

COVER SHEET

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Sec. Registration Number

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(Company's Full Name)

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

Mr. Niño Ray D. Aguirre																			
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Contact Person

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Company Telephone Number

1	2
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Month

3	1
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Day

Calendar Year

SEC FORM				
1	7	-	A	

FORM TYPE

0	5
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Month

3	0
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Annual Meeting

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Seconday License Type, if Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE SECTION 141  
OF THE CORPORATE CODE OF THE PHILIPPINES

1. For the year ended December 31, 2023
2. SEC Identification Number AS94-002365 3. BIR Tax Identification No. 003-868-048-00000
4. SPC POWER CORPORATION  
Exact name of the issuer as specified in its charter
5. Metro Manila, Philippines 6. [REDACTED] (SEC Use Only)  
Province, country, or other jurisdiction of incorporation Industry Classification Code:
7. 7<sup>th</sup> FL, BDO Towers Paseo, 8741, Paseo de Roxas, Makati City, 1209  
Address of Issuer's principal office Postal Code
8. (63 2) 8810-4474 to 77  
Issuer's telephone number, including area code
9. 7<sup>th</sup> FL, Cebu Holdings Center, Archbishop Reyes Avenue, Cebu Business Park, Cebu City  
Former name of former address, if changed since last report

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

a. Title of Each Class	Number of Shares of Common Stock
	Outstanding and Amount of Debt Outstanding
Common Shares (as of December 31, 2023)	1,496,551,803 shares
Total Debt (as of December 31, 2023)	P 1,223,449,667

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

Yes [ ☒ ] No [ ☐ ]

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

Philippine Stock Exchange

common shares

12. Check whether the issuer:

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

Yes [ ☒ ]      No [ ☐ ]

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

Yes [ ☒ ]      No [ ☐ ]

13. Aggregate Market Value of Voting Stock Held by Non-affiliates:

Approximately P1,769,950,360 (198,870,827 x P8.90) as of March 31, 2024.

14. N.A.

15. N.A.

## **I. BUSINESS & GENERAL INFORMATION**

### **Business Development**

#### **The Company**

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

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

Under the ROMM Agreement, the Parent Company, at its own cost, rehabilitated, operated, maintained, and managed the NPPC over the Cooperation Period of 15 years commencing on the Turnover Date as defined in the ROMM Agreement. The Parent Company received from NPC, its sole customer, Operation, and Maintenance (O&M) fees and energy fees derived from conversion into electricity of fuel supplied by NPC at no cost to the Parent Company throughout the Cooperation Period. The fees were subject to an agreed minimum energy off-take (EMOT), which was the minimum guaranteed energy purchase by NPC on a take-or-pay basis. The Parent Company was also entitled to a fuel efficiency bonus if the actual net heat rate of each of the power plants was less than the corresponding guaranteed net heat rate and was liable for a penalty if the actual net heat rate was greater than the guaranteed rate. At the end of the Cooperation Period, the Parent Company transferred to the NPC full possession of the NPPC, clean and unencumbered title to any and all the improvements, works, and structures rehabilitated, constructed, improved, and introduced by the Parent Company in the NPPC.

In resolutions dated September 28, 2001, the Board of Directors and Stockholders amended the primary purposes for which the Parent Company was 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 on the Philippine Stock Exchange (PSE) with the ticker symbol: SPC.

On June 30, 2004, the Parent Company, the NPC, and the Power Sector Assets and Liabilities Management Corporation (PSALM) further amended the Implementing Agreement (IA) which implemented the covenants set forth in the Term Sheet and amended the ROMM Agreement and its First Amendment, by executing the Amended Implementing Agreement (AIA) which became effective on August 26, 2004. Salient matters of the AIA included, among others, a 20% reduction in the EMOT for the CTPP 1, CTPP 2, and CDPP 1 during the remaining Cooperation Period subject to certain conditions. As a consequence of the EMOT reduction, the Cooperation Period for CTPP 1, CTPP 2, and CDPP 1 was extended for nearly three (3) years from May 29, 2009 to March 25, 2012.

After the Cooperation Period for the 55 MW Land-Based Gas Turbines (LBGTs), on January 29, 2010, the Parent Company acquired the LBGTs for strategic purposes as the LBGTs are located in the Power Complex that is occupied by the Parent Company for the operation of the CTPP and CDPP

under the ROMM Agreement until March 25, 2012, and under series of Operation and Maintenance Service Contracts (OMSCs) until September 25, 2014.

After the expiration of the ROMM Agreement on March 25, 2012, OMSCs were awarded by PSALM to the Parent Company for the continuous operation and maintenance of CTPP 1, CTPP 2, and CDPP 1 for successive six-month periods up to September 25, 2014. Under the OMSC, the Parent Company received service and operating fees from PSALM.

In 2014, the Parent Company participated in the bidding for the acquisition of NPPC (see Note 29 of the consolidated financial statements of the Parent Company and Subsidiaries). On April 15, 2016, SPC Island Power Corporation (SIPC), a wholly-owned subsidiary of the Parent Company, submitted the highest offer to PSALM in the negotiated sale of the 32-MW Power Barge (PB) 104. On June 16, 2016, the Parent Company executed an Amendment, Accession, and Assumption Agreement with PSALM and SIPC. Under the agreement, SIPC assigned all its rights and obligations as Buyer of PB 104 to the Parent Company after PSALM gave its consent pursuant to the provisions of the Asset Purchase Agreement between SIPC and PSALM. On June 30, 2016, PSALM turned over the PB 104 to the Parent Company for rehabilitation. PB 104 started commercial operations on August 1, 2018 (for Unit Nos. 1, 2, and 3) and on June 11, 2019 (for Unit No. 4).

On September 9, 2016, the Parent Company's Board of Directors amended the Parent Company's Articles of Incorporation to engage in the business of selling, brokering, marketing, or aggregating electricity to the end-users. The amendments were subsequently approved and confirmed by written assent of the stockholders representing at least 2/3 of the outstanding capital stock of the Parent Company. On January 4, 2017, the SEC approved such amendment.

On July 29, 2021, the Parent Company's Board of Directors further amended the Parent Company's Articles of Incorporation for it to embark on the exploration and development of renewable energy (RE) resources. Stockholders representing more than two-thirds of the outstanding capital stock voted on October 7 – 11, 2021 to include in the Parent Company's primary purpose to carry on the general business of exploration, development, and utilization and/or lease of natural resources, such as solar, wind, biomass, hydro, geothermal, ocean, wave and other RE sources of power or hybrid systems, for the production of electricity. The stockholders also allowed the company to own, lease, and develop real or personal properties, including land; and invest in the management of domestic corporations, partnerships, and entities to attain its primary purpose. The SEC approved the amendment on June 9, 2022.

## **Subsidiaries/Associates**

### **The Parent Company has the following subsidiaries:**

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

- ii. Cebu Naga Power Corporation (CNPC). CNPC, a wholly owned subsidiary, was incorporated on August 12, 2015, to undertake the development, ownership, construction, operation, and management of a new 2 x 150 MW CFBC coal-fired power plant to replace the old CTPP 1 and CTPP 2 in the NPPC, Colon, City of Naga, Cebu. The construction of the new power plant had been aborted due to the adverse Supreme Court decision that led to the return of the NPPC to PSALM on July 13, 2018 (see Note 29 of the Notes to Consolidated Financial Statements). CNPC has not started commercial operations.
- iii. SPC Malaya Power Corporation (SMPC). SMPC, a majority-owned subsidiary, was incorporated in the Republic of the Philippines and registered with the SEC on September 22, 2011. SMPC won the bidding processes for the Operation and Maintenance Service Contract (OMSC) of the 650 MW Malaya Thermal Power Plant (MTPP) located in Pilillia, Rizal and accordingly operated the MTPP from October 25, 2011 to October 25, 2014. However, SMPC either did not win or did not participate in the subsequent biddings of the OMSC after October 25, 2014, for certain reasons. SMPC has not restarted commercial operations since October 26, 2014.
- iv. Bohol Light Company, Inc. (BLCI). BLCI, a majority-owned subsidiary, was organized on July 21, 2000, to engage in the business of supply and distribution of electricity, subject to applicable laws, rules, and regulations. On July 10, 2003, the National Electrification Commission (NEC) granted BLCI's franchise to operate electric, light, and power services for a period of 25 years retroactively from October 20, 2000, to October 19, 2025, in the area presently comprised by Tagbilaran City, Bohol.
- v. SPC Light Company, Inc. (SLCI) and SPC Electric Company, Inc. (SECI). SLCI (majority-owned) and SECI were incorporated on January 15, 2003 and October 17, 2002, respectively, primarily to design, construct, install, commission, rehabilitate, maintain, manage, operate, and invest in power generation/distribution plants and related facilities. The Parent Company has the power to govern the financial and operating policies of SECI by virtue of an agreement. SLCI and SECI have not started commercial operations.

**The Parent Company also has the following major associates:**

- i. KEPCO SPC Power Corporation (KSPC). KSPC, 40% owned by the Parent Company, was incorporated on June 22, 2005, primarily to build, operate, maintain, own, and manage the 2 x 100 Megawatt Circulating Fluidized Bed Combustion (CFBC) Boiler Coal-Fired Power Plant in the City of Naga, Colon, Cebu.
- ii. Mactan Electric Company, Inc. (MECO). In July 1997, the Parent Company acquired 40% of MECO which was granted by the NEC, under Presidential Decree No. 269, a franchise for 25 years from October 10, 1991, to engage in, conduct, and carry on the business of generating, buying and selling electric light for sale within the limits of the City of Lapu-Lapu and the Municipality of Cordova in the Province of Cebu until October 9, 2016. On July 17, 2016, MECO was granted a renewal of its franchise for another 25 years.

**Future Prospects**

The Group remains firmly committed to looking for opportunities in new markets and customer segments, both in the renewable and non-renewable energy spectrum.

As of April 11, 2024, the Group is in the early stage of undertaking the evaluation process of a pipeline of solar projects for its medium and long-term growth in capacity. However, there is no immediate assurance yet that the Group will have substantial and additional sources of income.

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

On July 29, 2021, the Parent Company's Board of Directors further amended the Parent Company's Articles of Incorporation (approved by the majority of the stockholders by written assent on October 7-11, 2021) to reflect current efforts to embark on the exploration and development of renewable energy (RE) resources. The amendment was approved by the SEC on June 9, 2022.

### **Competition**

Increasing competition remains the primary challenge for the Group. It continuously face a more and more competitive environment in the procurement of power supply by distribution utilities through competitive selection process (CSP), provision for ancillary services, development and financing of new power plants, and acquisition of existing power plants. Such competition may affect the extent to which and the terms on which the Group can obtain or renew power supply contracts and secure or put up more projects in the future. However, the Group believes that their capabilities and proven track record will allow them to be competitive in project evaluation, bidding, and negotiation.

To optimize plant operations, the Group not only endeavors to renew expiring contracts from existing capacities but also maximize energy trading opportunities in the spot market. Due to competition, however, spot market prices have also been volatile.

### **Transactions with and/or Dependence on Related Parties**

In the normal course of business, the Parent Company and its subsidiaries have significant transactions with related parties which are made on an arm's length basis as of the time of the transactions. The details of these transactions are contained in Note 5 of the consolidated financial statements as of and for the year ended December 31, 2023.

### **Research & Development**

The Group does not appropriate expenses for research and development activities based on fixed amounts or percentages. Instead, expenses for research and development activities are allocated on a per-project basis that varies depending on the nature of the project. These expenses are funded from internally generated cash flows.

### **Patents, Licenses, Franchises and Government Approvals**

Under the EPIRA, no person or entity may engage in the generation of electricity unless such person or entity has secured a Certificate of Compliance (COC) from the ERC to operate a generation facility and has complied with the standards, requirements, and other terms and conditions outlined in the COC.

The generation units in the Group possess COCs for their generation businesses, details of which are as follows:

Date Issued	PAO No.	Issued Under the Name of	Name	Type	Location	Rated Capacity	Fuel	Terms of COC
31-Jan-2024	24-01-31-M-PAO-E-0022V	KSPC	Unit 1	Coal-fired	City of Naga, Cebu	110.50 MW	Coal	Until Jan. 31, 2025 (i)
		KSPC	Unit 2	Coal-fired		110.50 MW	Coal	Until Jan. 31, 2025 (i)
23-Aug-2022	With existing PAO application under ERC's evaluation	SIPC (PDPP)		Diesel Power Plant	Dingle, Iloilo	80.62 MW	Diesel/Bunker C	Until Apr. 24, 2024 (ii)
7-Jul-2021	2021-C2-E-613	SIPC (BDPP)		Diesel Power Plant	Dampas, Tagbilaran City	22.08 MW	Diesel/Bunker C	Until July 17, 2024 (iii)
13-Feb-2024	24-02-13-M-PAO-E-0031V	SPC (PB 104)		Diesel Power Plant	Ubay, Bohol	32.00 MW	Diesel/Bunker C	Until Feb. 18, 2025 (iv)

(i) KSPC Units 1 and 2 were granted by ERC with the first (1<sup>st</sup>) Provisional Authority to Operate (PAO) from February 20, 2022 to February 19, 2023, and second (2<sup>nd</sup>) Provisional Authority to Operate (PAO) from January 31, 2024 to January 31, 2025, pending completion of certification for renewal of COC.

(ii) SIPC PDPP was granted PAO by ERC for the period from April 25, 2023 to April 24, 2024. As of April 11, 2024, SIPC PDPP is still being evaluated by the ERC for another extension of its PAO or a conversion thereof into a COC, as may be applicable.

(iii) SIPC BDPP was granted PAO by ERC for the period from July 18, 2022 to July 17, 2024, pending compliance with PAO conditions. As of April 11, 2024, SIPC BDPP is still being evaluated by the ERC for another extension of its PAO or a conversion thereof into a COC, as may be applicable.

(iv) SPC PB104 filed an application for the renewal of COC and was granted PAO by ERC for the period from February 19, 2024 to February 18, 2025.

(v) Pursuant to the Transitory Provision (Article III, Section 10) of the Revised Rules for the Issuance of Certificates of Compliance for Generation Facilities (2023 Revised COC Rules), the plants were granted (PAO) by ERC, contingent on the validity of permits and licenses issued by the other government agencies and other required compliances. Under Article V, Section 19 of Revised COC Rules, the COC to be issued by ERC shall be effective from the date of approval, and shall remain valid, unless otherwise suspended, revoked or annulled by the ERC after due notice and hearing.

Also, under the EPIRA, the business of electricity distribution requires a national franchise that can be granted only by Congress, except for distribution utilities operating within economic zones. In addition, a Certificate of Public Convenience and Necessity (CPCN) from the ERC is also required to operate as a public utility. Distribution utilities are required to submit to the ERC a statement of their compliance with the technical specifications prescribed in the Philippine Distribution Code. The following are the expiration periods of the Group's Distribution Utilities' franchises:

Distribution Utility	Expiration Date
MECO	July 16, 2041
BLCI	October 19, 2025

The EPIRA likewise requires all suppliers of electricity to end-users in the contestable market, other than distribution utilities within their franchise areas, to obtain a license from the ERC following the ERC's rules and regulations. With the implementation of Retail Competition and Open Access (RCOA), KEPCO SPC Power Corporation was granted by the ERC a license to operate as a Retail Electricity Supplier (RES) valid from October 18, 2016, to October 17, 2021, and from October 18, 2021, to October 17, 2026.



### **Manpower**

The Parent Company had 77 employees consisting of 25 managerial employees and 52 rank-and-file employees.

The Parent Company and its subsidiaries employed a total of 286 regular employees as of December 31, 2023.

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

There is no collective bargaining agreement covering the Parent Company employees as of December 31, 2023.

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

### **Properties**

The consolidated net book value of property, plant, and equipment of the Parent Company and its subsidiaries amounted to P736.6 million and P734.7 million as of December 31, 2023 and 2022, respectively. The breakdown is as follows:

Distribution lines, poles, and fixtures	₱92,893,204	₱92,542,925
Power transformers, switches, and devices	131,433,087	74,573,887
Plant machinery and equipment	349,127,311	391,717,449
Motor vehicles	16,403,127	9,141,358
Structures	12,964,014	14,245,336
Furniture and office equipment	25,607,758	3,272,905
Land held by subsidiaries	87,752,018	87,472,343
Construction in progress	7,982,944	46,454,500
Right-of-use-assets	12,467,151	15,297,159
<b>Total</b>	<b>₱736,630,614</b>	<b>₱734,717,862</b>

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

<b>Company/Subsidiary</b>	<b>Description</b>	<b>Location/Address</b>	<b>Condition</b>
SIPC	Panay Diesel Power Plant/Structures	Tinocuan, Dingle, Iloilo	In use for operations
SIPC	Bohol Diesel Power Plant/Structures	Dampas, Tagbilaran City, Bohol	In use for operations
BLCI	Utility plant and equipment	Tagbilaran City, Bohol	In use for operations
Parent Company	Power Barge 104	Tapal Wharf, Ubay, Bohol	In use for operations
SIPC	Land	Dampas, Tagbilaran City, Bohol	In use for operations
SIPC	Land	Tinocuan, Dingle, Iloilo	Held for future plant expansion.
BLCI	Land	Tagbilaran City, Bohol	In use for operations
Parent Company	Office furnitures and equipment	Cebu Holdings Center, Cebu Business Park, Cebu City; and BDO Towers Paseo, 8741 Paseo de Roxas, Makati City	In use for operations

On June 16, 2016, the Parent Company executed an Amendment, Accession, and Assumption Agreement between and among PSALM and SIPC. Under the said agreement, SIPC assigned all its rights and obligations as BUYER of PB 104 to the Parent Company after PSALM gave its consent under the provisions of the Asset Purchase Agreement between SIPC and PSALM. On June 30, 2016, PSALM turned over the PB 104 to the Parent Company.

Through an Accession Agreement on August 28, 2000, BLCI acquired the assets and equipment, rights, and interests of the Consortium composed of SII, the Parent Company, and other members of the Joint Venture Agreement (JVA) with the Provincial Government of Bohol (PGB). The JVA allowed the Consortium to purchase, own, rehabilitate, operate, maintain, and manage the Bohol Provincial Electric System (PES) and for PGB to sell and transfer the franchise to operate the PES in the City of Tagbilaran, Province of Bohol, to the Consortium.

In 2006, BLCI entered into a lease agreement with Bohol Water Utilities, Inc., a sister company, for the lease of land for 20 years starting January 1, 2006, until December 31, 2025, renewable upon such terms and conditions as may be mutually agreed upon by both parties. The land is used and occupied primarily for the operation, management, and maintenance of BLCI's utility plant and equipment. On January 21, 2021, the lease agreement was terminated due to the purchase of the land by BLCI.

On March 25, 2009, SIPC obtained control and possession of the 146.5-MW Panay Diesel Power Plant (located in Tinocuan, Dingle, Iloilo) and the 22-MW Bohol Diesel Power Plant (located in Dampas, Tagbilaran City, Bohol) under an assignment of the covering Asset Purchase Agreement (APA) and Land Lease Agreement (LLA) from the Parent Company. The LLA is in furtherance of and as the ancillary contract to the APA for the 25-year lease of parcels of land used and occupied primarily for the operation, management, expansion, and maintenance of the Purchased Assets. The LLA also covers an option to purchase the optioned assets within the leased premises that may be offered by the Lessor.

In 2017, SIPC exercised its option to purchase the optioned assets covering all the lots underlying the Bohol Diesel Plant with a total area of 27,527 square meters.

The Parent Company leases a residential condominium unit at Winland Towers, Cebu City from Dentrade, Inc., a corporation majority owned by Mr. Dennis T. Villareal who is currently the President and CEO of the Parent Company. The condominium unit is used to house the Parent Company's directors and senior executive officers during their official visits to Cebu.

The Parent Company also leases an office condominium unit on the 7th Floor of BDO Towers Paseo, Makati City. This unit houses the Parent Company's Makati Office. The unit is leased from the Parent Company's affiliate, SPC Properties and Development Corporation (SPDC).

The Parent Company further leases office condominium units on the 7th Floor of Cebu Holdings Center, Cebu Business Park, and 7th Floor of BDO Towers, Makati City from the Parent Company's affiliate – SPEC Properties, Inc. for use as its Cebu administrative office and additional executive offices in Makati.

### **Legal Proceedings**

The Group is currently involved in various legal proceedings in the ordinary conduct of their businesses. The estimate of probable costs for the resolution of possible claims is developed in consultation with outside counsels handling the Group's defense in these matters and is based upon an analysis of potential results of litigation. As of December 31, 2023, the Group believes that the results of these actions will not have a material adverse impact on the Group's financial position and results of operations.

## **II. OPERATIONAL & FINANCIAL INFORMATION**

Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters

### **Market Information**

The principal market for the Parent Company's common equity is the Philippine Stock Exchange (PSE). The high and low sales prices for each period are indicated in the table below:

Quarter	Highest Close		Lowest Close	
	Price	Date	Price	Date
1st	9.00	20-Feb	6.95	2-Jan
1st	9.45	20-Jan	8.95	30-Mar
2nd	9.25	22-May	8.45	22-Jun
3rd	8.74	3-Jul	7.60	21-Sep
4th	8.09	4-Oct	6.75	18-Dec
1st	15.00	22-Feb	13.84	7-Jan
2nd	14.68	12-Apr	8.36	15-Jun
3rd	11.30	15-Aug	9.01	4-Jul
4th	10.18	21-Nov	8.99	5-Oct

As of March 31, 2024, the total number of stockholders was 707 (684 under transfer agents and including 94 depository participants counted as one stockholder each).

### **Top 20 Stockholders**

The following composed the top 20 stockholders as of March 31, 2024:

<b><u>Rank</u></b>	<b><u>Name</u></b>	<b><u>Nationality</u></b>	<b><u>No. of Shares</u></b>	<b><u>Percent</u></b>
1	KEPCO Philippines Holdings, Inc.	Korean	568,098,822	37.98%
2	Intrepid Holdings, Inc.	Filipino	371,836,647	24.86%
3	JAD Holdings, Inc.	Filipino	293,201,397	19.60%
4	KV Holdings, Inc.	Filipino	74,749,847	5.00%
5	Boxboard Containers Corporation	Filipino	41,000,000	2.74%
6	Cancorp, Inc.	Filipino	41,000,000	2.74%
7	Rowell Plastic Corporation	Filipino	38,864,638	2.60%
8	ALH Management, Inc.	Filipino	21,850,269	1.46%
9	Mali Ni	Filipino	10,000,000	0.67%
10	PCD Nominee (Fil/Non-Fil) Corp.	Fil/Non-Fil	6,539,000	0.44%
11	Dennis T. Villareal	Filipino	6,425,500	0.43%
12	Cecilia Chua Tiu	Filipino	1,000,000	0.07%
13	Alberto P. Fenix, Jr.	Filipino	855,933	0.06%
14	Ma. Theresa M. Ballesteros	Filipino	691,492	0.05%
15	Stanley Krug	American	299,196	0.02%
16	Lorenzo D. Inocando	Filipino	274,196	0.02%
17	Dennis Lawrence N. Villareal	Filipino	274,196	0.02%
18	James Roy N. Villareal	Filipino	274,196	0.02%
19	Victor Anthony N. Villareal	Filipino	274,196	0.02%
20	Cesar O. Villegas	Filipino	267,392	0.02%
21	Corazon L. Gamez	Filipino	141,305	0.01%
TOTAL			1,477,918,222	98.82%

## **Dividends**

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

<b>Year</b>	<b>Cash Dividends Per Share</b>	<b>Total Amount Declared</b>	<b>Record Date</b>
2024	0.60	897,931,082	February 22, 2024
2023	0.20	299,310,360	August 9, 2023
2022	0.20	299,310,361	June 15, 2022
2021	0.40	598,620,721	April 23, 2021
2021	0.60	897,931,082	June 14, 2021
2021	0.55	823,103,492	December 23, 2021

The payment of dividends in the future will depend upon the Parent Company's earnings, cash flow, and financial condition, among others. The Parent Company may declare dividends only out of its unrestricted retained earnings, except in the case of stock dividends which may be declared out of paid-in surplus. Any dividend declaration will likewise be subject to the provisions of any existing shareholders' agreement/s and any prior consents required under the Parent Company's loan documentation with its bank creditors.

The Parent Company may pay dividends in cash, by the distribution of property, by the issuance of shares of stock, or a combination of any of the foregoing. Dividends paid in cash or property are subject only to the approval of the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Parent Company at a stockholders' meeting called for such purpose.

Section 42 of the Revised Corporation Code, however, requires that corporations with surplus profits in excess of 100% of their paid-up capital should declare and distribute the amount of such profits in the form of dividends, except when the retention is justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the consent of creditors is required under any loan agreement, or when it can be clearly shown that such retention is necessary under special circumstances.

## **Recent Sale of Unregistered Securities**

Over the last three years, the Parent Company has not sold any unregistered securities.

## **Description of the Company's Shares**

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

## **Management's Discussion & Analysis of Financial Condition & Results of Operations**

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

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

#### **Results of Operations**

#### **Year Ended Dec. 31, 2023 vs. Year Ended Dec. 31, 2022**

The group's consolidated revenue rose to ₱4,552.4 million from ₱3,850.0 million or by 18.2% due to increasing service pass-through costs as well as the increase in volume sold of the distribution segment.

Cost of services rose significantly by 12.0% to ₱3,684.7 million in 2023 from ₱3,290.2 million in 2022, mostly as a result of rising fuel costs worldwide and the high cost of purchased power.

The gross margin increased notably by 55% from ₱559.8 million in 2022 to ₱867.8 million this year as revenues grew faster than service costs.

General and Administrative expenses increased by 18.9% from ₱249.3 million in 2022 to ₱296.3 million in 2023 due to the increase in retirement related personnel expenses, taxes and licenses and professional fees.

Equity share from earnings of investees dropped to ₱587.2 million in 2023 from ₱925.4 million in 2022, affected largely by the planned outages of KSPC attributable to the Grade A preventive maintenance schedule of its units 1 and 2 in September and October 2023 which lasted for 35 days on each unit, and the decrease in its power supply contracts. MECO, however, rose to ₱294.9 million in 2023 from ₱166.9 million in 2022 or an amount of ₱128 million mainly due to increase in its interest income and proceeds from insurance claims.

Due to higher effective interest rates and more temporary excess funds invested in short-term money market placements, interest income climbed significantly to ₱160.5 million from ₱27.8 million.

Because of this year's larger taxable income, the provision for income tax increased from ₱108.1 million to ₱141.4 million, or 30.8%.

The Consolidated total comprehensive income in 2023 amounts to ₱1.21 billion, lower by ₱80 million as compared to 2022. 48.3% of the 2023 total comprehensive income is coming from the Investee companies amounting to ₱587.2 million, followed by the power generation segment which contributed ₱540.3 million or 44.5% with the power distribution segment amounting to ₱87 million or 7.2% closing the total of 100%

The Group shows a steady double-digit return on average equity of 11.2% and 13.1% in 2023 and 2022, respectively. Earnings per share amounts to 78 centavos per share in 2023, lower by 6.9% from the 85 centavos per share in 2022.

#### **Year Ended Dec. 31, 2022 vs. Year Ended Dec. 31, 2021**

The Group registered a total comprehensive income of ₱1,294.7 million in 2022, 8.1% better than the previous year's level of ₱1,197.7 million, as all business segments delivered higher results in 2022.

The improved performance in 2022 translated to a consistent double-digit return on average equity and higher earnings per share of 13.06% and ₱0.85, respectively.

Equity shares from the earnings of the investee companies (namely, KSPC and MECO) comprised the bulk of the Group's total comprehensive income in 2022, accounting for 71% of the total. The investee companies' contribution of ₱925.4 million in 2022 was 6.6% more than the ₱867.8 million in the previous year. KSPC benefited from the resurgence of strong power demand and high spot market prices. The drop in the volume of contracted sales was made up by the stellar performance of the WESM. On the other hand, MECO posted a steady recovery from the impact of the coronavirus pandemic and typhoon Odette.

The generation business segment, which made up 27% of the group's net income, pitched in ₱349.6 million, 10.0 % higher year-on-year. The power plants had lower overall capacity utilization of 71% in 2022, versus 75% in 2021, due mainly to the impact of typhoon Odette in December 2021 spilling over the first two months of 2022. However, its contribution to the consolidated net income was higher as compared to the previous year due mainly to recoveries of fuel costs incurred in the previous year for rendering ancillary services.

The power distribution unit (namely, BLCI) accounted for the 2% balance of the pie. It recorded a turnaround in the fourth quarter of 2022 resulting in an income contribution of ₱19.8 million for the whole year of 2022, 72.8% higher than the ₱11.5 million recorded a year ago. This was attributed to partial recoveries of previously unrecovered cost of purchased power. It was also helped by the accrual of unbilled revenues in December 2022 which was nil in the same period last year due to typhoon Odette.

**Consolidated revenues** rose by 55.9% to ₱3,850.0 million in 2022, from ₱2,469.4 million in 2021, due mainly to higher pass-through cost of services.

**The cost of services** increased substantially by 68.5% to ₱3,290.2 million in 2022, from ₱1,952.5 million in 2021, due mainly to the high price of purchased power as well as increases in global fuel prices.

As revenues grew faster than the costs of services, the **gross margin** went up 8.3% to ₱559.8 million in 2022, from the previous year's ₱516.9 million.

**General and administrative expenses** increased by 21.2% to ₱249.3 million in 2022, from ₱05.7 million a year earlier, due mainly to: (i) marketing expenses incurred on behalf of an associate, and (ii) business development expenses for expansion projects that the Parent Company is seriously looking into.

**Interest income** dropped by 19.5% year-on-year, driven by lower rates for short-term investments. Furthermore, some funds set aside for power projects were placed in U.S. dollar-denominated short-term investments in 2022 as a safeguard against peso devaluation. The very low-interest income earned from the U.S. dollar- denominated short-term investments was more than compensated by huge foreign exchange gains from revaluation. Foreign exchange gains increased to ₱94.4 million in 2022, from ₱7.8 million only in 2021.

**Service income** was nil in 2022 as there were no technical, upgrading, and maintenance services rendered to other companies during the year.

**Other income - others** increased by 87% to ₱41.9 million in 2022 from ₱22.4 million only in 2021 due mainly to: (i) more sales of scraps, bunker sludge, and used oil; (ii) higher pole rentals; and (iii) higher income from penalties and surcharges as well as service and processing fees for new connections and reconnection of customers in the distribution business.

## **Financial Condition**

### **Dec. 31, 2023 vs. Dec. 31, 2022**

Maintaining a strong financial position enables the Group to seize expansion possibilities into new markets and client categories.

The Group's consolidated total assets rose to ₱12,531.2 million, increased by ₱923.5 million in 2023 as compared from previous year which amounts to ₱11,607.7 million. The primary drivers of the rise in total assets were the increase in operational cash flow and the appreciation of the carrying value of investments in associates.

**Total liabilities** at the end of 2023 were ₱1,223.4 million, 1.3% more than at the beginning of the year (₱1,208.2 million), mostly due to unreleased dividends and trade payables.

In line with this, **Total stockholders' equity** rose by 8.7% to ₱11,307.7 million this year, from ₱10,399.5 million at the start of the year. This increase was attributed to comprehensive income attributable to Parent Company equity holders, net of cash dividends.

A review of the major factors influencing the changes in shareholders' equity, liabilities, and assets (from December 31, 2022 balances to December 31, 2023 balances) may be found below.

**Trade and other receivables** declined by 6.7% to ₱649.1 million this year, from ₱695.8 million last year, due to a slightly lower revenue in the latter month of the year as compared to last year.

**Materials and supplies inventory** went down by 14.6% to ₱399.4 million, from the previous year's ₱467.5 million, due mainly to the lower volume of fuel inventory.

**Prepayments and other current assets** decreased by 17.0% to ₱83.7 million this year, from ₱100.9 million last year, due mainly to last year's deferred/unexpired insurance premiums and accumulated input tax awaiting application against output tax.

**Investment in associates** is 7.1% higher compared to ₱5,432.5 million in the same period last year, this is because of fresh equity share in the net earnings of associates amounting to ₱587.2 million less dividends received amounting to ₱200.0 million and share in remeasurement of employee benefits of ₱3.9 million.

**Property, plant, and equipment** slightly grew by 0.3% to ₱736.6 million this year, from ₱734.7 million last year, This was attributed to the new additions to property, plant, and equipment amounting to ₱94.8 million, less depreciation and adjustments amounting to ₱94.0 million.

**Trade and other payables** increased by 4.5% to ₱857.3 million, from ₱777.0 million due mainly to balance of dividends payable at yearend net of the decrease in trade payable as a result of lower volume of fuel inventory purchased in the latter month of the year as compared to last year.



**Unappropriated retained earnings** increased by ₱2,670.6 million or 38.6% to ₱9,598.0 million, from ₱6,927.4 million. The increase is reflective of the net effect of the following: (i) increase due to net income attributable to equity holders of the Parent Company amounting to ₱1,169.9 million in 2023, (ii) decrease due to interim cash dividends declared on July 26, 2023, amounting to ₱299.3 million, (ii) increase due to reversal of prior years' appropriation of retained earnings amounting to ₱1,800.0 million.

On July 26, 2023, the Board of Directors (BOD) of the Parent Company approved the reversal of prior years' appropriation of retained earnings amounting to ₱1,800.00 million as a consequence of recent developments. Please see Note 18 of the Audited Consolidated Financial Statements for further details.

### **Cash and Cash Equivalents**

Cash and cash equivalents increased by 17.7% to ₱4,743.0 million as of end-December 2023, from last year's amount of ₱4,031.4 million. Net cash flows used in financing activities were lower compared to the combined net cash flows provided by operating and investing activities.

Major sources of cash and cash equivalents in 2023 were from operating activities amounting to ₱847.6 million and cash dividends received from investee companies amounting to ₱160 million.

The major applications of funds in 2023 were: (i) payment of cash dividends amounting to ₱191.0 million, and (ii) new additions to property, plant, and equipment amounting to ₱94.8 million.

### **Dec. 31, 2022 vs. Dec. 31, 2021**

The Group ended 2022 with consolidated assets standing at ₱11,607.7 million, 12.1% higher compared to the last audited balance of ₱10,352.9 million as of the end of 2021. The increase was due largely to the rise in the carrying value of cash and cash equivalents, trade and other receivables, and materials and supplies inventory.

**Total liabilities** also increased but at a much slower pace. It increased by ₱277.7 million only to ₱1,208.2 million, from ₱930.5 million last year. This was traced mainly to higher trade and other payables at the end of 2022.

**Stockholders' equity** grew by 10.4% to ₱10,399.5 million, from ₱9,422.4 million in 2021, due mainly to an increase in the balance of retained earnings.

**Financial ratios** remained very favorable. The current ratio, debt-to-equity ratio, and book value per share stood up at 6.52:1, 0.12:1, and ₱6.95, respectively, from 7.21:1, 0.10 :1, and ₱6.30, in the previous year.

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** increased by 42.1% to ₱695.8 million, from ₱489.8 million in 2021, due mainly to an increase in revenues for December 2022 that included the higher pass-through cost of fuel and purchased power as compared to December 2021 which was affected by typhoon Odette.

**Materials and supplies inventory** went up by 19.9% to ₱467.5 million, from ₱389.8 million at the beginning of the year. The increase is attributed to the following: i) higher volume and price of fuel inventory, (ii) higher replacement cost of inventories used during the restoration of damage caused by

Typhoon Odette, and (iii) inventories recovered from the scrapping of PB 102 and PB 103.

**Investment in associates** decreased slightly by 1.3% to ₱5,432.5 million, from ₱5,505.2 million in 2021. The decrease reflected the net effect of the following: (i) decrease in investments due to cash dividends received from the investee companies amounting to ₱1,004.7 million, (ii) increase in investment due to fresh equity share in the earnings of investee companies amounting to ₱925.4 million, and (iii) increase due to remeasurement of employee benefits of the investee companies amounting to ₱6.5 million.

**Trade and other payables** rose by 44.8% to ₱777.0 million, from ₱536.7 million in 2021, due mainly to: (i) higher volume and price of purchased power by BLCI in December 2022 as compared to December 2021 and (ii) higher cost of fuel purchases in December 2022 resulting from global increases in the price of fuel.

**Unappropriated retained earnings** increased by 16.3% to ₱6,927.4 million, from ₱5,954.4 million. The net increase is reflective of the comprehensive income attributable to equity holders of the Parent Company amounting to ₱1,272.4 million in 2022, less cash dividends declared amounting to ₱299.3 million.

## Cash Flows

### 2023 vs. 2022

Strong cash flows in 2023 gave the Group further financial strength to prepare in pursuing its long-term growth goal.

The balance of cash and cash equivalents increased by 17.7% at the end of 2023 to ₱4,743.0 million from ₱4,031.4 million at the start of the year as net cash inflows exceeding cash outflows.

In 2023, the primary sources of cash and cash equivalents were: (i) ₱847.6 million in net cash provided by operating activities; and (ii) ₱160.0 million in cash dividends received from MECO. These funds were utilized in part for (i) ₱191.0 million in cash dividend payments and (ii) ₱94.8 million in new property, plant, and equipment additions.

### 2022 vs. 2021

The year 2022 was characterized by robust cash flows that provided more financial muscle to start the long-term growth ambition of the Group.

Net cash inflows exceeded cash outflows resulting in a 35.1% increase in the balance of cash and cash equivalents to ₱4,031.4 million as at end-2022 from ₱2,984.1 million at the beginning of the year.

Major sources of cash and cash equivalents in 2022 were: (i) net cash provided by operating activities amounting to ₱369.6 million and (ii) cash dividends received from investee companies amounting to ₱1,004.7 million. These funds were partially used for (i) payment of cash dividends amounting to ₱317.6 million, and (ii) new additions to property, plant, and equipment amounting to ₱73.9 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	2023	2022	2021
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**For the years ended December 31:**

Earnings per share	<b>₱0.78</b>	₱0.85	₱0.80
Share in net earnings of associates	<b>₱587,156,364</b>	₱925,354,304	₱867,849,896
Return on equity	<b>11.19%</b>	13.06%	11.99%
Return on assets	<b>10.06%</b>	11.80%	10.99%

**Cash Flows:**

Net cash flows from operating activities	<b>₱847,577,390</b>	₱369,629,036	₱300,434,967
Net cash flows from investing activities	<b>₱65,222,086</b>	₱930,799,167	₱1,065,237,033
Net cash flows used in financing activities	<b>₱192,854,222</b>	(₱321,100,929)	(₱2,327,504,748)

**As of December 31:**

Balance of cash and cash equivalent at end of period	<b>₱4,743,043,034</b>	₱4,031,421,593	₱2,984,110,635
Current ratio	<b>6.75</b>	6.52	7.21
Debt ratio	<b>0.10</b>	0.10	0.09
Debt-to-equity ratio	<b>0.11</b>	0.11	0.1
Solvency ratio	<b>1.07</b>	1.16	1.38

**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 the 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 the 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

The 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

The 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 a direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

**Any Significant Elements of Income or Loss from Continuing Operations**

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

**Material Off-Balance Sheet Items**

There are no material off-balance sheet transactions, arrangements, obligations, or 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, 2023, 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 Auditors on Accounting and Financial Disclosure**

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

**External Audit and Non-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

₱1.5 million, ₱1.6 million, and ₱5.0 million in 2023, 2022, and 2021, 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, the award is endorsed by the Board Audit Committee, recommended by the Board to the shareholders, and approved by the shareholders during its annual meeting. Awards of other services are approved by the Audit Committee as endorsed by the Internal Audit Department.

### **III. CONTROL & COMPENSATION INFORMATION**

#### **Directors and Executive Officers**

Hereunder is the list of directors and executive officers of the Parent Company for 2022-2023 and their respective positions.

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

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

<sup>2</sup> Mr. Alfredo L. Henares has been Chairman since May 30, 2014, up to the present.

<sup>3</sup> Director from May 28, 2021, up to the present.

<sup>4</sup> Director from May 30, 2017, up to the present.

<sup>5</sup> Director from June 15, 2023, up to the present.

<sup>6</sup> Assistant Vice President from Nov. 28, 2018, to May 29, 2019; Vice President from May 30, 2019, to Nov. 29, 2023; Executive Vice President from Nov. 30, 2023, up to the present; Director from Nov. 4, 2021, up to the present.

<sup>7</sup> Director from Feb. 4, 2022, up to the present.

<sup>8</sup> Director from March 9, 2023, up to the present.

<sup>9</sup> SVP for Legal/Regulatory Affairs from Nov. 18, 2013, up to present; concurrent Corporate Secretary from Dec. 3, 2014, to Nov. 20, 2017; also designated as Compliance Officer since Nov. 21, 2017.

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

<sup>11</sup> VP-Finance from Aug. 16, 1997 to April 2, 2018; SVP for Finance and Administration effective April 3, 2018 to June 30, 2023; concurrent Treasurer from November 25, 2019 to June 15, 2023

<sup>12</sup> VP-Finance effective May 7, 2020, Treasurer from June 15, 2023 up to the present.

<sup>13</sup> Corporate Secretary since June 25, 2020.

<sup>14</sup> Assistant Corporate Secretary since April 3, 2018.

Unless otherwise provided by law, the powers, business, and allocation of resources of the Parent Company are exercised, conducted, and controlled by an eleven-member Board of Directors.

The Nomination Committee, created by the Board under its Manual of Corporate Governance, nominated the majority of the incumbent directors. The Nomination Committee further endorsed to the Board the Final List of Candidates for Independent Directors in the persons of Mr. Francisco L. Viray, Mr. Enrison T. Benedicto, and Mr. Sergio R. Ortiz-Luis, Jr. Mr. Dennis T. Villareal was the one who nominated the Independent Directors. Mr. Dennis T. Villareal is not related to Messrs. Viray, Benedicto, and Ortiz-Luis by consanguinity or affinity. Neither is there a professional relationship between Mr. Dennis T. Villareal and Messrs. Viray, Benedicto, and Ortiz-Luis.

In compliance with the provisions of SRC Rule 38, the Board of Directors amended its By-laws on December 8, 2004, and March 11, 2005, to include a provision on the procedure and selection of Independent Directors.

Each Director has a term of office of one year and is eligible for re-election every year. Each Director beneficially owns at least one share of the capital stock of the Parent Company. The members receive such compensation as determined by the Board of Directors.

By resolution passed by the Board, the Directors may designate one or more committees which, to the extent provided by said resolution, shall have and may exercise any of the powers of the Board which may lawfully be delegated in the management of the business and affairs of the Parent Company.

The executive officers of the Company are elected or appointed by the Board of Directors. The Chairman of the Board and the President/Chief Executive Officer are elected from the members of the Board.

### **Profile of the Incumbent Board of Directors and Executive Officers**

**Alfredo L. Henares**, Filipino, 70 years old, has been a Director of the Parent Company since 1994. On May 30, 2014, he was elected as Chairman and continues to serve as Chairman up to the present. He is also currently Chairman of the Parent Company's Executive Committee, a member of the Parent Company's Audit Committee, a Director of KEPCO SPC Power Corporation, and a member of the Executive Committee of KEPCO SPC Power Corporation. He was Executive Vice President and CFO of KEPCO SPC Power Corporation up to April 7, 2022; previously a Treasurer of the Parent Company and Mactan Electric Company, Inc. (MECO); On August 14, 2020, he was reelected in MECO as a Director and elected as Chairman of MECO's Audit Committee, Compliance and Related Party Transactions Committee, and Executive Committee. He is likewise the Treasurer and Director of the following corporations: Salcon Philippines, Inc.; Salcon International, Inc.; SPC Property and Development Corp.; SPEC Properties Inc.; Western Panay Hydropower Corp.; SPC Electric Co., Inc.; and SPC Light Co., Inc. He was a Director of Bohol Light Company, Inc. (BLCI) and Bohol Water Utilities, Inc. (BWUI) for about seven years prior to his appointment as Chairman of both companies effective May 2007. In the year 2015, he relinquished his Chairman position to Mr. Lim Chan Lok and went back to being a Director at BWUI. He is also the Chairman of SPC Island Power Corporation, SPC Malaya Power Corporation, and KV Holdings, Inc.; President of Progressive Broadcasting Corp.; a Director of Isarog Pulp and Paper Co. He graduated from Harvard Graduate School with an MBA degree and from the Ateneo de Manila University with a Bachelor's Degree in Business Management.

***Dennis T. Villareal***, Filipino, 82 years old, is the Founding President, Chief Executive Officer, and Director of the Parent Company. He is also currently a member of the Parent Company's Executive Committee and Corporate Governance Committee; Director and Vice Chairman of KEPCO SPC Power Corporation; and a member of the Executive Committee of KEPCO SPC Power Corporation. He was previously the President of Mactan Electric Company, Inc. (MECO). On August 14, 2020, he was reelected to MECO as a Director and elected as Chairman of MECO's Nomination Committee and a member of MECO's Executive Committee. He is likewise the President and a Director of the following corporations: Salcon Philippines, Inc.; Salcon International, Inc.; SPC Island Power Corp.; SPC Property and Development Corp.; SPEC Properties, Inc.; Bohol Light Co., Inc.; Bohol Water Utilities, Inc.; Western Panay Hydropower Corp.; SPC Electric Co., Inc.; Rayfield Holdings, Inc.; SPC Light Co., Inc.; SPC Malaya Power Corporation; KV Holdings, Inc.; Filipinas Palmoil Processing Inc.; Filipinas Palmoil Plantations, Inc.; Filipinas Palmoil Properties, Inc.; Isarog Pulp and Paper Co., Inc.; Dentrade, Inc.; JAD Holdings, Inc.; and Intrepid Holdings, Inc. In addition, he is the Vice-President and a Director of Dowell Packaging Corp.; Rowell Industrial Corp.; and Rowell Plastic Corp. He graduated from the University of Missouri with a Bachelor of Science Degree in Business Administration.

***Alberto P. Fenix, Jr.***, Filipino, 79 years old, has been a Director of the Company since 1994. He has also been an Executive Director of the Parent Company since September 28, 2001, and a member of the Board Executive Committee since March 7, 2006. He is likewise a Director of SPC Electric Company, Inc. starting 2001; SPC Light Company, Inc. effective 2002; Bohol Light Company, Inc. effective May 2007; SPC Island Power Corporation effective November 2007; Western Panay Hydropower Corp. since 1997; SPC Malaya Power Corporation since September 2011 and KV Holdings, Inc. since December 13, 2010. In March 2009, he was appointed as Managing Director of SPC Island Power Corporation until his resignation on August 31, 2010, but remained as a Director up to the present. In addition, he is currently the Chairman and President of Fenix Management and Capital, Inc., Independent Director of DM Wenceslao and Associates, Inc., and VC Securities Corporation. He serves as a Trustee of the Angeles University Foundation, and of the AUF Medical Center. His prior positions include directorships in National Steel Corp.; Refractories Corporation of the Philippines, Inc.; Pryce Corp., Pryce Gases, Inc., Philippine National Oil Corp., Victorias Milling Company, Inc., Newtech Pulp, Inc., and Ivoclar Vivadent, Inc. with the last two corporations where he was Founding President and CEO until his retirement. He was also a Vice President of KEPCO SPC Power Corporation up to April 7, 2022. Dr. Fenix is a business leader, having been President in 1998 and 1999, and currently the Honorary President of the Philippine Chamber of Commerce and Industry (PCCI) and President of the PCCI Human Resources Development Foundation, Inc. He graduated with a Bachelor's Degree in Mathematics (cum laude) from the Ateneo de Manila University and Master's and Doctorate degrees in Industrial Management from the Sloan School of Management of the Massachusetts Institute of Technology.

***Francisco L. Viray***, Filipino, 74 years old, was appointed as Independent Director of the Parent Company on May 28, 2021, and continues to serve as such up to the present. Currently, he is also the Chairman of the Board Audit Committee and a member of the Board Corporate Governance Committee. He served as Secretary of the Department of Energy from 1994 to 1998 and President of National Power Corporation from 1993 to 1998. He is currently the President of Shin Clark Power Holdings, Inc. and Director of San Roque Power Corporation as well as a Trustee of the University of Pangasinan and PHINMA-UPANG College Urdaneta, Inc. Dr. Viray was formerly President and CEO of Phinma Energy Corporation and was a member of the Board of Union. Dr. Viray has a Bachelor of Science



degree and a Master's degree in Electrical Engineering from the University of the Philippines. He obtained his Doctorate in Engineering from West Virginia University, U.S.A.

**Sergio R. Ortiz-Luis, Jr.,** Filipino, 80 years old, was appointed as Independent Director of the Parent Company on May 30, 2017, and continues to serve as such up to the present. Currently, he is also the Chairman of the Board Corporate Governance Committee and a member of the Board Audit Committee. He is Chairman of Country Garden Agri-Tourism Development, Inc.; Manila Waterfront City; and Philippine International Airways. He is Honorary Chairman/Treasurer of the Philippine Chamber of Commerce and Industry; President and CEO of Philippine Exporters Confederations, Inc.; Honorary Chairman and Past President of Employers Confederation of the Philippines; Chairman of the National Center for Mediation; Vice Chairman/Independent Director of VC Securities Corporation; Director and Past President of Philippine Foundation, Inc.; Founding Director of International Chamber of Commerce of the Philippines; Vice Chairman of Alliance Global, Inc.; Honorary Chairman of Integrated Concepts & Solutions, Inc.; Trustee and Treasurer of Human Resources Development Foundation. He is likewise a Director of Drug Abuse Resistance Education (DARE) Phil.; Waterfront Philippines, Inc.; The Wellex Group; Manila Exposition Complex, Inc.; Lasaltech Academy; Philippine Estate Corporation; B.A. Securities; Rural Bank of Baguio; Acesite Hotel Philippines, Inc.; Forum Pacific, Inc.; Jolliville Holdings Corporation; Philippine H2O Ventures Corp.; and LikeCash Asia & the Pacific Corporation. He is the President of Asia Pacific Chinese Media, Inc. His government affiliation includes being Vice Chairman of the Export Development Council; Commissioner of Patrol 117; BPLS Champion of the National Competitiveness Council; Member of the Industry Development Council and Private Sector Representative to the Philippine Bamboo Council. His civic organization affiliation includes being the Chairman of the Rotary Club of Green Meadows Foundation; the Past President of the Rotary Club Green Meadows Quezon City RI District 3780; a Senator of the Philippine Jaycee Senate; a Captain of the Philippine Coastguard Auxiliary; the Director/Treasurer of PILAK Foundation and the Vice Chairman of JARDELI Club Foundation. He is also the Honorary Consul General of the Consulate of Romania in the Philippines; Treasurer of the consular Corps of the Philippines and Honorary Adviser of the International Association of Educators for Work Peace. He was a recipient of various awards like the Business Leadership Award by the Business News Magazine, ICCP Global Excellence Award, ORAS Award, Presidential Merit Award Medal, Ulingang Ama, Most Outstanding Pasigüeño, Most Outstanding Citizen of Nueva Ecija in the field of Business and International Peace Award for Economic Development to name a few. He graduated from De La Salle University with a degree of Bachelor of Arts and Bachelor of Science in Business Administration. He also took his master's degrees in Business Administration; and PhD in Humanities. and PhD in Business Technology at De La Salle University, Central Luzon University, and Eulogio "Amang" Rodriguez Institute of Science and Technology, respectively.

**Enrison T. Benedicto.** Filipino, 46 years old, was appointed as Independent Director of the Parent Company on June 15, 2023, and continues to serve as such up to the present. Currently, he is also a member of the Corporate Governance Committee and the Audit committee. He is Managing Director of the following companies: Enrison Holdings, Inc.; Enrison land, Inc.; and Benedict Ventures, Inc. He is likewise the President and CEO of Mabuhay Filcement, Inc. He was also a Past Trustee of the Cebu Chamber of Commerce & Industry, Inc. and Cebu Furniture Industries Foundation Inc. He was Honorary Consul of the Royal Consulate of Belgium from 2017 to present. He obtained his Bachelor of Science in Management Major in Communications from Ateneo de Manila University (1999). He completed his Intensive Mandarin Language Course for Executive Education at Beijing Language and Culture University in 2000.

**James Roy N. Villareal**, Filipino, 34 years old, was elected to the Parent Company's Board on November 4, 2021. He first joined the Parent Company as Assistant Vice President on November 28, 2018; Vice President on May 30, 2019 until he was appointed Executive Vice President on November 30, 2023, and continues to serve as such up to the present. On April 8, 2022, he was nominated and elected as Vice President of KEPCO SPC Power Corporation. On August 9, 2022, he was elected as Vice President of Bohol Water Utilities, Inc. He was connected with Seawood Resources, Inc. as a Senior Analyst from March 2014 to March 2018. He was an intern at Ernst & Young, LLP, Assurance Services Department in Beijing, China; One Bank Talent Development Program of Credit Suisse AG in Hongkong; and Bank of Singapore Finance Department in Singapore. He was also a Management Trainee with Asian Agri Group in Sumatra, Indonesia from September 2012 to December 2012; and a Cadet Assistant Manager with Samling Plantation Group, Sdn Bhd in Sarawak, Malaysia from February 2013 to August 2013. He graduated from International School Manila with an International Baccalaureate (IB) Diploma in May 2008 and from the University of Illinois at Urbana-Champaign with a degree of Bachelor of Science in Finance, Class of 2012.

**Lee, Dalhun**, Korean, 57 years old, was elected to the Parent Company's Board and appointed as a member of the Board's Executive Committee on February 4, 2022 to replace Mr. Yoon, Jong-Ryoon who was recalled to KEPCO's main office in South Korea for a new assignment. He is also currently the President of KEPCO SPC Power Corporation and KEPCO Philippines Holdings, Inc. His other work experiences at KEPCO include the following: Vice President of, the UAE Nuclear Power Construction department; General Manager of the North America Business Development Department; Global Business Development Department; UAE Nuclear Power IPP Department; and UAE Nuclear Power Construction Department. He was Senior Manager of the Overseas Project Development Department; KEPCO Philippines Corporation, and KEDO Nuclear Project Department. Mr. Lee Dalhun joined KEPCO in 1992. Educational attainment: B.A. in Law, Kyungbuk National University, Korea.

**Kim, Kilwon**, Korean, 48 years old, was elected to the Parent Company's Board and appointed as a member of the Board's Executive Committee, Audit Committee, and Corporate Governance Committee on February 4, 2022, to replace Mr. Kim, Yong-Uk who was recalled to KEPCO's main office in South Korea for a new assignment. He is also currently the General Manager of KEPCO Philippines. Mr. Kim joined KEPCO in 2002 and held the following positions: General Manager of the South Incheon Office, Incheon Regional Headquarters; Senior Manager of overseas Nuclear Power Business Development, KEPCO Philippines, Overseas Business Operation Department, Treasury Department and Overseas Resources Development Department. Educational attainment: B.A. in Economics, Myungji University, Korea.

**Bang, Sang Hee**, Korean, 49 years old, was elected to the Parent Company's Board on March 9, 2023, to replace Ms. Lee, Kyung-Eun who was recalled to KEPCO's main office in South Korea for a new assignment. Ms. Bang joined KEPCO in 1998 and held the following positions: Senior Manager, Regional Headquarter KEPCO Gyeonggi; Senior Manager, Global Business Management Department; Senior Manager, KEPCO Philippines; General Manager, Regional Headquarter KEPCO Incheon; General Manager, Human Resources Department; and General Manager, Global Business Management Department. Her academic background includes IB-MBA, Helsinki School (2013) and Bachelor of Economics, Seoul Women's University (1998).

**Lee, Sanghun**, Korean, 44 years old, was elected to the Parent Company's Board on March 9, 2023, to replace Mr. Youn, Sang-Young who was recalled to KEPCO's main office in South Korea for a new assignment. Mr. Lee joined KEPCO in 2014 and held the following positions: Senior Manager, at the Overseas Nuclear Power Business Department; Senior Manager, at the Legal Affairs Department; and Senior Manager, at KEPCO Philippines. His academic background includes a B.A. in Law, from Chungnam University of Korea (2006); an M.A. in Commercial Law, from Chungnam University of Korea (2012); and Judicial Research and Training Institute (2014).

**Maria Luz L. Caminero**, Filipino, 61 years old, was appointed Senior Vice President for Legal/Regulatory Affairs of the Parent Company on November 18, 2013, and continues to serve as such up to the present. Atty. Caminero was also appointed as Corporate Secretary from December 3, 2014, to November 20, 2017. She was also designated as Compliance Officer on November 20, 2017, up to the present. She has practiced law for twenty-five (25) years. Her present practice focuses on energy law, particularly in the power industry in the Philippines. From 2003 to October 2013, she was the Vice President and General Counsel of the Power Sector Assets and Liabilities Management Corporation (PSALM). During her ten-year stint in PSALM, she was designated as Acting President from April-June 2010 and thereafter appointed as OIC from June-September 15 of the same year. Prior to her work at PSALM, she was the Chief Corporate Attorney for National Power Corporation (NPC) in the Tax Counseling Corporate Affairs and Government Relations Department and Litigation Department, Office of the General Counsel. She also served as legal adviser to the Office of the NPC President during the terms of two NPC presidents. In the transition period in anticipation of the implementation of the EPIRA, she was capbadged and assigned to TRANSCO to work on transmission business transactions. Atty. Caminero worked for NPC from 1995 -2003, although eventually detailed to work for PSALM in 2001-2003. Atty. Caminero also worked with the Judiciary for a period of six years. She was the Head Lawyer (Court Attorney V) of the Office of Associate Justice Florida Ruth P. Romero, Supreme Court from 1991-1995. Earlier, she worked in the Office of Associate Justice Fidel P. Purisima, Court of Appeals, as Court Attorney V from 1989 -1991. As an underbar, she worked with the Office of Senator Santanina T. Rasul in the latter part of 1988 -1989.

**Cesar O. Villegas**, Filipino, 62 years old, was appointed as Senior Vice President for Operations and Business Development on April 3, 2018. He joined the SPC Group on February 2, 2010, as Senior Manager for Business Development/Technical Assistant to the President and later as Vice President for Business Development and Commercial Operation effective December 3, 2014. On April 8, 2022, he was appointed as Vice President of KEPCO SPC Power Corporation. He was also appointed as Vice President of Bohol Light Company, Inc. on August 9, 2022. Before joining the SPC Group, he was a Technical Manager at Ultrawaters, Inc. (a water treatment company); an Electrical Engineer at Rudell & Associates; Project Manager at Pangea Green Energy Phils. Inc.; Operations Manager and Operations Shift Manager at Enron Power Philippines; Planning & Scheduling Chief, Instrumentations Engineer, and Control Switchboard Engineer with National Power Corporation; and Plant Electrical Engineer at Coco-Chemicals Philippines. He obtained his Bachelor of Science in Electrical Engineering degree from the Mapua Institute of Technology. He is a Registered Electrical Engineer.

**Niño Ray D. Aguirre**, Filipino, 46 years old, has been the Group's Vice President for Finance since his election on May 7, 2020, and concurrent Treasurer from June 15, 2023, up to the present. He was also appointed as Treasurer of Bohol Light Company, Inc. on August 9, 2022. Before joining the SPC Group, he was the Chief Financial Officer of Gendiesel Philippines, Inc.; Cost Controller of Ocean Rig Ultra Deepwater, Inc. of its South Korea Drillship Construction Projects; and Country Controller of Atlantic

Marine Service Egypt based in Cairo, Egypt. He also worked in various international onshore locations such as India, Angola, South Africa, France, the United States, and Brazil when he was with Pride International, Inc. as a Senior Projects Cost Controller. He was also a Senior Cost Accountant III in Fujitsu Ten Corporation of the Philippines and an Associate in Sycip Gorres Velayo & Co., an affiliate of Ernst & Young. He graduated from the University of the Philippines in the Visayas with a degree of Bachelor of Science in Accountancy in April 1999 and became a Certified Public Accountant in October of the same year.

**Victor P. Lazatin**, Filipino, 76 years old, was elected as Corporate Secretary on June 25, 2020. He has been connected with Angara Abello Concepcion Regala & Cruz (ACCRA) Law Offices since 1973: Associate (1973), Senior Associate (1974 to 1976); Partner (1977 to 1981); Senior Partner (1982 to 2012); Managing Partner (1992-2002); Of Counsel (2012 to 2020); and Senior Legal Counsel (2021). Presently, he is the Chairman of the Philippine Dispute Resolution Center, Inc. (2016) where he also served as President from 2009 to 2013. He was formerly a President of the Philippine Bar Association (2006-2007) and the Philippine Institute of Construction Arbitrators and Mediators (2004-2006). He is also a member of the International Court of Arbitration, Paris (2014 to present), the Asean Law Association, and the Inter-Pacific Bar Association. He was a Member of the Board of Directors of the following corporations: Philippine Bank of Communications (PBCOM), United Overseas Bank, Ltd. Manila, and Century Bank of California. He is the Chairman of Timog Silangan Development Corporation, Kenram Industrial and Development, Inc., and Kenram Palm Oil Industries, Inc., among others. He is a director of the MJC Investment Corporation, ACCRAIN Investment Corporation, and Worldwide Express. At present, he is the Chairman of the UP Law Alumni Association (2014 to present) and a Director and the Treasurer of UP Law Alumni Foundation. He was also a former President of the UP Law Alumni Association (1996) and UP Law Class '71. He earned his Bachelor of Laws degree in 1971, as *Cum Laude*, and his AB Economics degree in 1967 from the University of the Philippines. In 1974, he obtained his Master of Laws from the University of Michigan as Clyde Alton de Witt Fellow. Atty. Lazatin ranked 3<sup>rd</sup> in the 1971 Bar Examinations.

**Mishelle Anne R. Rubio-Aguinaldo**, Filipino, 36 years old, was elected as Assistant Corporate Secretary on April 3, 2018. She is a Managing Partner of Rubio-Aguinaldo & Salig-Bathan Attorneys-at-Law (RASBLaw). She is actively engaged in various practice areas of law such as Civil Law, Criminal Litigation, Labor Law, Corporate and Commercial Law, Energy Law, Maritime Law, and Appellate Practice. She has been a legal adviser of Archipelago Philippine Ferries Corporation and its Group of Companies from 2019 up to the present; is currently the Corporate Secretary and legal adviser of Channel Technologies, Inc. and Channel Solutions, Inc. She is a member of the International Bar Association and a supervising lawyer of the San Beda College Alabang Legal Aid Center. She was an Associate of Ancheta & Associates Attorneys-at-Law (AAA Law) for three (3) years (2016 to 2019) and was promoted to Senior Associate of the firm in 2017. She earned her Bachelor of Laws degree at San Beda College Alabang School of Law in 2015 and was in the *top ten* of her batch. She obtained her Bachelor of Arts Major in Political Science (minor in Economics) from the University of the Philippines Manila.

The disclosed business experience of the above Directors and Officers is for at least the last five years unless otherwise indicated in their profiles.

### **Family Relationships**

James Roy N. Villareal, a Director and Executive Vice President of the Parent Company, is the son of Dennis T. Villareal, the Parent Company's President and Chief Executive Officer. Other than this, no officers and/or directors are related within the fourth civil degree either by consanguinity or affinity.

#### **Involvement in Certain Legal Proceedings**

None of the Directors and Officers were involved in the past five years in any insolvency or bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding, nor have been subject to any order, judgment, or decree of competent jurisdiction, permanently enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities, or banking activities, nor found in action by any court or administrative body to have violated a securities or commodity law.

#### **Qualification and Election of Directors**

The Parent Company has 11 directors. Under the Corporation Code, each director must be a stockholder of record at the time of election. The directors are elected by a plurality of votes at the annual meeting of the Parent Company each year. At each election of directors, every stockholder has the right to vote, in person or by proxy, the number of shares owned by such stockholder for as many persons as there are directors to be elected or to cumulate such stockholder's votes by giving one candidate as many votes as the number of such directors multiplied by the number of such stockholder's share, or by distributing such votes on the same principle to any number of candidates. Directors so elected hold office until the expiration of their respective terms and until the election and qualification of their respective successors.

#### **Dependence on Certain Key Personnel**

Dennis T. Villareal, the Parent Company's President and Chief Executive Officer, has contributed significantly to the overall success of the Group. The loss of his services could, therefore, have an adverse impact on the future performance of the Group.

There is no one particular employee or personnel who is not an executive officer but is expected to make a significant contribution to the business of the Group on his own.

#### **Compensation of Directors and Executive Officers**

##### **1. Terms and Conditions of Employment Contract, Compensation Plan:**

Except for the President and the Executive Director, the Parent Company's other Senior Officers are also regular employees and are similarly remunerated with a compensation package equivalent to thirteen (13) months' salary per annum. They also receive whatever year-end gratuity pay the Board extends to the managerial, supervisory, and technical employees of the Parent Company. These terms and conditions are included in the employment contract between the Parent Company and its Senior Officers.

The members of the Board of Directors are elected for a term of one year. They receive annual remuneration in director's fees, in addition to compensation of ₱27,777.78 per director on a per board or committee meeting participation. Moreover, members of the Board of Directors who perform executive functions are paid additional remuneration.

The aggregate compensation paid or incurred during the last three years and estimated to be paid in the ensuing year to the Parent Company's President and CEO, Executive Director, and five (5) most highly compensated Senior Officers are as follows:

Name & Principal Position	Year	Salary (Pesos)	Bonus (Pesos)	Total
President/CEO, Executive Director, and five (5) most highly compensated Senior Officers	Projected 2024	43,498,644	2,615,661	46,114,305
	Actual 2023	43,153,417	2,491,106	45,644,523
	Actual 2022	43,343,314	3,764,534	47,107,847
	Actual 2021	36,287,553	4,031,361	40,318,914

All Directors and Senior Officers as a group unnamed	Projected 2024	48,712,244	2,615,661	51,327,905
	Actual 2023	48,325,639	2,491,106	50,816,745
	Actual 2022	48,048,869	3,764,534	51,813,403
	Actual 2021	42,093,108	4,031,361	46,124,469

The highest-ranked Senior Officers included in the foregoing compensation table are the following:

Dennis T. Villareal - President and CEO/Director  
Alberto P. Fenix, Jr. - Executive Director/Director  
James Roy N. Villareal – Executive Vice President/Director  
Maria Luz L. Caminero - SVP, Legal/Regulatory Affairs and Compliance Officer  
Cesar O. Villegas – SVP, Operations and Business Development  
Jaime M. Balisacan – SVP, Finance and Administration  
Niño Ray D. Aguirre –VP, Finance/Treasurer

In 2023, the incumbent non-executive directors and independent directors of the Parent Company received remuneration in annual director's fees and compensation on a per meeting participation as follows:

Director	Amount
Alfredo L. Henares	₱800,000
Francisco L. Viray	600,000
Sergio R. Ortiz-Luiz, Jr.	600,000
Lee, Dalhun	600,000
Kim, Kilwon	600,000
Lee, Sang Hun	325,000
Bang, Sang Hee	325,000
Enrison T. Benedicto	325,000
Enrique L. Benedicto	275,000
Youn, Sang Young	275,000
Lee, Kyung-Eun	275,000
<b>Total</b>	<b>₱5,000,000</b>

- Other than what is provided under applicable labor laws, there are no compensatory plans or arrangements with executive officers entitling them to receive any sum of money as a result of their resignation, retirement, or any other termination of employment, or from a change in control of the Parent Company, or a change in the executive officers' responsibilities following a change in control

of the Parent Company. No warrants or options are outstanding in favor of directors and officers of the Parent Company.

**Persons Known to the Registrant to be Directly or Indirectly the Record or Beneficial Owner of More Than 5% of Any Class of the Registrant's Voting Securities**

As of March 31, 2024, the following stockholders beneficially own more than 5% of the Parent Company's common shares:

Title of Class	Name and Address of Record Owner and Relationship with the Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares	Percent of Class
Common	KEPCO Philippines Holdings, Inc. <sup>1</sup>  18 <sup>th</sup> Floor, BDO Towers Paseo 8741 Paseo de Roxas, Makati City (Stockholder) <sup>3</sup>	KEPCO Philippines Holdings, Inc.  Mr. Lee, Dalhun, President & CEO	Korean	568,098,822	37.98%
Common	Intrepid Holdings, Inc. <sup>2</sup>  7 <sup>th</sup> Floor, BDO Towers Paseo 8741 Paseo de Roxas, Makati City (Stockholder) <sup>3</sup>	Intrepid Holdings, Inc.  Mr. Dennis T. Villareal, President	Filipino	321,836,647	24.86%
Common	JAD Holdings, Inc. <sup>2</sup>  7 <sup>th</sup> Floor, BDO Towers Paseo 8741 Paseo de Roxas, Makati City (Stockholder) <sup>3</sup>	JAD Holdings, Inc.  Mr. Dennis T. Villareal , President	Filipino	293,201,397	19.60%

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

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

<sup>3</sup> The above record owners are purely stockholders.



### **Security Ownership of Directors/Management**

The following Directors/Management personnel own shares in the Company as of March 31, 2024:

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Citizenship</b>	<b>Number of Shares and Nature of Ownership</b>	<b>Percent of Ownership</b>
Common	Dennis T. Villareal	Filipino	6,425,500 (d)	0.43%
Common	Alfredo L. Henares	Filipino	1 (d)	n.m.
Common	Alberto P. Fenix, Jr.	Filipino	855,933 (d)	0.06%
Common	Francisco L. Viray	Filipino	1 (d)	n.m.
Common	Sergio R. Ortiz-Luis, Jr.	Filipino	1 (d)	n.m.
Common	Enrison T. Benedicto	Filipino	1 (d)	n.m.
Common	James Roy N. Villareal	Filipino	274,196 (d)	0.02%
Common	Lee, Dalhun	Korean	1 (d)	n.m.
Common	Kim, Kilwon	Korean	1 (d)	n.m.
Common	Lee, Kyung-Eun	Korean	1 (d)	n.m.
Common	Youn, Sang Young	Korean	1 (d)	n.m.
Common	Maria Luz L. Caminero	Filipino	137, 098 (d)	0.01%
Common	Cesar O. Villegas	Filipino	267,292 (d)	0.05%
Common	Nino Ray D. Aguirre	Filipino	0	
Common	Victor P. Lazatin	Filipino	0	
Common	Mishelle Ann R. Rubio-Aguinaldo	Filipino	0	
Directors and Management personnel as a Group			7,960,027	0.57%

*d-direct*

*n.m.- not material*

The above company directors and officers shall hold office for one (1) year until their successors are duly elected and qualified. Such other officers may, from time to time, be appointed by the Board of Directors and shall hold office for such period as the Board of Directors may determine.

**Voting Trust Holder/s**

The Parent Company is not aware of any existing voting trust agreement involving Parent Company shares.

**Change in Control**

There are no arrangements that may result in a change in control of the Parent Company during the period covered by this report.

#### **IV. EXHIBITS & SCHEDULES**

##### **Exhibits**

Exhibit 1- Consolidated Financial Statements of the Parent Company and its Subsidiaries (audited) which comprise the consolidated statements of financial position as at December 31, 2023, and 2022; and consolidated statements of comprehensive income; consolidated statements of changes in stockholders' equity; consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to consolidated financial statements.

Exhibit 2- Financial Statements of the Parent Company (audited) which comprise the Parent Company statements of financial position as at December 31, 2023 and 2022; and Parent Company statements of comprehensive income; Parent Company statements of changes in stockholders' equity; Parent Company statements of cash flows for each of the three years in the period ended December 31, 2023; and notes to Parent Company financial statements.

##### **Reports on SEC Form 17-C**

The following reports on SEC Form 17-C were filed with SEC/PSE from April 1, 2023 to March 31, 2024:

No.	Nature/Subject Matter of Disclosure	Date Filed (with SEC)
1	Submission of report on the Notice of Annual Stockholders Meeting	23-May-23
2	Submission of report on the Highlights or Results of SPC Power Corporation Annual Stockholders' Meeting	15-Jun-23
3	Submission of Report on the Highlights or Results of the Organizational Meeting of the Board of Directors of SPC Power Corporation	15-Jun-23
4	Submission of report on the SEC approved amendment of By-Laws of SPC Power Corporation	15-Jun-23
5	Submission of report on the Cash Dividend Declaration of the Company	27-Jul-23
6	Submission of report on the creation of the office of the Executive Vice President and the appointment of Mr. James Roy N. Villareal as the Executive Vice President of the Corporation by written assent last November 30, 2023.	1-Dec-23
7	Submission of report on the Company's Cash Dividend Declaration	7-Feb-24
8	Submission of report on the Company's Cash Dividend Declaration (amendment)	25-Mar-24

## SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on April 12, 2024.

  
Alfredo L. Henares  
Chairman, Board of Directors

  
Niño Ray D. Aguirre  
Vice President for Finance/Treasurer

  
Dennis T. Villareal  
Director, President & CEO

  
Mishelle Anne R. Rubio-Aguinaldo  
Assistant Corporate Secretary

**'APR 12 2024**

**SUBSCRIBED AND SWORN** to before me this 12<sup>th</sup> day of April 2024, affiants exhibiting to me their Passports/Driver's License, as follows:

<u>Names</u>	<u>Phil. Passport / Driver's License</u>	<u>Date of Issue</u>	<u>Place of Issue</u>
Dennis T. Villareal	P8767960A	Sept. 17, 2018	DFA Manila
Alfredo L. Henares	P5099307B	11-Mar-20	DFA NCR East
Niño Ray D. Aguirre	P2916565C	13-Jan-23	DFA Manila
Mishelle Anne R. Rubio-Aguinaldo	P7454258B	24-Aug-21	DFA Manila

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**ATTY. JOEL FERRER FLORES**  
Notary Public for Makati City  
Until December 31, 2024  
Appointment No. M-119(2023-2024)  
Roll Of Attorney No. 77376  
MCLE Compliance VIII No. 0001393  
Jan. 3, 2023 until Apr. 12, 2023  
PTR NO.10073945/Jan. 2, 2024/Makati City  
IBP No.330740/Jan. 2, 2024/Pasig City  
1107 Bataan St., Guadalupe Nuevo, Makati City

## SIGNATURES

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

**SPC POWER CORPORATION**  
*Issuer*

*By:*



EDGARDO S. CABRAL, JR.  
*Finance Manager*  
Date: April 12, 2024



NIÑO RAY D. AGUIRRE  
*VP-Finance & Treasurer*  
Date: April 12, 2024