

MINUTES OF THE 2023 ANNUAL STOCKHOLDERS’ MEETING
OF
SPC POWER CORPORATION
June 15, 2023, 9:30 A.M.
via ZOOM Video Teleconference

I. REGISTRATION

	Outstanding Shares	Percentage
	1,496,551,803	99.34%
<i>Alfredo L. Henares</i>	<i>Chairman of the Board Chairman, Executive Committee Member, Audit Committee</i>	
<i>Dennis T. Villareal</i>	<i>President and CEO Member, Executive Committee Member, Corporate Governance Committee</i>	
<i>Alberto P. Fenix, Jr.</i>	<i>Executive Director Member, Executive Committee</i>	
<i>James Roy N. Villareal</i>	<i>Member of the Board</i>	
<i>Enrique L. Benedicto</i>	<i>Independent Director Member, Corporate Governance Committee</i>	
<i>Sergio R. Ortiz-Luis, Jr.</i>	<i>Independent Director Chairman, Corporate Governance Committee Member, Audit Committee</i>	
<i>Francisco L. Viray</i>	<i>Independent Director Chairman, Audit Committee Member, Corporate Governance Committee</i>	
<i>Dalhun Lee</i>	<i>Member, Executive Committee</i>	
<i>Kilwon Kim</i>	<i>Member, Executive Committee Member, Audit Committee Member, Corporate Governance Committee</i>	
<i>Sang Hee Bang</i>	<i>Member of the Board</i>	
<i>Sanghun Lee</i>	<i>Member of the Board</i>	
<i>Jaime M. Balisacan</i>	<i>Treasurer SVP, Finance and Administration</i>	
Others Present:		
<i>Victor P. Lazatin</i>	<i>Corporate Secretary</i>	
<i>Maria Luz L. Caminero</i>	<i>SVP, Legal/Regulatory Affairs Compliance Officer</i>	
<i>Cesar O. Villegas</i>	<i>SVP, Operations and Business Development</i>	
<i>Nino Ray D. Aguirre</i>	<i>VP, Finance</i>	
<i>Mishelle Anne R. Rubio-Aguinaldo</i>	<i>Assistant Corporate Secretary</i>	

Guidelines on Voting Procedure and Participation by Remote Communication is contained in the Information Statement.

In any matter taken up at a meeting with a quorum duly present, a majority vote of the outstanding capital stock present and represented at the meeting, shall be sufficient, unless otherwise required by law.

For the election of directors, the eleven (11) nominees receiving the most number of votes will be elected to the Board of Directors. Cumulative voting will apply.

Voting will be done openly or viva voce, by show of hands, unless a stockholder communicates his or her intention or otherwise propose that voting be done by secret ballot. The Corporate Secretary, in the presence of the external auditor, will then tally and report on the votes, including the votes of stockholders *in absentia*. Thereafter, the Chairman will declare the elected directors.

Voting on motions shall also be by *viva voce* or by raising of hands unless a request. In case of a division of the house, the votes will be tallied and reported by the Corporate Secretary in the presence of the external auditor.

Stockholders who will participate via remote communication or in absentia may submit their votes on agenda items requiring stockholders' action and on the nomination and election of directors, as well as their concerns, through email info@spcpower.com on or before 9:00 A.M. of May 27, 2024, or an hour before the conduct of the Annual Stockholders' Meeting.

Stockholders who will participate via remote communication will receive the Zoom meeting invitation and other instructions in their email account, or on their mobile phone or Viber account. They will be admitted by the meeting host/administrator of the meeting and their presence will be recorded. They can participate in the meeting, and raise questions and concerns via live video, audio, and/or chat services on Zoom platform.

Separate Guidelines were emailed to the stockholders before the meeting.

II. MEETING PROPER

**MINUTES OF THE 2023 ANNUAL STOCKHOLDERS' MEETING
SPC POWER CORPORATION
June 15, 2023
9:30:00 A.M.
via ZOOM Video Teleconference**

1. Call to Order

The Chairman called the meeting to order at 10:00 a.m. Pursuant to the Internal Procedures for Annual Stockholders' Meeting by Teleconference, the Chairman directed the Corporate Secretary to verify and state for the record (a) the identities of the stockholders participating in the teleconference either by person or by proxy; and (b) those who have the right to vote; and to (c) certify the sending of notices and the existence of quorum.

2. Certification of Due Notice and Presence of a Quorum

The Corporate Secretary certified that: (1) there are IP shares represented in person or by proxy, with right to vote; (2) notice was published in Malaya Business Insight and Manila Standard on May 18 and 19, 2023 in both print and digital format, and on May 23, 2023, notice was sent to all stockholders as of May 25, 2023; and that (3) stockholders present representing 1,473,739,523 shares or 99.34%, which constitute more than a majority of the total issued and outstanding shares, are present in the meeting; a quorum is therefore present to transact the business at hand.

3. Approval of Minutes of the Previous Annual Stockholders' Meeting of 31 May 2022

The Chairman proceeded to the reading and approval of the Minutes of the Annual Stockholders' Meeting held on May 31, 2022. A copy of the Minutes is available in the Company's website and was emailed to the stockholders before the meeting.

A motion that the reading of the minutes be dispensed with, and that the minutes be approved, was made and seconded. The Chairman asked if there are objections, but none was raised. Thus, the Corporate Secretary was directed to cast all votes in favor of the motion.

Resolution: Upon motion duly seconded, the stockholders present and represented by proxy, resolved that the reading of the Minutes of the Annual Stockholders Meeting held on May 31, 2022 be dispensed with, and that the same be approved.

Tabulation of votes:

<i>Total Votes</i>	<i>In Favor</i>	<i>Not in Favor</i>	<i>Abstain</i>
1,473,739,523	1,473,739,523	0	0

4. Report of the Chairman and Presentation of the Audited Financial Statements as of and for the Year Ended December 31, 2022

The Chairman gave a recap of the Company’s 2022 performance citing a notable improvement in energy demand. According to the Chairman, the Company was able to leverage the performance of its assets which made it possible to deliver higher financial results in 2022 as compared to the year before. The Chairman also reported that the four (4) diesel powerplants in Bohol and Iloilo with an aggregate capacity of 110.2MW operated steadily in 2022 despite the severe damage caused by Typhoon Odette.

The Chairman reported that PDPP 1 & 3 also experienced high dispatch orders due to the over 6-months repair of the Cebu-Negros submarine cable, and because of the extended shutdown of two (2) coal plants in Panay island.

Notably, the over-all availability of the 4 diesel plants combined in 2022 registered very high at 94.1%, though 1.9% lower than 2021’s higher availability of 95.9%.

However, the prolonged “islanding operation” in Bohol and the extended market suspension in the Visayas resulted lower combined utilization rate of all plants by 5.9%; and higher net generation & operating hours by as much as 66.5% and 79.1% respectively.

KEPCO-SPC Power Corporation’s (KSPC) 2x100mw CFBX coal-fired power plants each sustained their rated capacity of 100 MW in 2022. The plant’s reduced “availability” by 4.0% was due “planned outage” which increased by 44.1% due to (4) grade-c overhauls. The “forced outage” also increased by 15.1% due to series of boiler tube leaks that occurred on difficult locations. While the total “net generation” of 1,331 gwh in 2022 decreased by 1.1% from 2021’s 1,346 gwh, the “net heat rate” remarkably didn’t show any sign of degradation at 2,620 kcal/kwh.

Reportedly, BLCI’s customer base increased by 1.53% in 2022, with 19,827 households and 3,231 establishments by the end of the year. The impact of covid-9 pandemic and the prolonged islanding operation in Bohol due to typhoon Odette slowed down the commercial performance growth of BLCI in 2022 showing almost no increase on its “peak demand” and a reduction in “energy sales” by 5.6%. The Chairman pointed out that the 30% system loss increase in 2022 resulted mainly from the unstable energy purchased and sales during Bohol’s islanding operation period, BLCI has been working on various measures to reduce this, including the installation of the new 20-mva substation.

MECO’s “peak demand” on the other hand, increased by 5.8% - that’s from 83.3% in 2021 up to 88.1% in 2022, resulting a slight increase in the “energy sales” by 1.7%. With the intention of continuously improving its overall operation performance, MECO managed to reduce its “system loss” by 6.5% – from 6.8% in 2021 down to 6.38% in 2022.

From a financial metrics standpoint, the year 2022 was an exceptional year as all our business segments took advantage of the re-opening of the economy. Total consolidated comprehensive income was ₱1,294.7 million, which represented growth of 8.1% over 2021. 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 share from the earnings of the investee companies accounted for the largest share in income contributions to the group at 71%. The power generation and power distribution business segments contributed 27% and 2%, respectively.

The group ended 2022 with a strong balance sheet supported by healthy cash flows. Cash and cash equivalents stood at ₱4,031.4 million, 35% higher than the ₱2,984.1 million as at end-2021, and no debt.

Pursuant to the government's thrust in building-up the country's renewable energy mix in the coming years, SPC has several projects in the pipeline including solar power projects in various locations, with aggregated capacity of at least 200mw, and two (2) battery energy storage systems to support the upcoming influx of renewable energy projects.

The Chairman ended his report by expressing his deepest appreciation and gratitude to the stockholders, partners, and to the entire SPC team.

After the Chairman's report, SVP for Finance and Administration, Mr. Nino Ray D. Aguirre presented the highlights of the Audited Financial Statements as of and for the Year Ended 2022.

According to the report, the Group registered a total comprehensive income of P1,294.7 million, 8.1% better than the previous year's level of P1,197.2 million, as all business segments delivered higher results in 2022.

Equity share in the earnings of investee companies comprised the bulk of the group's total consolidated income in 2022, accounting for 71% of the total. the investee companies' contribution of P925.4 million in 2022 was 6.6% more than the P867.8 million in the previous year.

The power generation business segment, which comprised of 27% of the group's net income, contributed P349.6 million, 10% higher year-on-year.

The power distribution unit accounted for the 2% balance of the pie. It recorded a turnaround in the fourth quarter of 2022 resulting in income contribution of P19.7 million for the whole year of 2022., 71.3% higher than the P11.5 million recorded a year earlier.

The Group's consolidated revenues rose by 55.9% to P3,850.0 million in 2022, from P2,469.4 million in 2021, due mainly to higher pass-through cost of services. cost of services likewise increased substantially by 68.5% to P3,290.2 million in 2022, from P1,952.5 million in 2021, due mainly to high price of purchased power as well as the surge in global fuel prices. however, as revenues grew faster than the cost of services, gross margin went up by 8.3% to p559.8 million in 2022, from the previous year's p516.9 million.

Administrative and general expenses increased by 21.2% to p249.3 million in 2022, from p205.7 million a year earlier, due mainly to: (i) marketing expenses and (ii) business development expenses for expansion projects being seriously looked into.

The Group ended 2022 with consolidated assets standing at P11,607.7 Million, 12.1% higher compared to P10,352.9 Million As At End-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, increasing by p277.7 million only to p1,208.2 million, from p930.5 million in the previous year. This was traced mainly to higher trade and other payables at the end of 2022.

Stockholders' equity grew by 10.4% and the liquidity of the Group in 2022 was supported mainly by cash inflows which exceeded cash outflows resulting in a 35.1% increase in the balance of cash and cash equivalents to P4,031.4 million as at end-2022 from P2,984.1 million at the beginning of the year.

Major sources of cash and cash equivalents included: (i) net cash generated from operating activities amounting to p369.6 million and (ii) cash dividends received from investee companies amounting to p1,004.7 million. Major application of funds included: (i) payment of cash dividends amounting to p317.6 million and (ii) additions to property, plant and equipment amounting to p73.9 million.

The floor was opened for questions and comments. A question was posted on the chat box by a stockholder which reads, *"when will the sale of KEPCO of its power plant and SPC shares be resolved?"* and *"... what is the intention of the company – whether to buy the power plant or SPC shares? The answers to these questions, I believe will go a long way in answering when dividends can be paid again. Thank you."*

EVP James Villareal answered the question and informed the stockholders that *"at [the] moment, the sale process for the KSPC and SPC shares is still ongoing. The process is currently controlled by KEPCO Philippines and [SPC] is not directly involved. Just to answer the question directly, I believe KEPCO has a plan to sell the shares within the year."*

With regard to the second question, EVP Villareal stated that he is not in a position to give any specific details in respect of the non-disclosure agreement and in light of the fact that the process is regulated by

KSPC. Nevertheless, he explained that as a shareholder, SPC has a right to exercise the right of first refusal which will come about once the process starts.

The Chairman noted that the sale is beyond SPC’s control as it is within the hands of KEPCO.

The moderator asked if there were other questions from the platform but none followed.

5. Approval of Directors’ Fees/Bonus for CY 2022

The Chairman proceeded to the next item of the agenda which is the approval of the Directors’ Fees for calendar year ended December 31, 2022.

A motion that (1) each director who served the Corporation during the calendar year ending December 31, 2022 be paid directors’ fees in the amount of P600,000.00 for a full year of service or pro rata thereof; (2) the Chairman be paid an additional P200,000.00; and (3) each director performing executive functions be paid additionally for such services in the aggregate amount of ₱24,034,122.00, was made and seconded. The Chairman asked if there are objections, but none was raised. Thus, the Corporate Secretary was directed to cast all votes in favor of the motion.

Resolution: Upon motion duly seconded, the stockholders present or represented by proxy resolved that the said motion to pay the amount of ₱600,000.00 to each director who served the Corporation during the calendar year ended December 31, 2021 for a full year or pro rata, an extra payment of ₱200,000.00 for the Chairman, and to pay those directors performing executive functions an additional amount in the aggregate amount of ₱24,034,122.00 be approved.

Tabulation of votes:

Total Votes	In Favor	Not in Favor	Abstain
1,473,739,523	1,473,739,523	0	0

6. Ratification of All Previous Actions of the Board of Directors and Officers of the Corporation Since the Last Annual/Regular Meeting

A motion that the actions taken by the Board of Directors and Officers of the Corporation since the last annual stockholders meeting on May 31, 2022 be ratified and approved, was made and seconded. The Chairman asked if there are objections, but none was raised. Thus, the Corporate Secretary was directed to cast all votes in favor of the motion.

Resolution: Upon motion duly seconded, the stockholders present or represented by proxy resolved that the actions taken by the Board of Directors and Officers of the Corporation since the last annual stockholders meeting on May 31, 2022 be ratified and approved.

Tabulation of votes:

Total Votes	In Favor	Not in Favor	Abstain
1,473,739,523	1,473,739,523	0	0

7. Election of Directors (2023-2024)

The Chairman announced that stockholders as of May 25, 2023 are entitled to vote as discussed in the 2023 Information Statement posted on the website.

The Chairman of the Corporate Governance Committee (also Nomination Committee), Dir. Sergio L. Ortiz-Luis, briefly discussed the nomination process and the evaluation of the qualifications of the nominees. If found to be qualified, the list of the nominees are submitted to the Board. As required by the Articles of Incorporation and ByLaws, eleven (11) directors shall be elected. For 2023-2024, he announced the nominees as follows:

- 1. Dennis T. Villareal
- 2. Alfredo L. Henares
- 3. Alberto P. Fenix, Jr.
- 4. James Roy N. Villareal
- 5. Dal Hun Lee

- 6. Kilwon Kim
- 7. Sanghee Bang
- 8. Sanghun Lee

Independent Directors:

- 1. Enrison T. Bendicto
- 2. Sergio R. Ortiz-Luis, Jr.
- 3. Francisco L. Viray

A motion to approve and close the nomination was made and seconded. The Chairman asked for objection, but none was raised. Since there are 11 directors to be elected and there are only 11 nominees, the Chairman directed the Corporate Secretary to cast all votes in favor of all those nominated. The Chairman asked if there are objections, but none was raised. Thus, the Corporate Secretary was directed to cast all votes in favor of the motion.

Tabulation of votes:

Total Votes	In Favor	Not in Favor	Abstain
1,473,739,523	1,473,739,523	0	0

Resolution: Upon motion duly made and seconded, the stockholders present or represented by proxy unanimously elected the following persons to serve as Directors for CY 2022-2023 and to act as such until their successors shall have been elected:

- 1. Dennis T. Villareal
- 2. Alfredo L. Henares
- 3. Alberto P. Fenix, Jr.
- 4. James Roy N. Villareal
- 5. Dal Hun Lee
- 6. Kilwon Kim
- 7. Sanghee Bang
- 8. Sanghun Lee

Independent Directors:

- 1. Enrison T. Bendicto
- 2. Sergio R. Ortiz-Luis, Jr.
- 3. Francisco L. Viray

The Chairman congratulated the newly-elected members of the Board of Directors.

8. Appointment/Reappointment of External Auditors

A motion to reappoint the auditing firm of SyCip Gorres Velayo & Co. as the external auditor of the Corporation for the calendar year 2023 was made and seconded. The Chairman asked if there are objections, but none was raised. Thus, the Corporate Secretary was directed to cast all votes in favor of the motion.

Tabulation of votes:

Total Votes	In Favor	Not in Favor	Abstain
1,473,739,523	1,473,739,523	0	0

Resolution: Upon motion duly made and seconded, without any objection, the stockholders present or represented by proxy reappointed the auditing firm of SyCip Gorres Velayo & Co. as the external auditor of the Corporation for the calendar year 2023.

9. Other Matters

The Chairman inquired if there are other matters left to be taken up, but none was raised.

10. Adjournment

A motion to adjourn was made and seconded. The Chairman asked for objections but none was raised. The meeting was adjourned at 11:05 A.M.

Prepared and Attested By:

MISHELLE ANNE R. RUBIO-AGUINALDO
Assistant Corporate Secretary

Noted By:

VICTOR P. LAZATIN
Corporate Secretary

ALFREDO L. HENARES
Chairman

