenue recognition from distribution of power

The Group's revenue from the distribution of power amounting to ₱973.7 million represents 39% of total revenue in 2021 and arises from its service contracts to a large number of customers consisting of commercial, residential, government institutions and other customers located within its franchise area. This matter is significant to our audit because the revenue recognized depends on the completeness of electric consumption captured based on meter readings over the franchise area, as obtained on various meter reading dates; the propriety of the rates, computed and applied based on the Energy Regulatory Commission (ERC)-approved formulae, which vary depending on the types of customers; and the reliability of the billing system in processing transactions. Disclosures related to this matter are provided in Notes 3 and 23 to the consolidated financial statements.

Audit response

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

Accounting for investments in significant associates

The Group owns 40% of KEPCO SPC Power Corporation (KEPCO SPC) and Mactan Electric Company, Inc. (MECO). As discussed in Note 10 to the consolidated financial statements, the Group's investments in these associates are accounted for under the equity method. As of December 31, 2021, the investments in these associates amounted to ₱5.6 billion (representing 54% of the Group's consolidated total assets), and the Group's equity in net earnings from these associates for the year then ended amounted to ₱1.0 billion (representing 75% of the Group's consolidated net income). The accounting for these investments is significant to our audit because of the substantial amount of the Group's investments and equity in net earnings from these associates. Also, the Group's share in the net earnings of MECO is significantly affected by MECO's revenue recognition arising from its service contracts to various customers located within its franchise area. The recognition of such revenue depends on the completeness of the electric consumption captured based on meter readings conducted on various dates over the franchise area; the propriety of the rates, computed and applied based on the ERC-approved formulae, which vary depending on the types of customers; and the reliability of the billing system in processing transactions. Further, MECO is audited by other auditors.



Audit response

We obtained an understanding of the Group's process in recognizing its equity in net earnings of associates, including the understanding of their business transactions. We obtained the financial information of KEPCO SPC and MECO and recomputed the Group's equity in net earnings for the year ended December 31, 2021. In addition, our audit procedures included coordinating and instructing the other auditors to perform an audit on the relevant financial information of MECO for the purpose of the Group's consolidated financial statements. We reviewed the risk assessment and audit strategy of the other auditors in light of any significant developments affecting MECO.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

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

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

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

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



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

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

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

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

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

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



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

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

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

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

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

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin

Partner

CPA Certificate No. 94303

Tax Identification No. 198-819-157

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

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

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

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

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

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

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

April 6, 2022



SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

(Forward)



	December 31	
	2021	2020
Equity Attributable to Equity Holders of the Parent		
Capital stock - ₱1 par value (Note 18)		
Authorized - 2,000,000,000 shares		
Issued - 1,569,491,900 shares	₱1,569,491,900	₱1,569,491,900
Additional paid-in capital	86,810,752	86,810,752
Retained earnings (Note 18):		
Appropriated for future expansion projects	1,800,000,000	1,800,000,000
Unappropriated	5,954,370,912	7,083,372,533
Other comprehensive income (loss):		
Remeasurement of employee benefits	(367,132)	2,144,925
Net unrealized valuation gains on financial asset at fair value through other comprehensive income (FVOCI) (Note 12)	6,350,000	5,750,000
Share in remeasurement of employee benefits of associates	270,792	(1,056,084)
Treasury stock at cost - 72,940,097 shares	(131,008,174)	(131,008,174)
Equity attributable to equity holders of the Parent	9,285,919,050	10,415,505,852
Equity Attributable to Non-controlling Interests (Note 18)	136,439,885	139,765,972
Total Equity	9,422,358,935	10,555,271,824
TOTAL LIABILITIES AND EQUITY	₱10,352,224,938	₱11,440,023,306

See accompanying Notes to Consolidated Financial Statements.



SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2021	2020	2019
REVENUE (Notes 23, 24, 26 and 29)	₱2,469,384,265	₱1,996,070,942	₱2,799,009,238
COST OF OPERATIONS (Notes 19, 24 and 29)	1,952,491,814	1,444,391,214	2,108,524,404
GROSS MARGIN	516,892,451	551,679,728	690,484,834
GENERAL AND ADMINISTRATIVE EXPENSES (Note 20)	205,743,668	203,437,512	277,384,547
OTHER INCOME (CHARGES) - Net			
Equity in net earnings of associates (Note 10)	867,849,896	1,213,454,901	1,327,469,713
Service income (Note 5)	40,002,385	120,007,156	123,643,736
Interest income (Note 6)	34,593,723	51,644,580	102,453,188
Interest expense (Notes 15, 16, 30 and 31)	(4,470,615)	(4,650,335)	(5,557,408)
Others - net (Notes 16 and 29)	30,214,612	27,901,247	5,586,675
	968,190,001	1,408,357,549	1,553,595,904
INCOME BEFORE INCOME TAX	1,279,338,784	1,756,599,765	1,966,696,191
PROVISION FOR INCOME TAX (Note 25)	81,625,714	123,253,325	148,528,774
NET INCOME	1,197,713,070	1,633,346,440	1,818,167,417
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Items that will not be reclassified to profit or loss:</i>			
Share in remeasurement of employee benefits of associates, net of tax effect (Note 10)	1,326,876	1,098,177	(3,052,380)
Remeasurement of employee benefits, net of tax effect (Note 17)	(2,471,042)	1,846,660	(5,732,784)
Unrealized valuation gain on financial asset at FVOCI (Note 12)	600,000	100,000	800,000
	(544,166)	3,044,837	(7,985,164)
TOTAL COMPREHENSIVE INCOME	₱1,197,168,904	₱1,636,391,277	₱1,810,182,253
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent	₱1,190,653,672	₱1,603,436,958	₱1,782,279,548
Non-controlling interests	7,059,398	29,909,482	35,887,869
	₱1,197,713,070	₱1,633,346,440	₱1,818,167,417
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent	₱1,190,068,491	₱1,606,481,795	₱1,774,546,252
Non-controlling interests	7,100,413	29,909,482	35,636,001
	₱1,197,168,904	₱1,636,391,277	₱1,810,182,253
EARNINGS PER SHARE (Note 27)			
Basic/Diluted, for income for the year attributable to equity holders of the Parent	₱0.80	₱1.07	₱1.19

See accompanying Notes to Consolidated Financial Statements.



SPC POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	Equity Attributable to Equity Holders of the Parent									
	Other Comprehensive Income (Loss)								Total	
	Capital Stock (Note 18)	Additional Paid-in Capital	Retained Earnings (Note 18)	Remeasurement of Employee Benefits (Note 17)	Net Unrealized Valuation Gains on Financial Assets at FVOCI (Note 12)	Share in Remeasurement of Employee Benefits of Associates (Note 10)	Treasury Stock at Cost	Non-controlling Interest		
At January 1, 2019	₱1,569,491,900	₱86,810,752	₱1,500,000,000	₱6,841,104,451	₱5,779,181	₱4,850,000	₱898,119	(₱131,008,174)	₱146,276,014	₱10,024,202,243
Total comprehensive income	-	-	-	1,782,279,548	(5,480,916)	800,000	(3,052,380)	-	35,636,001	1,810,182,253
Appropriation (Note 18)	-	-	2,300,000,000	(2,300,000,000)	-	-	-	-	-	-
Reversal of appropriation (Note 18)	-	-	(1,000,000,000)	1,000,000,000	-	-	-	-	-	-
Cash dividends (Note 18)	-	-	-	(1,646,206,983)	-	-	-	-	(25,777,501)	(1,671,984,484)
At December 31, 2019	1,569,491,900	86,810,752	2,800,000,000	5,677,177,016	298,265	5,650,000	(2,154,261)	(131,008,174)	156,134,514	10,162,400,012
At January 1, 2020	1,569,491,900	86,810,752	2,800,000,000	5,677,177,016	298,265	5,650,000	(2,154,261)	(131,008,174)	156,134,514	10,162,400,012
Total comprehensive income	-	-	-	1,603,436,958	1,846,660	100,000	1,098,177	-	29,909,482	1,636,391,277
Appropriation (Note 18)	-	-	-	-	-	-	-	-	-	-
Reversal of appropriation (Note 18)	-	-	(1,000,000,000)	1,000,000,000	-	-	-	-	-	-
Cash dividends (Note 18)	-	-	-	(1,197,241,441)	-	-	-	-	(46,278,024)	(1,243,519,465)
At December 31, 2020	1,569,491,900	86,810,752	1,800,000,000	7,083,372,533	2,144,925	5,750,000	(1,056,084)	(131,008,174)	139,765,972	10,555,271,824
At January 1, 2021	1,569,491,900	86,810,752	1,800,000,000	7,083,372,533	2,144,925	5,750,000	(1,056,084)	(131,008,174)	139,765,972	10,555,271,824
Total comprehensive income	-	-	-	1,190,653,672	(2,512,057)	600,000	1,326,876	-	7,100,413	1,197,168,904
Cash dividends (Note 18)	-	-	-	(2,319,655,293)	-	-	-	-	(10,426,500)	(2,330,081,793)
At December 31, 2021	₱1,569,491,900	₱86,810,752	₱1,800,000,000	₱5,954,370,912	(₱367,132)	₱6,350,000	₱270,792	(₱131,008,174)	₱136,439,885	₱9,422,358,935

See accompanying Notes to Consolidated Financial Statements.



SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱1,279,338,784	₱1,756,599,765	₱1,966,696,191
Adjustments for:			
Equity in net earnings of associates (Note 10)	(867,849,896)	(1,213,454,901)	(1,327,469,713)
Depreciation and amortization (Note 22)	86,974,417	94,214,596	111,109,192
Interest income (Note 6)	(34,593,723)	(51,644,580)	(102,453,188)
Unrealized foreign exchange losses (gains)	(1,636,497)	392,784	976,229
Net changes in pension liabilities	3,128,466	4,946,057	3,400,222
Interest expense (Notes 15, 16, 30 and 31)	4,470,615	4,650,335	5,557,408
Loss (gain) on disposal of assets (Note 11)	977,362	297,049	7,257,698
Changes in asset retirement obligation (Note 16)	—	—	15,814,639
Operating income before working capital changes	470,809,528	596,001,105	680,888,678
Decrease (increase) in:			
Trade and other receivables	(151,783,569)	77,593,843	37,767,952
Materials and supplies	(26,191,541)	14,737,302	(28,293,535)
Prepayments and other current assets	(21,356,892)	26,593,308	12,244,472
Increase (decrease) in:			
Trade and other payables	79,029,426	(33,228,370)	(3,168,564)
Customers' deposits	11,921,883	25,543,006	16,912,937
Cash generated from operations	362,428,835	707,240,194	716,351,940
Income taxes paid	(96,437,352)	(132,306,438)	(150,856,729)
Interest received	34,605,171	54,892,717	99,237,832
Interest paid	(161,687)	(588,100)	(906,904)
Net cash flows from operating activities	300,434,967	629,238,373	663,826,139

(Forward)



	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash dividends received (Notes 5 and 10)	₱1,146,799,813	₱1,381,016,911	₱1,412,024,298
Additions to property, plant and equipment (Note 11)	(70,777,080)	(49,463,971)	(103,648,480)
Cash inflows (outflows) arising from advances to suppliers and contractors and others	(10,877,738)	4,218,698	(12,957,399)
Proceeds from disposal of property, plant and equipment	92,038	120,000	7,142,857
Net cash flows from investing activities	1,065,237,033	1,335,891,638	1,302,561,276
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid (Note 18)	(2,325,739,309)	(1,243,519,465)	(1,672,834,471)
Payments of principal portion of lease liabilities (Notes 30 and 31)	(1,765,439)	(4,314,526)	(2,215,924)
Cash flows used in financing activities	(2,327,504,748)	(1,247,833,991)	(1,675,050,395)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(961,832,748)	717,296,020	291,337,020
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,636,497	(392,784)	(976,229)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,944,306,886	3,227,403,650	2,937,042,859
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	₱2,984,110,635	₱3,944,306,886	₱3,227,403,650

See accompanying Notes to Consolidated Financial Statements.



SPC POWER CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

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

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

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

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

On July 29, 2021 the Parent Company's Board of Directors approved to amend the Company's Articles of Incorporation in order to engage in the business of renewable energy including the exploration, development and utilization of renewable energy resources, such as but not limited to biomass, solar, wind, hydro, geothermal, ocean energy sources or hybrid systems. The amendments were subsequently approved and confirmed by written assent of the stockholders representing at



least 2/3 of the outstanding capital stock of the Parent Company. As of report date, the SEC has yet to approve such an amendment.

The consolidated financial statements comprise the financial statements of the Parent Company and the following 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%

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

Cebu Naga Power Corporation (CNPC). CNPC was incorporated and registered with the SEC on August 12, 2015 to undertake the development, ownership, construction, operation and management of a new 2x150 MW Circulating Fluidized Bed Combustion (CFBC) Coal-fired Power Plant to replace the old CTPP 1 and CTPP 2 in the NPPC, Colon, City of Naga, Cebu. The construction of the new power plant had been aborted due to the adverse Supreme Court decision that led to the return of the NPPC to PSALM on July 31, 2018 (see Note 29). CNPC has not started commercial operations.

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

Bohol Light Company, Inc. (BLCI). BLCI was incorporated on July 21, 2000 to engage in the business of supply and distribution of electricity, subject to applicable laws, rules and regulations. On July 10, 2003, the National Electrification Commission (NEC) granted BLCI's franchise to operate electric, light and power services for a period of 25 years retroactive from October 20, 2000 to October 19, 2025 in the area presently comprised by Tagbilaran City, Bohol.

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

