

**SPC POWER CORPORATION AND SUBSIDIARIES**  
**SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED**  
**DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Collections	Write Offs	Balance at End of Period		Total
					Current	Noncurrent	
SPC Electric Company, Inc.	₱6,057	₱9,865	₱-	₱-	₱15,922	-	₱15,922
Bohol Light Company, Inc.	614,609	168,857	(559,859)	-	223,607	-	223,607
SPC Island Power Corporation	125,766	324,573	(311,490)	-	138,849	-	138,849
SPC Malaya Power Corporation	1,668,168	8,015	-	-	1,676,183	-	1,676,183
SPC Light Company, Inc.	6,947	9,165	-	-	16,112	-	16,112
Cebu Naga Power Plant Corporation	159,155	17,807	-	-	176,962	-	176,962
	₱2,580,702	₱538,282	(₱871,349)	₱-	₱2,247,635	-	₱2,247,635

**SPC POWER CORPORATION AND SUBSIDIARIES**

**SCHEDULE D - LONG-TERM DEBT**

**DECEMBER 31, 2021**

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

**SPC POWER CORPORATION AND SUBSIDIARIES**

**SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)**

**DECEMBER 31, 2021**

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

**SPC POWER CORPORATION AND SUBSIDIARIES**

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

**DECEMBER 31, 2021**

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

**SPC POWER CORPORATION AND SUBSIDIARIES**

**SCHEDULE G - CAPITAL STOCK**

**DECEMBER 31, 2021**

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown under Related Consolidated Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Affiliates	Directors and Officers	Others
Capital stock	2,000,000,000	1,496,551,803	—	21,850,269	1,276,385,905	198,315,629

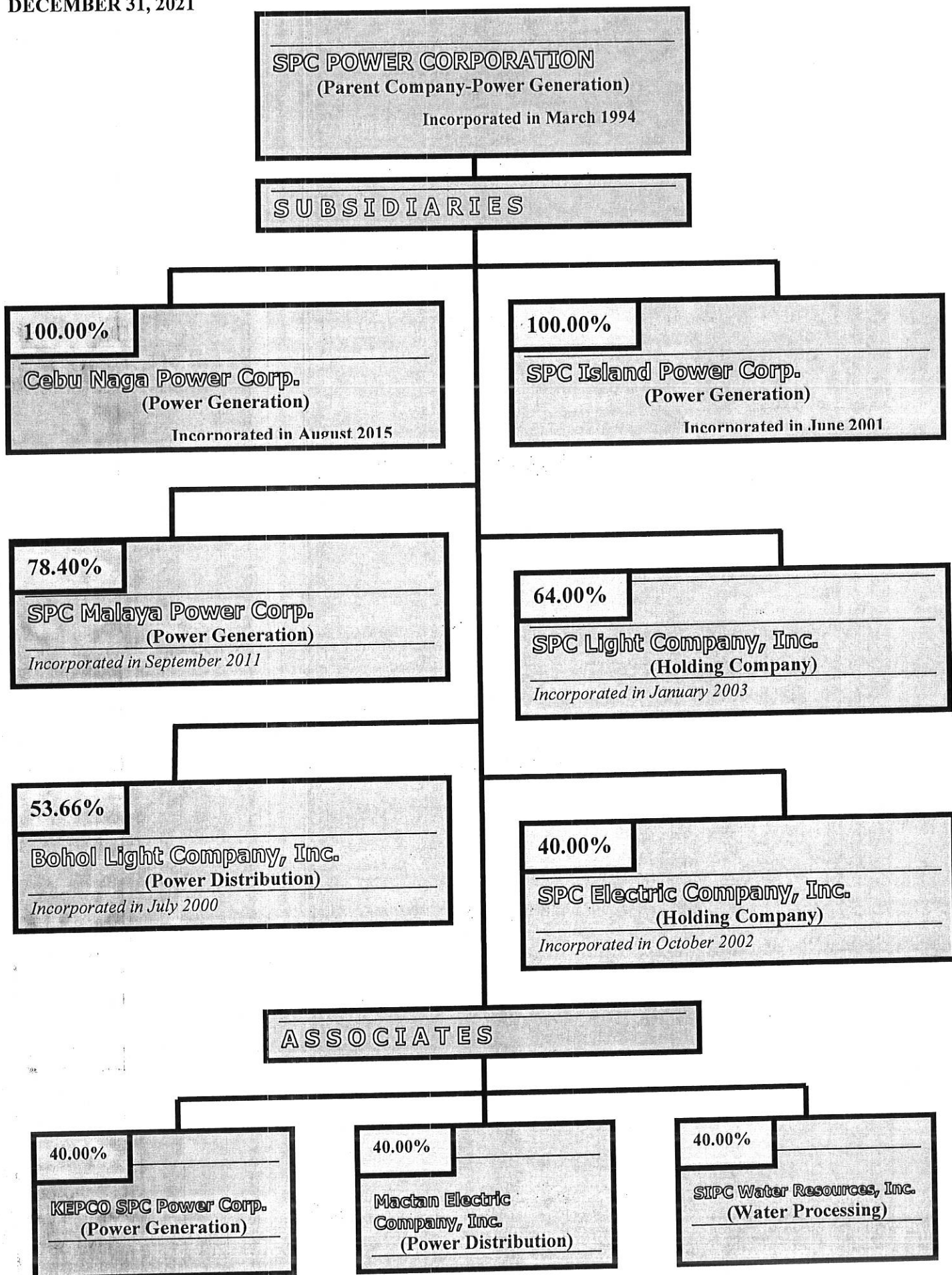
*See Note 18 of the Consolidated Financial Statements.*

**SPC POWER CORPORATION****RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR  
DIVIDEND DECLARATION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Items	Amount
<b>Unappropriated Retained Earnings, Beginning</b>	<b>₱3,789,122,453</b>
<b>Adjustments</b>	
Deferred income tax assets that reduced the amount of provision for income tax	—
<b>Unappropriated Retained Earnings, as Adjusted, Beginning</b>	<b>3,789,122,453</b>
<b>Net Income Based on the Face of Audited Financial Statements</b>	<b>1,575,394,285</b>
<b>Less: Non-actual/Unrealized Income Net of Tax</b>	
Equity in net income of associate/joint venture	—
Unrealized foreign exchange loss - net (except those attributable to Cash and Cash Equivalents)	—
Unrealized actuarial gain	—
Fair value adjustment (M2M gains)	—
Fair value adjustment of Investment Property resulting to gain	—
Adjustment due to deviation from PFRS/GAAP-gain	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—
Deferred income tax assets that increased the amount of provision for income tax	—
<b>Add: Non-actual Losses</b>	
Depreciation on revaluation increment (after tax)	—
Adjustment due to deviation from PFRS/GAAP - loss	—
Loss on fair value adjustment of investment property (after tax)	—
Unrealized actuarial loss	—
Interest expense – lease liabilities	112,059
Interest expense - asset retirement obligation	—
<b>Net Income Actual/Realized</b>	<b>1,575,506,344</b>
<b>Add (Less)</b>	
Dividend declarations during the period	(2,319,655,295)
Appropriations of Retained Earnings during the period	—
Reversals of appropriations	—
Effects of prior period adjustments	—
Treasury shares	(131,008,174)
<b>TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND DECLARATION</b>	<b>₱2,913,965,328</b>

# SPC POWER CORPORATION AND SUBSIDIARIES

## MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP DECEMBER 31, 2021

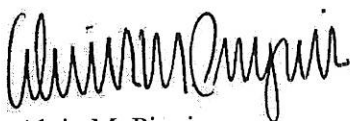


## INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of SPC Power Corporation and Subsidiaries (the Group) as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated April 6, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Alvin M. Pinpin  
Partner

CPA Certificate No. 94303

Tax Identification No. 198-819-157

BOA/PRC Reg. No. 0001, 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**  
**FINANCIAL SOUNDNESS INDICATORS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021**

Ratio	Formula	2021	2020
Current Ratio	Total Current Assets divided by Total Current Liabilities  <div> <div>Total Current Assets</div> <div>Divide by: Total Current Liabilities</div> <div>Current Ratio</div> </div>	7.21	9.71
Acid Test Ratio	Quick Assets ( <i>Total Current Assets less Materials and Supplies and Prepayments and Other Current Assets</i> ) divided by Total Current Liabilities  <div> <div>Total Current Assets</div> <div>Less: Materials and Supplies</div> <div>Prepayments and Other Current Assets</div> <div>Quick Assets</div> <div>Divide by: Total Current Liabilities</div> <div>Acid Test Ratio</div> </div>	6.36	8.84
Solvency Ratio	Total Comprehensive Income before Depreciation and Amortization divided by Total Liabilities  <div> <div>Total Comprehensive Income</div> <div>Add: Depreciation and Amortization</div> <div>Divide by: Total Liabilities</div> <div>Solvency Ratio</div> </div>	1.38	1.96
Debt-to-Equity Ratio	Total Liabilities divided by Total Equity  <div> <div>Total Liabilities</div> <div>Divide by: Total Equity</div> <div>Debt-to-Equity Ratio</div> </div>	0.10	0.08
Asset-to-Equity Ratio	Total Assets divided by Equity Attributable to Parent  <div> <div>Total Assets</div> <div>Divide by: Equity Attributable to Parent</div> <div>Asset-to-Equity Ratio</div> </div>	1.11	1.10

Ratio	Formula	2021	2020
Interest Rate Coverage Ratio	Earnings before Income Tax, Depreciation and Amortization ( <i>Net Income plus Provision for Income Tax, Interest Expense, Depreciation and Amortization less Interest Income</i> ) divided by Interest Expense  Net Income ₱1,197,713,070 Add: Provision for Income Tax 81,625,714 Interest Expense 4,470,615 <hr/> 1,283,809,399 Less: Interest Income 34,593,723 <hr/> EBIT 1,249,215,676 Add: Depreciation and Amortization 86,974,417 <hr/> EBITDA 1,336,190,093 Divide by: Interest Expense 4,470,615 <hr/> Interest Expense Coverage Ratio 298.88	298.88	387.89
Return on Equity	Total Comprehensive Income divided by Average Total Equity ( <i>Total Equity PY + Total Equity CY divided by 2</i> )  Total Comprehensive Income ₱1,197,168,904 Total Equity CY 9,422,358,935 Total Equity PY 10,555,271,824 <hr/> Average Total Equity 9,988,815,380 Return on Equity 11.99%	11.99%	15.80%
Return on Assets	Total Comprehensive Income divided by Average Total Assets ( <i>Total Assets PY + Total Assets CY divided by 2</i> )  Total Comprehensive Income ₱1,197,168,904 Total Assets CY 10,352,224,938 Total Assets PY 11,440,023,306 <hr/> Average Total Assets 10,896,124,122 Return on Assets 10.99%	10.99%	14.52%
Net Profit Margin	Net Income Attributable to Parent divided by Revenue  Net Income Attributable to Parent ₱1,190,653,672 Divide by: Revenue 2,469,384,265 <hr/> Net Income Margin 48.22%	48.22%	80.33%

- |     |   |   |
|-----|---|---|
| 1.  | For the quarterly period ended  | March 31, 2022  |
| 2.  | SEC Identification Number   | AS094-002365  |
| 3.  | BIR Tax Identification No.  | 003-868-048   |
|     | SPC POWER CORPORATION   |   |
| 4.  | Exact name of issuer as specified in its charter  |   |
|     | Metro Manila, Philippines   |   |
| 5.  | Province, country or other jurisdiction of incorporation or organization  |   |
| 6.  | Industry Classification Code  | (SEC Use Only)  |
|     | 7 <sup>th</sup> Floor, Cebu Holdings Center, Cebu Business Park, Cebu City 6000<br>(Manila Office: 7 <sup>th</sup> Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City) |   |
| 7.  | Address of Issuer's principal office  | Postal Code   |
|     | (63 32) 232 0375; 232 0477 / (63 2) 810 4474 to 77, 810 4450, 810 4465  |   |
| 8.  | Issuer's telephone number, including area code  |   |
|     | N.A.  |   |
| 9.  | Former name of former address, if changed since last report   |   |
| 10. | Securities registered pursuant to Sections 8 and 12 of the SRC or Section 4 and 8 of the RSA  |   |
|     | Title of Each Class   | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|     | Common Shares (as of March 31, 2022)  | 1,496,551,803 shares  |
|     | Total Debt (as of March 31, 2022)   | ₱1,022,914,490  |
| 11. | Are any or all of the securities listed on a Stock Exchange?  |   |
|     | Yes [ <input checked="" type="checkbox"/> ]   | No [ <input type="checkbox"/> ]   |

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

Philippine Stock Exchange

common shares

12. Check whether the issuer:

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

Yes [ ☒ ]      No [ ☐ ]

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

Yes [ ☒ ]      No [ ☐ ]

## **PART I – FINANCIAL INFORMATION**

### **ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS**

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

- a. Consolidated Statements of Financial Position – March 31, 2022 (unaudited) and December 31, 2021 (audited).
- b. Consolidated Statements of Comprehensive Income – Three Months Ended March 31, 2022 and 2021 (unaudited).
- c. Consolidated Statements of Changes in Stockholders’ Equity – Three Months Ended March 31, 2022 and 2021 (unaudited).
- d. Consolidated Statements of Cash Flows – Three Months ended March 31, 2022 and 2021 (unaudited).
- e. Notes to the Consolidated Interim Financial Statements.

### **ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS**

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

#### **Financial Conditions and Results of Operations**

##### **Results of Operations**

##### **Three Months Ended March 31, 2022 and 2021**

The Group’s consolidated net income significantly reduced by 71.6% to ₱131.0 million in the first quarter of 2022, from ₱460.7 million in the same period last year. This translated to a low earnings per share of P0.08 as compared to P0.31 in the same period last year.

The biggest component of the reduction in the Group’s consolidated net income was from the equity share in the earnings of investee companies which contracted to ₱55.8 million in the first quarter of 2022, from ₱371.3 million in the same period a year earlier.

KEPCO SPC Power Corporation (KSPC), one of the investee companies, saw its net income declining by 91.5% in the first quarter of 2022 mainly on account of the following: (i) advance preventive maintenance service (PMS) conducted on power generating units and (ii) the emerging challenging situation in renewing power supply contracts as the

increase in spot sales could not offset the decrease in sales to Distribution Utilities/Electric Cooperatives previously under power supply contracts.

PMS of KSPC generating units was advanced in the first quarter of the current year, instead of second quarter in the previous year, in response to the Department of Energy's call of not implementing PMS during the 2022 national elections to avoid power interruptions.

Operations of the other business units in the first quarter of 2022 also continued to be still partially affected by the spillover impact of Typhoon Odette which barreled parts of Visayas on December 16, 2021. Distribution facilities were severely damaged and WESM operation in the Bohol Island (where BDPP, PB 104 and BLCI are operating) was resumed only on February 10, 2022.

The power generation business segment contributed ₱65.7 million to the consolidated net income, 29.6% lower compared with last year's ₱93.2 million.

At the power distribution business segment (BLCI), energy sales decreased by 38.6% to 16.9 gWh in the first quarter of 2022, from 27.6 gWh in the same period last year. Contribution to the net income was, however, higher at ₱9.4 million due mainly to recoveries of previous months' under-recovery of cost of purchased power.

On the positive side, the Group is encouraged by signs of post-pandemic and post-Typhoon Odette recovery. It is looking toward a renewed growth momentum in the succeeding quarters by continuously improving efficiencies, leveraging existing business assets, and widening the market coverage beyond the existing customers and in areas outside of the Visayas region while in pursuit of new markets and customer segments.

Hereunder are the specific income and expense items that registered significant variances in the first quarter of 2022 as compared with the same period in 2021.

Consolidated revenues soared 45.2% to ₱674.4 million, from ₱464.5 million in the same period last year, due mainly to higher pass-through cost of fuel.

Consolidated cost of services likewise soared by 58.3% to ₱556.70 million, from ₱351.6 million in the previous year. This was due mainly to the following: (i) higher volume and higher prices of fuel used in the operations and (ii) higher usage of materials and supplies inventory to restore damages caused by Typhoon Odette.

As the amount of revenues grew faster than costs, gross margin slightly increased by 4.2% to ₱117.7 million from ₱112.9 million in the same period last year.

Consolidated administrative and general expenses increased by 77.4% to ₱65.9 million, from ₱37.1 million in the same three months last year, due mainly to higher expenses for business development.

Other service income was nil in 2022 as there was no provision nor settlement of technical and upgrading services rendered during the period.

Foreign exchange gains increased to ₱32.2 million from ₱1.4 million due to restatement of more U.S. dollar-denominated funds as at end-March 2022.

## Financial Condition

### March 31, 2022 Vs. December 31, 2021

Despite the decline in net income, a solid financial position was maintained to allow the Group to take advantage of opportunities for growth in new markets and customer segments.

Total consolidated assets expanded by 2.2% to ₱10,576.2 million as at end-March 2022 from the last audited balance of ₱10,352.2 million as at end-2021. Total liabilities likewise increased but at a much slower pace compared to the levels last year. This resulted in total stockholders' equity still growing slightly by 1.4% to ₱9,553.3 million as at end-March 2022 from ₱9,422.4 million as at end-2021.

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

**Trade and other receivables** increased by 26.5% to ₱619.5 million as at end-March 2022, from ₱489.8 million as at end-2021, due to increase in sales that included higher pass-through cost of fuel.

**Materials and supplies inventory** grew by 7.4% to ₱418.8 million as at end-March 2022, from ₱389.8 million as at end-2021, due mainly to higher volume and price of fuel inventory.

**Investment in associates** increased by ₱55.8 million (1.0%) to ₱5,561.1 million as at end-March 2022 from ₱5,505.2 million as at end-2021, due to fresh equity share in the net earnings of associates or investee companies.

**Property, plant and equipment** slightly increased by 2.8% (₱20.1 million) to ₱751.9 million, from ₱731.8 million. This was attributed to the net effect of the following: (i) increase due to new additions to property, plant and equipment amounting to ₱40.5 million; and (ii) reduction due to depreciation and disposal amounting to ₱20.4 million.

**Trade and other payables** increased by 19.7% to ₱642.3 million as at end-March 2022, from ₱536.7 million at the beginning of the year, due mainly to higher cost of purchased fuel and higher purchases of materials and supplies used to restore damages caused by Typhoon Odette.

**Other noncurrent liabilities** decreased by 16.9% to ₱60.1 million, from ₱72.4 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 the amount collected from customers over a period of seven years from January 2018.

**Unappropriated retained earnings** increased by 2.1% to ₱6,081.1 million as at end-March 2022 from ₱5,954.4 million at the beginning of the year. The net increase is reflective of the comprehensive income attributable to equity holders of the Parent Company in the quarter ended March 31, 2022.

## Cash Flows

In the quarter ended March 31, 2022, the total of cash flows used for investing and financing activities exceeded cash flows generated from operating activities.

As at end-March 2022, the balance of cash and cash equivalents stood at ₱2,973.9 million, lower by ₱10.2 million or 0.3% as compared to the balance at the beginning of the current year.

## Key Performance Indicators

The following financial indicators are used, among others, to evaluate the performance of the Group as of March 31, 2022 and December 31, 2021 and for the three months ended March 31, 2022 and 2021:

Key Performance Indicators	2022	2021
<b>A. For Three Months Ended March 31, 2022 and 2021:</b>		
Earnings Per Share	₱0.08	₱0.31
Share In Net Earnings of Associates	₱55,839,306	₱371,334,996
Return on Equity (total comprehensive income divided by average total equity)	1.38%	4.27%
Return on Assets (total comprehensive income divided by average total assets)	1.25%	3.96%
Cash Flows:		
Net cash flows generated from (used in) operating activities	₱13,685,070	₱5,702,856
Net cash flows used in investing activities	(₱51,317,129)	(₱22,234,480)
Net cash flows used in financing activities	(₱2,559,207)	(₱974,825)
Solvency ratio (total comprehensive income before depreciation and amortization divided by total liabilities)	0.15	0.58
<b>B. As of March 31, 2022 and December 31, 2021:</b>		
Cash and cash equivalents at end of period	₱2,973,865,048	₱2,984,110,635
Current ratio (total current assets divided by current liabilities)	6.28	7.21
Debt ratio (total liabilities divided by total assets)	0.10	0.09
Debt-to-equity ratio (total liabilities divided by total equity)	0.11	0.10



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.

**Material Off-Balance Sheet Items**

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

**Material Commitments for Capital Expenditures**

As of March 31, 2022, there are no material commitments for capital expenditures other than in the ordinary course of business to improve power generation and distribution facilities. Funding comes from internally generated cash from operations.

**Known Trends**

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

## SIGNATURES

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

**SPC POWER CORPORATION**  
*Issuer*

*By:*

  
**MARY ANN G. DAUGDAUG**  
*Assistant Finance Manager*

  
**JAIME M. BALISACAN**  
*SVP-Finance and Administration*

Date: April 29, 2022

Date: April 29, 2022

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

**(Amounts in Philippine Pesos)**

	<b>March 31, 2022</b>	<b>Dec. 31, 2021</b>	<b>Incr. / (Decr.)</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>Amount</b>	<b>Percent</b>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	2,973,865,048	2,984,110,635	(10,245,587)	-0.3%
Trade and other receivables - net	619,461,551	489,827,621	129,633,930	26.5%
Material and supplies	418,841,225	389,819,368	29,021,857	7.4%
Prepayments and other current assets	77,709,137	76,307,342	1,401,795	1.8%
<b>Total Current Assets</b>	<b>4,089,876,961</b>	<b>3,940,064,966</b>	<b>149,811,995</b>	<b>3.8%</b>
<b>Noncurrent Assets</b>				
Investment in associates	5,561,082,902	5,505,243,597	55,839,305	1.0%
Property, plant and equipment - net	751,906,078	731,765,902	20,140,176	2.8%
Deferred income tax assets	28,359,934	28,346,424	13,510	0.0%
Goodwill	32,522,016	32,522,016	0	0.0%
Intangible Assets	4,071,318	4,342,740	(271,422)	-6.3%
Other noncurrent assets - net	108,406,214	109,939,293	(1,533,079)	-1.4%
<b>Total Noncurrent Assets</b>	<b>6,486,348,462</b>	<b>6,412,159,972</b>	<b>74,188,490</b>	<b>1.2%</b>
<b>TOTAL ASSETS</b>	<b>10,576,225,423</b>	<b>10,352,224,938</b>	<b>224,000,485</b>	<b>2.2%</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>				
<b>Current Liabilities</b>				
Trade and other payables	642,294,893	536,682,592	105,612,301	19.7%
Income tax payable	8,528,795	6,878,630	1,650,165	24.0%
Current portion of lease liabilities	103,110	2,662,317	(2,559,207)	-96.1%
<b>Total current liabilities</b>	<b>650,926,798</b>	<b>546,223,539</b>	<b>104,703,259</b>	<b>19.2%</b>
<b>Noncurrent Liabilities</b>				
Customers' deposits	187,791,977	186,776,397	1,015,580	0.5%
Asset retirement obligation	89,721,893	89,721,893	0	0.0%
Net pension liabilities	34,369,643	34,773,836	(404,193)	-1.2%
Other noncurrent liability	60,104,179	72,370,338	(12,266,159)	-16.9%
<b>Total noncurrent liabilities</b>	<b>371,987,692</b>	<b>383,642,464</b>	<b>(11,654,772)</b>	<b>-3.0%</b>
<b>Total Liabilities</b>	<b>1,022,914,490</b>	<b>929,866,003</b>	<b>93,048,487</b>	<b>10.0%</b>

(Forward)

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

**(Amounts in Philippine Pesos)**

	<b>March 31, 2022</b>	<b>Dec. 31, 2021</b>	<b>Incr. / (Decr.)</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>Amount</b>	<b>Percent</b>
<b>Stockholders' Equity</b>				
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	0.0%
Additional paid-in capital	86,810,752	86,810,752	0	0.0%
Retained earnings:				
Unappropriated	6,081,086,457	5,954,370,912	126,715,545	2.1%
Appropriated	1,800,000,000	1,800,000,000	0	0.0%
Other comprehensive income:				
Remeasurement of employee benefits	(624,963)	(367,132)	(257,831)	70.2%
Net unrealized valuation gains				
on financial asset at FVOCI	6,350,000	6,350,000	0	0.0%
Share in remeasurement of employee				
benefits of associates	270,792	270,792	0	0.0%
Treasury stock at cost - 72,940,097 shares	(131,008,174)	(131,008,174)	0	0.0%
Equity attributable to equity holders of Parent	9,412,376,764	9,285,919,050	126,457,714	1.4%
Equity attributable to Non-controlling interests	140,934,169	136,439,885	4,494,284	3.3%
Total Stockholders' Equity	9,553,310,933	9,422,358,935	130,951,998	1.4%
<b>TOTAL LIABILITIES and EQUITY</b>	<b>10,576,225,423</b>	<b>10,352,224,938</b>	<b>224,000,485</b>	<b>2.2%</b>

*See accompanying Notes to Consolidated Financial Statements.*

  
**Mary Ann G. Daugdaug**  
 Asst. Finance Manager

  
**Jaime M. Balisacan**  
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**SPC POWER CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Amounts in Philippine Pesos)

	Three Months Ended March 31		Increase / (Decrease)	
	2022 (Unaudited)	2021 (Unaudited)	Amount	Percent
REVENUE	674,366,685	464,466,080	209,900,605	45.2%
COST OF SERVICES				
Plant operations	556,710,335	351,603,219	205,107,116	58.3%
GROSS MARGIN	117,656,350	112,862,861	4,793,489	4.2%
GENERAL AND ADM. EXPENSES	(65,885,248)	(37,143,136)	(28,742,112)	77.4%
OTHER INCOME (CHARGES):				
Equity in net earnings of associates	55,839,306	371,334,996	(315,495,690)	-85.0%
Interest Income	5,186,115	8,954,092	(3,767,977)	-42.1%
Interest Expense	(28,453)	(76,711)	48,258	-62.9%
Service Income	0	18,182,902	(18,182,902)	-100.0%
Foreign exchange gains (losses) - net	32,223,644	1,381,492	30,842,152	2232.5%
Others - net	4,621,928	6,121,870	(1,499,942)	-24.5%
INCOME BEFORE INCOME TAX	149,613,642	481,618,366	(332,004,724)	-68.9%
PROVISION FOR/(BENEFIT FROM) INCOME TAX				
Current	18,417,323	20,607,422	(2,190,099)	-10.6%
Deferred	(13,510)	317,221	(330,731)	-104.3%
	18,403,813	20,924,643	(2,520,830)	-12.0%
NET INCOME	131,209,829	460,693,723	(329,483,894)	-71.5%
OTHER COMPREHENSIVE INCOME	(257,831)	0	(257,831)	0.0%
TOTAL COMPREHENSIVE INCOME	130,951,998	460,693,723	(329,741,725)	-71.6%
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent	126,715,545	462,486,065	(335,770,520)	-72.6%
Non-controlling interests	4,494,284	(1,792,342)	6,286,626	-350.7%
	131,209,829	460,693,723	(329,483,894)	-71.5%
COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent	126,457,714	462,486,065	(336,028,351)	-72.7%
Non-controlling interests	4,494,284	(1,792,342)	6,286,626	-350.7%
	130,951,998	460,693,723	(329,741,725)	-71.6%
EARNINGS PER SHARE:				
Basic/diluted, for income for the period attributable to equity holders of the Parent	0.08	0.31	(0.22)	-72.6%

See accompanying Notes to Consolidated Financial Statements.

  
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**SPC POWER CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THREE MONTHS ENDED MARCH 31, 2022 AND 2021**

	Equity Attributable to Equity Holders of the Parent										
						Retained Earnings		Net Unrealized Valuation Gains on Financial Assets at FVOCI	Non- controlling Interest	Total	
	Capital Stock	Additional Paid- In Capital	Treasury Stock at Cost	Remeasurement of Employee Benefits	Share of Associates in OCI	Appropriated	Unappropriated				
Balances at January 1, 2022	₱1,569,491,900	₱86,810,752	(₱131,008,174)	(₱367,132)	₱270,792	₱1,800,000,000	₱5,954,370,912	₱6,350,000	₱9,285,919,050	₱136,439,885	₱9,422,358,935
Total comprehensive income	-	-	-	(257,831)	-	-	126,715,545	-	126,457,714	4,494,284	130,951,998
Balances at March 31, 2022	₱1,569,491,900	₱86,810,752	(₱131,008,174)	(₱624,963)	₱270,792	₱1,800,000,000	₱6,081,086,457	₱6,350,000	₱9,412,376,764	₱140,934,169	₱9,553,310,933
Balances at January 1, 2021	₱1,569,491,900	₱86,810,752	(₱131,008,174)	₱2,144,925	(₱1,056,084)	₱1,800,000,000	₱7,083,372,533	₱5,750,000	₱10,415,505,852	₱139,765,972	₱10,555,271,824
Total comprehensive income	-	-	-	-	-	-	462,486,065	-	462,486,065	(1,792,342)	460,693,723
Balances at March 31, 2021	₱1,569,491,900	₱86,810,752	(₱131,008,174)	₱2,144,925	(₱1,056,084)	₱1,800,000,000	₱7,545,858,598	₱5,750,000	₱10,877,991,917	₱137,973,630	₱11,015,965,547

See accompanying Notes to Consolidated Financial Statements.

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

	<b>Three Months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	149,613,642	481,618,366
Adjustments for:		
Equity in net losses (earnings) of associates	(55,839,306)	(371,334,996)
Depreciation and amortizations	20,715,294	21,772,344
Interest expense	28,453	76,711
Net changes in pension liability	(621,005)	(1,314,831)
Interest income	(5,186,115)	(8,954,092)
Others -net	(26,920,157)	(63,312)
Operating income before working capital changes	81,790,806	121,800,190
Decrease (increase) in:		
Trade and other receivables	(129,655,355)	(25,443,540)
Prepayments and other current assets	(1,401,793)	(6,715,375)
Materials and supplies	(29,021,856)	(28,574,384)
Increase (decrease) in:		
Trade and other payables	102,599,855	(69,381,849)
Customers' deposits	987,126	2,003,022
Net cash generated from operations	25,298,783	(6,311,936)
Income tax paid	(16,767,158)	(159,240)
Interest paid	(54,095)	(49,623)
Interest received	5,207,540	12,223,655
Net cash flows from operating activities	13,685,070	5,702,856
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to plant, property and equipment	(40,584,048)	(18,354,568)
Decrease (increase) in:		
Other noncurrent assets	(10,733,081)	(3,879,912)
Net cash provided by (used in) investing activities	(51,317,129)	(22,234,480)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liabilities	(2,559,207)	(974,825)
Net cash provided by (used in) financing activities	(2,559,207)	(974,825)
<b>NET EFFECT OF EXCHANGE RATE CHANGES</b>	29,945,679	63,313
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(10,245,587)	(17,443,136)
<b>CASH AND CASH EQUIVALENTS AT BEG. OF PERIOD</b>	2,984,110,635	3,944,306,886
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	2,973,865,048	3,926,863,750

See accompanying Notes to Financial Statements.

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

**1. General**

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

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

The consolidated interim financial statements of the Group were authorized for issue by the Parent Company's Board of Directors through its Executive Committee on May 6, 2022.

**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 2021.

**3. Earnings Per Share**

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

	Three Months Ended March 31	
	2022	2021
Net income attributable to equity holders of the parent	<b>₱126,715,545</b>	₱462,486,065
Weighted average number of common shares issued and outstanding	<b>1,496,551,803</b>	1,496,551,803
Basic/Diluted earnings per share	<b>₱0.08</b>	₱0.31

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

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

There are no dilutive potential common stocks issued as of March 31, 2022.

**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 are 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.

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

There are no changes in estimates of amounts in the first quarter of 2022.

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

There are no issuances, repurchases and repayments of debt and equity securities during the three months ended March 31, 2022.

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**8. Segment Information**

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

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

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

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

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

No inter-segment revenues were earned within the Group in the three months ended March 31, 2022 and 2021.

The following tables present revenue and income information and certain asset and liability information regarding the business segments as of March 31, 2022 and 2021:

March 31, 2022						
	Before Eliminations			Total	Adjustments and Eliminations	After Eliminations/ Consolidated
	Generation	Distribution	Others			
Revenue	₱469,800,591	₱204,566,094	₱–	₱674,366,685	₱–	₱674,366,685
Income before income tax	80,974,006	12,779,572	20,758	93,774,336	55,839,306	149,613,642
Net income	65,670,063	9,679,702	20,758	75,370,523	55,839,306	131,209,829
Total assets	7,461,195,952	690,087,185	80,033,259	8,231,316,396	2,344,909,027	10,576,225,423
Property, plant and equipment	527,938,271	222,699,425	–	750,637,696	1,268,382	751,906,078
Total liabilities	556,061,183	465,977,994	132,435	1,022,171,612	742,878	1,022,914,490
Depreciation and amortization	14,171,756	6,543,538	–	20,715,294	–	20,715,294

March 31, 2021						
	Before Eliminations			Total	Adjustments and Eliminations	After Eliminations/ Consolidated
	Generation	Distribution	Others			
Revenue	₱245,317,054	₱219,149,026	₱–	₱464,466,080	₱–	₱464,466,080
Income before income tax	113,713,656	(3,449,280)	18,994	110,283,370	371,334,996	481,618,366
Net income	93,225,479	(3,885,746)	18,994	89,358,727	371,334,996	460,693,723
Total assets	8,128,275,009	700,902,590	75,132,107	8,904,309,706	2,938,014,491	11,842,324,197
Property, plant and equipment	522,133,428	223,135,218	–	745,268,646	1,268,382	746,537,028
Total liabilities	346,391,850	479,114,924	122,267	825,629,041	729,609	826,358,650
Depreciation and amortization	15,436,336	6,336,008	–	21,772,344	–	21,772,344

#### Adjustments and Eliminations

Adjustments and eliminations are part of detailed reconciliations presented below:

#### *Reconciliation of Net Income*

	Three Mos. Ended March 31	
	2022	2021
Segment net income	₱75,370,523	₱89,358,727
Equity in net earnings of associates	55,839,306	371,334,996
Group net income	₱131,209,829	₱460,693,723

#### *Reconciliation of Total Assets*

	Mar. 31, 2022	Dec. 31, 2021
Segment assets	₱8,232,584,778	₱8,071,102,510
Inter-segment receivables	(7,896,463)	(14,575,375)
Investments in associates and subsidiaries	2,319,015,092	2,263,175,787
Goodwill	32,522,016	32,522,016
Group assets	₱10,576,225,423	₱10,352,224,938

#### *Reconciliation of Total Liabilities*

	Mar. 31, 2022	Dec. 31, 2021
Segment liabilities	₱1,022,171,612	₱935,802,036
Inter-segment payables	742,878	(5,936,033)
Group liabilities	₱1,022,914,490	₱929,866,003

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**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.

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**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.

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**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 March 31, 2022 and December 31, 2021, 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 March 31, 2022 and December 31, 2021 based on contractual undiscounted payments:

		March 31, 2022				
	Total	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days
<b>Financial Assets</b>						
At amortized cost:						
Cash and cash equivalents	₱2,973,865,048	₱2,973,865,048	₱–	₱–	₱–	₱–
Trade and other receivables						
PSALM	1,015,262	–	–	–	–	1,015,262
Receivable from customers	416,304,275	214,454,408	93,816,429	3,718,374	19,901,053	84,414,011
Dividends receivable	79,999,911	–	–	–	79,999,911	–
Current portion of PSALM deferred adjustments	36,798,477	36,798,477	–	–	–	–
Due from related parties	2,219,150	46,660	15,615	17,015	28,669	2,111,191
Others	83,124,476	16,190,376	14,872,600	14,953,461	29,824,073	7,283,966
	619,461,551	267,489,921	108,704,644	18,688,850	129,753,706	94,824,430
PSALM deferred adjustments (included in "Other noncurrent assets")	60,104,179	–	–	–	–	60,104,179
	3,653,430,778	3,241,354,969	108,704,644	18,688,850	129,753,706	154,928,609
At FVOCI:						
Investment in proprietary club shares	8,000,000	–	–	–	–	8,000,000
	3,661,430,778	3,241,354,969	108,704,644	18,688,850	129,753,706	162,928,609
<b>Financial Liabilities</b>						
Trade and other payables						
Trade	422,550,295	340,871,106	79,452,538	1,121,296	490,469	614,886
Nontrade	47,254,980	38,090,780	53,621	–	112,000	8,998,579
Accrued expenses	32,703,348	15,535,883	981,998	–	147,089	16,038,378
Dividends payable	4,342,485	–	–	–	4,342,485	–
Due to related parties	502,643	–	–	5,600	–	497,043
	507,353,751	394,497,769	80,488,157	1,126,896	5,092,043	26,148,886
Customers' deposits	187,791,977	–	–	–	–	187,791,977
Lease liabilities	103,110	103,110	–	–	–	–
Other noncurrent liability	60,104,179	–	–	–	–	60,104,179
	755,353,017	394,600,879	80,488,157	1,126,896	5,092,043	274,045,042
<b>Net Financial Assets (Liabilities)</b>	<b>₱2,906,077,761</b>	<b>₱2,846,754,090</b>	<b>₱28,216,487</b>	<b>₱17,561,954</b>	<b>₱124,661,663</b>	<b>(₱111,116,433)</b>

		December 31, 2021				
	Total	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days
<b>Financial Assets</b>						
At amortized cost:						
Cash and cash equivalents	₱2,984,110,635	₱2,984,110,635	₱–	₱–	₱–	₱–
Trade and other receivables						
PSALM	1,015,262	–	–	–	–	1,015,262
Receivable from customers	307,274,236	156,633,651	44,133,687	13,797,096	10,952,451	81,757,351
Dividends receivable	79,999,911	79,999,911	–	–	–	–
Current portion of PSALM deferred adjustments	36,798,477	36,798,477	–	–	–	–
Due from related parties	2,190,509	79,314	15,000	18,450	72,762	2,004,983
Others	62,549,226	32,934,724	4,661,276	3,431,009	2,119,080	19,403,137
	489,827,621	306,446,077	48,809,963	17,246,555	13,144,293	104,180,733
PSALM deferred adjustments (included in "Other noncurrent assets")	72,370,338	–	–	–	–	72,370,338
	3,546,308,594	3,290,556,712	48,809,963	17,246,555	13,144,293	176,551,071
At FVOCI:						
Investment in proprietary club shares	8,000,000	–	–	–	–	8,000,000
	3,554,308,594	3,290,556,712	48,809,963	17,246,555	13,144,293	184,551,071
<b>Financial Liabilities</b>						
Trade and other payables						
Trade	329,057,824	308,846,970	7,172,718	5,308,674	1,980,569	5,748,893
Nontrade	48,837,121	40,412,010	66,544	52,037	–	8,306,530
Accrued expenses	24,945,253	17,357,746	59,338	59,338	356,029	7,112,802
Dividends payable	4,342,484	4,342,484	–	–	–	–
Due to related parties	1,012,353	194,600	–	–	–	817,753
	408,195,035	371,153,810	7,298,600	5,420,049	2,336,598	21,985,978
Customers' deposits	186,776,397	–	–	–	–	186,776,397
Lease liabilities	2,662,317	–	–	–	–	2,662,317
Other noncurrent liability	72,370,338	–	–	–	–	72,370,338
	670,004,087	371,153,810	7,298,600	5,420,049	2,336,598	283,795,030
<b>Net Financial Assets (Liabilities)</b>	<b>₱ 2,884,304,507</b>	<b>₱2,919,402,902</b>	<b>₱41,511,363</b>	<b>₱11,826,506</b>	<b>₱10,807,695</b>	<b>(₱99,243,959)</b>

### Credit Risk

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

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit procedures. In addition, receivable balances are monitored on an ongoing basis with the result that exposure to 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 to the carrying amount of the aforementioned instruments, excluding cash on hand, and is offset by the PDIC insurance coverage and customers' deposits. The offset relates to balances where there is a legally enforceable right of offset in the event of counterparty default and where, as a result, there is a net exposure for credit risk management purposes. However, as there is no intention to settle these balances on a net basis under normal circumstances, they do not qualify for net presentation for accounting purposes.

March 31, 2022			
	Maximum exposure	Offset	Exposure to credit risk
At amortized cost:			
Cash and cash equivalents (excluding cash on hand)	₱2,972,845,679	(₱8,721,569)	₱2,964,124,110
Trade and other receivables	619,461,551	(115,381,160)	504,080,391
PSALM deferred adjustments (included in "Other noncurrent assets")	60,104,179	—	60,104,179
	<b>₱3,652,411,409</b>	<b>(₱124,102,729)</b>	<b>₱3,528,308,680</b>
December 31, 2021			
	Maximum exposure	Offset	Exposure to credit risk
At amortized cost:			
Cash and cash equivalents (excluding cash on hand)	₱2,983,125,816	(₱9,020,940)	₱2,974,104,876
Trade and other receivables	489,827,621	(115,381,160)	374,446,461
PSALM deferred adjustments (included in "Other noncurrent assets")	72,370,338	—	72,370,338
	<b>₱3,545,323,775</b>	<b>(₱124,402,100)</b>	<b>₱3,420,921,675</b>

As of March 31, 2022 and December 31, 2021, the Group's significant concentration of credit risk pertains to its trade and other receivables and PSALM deferred adjustments amounting to ₱679.6 million and ₱562.2 million, respectively, and impaired financial assets, determined based on probability of collection, are adequately covered with allowance.

*Applicable for the first quarter and year ended March 31, 2022 and December 31, 2021.*

The following are the details of the Group's assessment of credit quality and the related ECLs as at March 31, 2022 and December 31, 2021:

#### *General Approach*

- *Cash and cash equivalents* - As of March 31, 2022 and December 31, 2021, the ECL relating to the cash and cash equivalents of the Group is minimal as these are deposited in reputable banks which have good bank standing, and is considered to have low credit risk.
- *Due from NPC/PSALM, related parties, and other receivables* - As of March 31, 2022 and December 31, 2021, there were no individually impaired accounts. No ECL is recognized for these receivables since there were no history of default payments. This assessment is undertaken each financial year through examining the financial position of the parties and the markets in which the parties operate.

#### *Simplified Approach*

- *Trade and other receivables* - The Group applied the simplified approach using a 'provision matrix'. As of March 31, 2022 and December 31, 2021, the allowance for impairment losses as a result from performing collective and specific impairment test amounted to ₱48.3 million. Management evaluated that the Parent Company's trade receivables are of high grade and of good credit quality.

March 31, 2022					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱—	₱—	₱48,283,301	₱619,461,551	₱667,744,852
Loss allowance	—	—	(48,283,301)	—	(48,283,301)
Carrying amount	₱—	₱—	₱—	₱619,461,551	₱619,461,551

December 31, 2021					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱—	₱—	₱39,789,858	₱498,321,064	₱538,110,922
Loss allowance	—	—	(39,789,858)	(8,493,443)	(48,283,301)
Carrying amount	₱—	₱—	₱—	₱489,827,621	₱489,827,621

The Group grades its financial assets as follows:

- *Cash and Cash Equivalents*: These are assessed as high grade since these are deposited in reputable banks which have good bank standing, thus credit risk is minimal.
- *Receivable/Due from NPC/PSALM, NGCP and Distribution Utilities*: These are assessed as high grade since these receivables arose from the contract provisions of the ROMM Agreement, Operation and Maintenance Service Contracts (OMSC), Ancillary Services Procurement Agreements (ASPA), Power Supply Contracts (PSCs), and/or collectible from government institution.
- *Receivable from Customers of BLCI*: Receivables from commercial customers are classified as high grade; receivables from residential customers as standard; and

receivables from the government, hospitals and radio stations as substandard. Classification is based on the collection history with these customers.

- *Due from Related Parties:* These are assessed as standard, although recoverability of these receivables is certain, as these are given secondary priority as to settlement by the related parties compared to third party obligations.
- *Other Receivables:* Grading of financial assets is determined individually based on the Group's collection experience with the counterparty.

#### Fair Value of Financial Assets and Financial Liabilities

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

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

- *Cash and Cash Equivalents, Trade and Other Receivables, Trade and Other Payables and Due From/To Related Parties.* The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and due from/to related parties approximate their value due to the relatively short-term maturity of these financial instruments.
- *Investment in Proprietary Club Shares.* Market values have been used to determine the fair value of listed proprietary club shares.
- *Noncurrent Receivable (included in "Other Noncurrent Assets") and Other Noncurrent Liability.* The fair values of the noncurrent receivable and noncurrent liability are based on the net present value of cash flows using the prevailing market rate of interest. As of March 31, 2022 and December 31, 2021, the carrying values of the noncurrent receivable and noncurrent liability approximate their fair values.
- *Customers' Deposits.* The fair value of customers' deposits approximates the carrying value as (1) bill deposits earn interest at the prevailing market interest rate in accordance with regulatory guidelines and (2) the timing and related amounts of future cash flows relating to material deposits cannot be reasonably and reliably estimated for purposes of establishing their fair values using an alternative valuation technique.

As of March 31, 2022 and December 31, 2021, the Group considers its investment in proprietary club shares measured and carried at fair values of ₱8.0 million under Level 1 classification, respectively. The Group also considers its noncurrent receivable amounting to ₱60.1 million and ₱72.4 million as of March 31, 2022 and December 31, 2021, respectively, noncurrent liability amounting to ₱60.1 million and ₱72.4 million as of March 31, 2022 and December 31, 2021, and customers' deposits amounting to ₱187.8 million and ₱186.8 million as of March 31, 2022 and December 31, 2021, respectively, under the Level 3 classification.

During the reporting period ended March 31, 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.



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

- a. 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.

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**13. Subsequent Event**

Acquisition of 40.5% Interest in STEAG State Power, Inc. (SPI)

On September 20, 2021, the Parent Company was invited by STEAG GmbH (Seller) to participate in the submission of Firm Offer for the acquisition of its 51% interest in STEAG State Power, Inc. (SPI).

SPI owns and operates Mindanao's first coal-fired power plant located at the PHIVIDEC Industrial Estate in Villanueva, Misamis Oriental. The plant was built through a Build-Operate-Transfer scheme with the NPC as the other party to the Power Purchase Agreement with a period of twenty-five (25) years.

On December 10, 2021, the Parent Company and its affiliate Intrepid Holdings, Inc. (IHI), together as Purchasers, were selected as the Preferred Prospective Purchasers with the view to negotiate the Sale and Purchase Agreement (SPA) expeditiously. Negotiations on the SPA commenced on December 13, 2021.

After series of negotiations, the SPA was executed among the parties on February 10, 2022. Subject to the terms and conditions of the SPA, the Seller shall sell its 51% interest in the outstanding capital stock of SPI to the Purchasers, with the Parent Company acquiring 40.5% interest and IHI acquiring 10.5% interest. The Consideration for the transfer of ownership rights over the shares shall be the sum of: (i) the consideration for both the common and redeemable shares of US\$52.0 million (allocated between the Parent Company and IHI at US\$41.3 million and US\$10.7 million, respectively) and (ii) interest accrued at the Locked Box Interest Rate as provided for in the SPA.

The Completion of the sale is subject to certain closing conditions and the final purchase price shall be confirmed after closing. Completion shall be on the tenth (10th) business day after the date on which the conditions are satisfied or waived or at such other date that the parties agree in writing, but no later than June 1, 2022, unless the parties agree to extend such date if Completion does not occur by such date.

However, due to the unlikelihood of securing completely the satisfaction or waiver of the conditions precedent, the Parties mutually agreed to terminate the SPA effective May 5, 2022 at 6:15 PM.

Attendance Report (starting from the last Annual Stockholders Meeting – May 28, 2021)

EXHIBIT “G”

Board of Directors Meetings

Director	May 28, 2021	July 29, 2021	Nov. 4, 2021	Dec. 9, 2021	Feb. 4, 2022	March 3, 2022	April 6, 2022	April 28, 2022	May 2, 2022
DENNIS T. VILLAREAL	Present	Present	Present	Present	Present	Present	Present	Present	Present
ALFREDO L. HENARES	Present	Present	Present	Present	Present	Present	Present	Present	Present
ALBERTO P. FENIX, JR.	Present	Present	Present	Present	Present	Present	Present	Present	Present
YOON, JONG-RYOON	Present	Present	Present	Present	Resigned	-	-	-	-
KIM, YONG-UK	Present	Present	Present	Present	Resigned	-	-	-	-
YOUN SANG YOUNG	Present	Present	Present	Present	Present	Present	Absent	Present	Present
LEE, KYUNG-EUN	Present	Present	Present	Present	Present	Present	Present	Present	Present
RAMON Y. SY*	Present	Present	-	-	-	-	-	-	-
ENRIQUE L.	Present	Present	Present	Present	Present	Present	Present	Present	Present
BENEDICTO	Present	Present	Present	Present	Present	Present	Present	Present	Present
SERGIO R. ORTIZ-LUIS, JR.	Present	Present	Present	Present	Present	Present	Present	Present	Present
FRANCISCO L. VIRAY	-	-	Elected	Present	Present	Present	Present	Present	Present
JAMES ROY N.					Elected	Present	Present	Present	Present
VILLAREAL					Elected	Present	Present	Present	Present
LEE, DALHUN									
KIM, KILWON									

\*Passed on last September 16, 2021.

# Committee Meetings

<b>Executive Committee</b>	<b>May 4, 2021</b>	<b>August 12, 2021</b>	<b>May 5, 2022</b>
Agenda	Approval of SEC Form 17-Q 2021	Approval of BESS Project	Approval of SEC Form 17-Q 2022
ALFREDO L. HENARES (Chairman)	✓	✓	✓
DENNIS T. VILLAREAL	✓	✓	✓
ALBERTO P. FENIX, JR.	✓	✓	✓
YOON, JONG-RYOON	✓	✓	✓
KIM, YONG-UK	✓	✓	✓

<b>Audit Committee</b>	<b>December 16, 2021</b>	<b>March 24, 2022</b>
Agenda	Audit Planning with SGV	Closing Meeting with SGV
RAMON Y. SY ( <i>deceased</i> )	-	-
FRANCISCO L. VIRAY (Chairman)	✓	✓
ALFREDO L. HENARES	✓	✓
SERGIO ORTIZ-LUIS	✓	✓
KIM YONG-UK	✓	✓
ENRIQUE L. BENEDICTO	✓	✓

<b>Corporate Governance Committee</b>	<b>May , 2021</b>
Agenda	Nominations
SERGIO ORTIZ-LUIS (Chairman)	✓
DENNIS T. VILLAREAL	✓
KIM YONG-UK	✓
ENRIQUE L. BENEDICTO	✓
FRANCISCO L. VIRAY	✓