




**San Miguel
Global Power**[®]
Giving You the Power to Celebrate Life

**San Miguel Global Power
Holdings Corp.**

 40 San Miguel Avenue, Mandaluyong City, Metro Manila

 (02) 5317 1000

11 May 2026

SECURITIES AND EXCHANGE COMMISSION

The SEC Headquarters, 7907 Makati Avenue
Salcedo Village, Bel-air, Makati City 0728

Attention: **ATTY. OLIVER O. LEONARDO**
Director – Markets and Securities Regulation Department

Gentlemen:

We write in compliance with your letter, dated 29 April 2026, relating to the comments to the Preliminary Information Statement (“PIS”) of San Miguel Global Power Holdings Corp. (hereinafter referred to as the “Company”) which was filed with your good office on 24 April 2026, in connection with the 2026 Annual Stockholders’ Meeting of the Company scheduled on 2 June 2026.

We hereto submit the Definitive Information Statement (“DIS”) of the Company for its 2026 Annual Stockholders’ Meeting, which already includes the following matters:

- a. a Summary Compensation Table on the compensation of named executive officers and in the aggregate as to all officers and directors as a group, found on page 17 of the DIS and page 16 of the PIS;
- b. a table showing the amount of per diem received by each independent director attached as Annex “I” to the DIS considering that only independent directors receive per diem allowance for each meeting they attended, while the write up on Standard Arrangements on Directors’ Compensation is found on page 17 of the PIS and the DIS;
- c. the Company’s Unaudited Consolidated Financial Statements as of and for the period ended 31 March 2026 (with comparative figures as of 31 December 2025 and for the period ended 31 March 2025) and the Selected Notes to the Consolidated Financial Statements, collectively attached as Annex “D” to the DIS;
- d. the Company’s Management’s Discussion and Analysis or Plan of Operation of the Company as of 31 March 2026 attached as Annex “F” to the DIS;

- e. the appraisals and performance reports for the Board are attached as Annex "H" to the DIS, and the criteria and procedure for assessment explained in pages 24-25 of the DIS;
- f. a record of the voting results of each agenda item in the Minutes of the 2025 Annual Stockholders' Meeting is attached to as Annex "A" of the aforementioned Minutes (Annex "G" of the PIS and DIS), as referred to in pages 25-26 of the PIS and page 26 of the DIS; and
- g. the Certificates of Qualification of the Independent Directors executed by the following nominees for election as independent directors of the Company, namely, Martin S. Villarama, Jr., Mario V. Lopez, and Jeronimo U. Kilayko, are attached hereto as Annexes "A- 1", "A-2" and "A-3" of the DIS, respectively.

We wish to further advise your good office that we will be delivering hard copies of the Notice of Meeting and the DIS to each of our stockholders on even date (instead of the alternative mode provided in the Notice of the Securities and Exchange Commission dated 11 March 2026¹) considering that the Company only has eleven (11) stockholders, namely: San Miguel Corporation (its parent company), the seven (7) incumbent directors, and the three (3) nominees for election as independent directors of the Company.

Considering that the 2026 Annual Stockholders' Meeting will be conducted through videoconferencing, the procedure and specific details for attending the meeting, participation therein and casting of votes are duly set out in Appendix 1 of the Company's Notice of Meeting in the DIS, in compliance with the relevant rules and regulation of the Honorable Commission.

We hope you find the foregoing in order.

Very truly yours,

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.

By:



VIRGILIO S. JACINTO
Corporate Secretary and
Compliance Officer

¹ Alternative Mode for Distributing and Providing Copies of the Notice of Meeting, Information Statement, and Other Documents in Connection with the Holding of Annual Stockholders' Meeting and Special Stockholders' Meeting for the year 2026.

COVER SHEET

C S 2 0 0 8 0 1 0 9 9

S. E. C. Registration Number

S A N M I G U E L G L O B A L

P O W E R H O L D I N G S C O R P .

(Company's Full Name)

4 0 S A N M I G U E L A V E N U E ,

W A C K - W A C K G R E E N H I L L S ,

C I T Y O F M A N D A L U Y O N G ,

S E C O N D D I S T R I C T ,

N A T I O N A L C A P I T A L

R E G I O N (N C R)

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

Julie Ann B. Domino-Pablo

Contact Person

0917-1010354

Company Telephone Number

1 2

Month

3 1

Day

Annual Meeting

Dept. Requiring this Doc.

Number/Section

Total Amount of Borrowings

Total No. of Stockholders

SEC Form 20-IS
Definitive Information Statement

FORM TYPE

First Tuesday of

0 6

Month

1st
Tues.

Day

Secondary License Type, If Applicable

Amended Articles

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

----- STAMPS -----

Remarks = Pls. Use black ink for scanning purposes



NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

June 2, 2026

The Annual Meeting of the Stockholders of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** (formerly known as "SMC GLOBAL POWER HOLDINGS CORP." and hereinafter referred to as the "Company" or "San Miguel Global Power") will be held on **June 2, 2026 (Tuesday) at 2:00 p.m., which will be presided by the Chairman at 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR).** Stockholders are requested to attend through **videoconference through the Zoom Meeting ID 971 2702 6245.**

The Agenda of the Meeting is as follows:

1. Certification of Notice and Quorum
2. Approval of the Minutes of the Annual Stockholders' Meeting held on June 3, 2025
3. Approval of the 2025 Audited Financial Statements
4. Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers
5. Appointment of External Auditors
6. Election of the Board of Directors
7. Approval of Directors' Fee
8. Other Matters
9. Adjournment

A copy of the Minutes of the Annual Stockholders' Meeting held on June 3, 2025 is included in this Information Statement and is available for viewing on the Company's website www.smcglobalpower.com.ph.

As allowed under SEC Memorandum Circular No. 6 series of 2020 dated March 12, 2020 entitled "Guidelines on the Attendance and Participation of Directors, Trustees, Stockholders, Members, and Other Persons of Corporations in Regular and Special Meetings through Teleconferencing, Video Conferencing and other Remote or Electronic Means of Communication", the Company will not hold a physical meeting and will instead conduct the meeting through videoconferencing. Stockholders can attend the meeting by videoconferencing. Stockholders intending to attend the meeting by videoconferencing should notify the Company by email to ASM@smcgph.sanmiguel.com.ph by **May 25, 2026** at 12 noon. The procedure and further details for attending the meeting, participation therein and casting of votes are set forth in Appendix 1 and shall be included in the Information Statement.

Votes will be cast through ballots or proxies. The deadline for the submission of ballots and proxies is on **May 18, 2026**. For your convenience, a sample of a ballot/proxy is attached to the Information Statement. For an individual, his/her ballot or proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by its Corporate Secretary's certification setting the representative's authority to represent the corporation in the meeting. Ballots and proxies may be sent through email at ASM@smcgph.sanmiguel.com.ph or by personal delivery to the Office of the Corporate Secretary at 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR). Proxies need not be

notarized. Validation of ballots and proxies will be on **May 25, 2026** at 2:00 p.m. at the Office of the Corporate Secretary at the above-mentioned address. Hard copies of the ballots and proxies and notarized Secretary's Certificates will be immediately sent as soon as reasonable to do so.

Questions and comments to the Board of Directors and/or Management may be sent in advance by email to ASM@smcph.sanmiguel.com.ph.

Mandaluyong City, May 11, 2026.



Virgilio S. Jacinto
Corporate Secretary and
Compliance Officer

**PROCEDURE FOR THE 2026 ANNUAL STOCKHOLDERS' MEETING OF
SAN MIGUEL GLOBAL POWER HOLDINGS CORP. THROUGH VIDEOCONFERENCING**

1. The Chairman shall preside the 2026 Annual Stockholders' Meeting at 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR).
2. Stockholders of record as of May 5, 2026 who intend to attend the meeting through videoconferencing are requested to notify the Company by email to ASM@smcgph.sanmiguel.com.ph by May 25, 2026 at 12 noon.
3. For validation purposes, the email should contain the following information: (i) name, (ii) address, (iii) email address, (iv) Zoom user name that the stockholder will be using and (v) a scanned copy of any valid government-issued identification (ID) card with photo of the stockholder.
4. Only the stockholders who have notified the Company of their intention to participate through videoconferencing as above-described and have been validated to be stockholders of record of the Company will be considered in computing stockholder attendance at the meeting, together with the stockholders attending through proxies.
5. No later than June 1, 2026, the Corporate Secretary and/or the Assistant Corporate Secretary shall inform the stockholders of the password for the videoconferencing by email.
6. On June 2, 2026, 1:45 p.m., the stockholders participating via videoconferencing shall each click on the link provided. The stockholder will need to input the password provided and click join meeting. Thereafter, the stockholder will have to wait until the meeting host will let him/her in to the meeting.
7. Votes of all stockholders can only be cast through ballots or proxies submitted on or before May 18, 2026. A sample of the ballot and proxy is included in this Information Statement.
8. All ballots and proxies should be received by the Corporate Secretary on or before May 18, 2026 by email sent to ASM@smcgph.sanmiguel.com.ph or by personal delivery to the Office of the Corporate Secretary at 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR).
9. For an individual, his/her ballot or proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by its corporate secretary's certification stating the representative's authority to represent the corporation in the meeting. Validation of ballots and proxies will be on May 25, 2026 at 2:00 p.m. at the Office of the Corporate Secretary at the above-mentioned address.
10. The nominees for election to the Board were submitted in writing to the Board of Directors through the Corporate Secretary. The Corporate Governance Committee is tasked to pre-screen and evaluate the qualifications of the nominees in accordance with the Amended Manual on Corporate Governance of the Company.
11. The voting procedure for all items in the Agenda, including the election of the members of the Board, are set out in this Preliminary Information Statement.
12. Stockholders may send their questions and/or comments during the meeting, or prior thereto by email to ASM@smcgph.sanmiguel.com.ph. Questions and comments may also be written in the space provided in the sample ballot/proxy form.
13. The proceedings of the meeting will be recorded.

Should you have questions or requests for clarification on the procedure for the 2026 Annual Stockholders' Meeting, please email them to ASM@smcgph.sanmiguel.com.ph.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
ANNUAL STOCKHOLDERS' MEETING
JUNE 2, 2026 2:00 p.m. via Videoconferencing
("2026 Annual Stockholders' Meeting")

Please mark as applicable:

Vote by ballot: The undersigned stockholder of San Miguel Global Power Holdings Corp. (formerly known as "SMC Global Power Holdings Corp." and hereinafter referred to as the "Company") casts his/her vote on the agenda items for the 2026 Annual Stockholders' Meeting, as expressly indicated with "✓" below in this ballot.

Vote by proxy: The undersigned stockholder of the Company hereby appoints _____ or, in his/her/its absence, the Chairman of the meeting, as attorney and proxy, to represent and vote all the shares registered in his/her/its name at the 2026 Annual Stockholders' Meeting and any of its adjournment(s), as fully as the undersigned can do if present and voting in person, ratifying all action taken on matters that may properly come before such meeting or its adjournment(s). The undersigned directs the proxy to vote on the agenda items which have been expressly indicated with "✓" below. If the undersigned fails to indicate his/her/its vote on the agenda items specified below, his/her/its proxy shall vote in accordance with the recommendation of Management. Management recommends a "FOR ALL" vote for proposal 1, and a "FOR" vote for proposals 2 through 8.

PROPOSAL	ACTION			
	VOTE FOR ALL	WITHHOLD FOR ALL	VOTE ONLY FOR	FULL DISCRETION OF PROXY (IF FORM USED AS PROXY)
1. Election of Directors				
The nominees are: a. Ramon S. Ang b. John Paul S. Ang c. Aurora T. Calderon d. Virgilio S. Jacinto e. Martin S. Villarama, Jr. (<i>Independent Director</i>) f. Mario V. Lopez (<i>Independent Director</i>) g. Jeronimo U. Kilayko (<i>Independent Director</i>)			a. b. c. d. e. f. g.	
	FOR	AGAINST	ABSTAIN	
2. Approval of the Minutes of the 2025 Annual Stockholders' Meeting				
3. Approval of the 2025 Audited Financial Statements				
4. Ratification of all Acts of the Board of Directors and Corporate Officers since the 2025 Annual Stockholders' Meeting				
5. Appointment of External Auditors for 2026				
6. Approval of Directors' Fees				

Signed this _____ in _____.

PRINTED NAME OF STOCKHOLDER

SIGNATURE OF STOCKHOLDER/AUTHORIZED SIGNATORY

Questions/Comments to the Board of Directors and/or Management:

NOTE: This ballot/proxy should be received by the Office of the Corporate Secretary on or before May 18, 2026 by email sent to ASM@smcgph.sanmiguel.com.ph or by mail sent to the Office of the Corporate Secretary at the 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR). This ballot/proxy, when properly executed, will be voted in the manner as marked/directed herein by the stockholder. If no direction is made in the proxy, such proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting as recommended by the management or the Board of Directors. A stockholder giving a proxy has the power to revoke it either in an instrument in writing duly presented to and recorded with the Corporate Secretary on or before 12:00 p.m. of May 25, 2026. Notarization of this proxy is not required. For an individual, his/her ballot/proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by a certification issued by its corporate secretary setting the representative's authority to represent the corporation in the 2026 Annual Stockholders Meeting ("Secretary's Certificate"). Validation of ballots and proxies will be on May 25, 2026 at 2:00 p.m. at the above-mentioned address of the Office of the Corporate Secretary. For ballots, proxies and Secretary's Certificates sent to the Office of the Corporate Secretary via email, the hard copies of the ballots, proxies, and notarized Secretary's Certificate should be immediately sent to the Office of the Corporate Secretary as soon as reasonably possible.

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter **San Miguel Global Power Holdings Corp.**
3. **Philippines**
 Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number **CS2008-01099**
5. BIR Tax Identification Code **006-960-000-000**
6. **40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR) (63) 917-1010354**
 Address of principal office **1550**
Postal Code
7. Registrant's telephone number, including area code **(63) 917-1010354**
8. **June 2, 2026, 2:00 p.m., 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR) (Stockholders are requested to attend via videoconference)**
 Date, time and place of the meeting of security holders
9. Approximate date on which the Information Statement is first to be sent or given to security holders **May 11, 2026**
10. Name of Person Filing the Statement: **San Miguel Global Power Holdings Corp.**
 Address and Telephone No.: **40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR); (63) 917-1010354**
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Securities	Amount Outstanding (as of March 31, 2026) (In Thousands)
Series C Fixed Rate Bonds issued in July 2016	₱ 4,756,310
Series F Fixed Rate Bonds issued in December 2017	3,609,020
Series J Fixed Rate Bonds issued in April 2019	6,923,100
Series L-M Fixed Rate Bonds issued in July 2022	35,000,000
Total	₱50,288,430

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of March 31, 2026)
Common Shares	4,785,493,800
Consolidated Total Liabilities (in Thousands)	₱469,079,105

12. Are any or all of registrant's securities listed in a Stock Exchange?
 Yes No
 If yes, disclose the name of such Stock Exchange and the class of securities listed therein: **N/A**

INFORMATION STATEMENT

GENERAL INFORMATION

Date, Time and Place of Meeting of Security Holders

The annual stockholders' meeting of **San Miguel Global Power Holdings Corp.** (hereinafter referred to as the "Company" or "San Miguel Global Power") will be held **on June 2, 2026 (Tuesday) at 2:00 p.m. and will be presided by the Chairman at 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR).** As allowed under SEC Memorandum Circular No. 6 series of 2020 dated March 12, 2020 entitled "Guidelines on the Attendance and Participation of Directors, Trustees, Stockholders, Members, and Other Persons of Corporations in Regular and Special Meetings through Teleconferencing, Video Conferencing and other Remote or Electronic Means of Communication", the stockholders are requested to attend through videoconferencing using the Zoom Meeting ID 971 2702 6245.

Stockholders intending to attend the meeting by videoconferencing should notify the Company by email to ASM@smcgph.sanmiguel.com.ph by **May 25, 2026** at 12 noon. The procedure and further details for attending the meeting, participation therein and casting of votes are set forth in Appendix 1 of the Notice and shall be included in the Information Statement.

Votes will be cast through ballots or proxies. The deadline for the submission of ballots and proxies is on **May 18, 2026**. For your convenience, a sample of a ballot/proxy is attached to this Information Statement. For an individual, his/her ballot or proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by its Corporate Secretary's certification setting the representative's authority to represent the corporation in the meeting. Ballots and proxies may be sent through email at ASM@smcgph.sanmiguel.com.ph or by personal delivery to the Office of the Corporate Secretary at 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR). Proxies need not be notarized. Validation of ballots and proxies will be on **May 25, 2026** at 2:00 p.m. at the Office of the Corporate Secretary at the above-mentioned address. Hard copies of the ballots and proxies and notarized Secretary's Certificates will be immediately sent as soon as reasonably possible.

Questions and comments to the Board of Directors and/or Management may be sent in advance by email to ASM@smcgph.sanmiguel.com.ph.

The complete mailing address of the principal office of the Company is **40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR).**

The information statement is first to be sent to the stockholders on **May 11, 2026**. Hard copies of the Notice of Meeting and the Information Statement shall be sent to each of the stockholders considering that the Company has only eight (8) shareholders, comprising of San Miguel Corporation (its parent company) and its seven (7) directors.

THE COMPANY IS NOT SOLICITING ANY PROXIES FROM ITS STOCKHOLDERS.

Dissenters' Right of Appraisal

Under Title X of the Revised Corporation Code of the Philippines (the "Revised Corporation Code"), stockholders dissenting from and voting against the following corporate actions may demand payment of the fair market value of their shares as of the date prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action, namely: (i) any amendment to the articles of incorporation that has the effect of changing or restricting the rights

of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of shortening the term of corporate existence; (ii) sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code; (iii) merger or consolidation; and (iv) investment of corporate funds in another corporation or business or for any other purpose other than the primary purpose for which the corporation was organized, as provided under Section 80 of the Revised Corporation Code.

There are no corporate matters or actions that will entitle dissenting stockholders to exercise their right of appraisal as provided under the aforementioned pertinent provisions of the Revised Corporation Code.

Interest of Certain Persons in Matters to be Acted Upon

No director, officer, or nominee for election as director of the Company, or any of their associates, at any time since the beginning of the last fiscal year, has any substantial interest, direct or indirect, by security holdings or otherwise in any matter to be acted upon in the meeting, other than their election to office.

None of the incumbent directors has informed the Company in writing of an intention to oppose any action to be taken by the Company at the meeting.

**RATIONALE AND BRIEF DISCUSSION OF THE AGENDA
OF THE 2026 ANNUAL STOCKHOLDERS' MEETING**

1. Certification of Notice and Quorum

a. Call to Order

The Chairman of the Board of Directors (or the Chairman of the meeting, as the case may be) (the "Chairman") will call the meeting to order.

b. Notice and Quorum

The Corporate Secretary (or the Secretary of the meeting, as the case may be) (the "Secretary") will certify the date when the written notice of the 2026 Annual Stockholders' Meeting will be sent to the stockholders as of record date of May 11, 2026.

The Secretary will likewise certify the presence of a quorum. Under the Company's Amended By-laws, the holders of a majority of the issued and outstanding capital stock of the Company entitled to vote shall, if present in person or by proxy, constitute a quorum for the transaction of business.

c. Voting and Voting Procedure

- i. A stockholder may vote the number of common shares held in his name in the Company's stock and transfer books as of May 11, 2026. Holders of common shares have the right to vote on all matters requiring stockholders' approval, and are entitled to vote at the meeting by submission of the ballots or proxies in accordance with the procedure set out in the Notice.
- ii. Every stockholder entitled to vote shall be entitled to one (1) vote for each share of stock registered in his name in the books of the Company, on all items in the Agenda except for

election of directors (which is set out in the next succeeding paragraph).

- iii. With respect to the election of directors, a stockholder may vote such number of common shares for as many persons as there are directors to be elected or he may cumulate said common shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his common shares shall equal, or he may distribute them on the same principle as among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of common shares owned by him as shown in the books of the Company multiplied by the total number of directors to be elected.

The total number of votes that may be cast by a stockholder of the Company shall be computed as follows: number of common shares held on record as of record date multiplied by seven (7) directors.

- iv. Counting of the votes will be done by the Corporate Secretary or Assistant Corporate Secretary with the assistance of the independent auditors.

2. Approval of the Minutes of the Annual Stockholders' Meeting held on June 3, 2025

The Minutes of the Annual Stockholders' Meeting held on June 3, 2025 (the "2025 Annual Stockholders' Meeting") is included in this Information Statement (attached as **Annex "G"**) and is available for viewing on the Company's website www.smcglobalpower.com.ph. The stockholders will be requested to approve the Minutes of the 2025 Annual Stockholders' Meeting.

3. Approval of the 2025 Audited Financial Statements

- a. The Management of the Company will deliver the report on the performance of the Company for 2025 and present for approval of the stockholders the 2025 Audited Financial Statements of the Company.
- b. The Secretary will advise the stockholders of the holding of an open forum after the Approval of the 2025 Audited Financial Statements. Stockholders may raise their questions and/or comments during the meeting, or prior thereto by email to ASM@smcgph.sanmiguel.com.ph. Questions and comments may also be written in the space provided in the ballot/proxy form.
- c. Duly authorized representatives of R. G. Manabat & Co., the external auditors for 2025, will be present at the 2026 Annual Stockholders' Meeting to respond to appropriate questions concerning the 2025 Audited Financial Statements of the Company.
- d. After the open forum, the stockholders will then be requested to approve the 2025 Audited Financial Statements.

4. Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers

The acts and proceedings of the Board of Directors and corporate officers since the 2025 Annual Stockholders' Meeting, as reflected in the minutes of meetings, are set out in this Information Statement. The acts of Management and corporate officers were taken in furtherance of the conduct of the business of the Company and in the implementation of the matters approved by the Board of Directors. The relevant disclosures relating thereto submitted to the SEC and the Philippine Dealing & Exchange Corp. ("PDEX") are posted on the Company's website www.smcglobalpower.com.ph.

The stockholders will be requested to ratify all acts of the Board of Directors and corporate officers since the 2025 Annual Stockholders' Meeting.

5. Appointment of External Auditors

The Audit and Risk Oversight Committee shall endorse the re-appointment of R. G. Manabat & Co. as the external auditor of the Company for 2026. The relevant background and description on the extent of the audit services, tax advisory, and other related services rendered by the external auditor, including their fees, are provided in this Information Statement.

The stockholders will be requested to approve the re-appointment of R. G. Manabat & Co. for fiscal year 2026.

6. Election of the Board of Directors for the Ensuing Term

In accordance with the Company's Amended By-laws, the nominations for the election of all directors by the stockholders were submitted in writing to the Board of Directors through the Corporate Secretary. The Corporate Governance Committee has pre-screened and evaluated the qualifications of the nominees in accordance with the Amended Manual on Corporate Governance of the Company in its meeting held on May 11, 2026. The Board of Directors during its regular meeting held on May 11, 2026 has determined that all the nominees for election to the Board of Directors satisfy the mandatory requirements specified under the provisions of Section 2, Article III of the Company's Amended By-laws.

The seven (7) nominees will be submitted for election to the Board of Directors by the stockholders at the 2026 Annual Stockholders' Meeting. The profiles of the nominees, as well as the certification of their qualifications, are provided in this Information Statement.

7. Approval of Directors' Fees

In compliance with Section 29 of the Revised Corporation Code, the Directors' Fees for independent directors, representing per diem allowance for their attendance in meetings, will be submitted for ratification and approval by the stockholders.

8. Other Matters

The Chairman will inquire whether there are other relevant matters and concerns to be discussed. The Chairman shall accordingly respond to other matters that may be raised by the stockholders.

9. Adjournment

Upon determination that there are no other relevant matters to be discussed, the meeting will be adjourned on motion duly made and seconded.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

As of **May 11, 2026**, the Company has only one (1) class of securities, consisting of 4,785,495,300 issued and outstanding common shares of stock. The common shares of the Company are neither traded in any public trading market, nor subject to outstanding warrants to purchase, or securities convertible into common shares of the Company.

Holders of common shares have the right to vote on all matters requiring stockholders' approval. The record date for the determination of security holders entitled to vote is **May 11, 2026**. Only stockholders of records at the close of business on **May 11, 2026** will be entitled to vote at the meeting. A stockholder entitled to vote at the meeting has the right to vote in person or by proxy. Every stockholder entitled to vote shall be entitled to one (1) vote for each share of stock registered in his name in the books of the Company. However, with respect to the election of directors in accordance with Section 23 of the Revised Corporation Code, a stockholder may vote the number of common shares held in his name in the Company's stock and transfer books as of **May 11, 2026**, and may vote such number of common shares for as many persons as there are directors to be elected or he may cumulate said common shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his common shares shall equal, or he may distribute them on the same principle as among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of common shares owned by him as shown in the books of the Company multiplied by the total number of directors to be elected.

The total number of votes that may be cast by a stockholder of the Company computed as follows: **number of common shares held on record as of record date multiplied by seven (7) directors.**

In accordance with the Company's Amended By-laws, the deadline for submission of proxies is on **May 18, 2026**, which is at least ten (10) working days before the time set for the annual stockholders' meeting.

At the annual stockholders' meeting, seven (7) directors will be elected, three (3) of whom are independent directors.

The beneficial owner of more than five percent (5%) of the Company's voting securities as of **May 11, 2026**, are as follows:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held by the Beneficial Owner (includes Common Shares held by its nominees)	% out of Total Outstanding Shares
Common	San Miguel Corporation 40 San Miguel Ave., Mandaluyong City (Parent Company)	San Miguel Corporation (SMC)	Filipino	4,785,490,300	100%
Common	Ramon S. Ang 40 San Miguel Ave., Mandaluyong City (Director)	Nominee- director of SMC in the Board	Filipino	500	0%
Common	John Paul L. Ang 40 San Miguel Ave., Mandaluyong City (Director)	Nominee- director of SMC in the Board	Filipino	500	0%

Common	Aurora T. Calderon No. 40 San Miguel Ave., Mandaluyong City (Director)	Nominee-director of SMC in the Board	Filipino	500	0%
Common	Virgilio S. Jacinto 40 San Miguel Ave., Mandaluyong City (Director)	Nominee-director of SMC in the Board	Filipino	500	0%
	Total:			4,785,492,300	

The principal stockholder of San Miguel Global Power is San Miguel Corporation (“SMC”), which owns approximately 100% of the issued and outstanding capital stock of San Miguel Global Power. SMC is one of the largest and most diversified conglomerates in the Philippines in terms of revenues and assets and its shares are listed on the Philippine Stock Exchange. Originally founded in 1890 as a single brewery in the Philippines, SMC currently owns market-leading businesses in vital industries that support the economic development of the country, including food and beverages, packaging, fuel and oil, infrastructure, property and investments in car distributorship and banking, in addition to its power business.

Under the stewardship of SMC, the Company has become one of the market leaders in the Philippine power industry.

The other stockholders of the Company are its directors, the details of their shareholdings in the Company, as well as their profiles, are set out below.

As regards security ownership of management, the table below sets out the details of the voting securities in the name of the directors, executive officers, and nominees for election as directors, of the Company as of **May 11, 2026**:

Title of Class	Name of Record Owner	Position in the Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Total No. of Shares	% out of Total Outstanding Shares
Common	Ramon S. Ang	Chairman & Chief Executive Officer and President & Chief Operating Officer	SMC; Nominee-director of SMC in the Board	Filipino	500	0%
Common	John Paul L. Ang	Vice Chairman	SMC; Nominee-director of SMC in the Board	Filipino	500	0%
Common	Aurora T. Calderon	Director	SMC; Nominee-director of SMC in the Board	Filipino	500	0%

Common	Virgilio S. Jacinto	Director	SMC; Nominee- director of SMC in the Board	Filipino	500	0%
Common	Jack G. Arroyo, Jr.	Incumbent Independent Director	Jack G. Arroyo, Jr.	Filipino	500	0%
Common	Consuelo M. Ynares-Santiago	Incumbent Independent Director	Consuelo M. Ynares-Santiago	Filipino	500	0%
Common	Josefina Guevara-Salonga	Incumbent Independent Director	Josefina Guevara-Salonga	Filipino	500	0%
Common	Martin S. Villarama, Jr.	Nominee for election as independent director	Martin S. Villarama, Jr.	Filipino	500	0%
Common	Mario V. Lopez	Nominee for election as independent director	Mario V. Lopez	Filipino	500	0%
Common	Jeronimo U. Kilayko	Nominee for election as independent director	Jeronimo U. Kilayko	Filipino	500	0%

The aggregate number of shares owned of record by the incumbent directors of the Company, including the nominees for election as independent directors, as a group as of **May 11, 2026** is 5,000 common shares, which is less than 1% of the outstanding shares of the Company.

Voting Trust Holders of 5% or More

None of the stockholder holding more than 5% of the voting securities of the Company are under a voting trust or similar agreement.

Changes in Control

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company.

Parent Company

The parent company of San Miguel Global Power is SMC. As of **December 31, 2025**, SMC owns approximately 100% of the issued and outstanding capital stock of San Miguel Global Power. On the other hand, Top Frontier Investment Holdings, Inc. owns 61.78% of the outstanding common stock of SMC as of **December 31, 2025**.

DIRECTORS AND EXECUTIVE OFFICERS

Directors and Executive Officers

The overall management and supervision of San Miguel Global Power is undertaken by the Board

of Directors. The Board is composed of seven (7) members of the Board, three (3) of whom are independent directors. Pursuant to Section 2, Article III of the Company's Amended By-laws, the directors are elected at each regular stockholders' meeting by stockholders entitled to vote. The term of a director is one (1) year from date of election until their successors are elected and qualified.

As of **May 11, 2026**, the following are the incumbent members of the Board of Directors of the Company:

Name	Age	Citizenship	Position	Year Appointed
Ramon S. Ang*	72	Filipino	Chairman	2010
John Paul L. Ang*	46	Filipino	Vice Chairman	2021
Aurora T. Calderon*	71	Filipino	Director	2010
Virgilio S. Jacinto*	69	Filipino	Director	2011
Jack Arroyo, Jr.	67	Filipino	Independent Director	2011
Consuelo M. Ynares-Santiago	86	Filipino	Independent Director	2011
Josefina Guevara-Salonga	84	Filipino	Independent Director	2017

*Nominees for re-election as directors in the 2026 Annual Stockholders' Meeting.

Martin S. Villarama, Jr., Mario V. Lopez, and Jeronimo U. Kilayko are nominated for election as independent directors of the Company in the 2026 Annual Stockholders' Meeting. Their profile and qualifications as independent directors are set out in this Information Statement.

As of **May 11, 2026**, the following are the incumbent executive officers of the Company:

Name	Age	Citizenship	Position	Year Position was Assumed
Ramon S. Ang	72	Filipino	Chairman & Chief Executive Officer and President & Chief Operating Officer	2010 & 2017
John Paul L. Ang	46	Filipino	Vice Chairman	2021
Virgilio S. Jacinto	69	Filipino	Corporate Secretary & Compliance Officer	2010 & 2011
Elenita D. Go	65	Filipino	General Manager	2011
Paul Bernard D. Causon	48	Filipino	Vice President & Chief Finance Officer	2018 & 2017
Ramon U. Agay	68	Filipino	Assistant Vice President & Comptroller	2015 & 2011
Irene M. Cipriano	51	Filipino	Assistant Corporate Secretary	2010
Maria Floreselda S. Abalos-Sampaga	61	Filipino	Data Privacy Officer	2019
Reynaldo S. Matillano	65	Filipino	Internal Audit Manager	2017
Jeciel B. Campos	68	Filipino	Assistant Vice President and Sales and Marketing Manager	2018
Jose Ferlino P. Raymundo	67	Filipino	Assistant Vice President and Energy Sourcing and Trading Manager	2018
Danilo T. Tolarba	57	Filipino	Assistant Vice President and Human Resources Group Manager	2018
Julie Ann B. Domino-Pablo	44	Filipino	Assistant Vice President and General Counsel	2018

Gonzalo B. Julian, Jr.	59	Filipino	Assistant Vice President, Sales and Marketing Manager-RES, and Head of the Battery Business	2020
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The following is a brief description of the business experience of each of the incumbent directors and executive officers of the Company over the past five (5) years.

Ramon S. Ang is the incumbent Chairman of the Board and Chief Executive Officer of San Miguel Global Power, serving as such since August 31, 2010, and from April 30, 2017, concurrently, the President and Chief Operating Officer of the Company. He is also the Chairman of the Executive Committee of the Company since September 2, 2011. Mr. Ang is the Chairman and the Chief Executive Officer of San Miguel Corporation since June 11, 2024. Prior thereto, he was President and CEO of San Miguel Corporation from November 2, 2021 until June 11, 2024, Vice Chairman from January 28, 1999 until June 11, 2024, and President and Chief Operating Officer from March 6, 2002 to November 2, 2021. He has been a member of the Board of Directors of San Miguel Corporation since 1999. He is the Chairman and President of several subsidiaries of San Miguel Global Power such as Sual Power Inc. (formerly known as “San Miguel Energy Corporation” and hereinafter referred to as “SPI”), San Roque Hydropower Inc. (formerly known as “Strategic Power Devt. Corp.” and hereinafter referred to as “SRHI”), Limay Power Inc. (formerly known as “SMC Consolidated Power Corporation” and hereinafter referred to “LPI”), Malita Power Inc. (formerly known as “San Miguel Consolidated Power Corporation” and hereinafter referred to as “MPI”), SMGP BESS Power Inc. (formerly known as Universal Power Solutions Inc.), and KWPP Holdings Corporation; Chairman of Angat Hydropower Corporation (“AHC”); and the Chairman and President and CEO of Mariveles Power Generation Corporation (“MPGC”). He also holds, among others, the following positions in other listed and public companies: President and Chief Executive Officer of Top Frontier Investment Holdings, Inc., and Petron Corporation; President of Ginebra San Miguel Inc.; Chairman of the Board of Directors of San Miguel Brewery Hong Kong Limited (listed in the Hong Kong Stock Exchange), Petron Malaysia Refining & Marketing Bhd (a company publicly listed in Malaysia), and San Miguel Food and Beverage, Inc. He is the Chairman of San Miguel Brewery Inc., San Miguel Foods, Inc., San Miguel Yamamura Packaging Corporation, San Miguel Equity Investments Inc., Sea Refinery Corporation, Clariden Holdings, Inc., Anchor Insurance Brokerage Corporation, and Philippine Diamond Hotel & Resort, Inc. He is the Chairman of Northern Cement Corporation; the Chairman and President of San Miguel Properties, Inc., San Miguel Holdings Corp., San Miguel Aerocity Inc., SMC SLEX, Inc. Trans Aire Development Holdings Corp., and President and Chief Executive Officer of New NAIA Infra Corp. He is the Chairman and Chief Executive Officer of SMC Asia Car Distributors Corp. and RSA Motors Corporation. He is also the sole director and shareholder of Master Year Limited and the Chairman of Privado Holdings, Corp. He is also a director of Metro Pacific Investments Corp. Mr. Ang holds directorships in various domestic and international subsidiaries of SMC in the last five years. He has a Bachelor of Science degree in Mechanical Engineering from Far Eastern University. Mr. Ang has attended various trainings and seminars on Corporate Governance in the past five years, the most recent of which is the corporate governance training seminar conducted by Center for Global Best Practices on December 5, 2025.

John Paul L. Ang is a Director and Vice Chairman of San Miguel Global Power since June 1, 2021. He is a member of the Executive Committee, the Corporate Governance Committee, the Audit and Risk Oversight Committee, the Related Party Transaction Committee, and the Sustainability Committee of San Miguel Global Power. He is the Vice Chairman, President and Chief Operating Officer of SMC since June 11, 2024. He was elected director of SMC on January 21, 2021 and also served as a member of its Executive Committee. He is also the President and Chief Executive Officer of Eagle Cement Corporation since 2008, Southwestern Cement Corporation since 2017, and San Miguel Food and Beverage, Inc. since 2024. Mr. Ang holds directorships in other listed companies, namely, Petron Corporation, San Miguel Food and Beverage, Inc., and Top Frontier Investment Holdings, Inc. He is the President of San Miguel Equity Investments Inc. He also a director of San Miguel Brewery Inc., San Miguel Holdings

Corp., San Miguel Aerocity Inc., SMC SLEX Inc., Trans Aire Development Holdings Corp., and KB Space Holdings, Inc. He was the Managing Director of Sarawak Clinker Sdn. Bhd. Malaysia (2002 – 2008) and the Purchasing Officer of Basic Cement (2002–2003). Mr. Ang graduated with a degree in Bachelor of Arts Major in Interdisciplinary Studies at the Ateneo de Manila University. As a director of a number of companies including listed ones, Mr. Ang has attended various trainings and seminars on Corporate Governance in the past five years, the most recent of which is the training conducted by SGV & Co. on September 26, 2025.

Aurora T. Calderon is a Director of San Miguel Global Power since August 31, 2010, a member of its Executive Committee since September 2, 2011. Ms. Calderon is also a member of the Audit and Risk Oversight Committee, the Related Party Transaction Committee and the Sustainability Committee of San Miguel Global Power. She is a Director of several subsidiaries of San Miguel Global Power. She has been the Senior Vice President and Senior Executive Assistant to the President and Chief Operating Officer of SMC (2011 to 2024)), and to the Chairman and Chief Executive Officer (since 2024) She holds the following positions in other publicly listed companies: Director and Treasurer of Top Frontier Investment Holdings, Inc. and Director of San Miguel Corporation and San Miguel Food and Beverage, Inc., Ginebra San Miguel, Inc., Petron Corporation and Petron Malaysia Refining & Marketing Bhd (a company publicly listed in Malaysia). She is also a member of the Board of Directors of New Ventures Realty Corporation, Las Lucas Construction and Development Corporation, Thai San Miguel Liquor Company Limited, San Miguel Equity Investments Inc., SMC Asia Car Distributors Corp., San Miguel Yamamura Packaging Corp., SMC SLEX Inc., Trans Aire Development Holdings Corp., and San Miguel Aerocity Inc.; and a Director and Treasurer of RSA Motors Corporation. A certified public accountant, Ms. Calderon graduated magna cum laude from the University of the East with a degree in BS Business Administration, major in Accountancy. In addition, Ms. Calderon holds directorships in various domestic and international subsidiaries of SMC. She attended a corporate governance training seminar conducted by Center for Global Best Practices on December 5, 2025.

Virgilio S. Jacinto is the Corporate Secretary of San Miguel Global Power since August 31, 2010, a Director, and its Compliance Officer since September 2, 2011. He is also a member of the Corporate Governance Committee of San Miguel Global Power. He is the Senior Vice-President, General Counsel, Corporate Secretary and Compliance Officer of SMC (since October 2010). He is also the Corporate Secretary and Compliance Officer of Top Frontier Investment Holdings, Inc., and Ginebra San Miguel, Inc. He is a Director of Petron Corporation and is a Director and Corporate Secretary of various domestic and international subsidiaries and affiliates of SMC. He was formerly the Vice President and First Deputy General Counsel of SMC. He was a Director and Corporate Secretary of United Coconut Planters Bank, and a Partner at Villareal Law Offices. Atty. Jacinto is an Associate Professor at the University of the Philippines, College of Law. He obtained his law degree from the University of the Philippines cum laude where he was the class salutatorian and placed sixth in the 1981 bar examinations. He holds a Masters of Laws degree from Harvard Law School. He holds directorships in various domestic and international subsidiaries of SMC. On September 8, 2025, he attended a corporate governance training seminar conducted by SGV & Co.

Jack G. Arroyo, Jr. is an Independent Director of San Miguel Global Power since September 2, 2011. He is also the Chairperson of the Audit and Risk Oversight Committee, and a member of the Corporate Governance Committee, and the Related Party Transaction Committee and the Sustainability Committee of San Miguel Global Power. He is a medical doctor and who specializes in Ophthalmology, and a sub-specialist in refractive surgery. He is currently affiliated with The American Eye Center, The Medical City, and Eye Referral Center. He is also a member of the Board of Directors of the Philippine Healthcare Educators, Inc., and the Philippine Health Insurance Corporation, representing the Elected Local Chief Executives. He is also a member of the Board of Trustees and Treasurer of Philippine Society of Cataract and Refractive Surgery, and the Vice-President for the National Capital Region of Centrist Democratic Political Educators, Inc. He currently serves as the President of Casino Español de Manila. Dr. Arroyo obtained his Doctor of Medicine degree from the University of the Philippines College of

Medicine. He attended a corporate governance training seminar conducted by Center for Global Best Practices on October 24, 2025.

Consuelo M. Ynares-Santiago is an Independent Director of San Miguel Global Power since September 2, 2011. She is also the Chairperson of the Corporate Governance Committee, and a member of the Audit and Risk Oversight Committee, the Related Party Transaction Committee, and the Sustainability Committee of San Miguel Global Power. She likewise serves as an Independent Director of Top Frontier Investment Holdings, Inc., SMC SLEX Inc, Anchor Insurance Brokerage Corporation, and Phoenix Petroleum Phil. Inc. She served as an Associate Justice of the Supreme Court of the Philippines; Associate Justice of the Court of Appeals of the Philippines, and a Regional Trial Court Judge of Makati City. She graduated from the University of the Philippines College of Law. She attended a corporate governance training seminar conducted by the Center for Global Best Practices on December 5, 2025.

Josefina Guevara-Salonga is an Independent Director of San Miguel Global Power since November 7, 2017. She is also the Chairperson of the Related Party Transaction Committee and the Sustainability Committee. She is also a member of the Corporate Governance Committee and the Audit and Risk Oversight Committee of San Miguel Global Power. She is an Independent Director of San Miguel Properties, Inc. since March 7, 2022. She is a former Associate Justice of the Court of Appeals. Previously, she was an Executive Judge of the Makati Regional Trial Court. She is currently a trustee of the Tahanan Outreach Program since 2010 and a member of the following associations: San Pedro, Laguna Lawyer's Association, University of the Philippines Women Lawyer's Circle since 1966 and Philippine Women's Judges Association. She also served as a trustee of the Society for Judicial Excellence from 2007 to 2014. She obtained her law degree from the University of the Philippines. On September 26, 2025, she attended a corporate governance training seminar conducted by SGV & Co.

Elenita D. Go is the General Manager of San Miguel Global Power since December 14, 2011. She joined San Miguel Global Power in June 2011 as Head of its Sales and Trading Group. She is currently the General Manager of several subsidiaries of the Company, including SPI, SRHI, LPI, MPI, and SMGP BESS Power Inc., and is the Chairman in other subsidiaries of San Miguel Global Power. She is also the President of SMGP Foundation, Inc. (formerly, "SMCGP Philippines Power Foundation Inc."), the Managing Partner and Chief Executive Officer of Masinloc Power Co. Ltd. ("MPCL", formerly, "Masinloc Power Partners Co. Ltd.") and SMGP Kabankalan Power Co. Ltd. (formerly known as "SMCGP Philippines Energy Storage Co. Ltd.") and the Chief Operating Officer of MPGC. Ms. Go is also a director of SPPC, EERI, IPIEC, LFC and AHC. She is the Chairman of OEDC and Lucanin Solar Inc. ("LSI"), Treasurer and Director of the PEMC and a Trustee of the Philippine Independent Power Producers Association. Previously, she was a Director of Manila Electric Company and Head of the Corporate Procurement Unit of SMC. She graduated with a degree in Bachelor of Science in Electrical Engineering from Mapua Institute of Technology. On December 5, 2025, she attended a corporate governance training seminar conducted by Center for Global Best Practices.

Paul Bernard D. Causon is the Chief Finance Officer of San Miguel Global Power since March 30, 2017 and was appointed Vice President of the Company on June 5, 2018. Mr. Causon is concurrently the Chief Finance Officer and Treasurer of AHC. He is also the Chief Finance Officer of MPCL and SMGP Kabankalan Power Co. Ltd., and the Chief Financial Officer of SMGP Foundation Inc. He is the Treasurer and Chief Finance Officer of MPGC and LSI. He is a Director of SPPC, EERI, IPIEC and LFC. He previously served as Vice President, Head of Treasury and Head of Special Projects of Philippine Airlines Inc. and Air Philippines Corporation; Chief Finance Officer and Treasurer of Liberty Telecoms Holdings, Inc. and Wi-Tribe Telecoms Inc.; Partner, Audit Banks and Other Financial Institutions of Manabat Sanagustin & Co., CPAs; and Vice President and Comptroller of China Banking Corporation. He graduated *magna cum laude* from the University of the Philippines with a degree in Bachelor of Science in Business Administration and Accountancy and placed fourth in the Certified Public Accountant Licensure Examination in 2000. On December 5, 2025, he attended a corporate governance training seminar conducted by Center for Global Best Practices.

Ramon U. Agay is the Comptroller of San Miguel Global Power since September 2, 2011, and was appointed Assistant Vice President on March 25, 2015. He is also the Finance Manager of the various subsidiaries of San Miguel Global Power, such as SPI, SRHI, LPI, MPI, and SMGP BESS and the Treasurer of Luzon Power Dynamics Services Inc. (formerly, "Mantech Power Dynamics Services Inc."), Vizmin Power Services Corp. (formerly, "Safetech Power Services Corp.") and several other subsidiaries of San Miguel Global Power. He is the Executive Vice President and Treasurer of Alpha Water and the Comptroller of MPGC. He had previously held finance positions in SMC and its subsidiaries. He obtained a degree in Bachelor of Science in Commerce, major in Accounting from San Sebastian College. On September 26, 2025, she attended a corporate governance training seminar conducted by SGV & Co.

Irene M. Cipriano is the Assistant Corporate Secretary of San Miguel Global Power since 2010. She is an Assistant Vice President and Associate General Counsel of SMC. She is also the Assistant Corporate Secretary of Top Frontier Investment Holdings, Inc., and the Corporate Secretary and Assistant Corporate Secretary of various subsidiaries of San Miguel Global Power and SMC. She is a Certified Public Accountant and holds a degree in B.S. Accountancy from De La Salle University. She earned her Bachelor of Laws degree from San Beda College of Law in 2000. In 2021, she completed the Executive Management Development Program of the Asian Institute of Management. On September 26, 2025, she attended a corporate governance training seminar conducted by SGV & Co.

Reynaldo S. Matillano is the Audit Manager of San Miguel Global Powersince November 1, 2015 and was appointed as Internal Audit Manager on June 6, 2017. Prior thereto, he was part of the audit team of San Miguel Yamamura Packaging Corporation and SMC. He holds a degree in Bachelor of Science in Business Administration, major in Accounting from Saint Paul University in Dumaguete City. On September 26, 2025, he attended a corporate governance training seminar conducted by SGV & Co.

Maria Floreselda S. Abalos-Sampaga was appointed as the Data Protection Officer of the San Miguel Global Power on March 11, 2019 after having joined the Company as a regulatory compliance specialist on May 1, 2018. She is also the Data Protection Officer of the subsidiaries of San Miguel Global Power. Prior thereto, she held positions in several agencies of the government such as the ERC, the National Wages and Productivity Commission and the Department of Labor and Employment. She obtained her Bachelor of Laws from the Manuel L. Quezon University. On September 26, 2025, she attended a corporate governance training seminar conducted by SGV & Co.

Jeciel B. Campos is the Sales and Marketing Manager of San Miguel Global Power since September 1, 2011 and was appointed Assistant Vice President on June 5, 2018. Mr. Campos is a registered Mechanical Engineer and previously worked as a Marketing & Commercial Relations Officer for Central Luzon at the National Power Corporation Regional Office. He graduated from Mapua Institute of Technology with a Bachelor of Science degree in Mechanical Engineering. On September 26, 2025, he attended a corporate governance training seminar conducted by SGV & Co.

Jose Ferlino P. Raymundo is the Energy Sourcing & Trading Manager of San Miguel Global Power since September 1, 2011 and was appointed Assistant Vice President on June 5, 2018. Mr. Raymundo and is a Professional Electrical Engineer with over 32 years of experience in the power sector having worked for the Power Sector Assets and Liabilities Management Corporation and National Power Corporation prior to joining San Miguel Global Power. He holds a Bachelor of Science in Electrical Engineering degree from Mapua Institute of Technology. On September 26, 2025, he attended a corporate governance training seminar conducted by SGV & Co.

Danilo T. Tolarba has been the Head of the Human Resources Division of San Miguel Global Power since 2015 and was appointed Assistant Vice-President and Human Resources Group Manager of the Company on June 5, 2018. Previously, Mr. Tolarba was the Manager of HR Services, Employee Relations, HR Technology, Organization Development and Recruitment of SMC Corporate Human Resources; and also held other various senior human resources positions in SMC and its subsidiaries

prior thereto. He holds a Bachelor of Science in Business Management degree from the Polytechnic University of the Philippines. On December 5, 2025, he attended a corporate governance training seminar conducted by Center for Global Best Practices.

Julie Ann B. Domino-Pablo is the Assistant Vice President and General Counsel of San Miguel Global Power effective July 1, 2020, after having served as its Legal Officer since 2014. She is also the Corporate Secretary of various subsidiaries of San Miguel Global Power, the Competition Compliance Officer for the Power Business of Top Frontier Holdings Inc., a Director of IPIEC and LSI and a Trustee of SMGP Foundation Inc. She was admitted to the Philippine Bar and the New York State Bar in 2009 and is a Certified Public Accountant. Prior to San Miguel Global Power, Atty. Domino-Pablo was the Chief-of-Staff of the Office of the President & CEO and the concurrent Corporate Planning Department Manager of Power Sector Assets and Liabilities Management Corporation and a consultant to the Office of the General Counsel of the Asian Development Bank. She also worked for Picazo Buyco Tan Fider & Santos Law Offices until 2010 and for Sycip Gorres Velayo & Co. as an auditor until 2004. She obtained her Masters of Law degree from the University of Pennsylvania Law School and completed the Wharton Business and Law Certificate Program at the Wharton School of Business in 2013. She attended a corporate governance training seminar conducted by Center SGV & Co. on September 26, 2025.

Gonzalo B. Julian, Jr. is the Assistant Vice President, the Sales and Marketing Manager - RES, and the Head of the Battery Business of San Miguel Global Power effective March 1, 2020. Prior to the acquisition of MPCL and other entities of the Masinloc Group, he was the Managing Partner and CEO of MPCL and the Assistant Vice President - Commercial of SMCGP Philippines Inc. He was also a member of the Board of Directors of the Grid Management Committee of the Philippines in 2019 representing the Large Generating Companies sector and has held various positions therein from 2014 to 2019, including Chairman of the Grid Code Compliance Subcommittee and Vice Chairman of Grid Reliability Subcommittee, among others. Mr. Julian was also the Energy Manager of Holcim Philippines, Inc. and the representative of Holcim Philippines, Inc. in the Board of Directors of Trans-Asia Power Generation Corp. in 2012. He also worked in the Asset Management and Planning Division of MERALCO from 1989 to 2008. He is a licensed electrical engineer, a graduate of the Mapua Institute of Technology and a holder of Master of Science in Electrical Engineering Degree (Major in Power Systems) from the University of the Philippines. At present, he is completing his Doctor of Philosophy in Electrical and Electronics Engineering Degree in the University of the Philippines. On September 26, 2025, he attended a corporate governance training seminar conducted by SGV & Co.

Term of Office

Pursuant to the Company's Amended By-laws, the directors are elected at each annual stockholders' meeting by stockholders entitled to vote. Each director shall hold office until the next annual election and his successor is duly elected, unless he resigns, dies or is removed prior to such election.

The nominees for election to the Board of Directors on **June 2, 2026** are as follows:

1. Ramon S. Ang
2. John Paul L. Ang
3. Aurora T. Calderon
4. Virgilio S. Jacinto
5. Martin S. Villarama, Jr. – Independent Director
6. Mario V. Lopez – Independent Director
7. Jeronimo U. Kilayko – Independent Director

Independent Directors

The nominees for election as independent directors of the Board of Directors on June 2, 2026 are as follows:

Nominee for Independent Director (a)	Person/Group recommending nomination (b)	Relationship of (a) and (b)
Martin S. Villarama, Jr.	Ramon S. Ang	None
Mario V. Lopez	Ramon S. Ang	None
Jerónimo U. Kilayko	Ramon S. Ang	None

Martin S. Villarama, Jr. is a former Associate Justice of the Supreme Court. Previously, he was an Associate Justice and Supervising Justice of the Judicial Records Division of the Court of Appeal, the Executive Judge of the Regional Trial Court of Pasig City, and a lecturer at the Manuel L. Quezon School of Law and the Philippine Judicial Academy. He is currently a member of the Association of Retired Justices of the Supreme Court; and an Independent Director of Ginebra San Miguel, Inc., Eagle Cement Corporation, SMC Slex Inc., and SMC Tollways Corporation.

Mario V. Lopez is a former Associate Justice of the Supreme Court in 2019. He likewise served as an Associate Justice of the Court of Appeals, a Regional Trial Court Judge, and a professor of law at San Beda College, University of the Philippines, University of Asia and the Pacific, and Arellano University. He is a member of the Integrated Bar of the Philippines and the Knights of Rizal.

Jerónimo U. Kilayko is currently an Independent Director of San Miguel Properties, Inc. and its various subsidiaries, and Abejo Water Company. He is also the Chairman of Arcore Holdings Co., President of CV Financial Corporation and K5 Distribution, Inc., and a Trustee of Operations Smile Philippines. He has an extensive experience in finance, specifically in commercial banking, being the former President and Chief Executive of United Coconut Planters Bank; and Chairman of UCPB Savings Bank, UCPB Leasing and Finance, and UCPB Securities.

The above-named nominees for election as independent directors have certified that they possess all the qualifications and none of the disqualifications provided for in the Securities Regulation Code, as amended ("SRC"). The Certifications of the Nominees for Independent Directors are attached hereto as **Annexes "A-1", "A-2" and "A-3"**, respectively, in accordance with Securities and Exchange Commission ("SEC") Memorandum Circular No. 5, Series of 2017.

In approving the nominations for independent directors, the Corporate Governance Committee took into consideration the guidelines and procedures on the nomination of independent directors prescribed in SRC Rule 38 and the Amended Manual for Corporate Governance of the Company.

The nominations for the election of all directors by the stockholders were submitted in writing to the Board of Directors through the Corporate Secretary in accordance with the provisions of the Amended By-laws and were forwarded to the Corporate Governance Committee. In its meeting held on May 11, 2026, the Corporate Governance Committee pre-screened the qualifications of the nominees and prepared a final list of nominees eligible for election. No other nominations were entertained after the final list of candidates was prepared.

Under Section 2, Article III of the Company's Amended By-laws, (i) any stockholder having at least five hundred (500) shares registered in his name may be elected director, and (ii) a person engaged in any business which competes with or is antagonistic to that of the Company as defined in Section 2, Article III of the Company's Amended By-laws is not qualified or eligible for nomination or election to

the Board of Directors. Additional qualifications required for regular and independent directors are set out in the pertinent provisions of the Revised Corporation Code and the Amended Manual on Corporate Governance of the Company.

All the nominees for election to the Board of Directors satisfy the mandatory requirements specified under the provisions of Section 2, Article III of the Company's Amended By-laws, and in the pertinent provisions of the Revised Corporation Code and the Amended Manual on Corporate Governance of the Company.

Significant Employees

While all employees are expected to make a significant contribution to the Company, there is no one particular employee, not an executive officer, expected to make a significant contribution to the business of the Company on his own.

Family Relationships

John Paul L. Ang, the Vice-Chairman of the Board of Directors, is the son of Ramon S. Ang, the Company's Chairman and Chief Executive Officer and President and Chief Operating Officer. Other than the foregoing, there are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors and/or executive officers or persons of the Company nominated or chosen by the Company to become its directors and executive officers.

Involvement of Directors and Officers in Certain Legal Proceedings

None of the directors, nominees for election as director, executive officers or control persons of the Company have been the subject of any (a) bankruptcy petition, (b) conviction by final judgment in a criminal proceeding, domestic or foreign, (c) order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities, which is not subsequently reversed, suspended or vacated, or (d) judgment of violation of a securities or commodities law or regulation by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, which has not been reversed, suspended or vacated, for the past five (5) years up to the latest date that is material to the evaluation of his ability or integrity to hold the relevant position in the Company.

Certain Relationships and Related Transactions

See Note 19, Related Party Disclosures, of the Notes to the 2025 Audited Consolidated Financial Statements of the Company, hereto attached as **Annex "B"**. No director is engaged in any self-dealing or related party transaction with the Company.

Meeting Attendance

The directors' attendance in meetings of the Board Committees, the Board of Directors, and the Stockholders since the 2025 Annual Stockholders' Meeting up to the date of this Information Statement are set out in the attached **Annex "C"**.

Performance Appraisal

Pursuant to the Amended Manual on Corporate Governance and the respective Board Committee Charters of the Company, the Board of Directors, and the Board Committees shall assess

their respective performances through self-rating forms duly approved by the Board and the Board Committees during their respective March 11, 2026 meetings, with the end in view of ensuring that its performance accords with best practices and meets its objectives thereunder.

Attached hereto as **Annex “H”** are the results of the self-assessment on the performance of each Board Committees, the Board of Directors, and management for calendar year 2025, based on the self-rating forms approved by the Board of Directors in its March 11, 2026 meeting. The results have been validated by the Corporate Governance Committee and the Compliance Officer of the Company and have been reported to the Board of Directors during its meeting held on May 11, 2026.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Executive Compensation

The aggregate compensation paid or incurred during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal year to the Chief Executive Officer, President and Chief Operating Officer and Senior Executive Officers of the Company are as follows:

Name	Year	Salary (in millions)	Bonus (in millions)
Total compensation of the Chief Executive Officer, President and Chief Operating Officer and Senior Executive Officers. <i>(The Chief Executive Officer, President & Chief Operating Officer, and the Senior Officers of the Company for 2023 to 2025 are Ramon S. Ang, Elenita D. Go, Paul Bernard D. Causon, and Ramon U. Agay)</i>	2026 (estimated)	₱95.0	₱10.0
	2025	₱90.4	₱34.5
	2024	₱83.7	₱18.3
All other Officers and Directors as a group unnamed	2026 (estimated)	₱66.4	₱29.7
	2025	₱62.9	₱39.2
	2024	₱62.8	₱23.9

Standard Arrangements on Directors’ Compensation

The Amended By-Laws of the Company provides that the directors, as such, shall not receive any stated salary for their services, but by resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. The Company provides its independent directors a per diem allowance of ₱40,000.00, ₱45,000.00, and ₱20,000.00, for their attendance to each regular board and stockholders’ meeting, special board meeting, and board committee meetings, respectively. Each of the independent directors, received a total of ₱705,000.00 for their attendance in the board meetings, annual stockholders’ meeting, and board committee meetings held in 2025. A table showing the amount of per diem received by each independent director is herein attached as **Annex “I”**.

The Amended By-Laws of the Company further provides that a director shall not be precluded from serving the Company in any other capacity as an officer, agent or otherwise, and receiving compensation therefore. Other than the aforesaid per diem allowance for the independent directors of the Company, all the directors of the Company have not received any salary or compensation for their services as directors and for their committee participations for the periods indicated.

There are no other special arrangements pursuant to which any director was or is to be compensated. There is no compensatory plan or arrangement for the termination, resignation, or retirement of a member of the Board.

Employment Contract

There is no special employment contract between the Company and a named Executive Officer. There were neither compensatory plan nor arrangement with respect to a named Executive Officer.

Warrants or Options Outstanding

There are no warrants or options held by any of the directors or executive officers of the Company.

Other Arrangements

Except as described above, there are no other arrangements pursuant to which any of the directors and executive officers of the Company were compensated, or is to be compensated, directly or indirectly.

INDEPENDENT PUBLIC ACCOUNTANTS

The accounting firm of R.G. Manabat & Co. served as the Company's external auditors for the last sixteen (16) fiscal years. The Board of Directors will again nominate R.G. Manabat & Co. as the Company's external auditors for this fiscal year.

Representatives of R.G. Manabat & Co. are expected to be present at the stockholders' meeting and will be available to respond to appropriate questions. They will have the opportunity to make a statement if they so desire. R.G. Manabat & Co., then known as Manabat Sanagustin & Co., has been the Company's external auditors since 2010. In 2017 and 2024, R.G. Manabat & Co. changed the signing partner assigned to the Company, in compliance with SRC Rule 68 (3) (b) (iv) in respect of the engagement of R.G. Manabat & Co.

FINANCIAL AND OTHER INFORMATION

Brief Description of the General Nature and Business of the Company

Company Overview

San Miguel Global Power is a wholly-owned subsidiary of SMC, one of the largest and most diversified conglomerates in the Philippines, founded in 1890 that is listed on the Philippine Stock Exchange. SMC today owns market-leading businesses and has investments in various sectors, including beverages, food, packaging, fuel and oil, energy, infrastructure, property development and leasing, cement, car distributorship and banking services.

San Miguel Global Power, together with its subsidiaries, associates and joint ventures, is one of the largest power companies in the Philippines, controlling 5,710 MW of combined capacity as of December 31, 2025. The Company benefits from a diversified power portfolio, including natural gas, coal, renewable energy ("RE") such as hydroelectric power and battery energy storage systems ("BESS"). Based on the total installed generating capacities reported in Energy Regulatory Commission ("ERC") Resolution No. 14, Series of 2025 dated July 30, 2025, ("ERC Resolution on Grid Market Share Limitation"), SMC's market share was approximately 20% of the National Grid, 25% of the Luzon Grid,

5% of the Visayas Grid and 9% of the Mindanao Grid, in each case, as of December 31, 2025¹. Market share is computed by dividing the relevant installed generating capacity of the Company with the installed generating capacity of Luzon Grid, Visayas Grid, Mindanao Grid or National Grid (20,659,316 kW, 3,443,158 kW, 4,287,600 kW and 28,390,074 kW, respectively based on data provided under the ERC Resolution on Grid Market Share Limitation). In addition, the Company is engaged in retail electricity services and invested in distribution services and has various power projects in the pipeline.

SMC entered the power industry in 2009 following the acquisition of rights to administer the output produced by Independent Power Producers (“IPPs”) in privatization auctions conducted by the Government through the Power Sector Assets and Liabilities Management Corporation (“PSALM”). The following companies under the SMC group became the Independent Power Producer Administrator (“IPPA”) of the following plants: (1) Sual Power Inc. (“SPI”) became the IPPA for the Sual Power Plant, a coal-fired thermal power plant located in Sual, Pangasinan, in November 2009; (2) San Roque Hydropower Inc. (“SRHI”) became the IPPA for the San Roque Power Plant, a hydroelectric power plant located in San Manuel, Pangasinan, in January 2010; and (3) South Premiere Power Corp. (“SPPC”) became the IPPA for the Ilijan Power Plant, a natural gas-fired combined cycle power plant located in Ilijan, Batangas, in June 2010. The Ilijan Power Plant was turned over to SPPC by PSALM in June 2022 while the Sual Power Plant was turned over by PSALM to SPI in October 2024, both in accordance with the terms of their respective IPPA Agreements (the Sual Power Plant, Ilijan Power Plant and San Roque Power Plant are collectively referred to as the “IPPA Power Plants” to the extent applicable prior to the turnover of the relevant power plants by PSALM to San Miguel Global Power).

An IPPA under the relevant IPPA agreement has the right to sell electricity generated by the power plants owned and operated by the relevant IPPs without having to bear any of the large upfront capital expenditures for power plant construction or maintenance. As an IPPA, SRHI also has the ability to manage both market and price risks by entering into bilateral contracts with offtakers while capturing potential upside from the sale of excess capacity through the wholesale electricity spot market (“WESM”).

In September 2010, SMC consolidated its power generation business through the transfer of its equity interests in SPI, SRHI and SPPC to San Miguel Global Power. San Miguel Global Power also became a wholly-owned subsidiary of SMC and had, at that time, 2,545 MW combined contracted capacity from the IPPA Power Plants.

Building on its experience as an IPPA since SMC’s transfer of interests in SPI, SRHI and SPPC, San Miguel Global Power embarked on the development of its own greenfield power projects. In 2013, San Miguel Global Power initiated two greenfield power projects, namely, the construction of the 2 x 150 MW Davao Greenfield Power Plant which is owned by Malita Power Inc. (“MPI”), its wholly-owned subsidiary, and the 4 x 150 MW Limay Greenfield Power Plant which is owned by Limay Power Inc. (“LPI”), another wholly-owned subsidiary. Units 1, 2, 3 and 4 of the Limay Greenfield Power Plant commenced commercial operations in May 2017, September 2017, March 2018 and July 2019, respectively while Units 1 and 2 of the Davao Greenfield Power Plant commenced commercial operations in July 2017 and February 2018, respectively.

San Miguel Global Power also pursued strategic acquisitions to increase its energy portfolio. In November 2014, San Miguel Global Power, through its subsidiary PowerOne Ventures Energy Inc. (“PVEI”), acquired a 60% stake in Angat Hydropower Corporation (“AHC”), the owner and operator of the 218 MW Angat Hydroelectric Power Plant (“AHEPP”).

¹ The installed generation capacity attributable to SMC comprises the installed generation capacity attributable to San Miguel Global Power and 183 MW attributable to Petron Corporation, an affiliate of San Miguel Global Power through SMC.

In March 2018, San Miguel Global Power completed the acquisition of 51% and 49% equity interests in SMCGP Masin Pte. Ltd. (“SMCGP Masin”, formerly Masin AES Pte. Ltd.) from AES Phil Investment Pte. Ltd. (“AES Phil”) and Gen Plus B.V., respectively. SMCGP Masin indirectly owned, through its subsidiaries, at the time of such acquisition, Masinloc Power Co. Ltd. (“MPCL”) and SMGP Kabankalan Power Co. Ltd. (“SMGP Kabankalan”) (SMCGP Masin and its subsidiaries are collectively referred to as the “Masinloc Group”). MPPCL owns the 1 x 344 MW (Unit 1), 1 x 344 MW (Unit 2) and the 1 x 335 MW (Unit 3) coal- fired power plant (together, comprising the “Masinloc Power Plant”), and the 35.258 MWh Battery Energy Storage System (“BESS”) project (the “Masinloc BESS”), all located in Masinloc, Zambales, while SMGP Kabankalan holds the 33.867 MWh battery energy storage system facility in Kabankalan, Negros Occidental (the “Kabankalan BESS”). The capacity of Phase 1 of the Kabankalan BESS (20 MWh) is contracted under an Ancillary Service Procurement Agreement (“ASPA”) with the National Grid Corporation of the Philippines (“NGCP”) with a term of five years which commenced in January 2022.

On September 19, 2018, Prime Electric Generation Corporation (“PEGC”), and Oceantech Power Generation Corporation (“OPGC”), both wholly-owned subsidiaries of San Miguel Global Power, purchased the entire partnership interests in SMGP Kabankalan from subsidiaries of SMCGP Masin. San Miguel Global Power was admitted as an additional limited partner of SMCGP Masinloc Partners Co. Ltd. (“MAPACO”) in 2019 (a limited partnership under the Masinloc Group) and of MPCL in June 2020. In 2022, San Miguel Global Power was also admitted as a partner of SMCGP Masinloc Powers Co. Ltd. (“MAPOCO”, a limited partnership under the Masinloc Group) and now owns 99.96% partnership interest in MAPACO after SMCGP Masin’s partnership interest in MAPACO and partnership interest in MAPOCO were transferred to San Miguel Global Power following the approval of SMCGP Masin’s petition for withdrawal of its license to operate by the SEC in August 2022.

In July 2018, PEGC acquired the entire equity interest of ALCO Steam Energy Corp. in Alpha Water Realty & Services Corporation (“Alpha Water”), representing 60% of the outstanding capital stock of Alpha Water. As a result, San Miguel Global Power now effectively owns 100% of Alpha Water through its subsidiaries, PEGC and MPCL. Alpha Water is the owner of the land on which the Masinloc Power Plant and Masinloc BESS in Zambales Province are located.

On June 2, 2022, San Miguel Global Power acquired 50% interest in Isabel Ancillary Services Co. Ltd. (“IASCO”) through the acquisition by Power Ventures Generation Corporation (“PVG”) of 49.31% limited partnership interest in IASCO and the acquisition by PEGC of 50% equity interest in Isabel AS Holdings Corp., the sole general partner which owns 1.38% partnership interest in IASCO. IASCO is the operator of the 70MW Modular Diesel Engine Power Plant in Isabel, Leyte.

San Miguel Global Power, through its subsidiaries SMGP BESS Power Inc. (“SMGP BESS”), MPCL and SMGP Kabankalan is completing the expansion of its ~1,000 MWh portfolio of BESS projects. Of these ~1,000 MWh BESS projects, 490 MWh across 16 sites attained commercial operations as of December 31, 2025, including the 33.867 MWh Kabankalan (Phase 1 and 2) and 22.83 MWh Masinloc (Phase 2). BESS facilities with a total capacity of 140 MWh across four sites located in Magapit, Tabango, Tagum and Mexico are expected to be completed in 2026 and one site located in Dingle, with a capacity of 40 MWh is expected to be completed in 2027. San Miguel Global Power has also entered into EPC contracts with ATE Energy and targets to complete the 320 MWh BESS project in Mariveles in the second to fourth quarter of 2026.

San Miguel Global Power, through its subsidiary, Mariveles Power Generation Corporation (“MPGC”) developed and constructed a 4 x 150 MW circulating fluidized bed coal-fired power plant and associated facilities in Mariveles, Bataan (the “Mariveles Greenfield Power Plant”). Unit 1, Unit 2 and Unit 3 commenced commercial operations on March 28, 2024, September 26, 2024 and October 26, 2024, respectively, while Unit 4 achieved commercial operations on January 9, 2025.

San Miguel Global Power acquired a 40% equity interest in FPSP (Holdings) Corp. (“FPSP Holdings”) in December 2024. FPSP Holdings wholly owns Pan Pacific Renewable Power Phils. Corp. (“Pan Pacific”), a company primarily engaged in exploration, development and generation of energy, such as but not limited to geothermal sources of heat and power, hydro-electric power resources, wind and solar energy, as well as the development, acquisition and generation of conventional sources of energy.

San Miguel Global Power, through its subsidiaries and related entities SPI, SRHI, LPI, MPI, MPCL, SMGP BESS, SMGP Kabankalan and MPGC sells power through offtake agreements directly to customers, including the Manila Electric Company (“Meralco”), the NGCP and other distribution utilities, electric cooperatives and industrial customers, or through the WESM or the reserve market. The majority of the consolidated sales of San Miguel Global Power are through long-term take-or-pay offtake contracts most of which have provisions for passing on fuel costs, foreign exchange differentials and certain other fixed costs.

San Miguel Global Power has also expanded its sale of power to a broader range of customers, including retail customers. In particular, certain subsidiaries of San Miguel Global Power were issued retail electricity supplier (“RES”) licenses allowing it to enter into contracts with contestable customers and expand its customer base.

In addition, San Miguel Global Power has invested in distribution services through SMC Power Generation Corp. (“SPGC”), which acquired 35% equity stake in Olongapo Electric Distribution Company, Inc. (“OEDC”) in April 2013.

On March 1, 2024, MGen and Aboitiz Power, through their joint venture entity, Chromite Gas, entered into binding agreements with San Miguel Global Power and its relevant subsidiaries for Chromite Gas to jointly invest for a 67% equity interest in each of the following San Miguel Global Power gas-fired power plants and assets as follows: (i) the operating Ilijan Power Plant owned by SPPC, (ii) the adjacent the Batangas Combined Cycle Power Plant (the “BCC Power Plant”) currently under construction owned by EERI, and (iii) land owned by Ilijan Primeline Industrial Estate Corp. where the BCC Power Plant, the Batangas LNG Terminal and their respective related facilities are located.

On December 23, 2024, the Philippine Competition Commission announced its decision to approve the transactions and the parties completed the transaction on January 27, 2025.

Financial Statements

1. the Audited Consolidated Financial Statements as of and for the year ended December 31, 2025 (with comparative figures as of and for the year ended December 31, 2024), including the Company’s Statement of Management’s Responsibility and the Notes to the 2025 Audited Consolidated Financial Statements (the “2025 Audited Consolidated Financial Statements), are collectively attached hereto as **Annex “B”**.

The following components of the 2025 Audited Consolidated Financial Statements required by the SEC under SRC Rule 68, as amended, are likewise attached to this Information Statement, as follows:

- a. Legal matter paragraph in the Auditor's Report or separate reports of auditor on each of the components required under SRC Rule 68, including the following, attached hereto as **Annex “B-1”**:
 - a.1 Map of the conglomerate or group of companies showing the relationships between and among the company and its ultimate parent company, middle

- parent, subsidiaries or co-subsidiaries, and associates (Part 1, 5(g)); and
- a.2 Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 5 (b)).
- b. A schedule showing financial soundness indicators in two comparative periods as follows: 1) current/liquidity ratios; 2) solvency ratios, debt-to-equity ratio; 3) asset-to-equity ratio; 4) interest rate coverage ratio; 5) profitability ratio and 6) other relevant ratio as the Commission may consider as necessary, attached hereto as **Annex "B-2"** (Part 1, 5 (c)).
2. the Unaudited Consolidated Financial Statements as of and for the period ended March 31, 2026 (with comparative figures as of December 31, 2025 and for the period ended March 31, 2025) and the Selected Notes to the Unaudited Consolidated Financial Statements, are collectively attached hereto as **Annex "D"**, comprising of the following components as required by the SEC under SRC Rule 68, as amended:
- a. Statements of Financial Position;
- b. Statements of Comprehensive Income;
- c. Statements of Cash Flows; and
- d. Statements of Changes in Equity.

Management Discussion and Analysis

The Management's Discussion and Analysis or Plan of Operation of the Company as of December 31, 2025 and March 31, 2026 are attached hereto as **Annexes "E" and "F"**, respectively.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has no disagreements with R.G. Manabat & Co. on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

Audit and Audit Related Fees

The aggregate fees billed by R.G. Manabat & Co. amounted to ₱13.5 million, ₱7.6 million, and ₱2.5 million in 2025, 2024, and 2023, respectively. Said fees include compensation for audit services, tax advisory and other related services such as review and agreed-upon procedures. There were no fees paid to the independent auditors for accounting, compliance, planning, and other services other than for those services described above.

The Audit and Risk Oversight Committee has an existing policy to review and pre-approve audit and non-audit services rendered by the independent auditors of the Company. The Audit and Risk Oversight Committee does not allow San Miguel Global Power to engage independent auditors for certain non-audit services expressly prohibited by SEC regulations to be performed by an independent auditor for its audit clients. This is to ensure that such independent auditors maintain the highest level of independence from San Miguel Global Power, both in fact and appearance.

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

The Company has an authorized capital stock of ₱7,800,000,000.00 comprised of 7,800,000,000 common shares with par value of ₱1.00 per common share, following the increase in authorized capital stock from ₱3,774,400,000.00 divided into 3,774,400,000 shares with a par value of ₱1.00 per share to ₱7,800,000,000.00 divided into 7,800,000,000 shares with a par value of ₱1.00 per share, as approved by the SEC on May 16, 2025 (the "ACS Increase"). As of **May 11, 2026**, the Company has issued and

outstanding 4,785,495,300 common shares after (i) SMC, on March 6, 2025, subscribed to the remaining 950,796,000 shares of the Company out of its unissued capital stock prior to the ACS Increase and 1,011,093,800 shares out of the ACS Increase at a subscription price of ₱30.00 per share, both of which were both fully paid on April 7, 2025, and (ii) the nominees for independent directors, namely, Martin S. Villarama, Jr., Mario V. Lopez, and Jeronimo U. Kilayko, subscribed and paid for their respective 500 qualifying shares on May 11, 2026.

The common shares of the Company are neither traded in any public trading market, nor subject to outstanding warrants to purchase, or securities convertible into common shares of the Company.

As of **May 11, 2026**, the Company has eleven (11) stockholders, ten (10) of whom are individuals with five hundred (500) shares each. The following sets out the shareholdings of the stockholders of the Company and the approximate percentages of their respective shareholdings to the total outstanding capital stock of the Company:

Name of Stockholder	Class of Securities	Number of Shares	% of Outstanding Shares
San Miguel Corporation	Common	4,785,490,300	100%
Ramon S. Ang	Common	500	0%
John Paul L. Ang	Common	500	0%
Aurora T. Calderon	Common	500	0%
Virgilio S. Jacinto	Common	500	0%
Jack G. Arroyo, Jr.	Common	500	0%
Consuelo M. Ynares-Santiago	Common	500	0%
Josefina Guevara-Salonga	Common	500	0%
Martin S. Villarama, Jr.	Common	500	0%
Mario V. Lopez	Common	500	0%
Jeronimo U. Kilayko	Common	500	0%
Total	Common	4,785,495,300	100%

Dividend Policy

The Company and its subsidiaries are allowed under Philippine laws to declare dividends, subject to certain requirements. These requirements include, for example, that the Board is authorized to declare dividends only from its unrestricted retained earnings. Dividends may be payable in cash, shares or property, or a combination of the three, as the Board shall determine. A cash dividend declaration does not require any further approval from stockholders. The declaration of stock dividends is subject to the approval of stockholders holding at least two-thirds of the outstanding capital stock of the Company. The Board may not declare dividends which will impair its capital.

The Company and its subsidiaries declare dividends as determined by the Board, taking into consideration factors such as the implementation of business plans, debt service requirements, operating expenses, budgets, funding for new investments and acquisitions and appropriate reserves and working capital.

However, under existing loan facilities, the Company and certain major subsidiaries of the Company are not allowed to distribute any cash dividends to its shareholders, or to purchase, call for redemption or redeem, retire or otherwise acquire for value any shares (including options, warrants or other rights to acquire such shares of common stock) issued by the Company, or its major, unless certain conditions are complied with.

There were no cash dividend declarations during the year ended December 31, 2025, 2024, and 2023.

Distributions to Senior Perpetual Capital Securities (SPCS) Holders

San Miguel Global Power paid ₱15,904 million, ₱13,384 million, and ₱15,035 million to the SPCS holders in 2025, 2024, and 2023, respectively, as distributions in accordance with the terms and conditions of their respective subscription agreements.

Distributions to Redeemable Perpetual Capital Securities (RPCS) Holders

San Miguel Global Power paid ₱21,363 million (including distributions in arrears of ₱14,617 million) and ₱2,552 million to the RPCS holders in 2025 and 2024, respectively, as distributions in accordance with the terms and conditions of the relevant subscription agreements. There were no distributions paid to the RPCS holder in 2023.

Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

San Miguel Global Power has not sold unregistered or exempt securities nor has it issued securities constituting an exempt transaction within the past 3 years, except the following securities:

Name of Security Sold	Underwriter	Date of Sale	Amount of Securities	Basis for Exemption
SPCS	N/A	September 12, 2024	US\$800 million	Section 10.1(l) of the SRC
SPCS	N/A	September 30, 2024	US\$100 million	Section 10.1(l) of the SRC
SPCS	N/A	December 2, 2024	US\$500 million	Section 10.1(l) of the SRC
SPCS	N/A	February 19, 2025	US\$100 million	Section 10.1(l) of the SRC
SPCS	N/A	July 24, 2025	US\$400 million	Section 10.1(l) of the SRC
SPCS	N/A	August 11, 2025	US\$115 million	Section 10.1(l) of the SRC
RPCS	N/A	November 8, 2022	US\$85 million ²	Section 10.1(k) of the SRC
RPCS	N/A	May 2, 2023	US\$145 million	Section 10.1(k) of the SRC
RPCS	N/A	April 19, 2024	US\$800 million	Section 10.1(k) of the SRC

The Company has not filed a notice with the SEC and has not obtained confirmation for the foregoing exempt transaction.

Compliance with Leading Practice on Corporate Governance

On August 19, 2011, the Board of Directors adopted the Company’s Manual on Corporate Governance pursuant to the Revised Code of Corporate Governance issued by the SEC under its Memorandum Circular No. 6, Series of 2009. On April 11, 2016, the Board approved the adoption of the Amended Manual on Corporate Governance of San Miguel Global Power (the “Amended Manual”), incorporating therein, among others, the amendments pursuant to SEC Memorandum Circular 9, Series of 2014. In compliance with SEC Memorandum Circular No. 9, Series of 2016, the Board approved the adoption of further amendments to the Amended Manual on May 5, 2017 (the “2nd Amended Manual”). San Miguel Global Power’s Amended By-laws was also further amended to incorporate the relevant provisions under the 2nd Amended Manual. The aforesaid amendments were approved by the SEC on December 20, 2017. The Amended By-laws of the Company now provides that

² This has been partially redeemed by the Company on April 7, 2025.

the 2nd Amended Manual and the Charters of the Board Committees, as may be amended from time to time, shall be supplementary to the same. The 2nd Amended Manual was further revised by the Company on May 12, 2020, and filed with the SEC on June 30, 2020 (the “3rd Amended Manual”) to comply with SEC Memorandum Circular No. 24, Series of 2019, otherwise known as Code of Corporate Governance for Public Companies and Registered Issuers (the “CG Code for PCs and RIs”).

The duty to conduct the evaluation by San Miguel Global Power to measure and determine the level of compliance of the Board of Directors and top-level management with the 3rd Amended Manual is vested by the Board of Directors on the Compliance Officer. The Compliance Officer is mandated to monitor compliance by all concerned with the provisions and requirements of the 3rd Amended Manual. Pursuant to the 3rd Amended Manual and the respective Board Committee Charters of San Miguel Global Power, the Board of Directors and the Board Committees must also assess their respective performances through self-rating forms duly approved by the Board and the Board Committees, with the end in view of ensuring that its performance accords with best practices and meets its objectives thereunder. The performance of the Board Committees, the Board of Directors, and Management for 2025 were assessed through self-rating forms approved by the Board during its meeting held on March 11, 2026 and accomplished by the Board Committees, the Board of Directors, and Management. The results of the 2025 Performance Assessments were validated by the Compliance Officer and the Corporate Governance Committee and was presented to the Board of Directors in its Board Meeting scheduled on May 11, 2026. The details of the foregoing matters, as well as all other disclosures made by the Company pursuant to relevant rules and regulation of the SEC are posted in the Company’s website www.smcglobalpower.com.ph.

Under the CG Code for PCs and RIs, San Miguel Global Power is now required to submit an Annual Corporate Governance Report (“ACGR”). Pursuant to SEC Memorandum Circular No. 13, Series of 2021 (“SEC MC No. 13”), every public company (“PC”) and registered issuer (“RI”) shall be required to submit its ACGR with the SEC on or before June 30 of the following year for every year that the company qualifies as a PC or RI. The first submission of the ACGR covered the period from January – December 2021. The Company filed its ACGR for 2021, 2022, 2023 and 2024 on June 30, 2022, June 30, 2023, June 30, 2024, and June 30, 2025, respectively, in compliance with SEC MC No. 13. For the 2024 ACGR, the same shall be filed by the Company with the SEC on or before June 30, 2026.

Pursuant to its commitment to good governance and business practice, San Miguel Global Power continues to review and strengthen its policies and procedures, giving due consideration to developments in the area of corporate governance, which it determines to be in the best interests of San Miguel Global Power, its stockholders and other stakeholders. In addition, in keeping abreast of the latest best practices in corporate governance and complying with applicable legal requirements, including SEC Memorandum Circular No. 13 (Series of 2013), directors and officers of San Miguel Global Power regularly attend corporate governance training seminars. For 2025, its directors and officers attended at least one (1) of the following corporate governance training seminars: seminars: (i) by SGV & Co. on September 8, 2025 and September 26, 2025, and (ii) by Center for Global Best Practices on October 24, 2025 and December 5, 2025.

With regard to the adequacy of the Company’s internal control, the Board of Directors, during its meeting held on March 11, 2026, confirmed and certified that a sound internal audit, control and compliance system is in place and working effectively.

ACTION WITH RESPECT TO REPORTS

The approval of the following will be considered and acted upon at the meeting:

1. Minutes of the Previous Stockholders’ Meetings

- a. 2025 Annual Stockholders' Meeting held on June 3, 2025 with the following items:
 - i. Certification of Quorum;
 - ii. Approval of the Minutes of the Annual Stockholders' Meeting held on June 4, 2024 and the Minutes of the Special Stockholders' Meeting held on April 14, 2025;
 - iii. Approval of the 2024 Audited Financial Statements;
 - iv. Ratification of Acts, Proceedings, and Resolutions of the Board of Directors and Corporate Officers;
 - v. Appointment of External Auditors;
 - vi. Election of the Board of Directors; and
 - vii. Approval of Directors' Fees;

The Minutes of the 2025 Annual Stockholders' Meeting contain the following information, among others:

- 1) Voting and vote tabulation procedures used in the 2025 Annual Stockholders' Meeting;
- 2) Opportunity given to stockholders or members to ask questions;
- 3) The matters discussed and resolutions reached;
- 4) A record of the voting results for each agenda item; and
- 5) A list of the directors, officers and stockholders who attended the meeting.

A copy of the Minutes of the 2025 Annual Stockholders' Meeting is hereto attached as **Annex "G"** and is available for viewing on the Company's website www.smcglobalpower.com.ph and for examination by the stockholders of the Company during office hours at the Office of the Corporate Secretary.

2. Approval of the 2025 Audited Financial Statements
3. Ratification of all acts and proceedings of the Board of Directors and Corporate Officers since the 2025 Annual Stockholders' Meeting, which include:
 - a. Approval of the following matters:
 - i. the minutes of previous Board meetings;
 - ii. the quarterly financial performance and financial position of the Company;
 - iii. the payment of distributions on various perpetual capital securities;
 - iv. the offer and issuance of additional senior capital securities to be listed with the Singapore Exchange Securities Trading Limited ("SGX-ST");
 - v. the exchange offers and tender offers of the existing securities listed with the SGX-ST and the issuance of additional securities to be listed with the SGX-ST;
 - vi. the redemption by the Company in full of all outstanding Senior Perpetual Capital Securities which was constituted by a Trust Deed dated October 21, 2020, as supplemented on December 15, 2020;
 - vii. the redemption by the Company of all the outstanding US\$600 million Senior Perpetual Capital Securities which the Corporation issued on January 21 2020;
 - viii. the offer and issuance of Peso-denominated bonds with an aggregate principal amount of up to ₱30 billion (the "Bonds"), comprised of a base offer of Bonds with an aggregate principal amount of up to ₱20 billion and an oversubscription option of Bonds with an aggregate principal amount of up to ₱10 billion, as well as the listing of the Bonds in the PDEX;
 - ix. the conduct of a consent solicitation exercise by the Corporation for the outstanding fixed rate bonds and enrolled notes;
 - x. the amendment of the Amended Whistle-Blowing Policy of the Corporation;
 - xi. the 2026 Internal Audit Plan;
 - xii. the holding and details of the 2026 Annual Stockholders' Meeting of the Company,

- including the internal procedures for the conduct of 2026 Annual Stockholders' Meeting via remote communication through videoconferencing, in accordance with existing rules and guidelines promulgated by the SEC;
- xiii. report on the qualifications of the nominees for the election to the Board of Directors of the Company to be held on the 2026 Annual Stockholders' Meeting;
 - xiv. report on the validation of the results by the Corporate Governance Committee and the Compliance Officer of the Company of the Performance Assessments of the Board Committees, the Board of Directors and Management of the Company for 2025; and
 - xv. the filing of the 2026 ACGR on or before June 30, 2026; and
 - xvi. the Quality Assurance & Improvement Program External Assessment Activity
- b. Election and Appointment of Officers and Lead Independent Director;
 - c. Appointment of the members of the Board Committees;
 - d. Creation of the Sustainability Committee and the appointment of its members; and
 - e. Designation of depository banks, appointment of authorized signatories for banking and other corporate transactions.
4. Appointment of R.G. Manabat & Co. as external auditors of the Company for fiscal year 2026;
5. Election of the Board of Directors; and
6. Approval of Directors' Fees.

VOTING PROCEDURES

For the election of directors, the seven (7) nominees with the greatest number of votes will be elected as directors.

Considering that the 2026 Annual Stockholders' Meeting will be held via videoconference, votes of all stockholders on any or all of the proposals or matters submitted at the meeting can be cast through ballots or proxies submitted on or before May 18, 2026 by email sent to ASM@smcgph.sanmiguel.com.ph or by personal delivery to the Office of the Corporate Secretary at 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR). A sample of the ballot and proxy is included in this Information Statement.

For an individual, his/her ballot or proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by its corporate secretary's certification stating the representative's authority to represent the corporation in the meeting. Validation of ballots and proxies will be on May 25, 2026 at 2:00 p.m. at the Office of the Corporate Secretary at the above-mentioned address.

In all proposals or matters for approval except for election of directors, each share of stock entitles its registered owner (who is entitled to vote on such particular matter) to one (1) vote. In case of election of directors, cumulative voting as set out in pages 3, 4 and 6 of this Information Statement shall be adopted. Counting of the votes will be done by the Corporate Secretary or Assistant Corporate Secretary with the assistance of the independent auditors.

UNDERTAKING

The Company undertakes to post the full version of this Information Statement under SEC Form 20-IS, together with all its annexes on the Company's website www.smcglobalpower.com.ph upon its approval by the SEC.

The Company undertakes to provide any requesting stockholder, free of charge, a printed or electronic copy of its 2025 Annual Report under SEC Form 17-A and the 1st Quarter 2026 Financial Report under SEC Form 17-Q, at the stockholder's option, upon written request addressed to the Office of the Corporate Secretary, San Miguel Global Power Holdings Corp., 40 San Miguel Avenue, Wack-Wack Greenhills, Mandaluyong City, Second District, National Capital Region (NCR).

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Mandaluyong City on **May 11, 2026**.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.

By:



Virgilio S. Jacinto

Corporate Secretary and Compliance Officer

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARTIN S. VILLARAMA, JR.**, Filipino, of legal age and a resident of 22 Golden St., Gloria I Subd., Tandang Sora, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for election as Independent Director of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** at its 2026 Annual Stockholders' Meeting scheduled on 02 June 2026.
2. I am affiliated with the following companies or organizations:

<i>Company/Organization</i>	<i>Position/Relationship</i>	<i>Period of Service</i>
Ginebra San Miguel Inc.	Independent Director	2022 to present
SMC Tollways Corporation	Independent Director	2021 to present
SMC SLEX Inc.	Independent Director	2021 to present
Eagle Cement Corporation	Independent Director	2017 to present
Association of Retired Justices of the Supreme Court of the Philippines (ARJSCP)	Member	2016 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC Issuances.
4. I am not related to any director/officer/substantial shareholder of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not in government service nor affiliated with a government agency or any Government-Owned or Controlled Corporation (GOCC).
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this MAY 11 2026 at Mandaluyong City.


MARTIN S. VILLARAMA, JR.
Affiant

SUBSCRIBED AND SWORN to before me this MAY 11 2026 at Mandaluyong City, affiant personally appeared before me and exhibited to me his Senior Citizen ID with No. 82935 issued on 10 January 2008, at Quezon City.

Doc. No.: 102 :
Page No.: 27 :
Book No.: 10 :
Series of 2026.




MA. KRISTINA S. ZAMORA
Commission No. 0513-25
Notary Public for Mandaluyong City
Until December 31, 2026
SMC, 40 San Miguel Ave., Mandaluyong City
Roll of Attorneys No. 61379
PTR No. 6034366; 01/05/26; Mandaluyong City
IBP Lifetime Member No. 018307; 12/14/17; RSM
MCLE Compliance No. VIII-0039380; 07/04/25; Pasig City



MAY 11, 2024

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARIO V. LOPEZ**, Filipino, of legal age and a resident of 35 Washington St., Merville Park, Brgy. Merville, Parañaque City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for election as Independent Director of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** at its 2026 Annual Stockholders' Meeting scheduled on 02 June 2026.
2. I am affiliated with the following companies or organizations.

<i>Company/Organization</i>	<i>Position/Relationship</i>	<i>Period of Service</i>
Integrated Bar of the Philippines	Member	1981 to present
Knights of Rizal	Member	2016 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC Issuances.
4. I am not related to any director/officer/substantial shareholder of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not in government service nor affiliated with a government agency or any Government-Owned or Controlled Corporation (GOCC).
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this MAY 11 2026 at Mandaluyong City.


MARIO V. LOPEZ
Affiant

SUBSCRIBED AND SWORN to before me this MAY 11 2026 at Mandaluyong City, affiant personally appeared before me and exhibited to me his UMID No. CRN-006-0014-9566-3.

Doc. No.: 103
Page No.: 22
Book No.: 11
Series of 2026.




MA KRISTINA S. ZAMORA
Commission No. 0513-25
Notary Public for Mandaluyong City
Until December 31, 2026
SMC, 40 San Miguel Ave., Mandaluyong City
Roll of Attorneys No. 61379
PTR No. 6034388; 01/05/26; Mandaluyong City
IBP Lifetime Member No. 018307; 12/14/17; RSM
MCLE Compliance No. VIII-0039380; 07/04/25; Pasig City



MAY 11, 2026

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JERONIMO U. KILAYKO**, Filipino, of legal age and a resident of 2024 Kalamansi St., Dasmariñas Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for election as Independent Director of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** at its 2026 Annual Stockholders' Meeting scheduled on 02 June 2026.
2. I am affiliated with the following companies or organizations.

<i>Company/Organization</i>	<i>Position/Relationship</i>	<i>Period of Service</i>
Arcore Holdings Corp.	Chairman	2016 to present
CV Financial Corporation	President	2016 to present
K5 Distribution, Inc.	President	2003 to present
Abejo Water Company	Independent Director	2018 to present
Operations Smile Philippines	Trustee	2011 to present
San Miguel Properties, Inc.	Independent Director	2017 to present
512 Acacia Holdings, Inc.	Independent Director	2020 to present
Apice Solare Resources Corp.	Independent Director	2020 to present
Auburnrite Holdings Inc.	Independent Director	2020 to present
Bricktree Properties, Inc.	Independent Director	2020 to present
Bright Ventures Realty, Inc.	Independent Director	2020 to present
Brillar Realty and Development Corp.	Independent Director	2020 to present
Bulalacao Property Holdings Inc.	Independent Director	2020 to present
Busuanga Bay Holdings, Inc.	Independent Director	2020 to present
Calamian Prime Holdings, Inc.	Independent Director	2020 to present
Carnell Realty, Inc.	Independent Director	2020 to present
Casa Sabroso Holdings Inc.	Independent Director	2020 to present
Caticlanscapes Realty Development, Inc.	Independent Director	2020 to present
Cliffside Rock Realty Inc.	Independent Director	2020 to present
Coron Islands Holdings, Inc.	Independent Director	2020 to present
Dimanyan Wakes Holdings, Inc.	Independent Director	2020 to present
Dor Adab Realty Development Inc.	Independent Director	2020 to present
E-Fare Investment Holdings, Inc.	Independent Director	2020 to present
El Montañas Realty Corp.	Independent Director	2020 to present
Elite Montagne Realty Corp.	Independent Director	2020 to present

Excel Unified Land Resources Corp.	Independent Director	2020 to present
First HQ Ayala Business Center, Inc.	Independent Director	2020 to present
First Monte Sierra Realty Corporation	Independent Director	2020 to present
Grandioso Realty Corporation	Independent Director	2020 to present
High Garden Land Resources Inc.	Independent Director	2020 to present
HQ Business Centers Phil., Inc.	Independent Director	2020 to present
Integrated Geosolutions Inc.	Independent Director	2020 to present
Kingsborough Realty, Inc.	Independent Director	2020 to present
La Belle Plume Realty, Inc.	Independent Director	2020 to present
La Verduras Realty Corporation	Independent Director	2020 to present
Lanes and Bi-Ways Realty Corporation	Independent Director	2020 to present
Maison 17 Properties, Inc.	Independent Director	2020 to present
Malay-Nabas Realty Development, Inc.	Independent Director	2020 to present
Max Harvest Holdings Inc.	Independent Director	2020 to present
Moonspring Development, Inc.	Independent Director	2020 to present
Newsclapes Have Development, Inc.	Independent Director	2020 to present
Ondarre Holding Corporation	Independent Director	2022 to present
One Wilson Cayenne Holdings, Inc.	Independent Director	2020 to present
Palawan White Sands Holdings Corporation	Independent Director	2020 to present
Picanto de Alta Realty Corp.	Independent Director	2020 to present
Premiata Realty, Inc.	Independent Director	2020 to present
Promesa Land Resources, Inc.	Independent Director	2020 to present
Quick Silver Development Corporation	Independent Director	2020 to present
Roca Pesada Realty Corporation	Independent Director	2020 to present
Silang Resources, Inc.	Independent Director	2020 to present
SMC Originals, Inc.	Independent Director	2020 to present
SMPI Makati Flagship Realty Corporation	Independent Director	2020 to present
Soracil Prime Inc.	Independent Director	2022 to present
Sta. Cruz Resource Management, Inc.	Independent Director	2020 to present

Tanauan Resources, Inc.	Independent Director	2020 to present
Tierra Castellanas Development, Inc.	Independent Director	2020 to present
Tierra Verdosa Services Corp.	Independent Director	2020 to present
Uno Clarity Investment Holdings, Inc.	Independent Director	2020 to present
Zee2 Resources Inc.	Independent Director	2020 to present
Zobel Polo Club, Inc.	Independent Director	2020 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC Issuances.
4. I am not related to any director/officer/substantial shareholder of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** and its subsidiaries and affiliates.
5. I disclose that I am the subject of the following criminal/administrative investigation or proceeding:

Offense Charged/Investigated	Tribunal or Agency Involved	Status
<p>A legal suit between private parties (EGI) and the United Coconut Planters Bank (UCPB). I was included only because I was the <i>former President of UCPB.</i></p> <p>(G.R. No. 168859 and G.R. No. 168897)</p>	Supreme Court	<p>The SC affirmed the ruling of the Court of Appeals where appellate court did not find enough evidence on record to already resolve the administrative complaint in favor of EGI and against UCPB, et. al., precisely the reason why it still remanded the case to the BSP Monetary Board for further proceedings.</p> <p>To date no pending proceedings before the BSP.</p>

6. I am not in government service nor affiliated with a government agency or any Government-Owned or Controlled Corporation (GOCC).
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of **SAN MIGUEL GLOBAL POWER HOLDINGS CORP.** of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this MAY 11 2026 at Mandaluyong City.


JERONIMO U. KILAYKO
Affiant

SUBSCRIBED AND SWORN to before me this MAY 11 2026 at Mandaluyong City, affiant personally appeared before me and exhibited to me his Driver's License with No. N11-71-016775 expiring on 30 September 2032.

Doc. No.: 104 ;
Page No.: 22 ;
Book No.: IU ;
Series of 2026.




MA. KRISTINA S. ZAMORA
Commission No. 0513-25
Notary Public for Mandaluyong City
Until December 31, 2026
SMC, 40 San Miguel Ave., Mandaluyong City
Roll of Attorneys No. 61379
PTR No. 6034386; 01/05/26; Mandaluyong City
IBP Lifetime Member No. 018307; 12/14/17; RSM
MCLE Compliance No. VIII-0039380; 07/04/25; Pasig City



MAY 11, 2026



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Tungk Line No:02-5322-7696 Email Us:www.sec.gov.ph/messaging@sec.gov.ph



The following document has been received:

Receiving: DONNA ENCARNADO

Receipt Date and Time: April 17, 2026 03:27:24 PM

Company Information

SEC Registration No.: CS200801099

Company Name: SAN MIGUEL GLOBAL POWER HOLDINGS CORP.

Industry Classification: J66940

Company Type: Stock Corporation

Document Information

Document ID: OST104172026811237371

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Document Code: SEC_Form_17-A

Period Covered: December 31, 2025

Submission Type: Original Filing

Remarks: WITH FS-C

Acceptance of this document is subject to review of forms and contents

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.

(A Wholly-owned Subsidiary of San Miguel Corporation)

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025, 2024 and 2023

With Independent Auditors' Report

R.G. Manabat & Co.



R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
San Miguel Global Power Holdings Corp.
40 San Miguel Avenue
Wack-Wack Greenhills 1550
City of Mandaluyong, Second District
National Capital Region

Opinion

We have audited the consolidated financial statements of San Miguel Global Power Holdings Corp. and its Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2025, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029 financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

Basis for Opinion

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

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, is of most significance in our audits of the consolidated financial statements of the current period. This matter is addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of Goodwill (P69,953 million)

Refer to Note 3, Material Accounting Policy Information, Note 4, Use of Judgments, Estimates and Assumptions and Note 14, Goodwill and Other Intangible Assets

The risk -

The Group recognized a significant amount of goodwill arising from the acquisition of Masinloc Group. The annual impairment test on goodwill was significant to our audits since the assessment process is complex and judgmental by nature as it is based on assumptions on future market and/or economic conditions including future cash flow projections, growth rate and discount rate.

Our response -

We performed the following audit procedures, among others, on the valuation of goodwill:

- We tested the integrity and reasonableness of the discounted cash flow model used by the Group. This involved using our own valuation specialist to assist us in evaluating the model used and assumptions applied and comparing these assumptions to externally derived data as well as our own assessments in relation to key inputs such as projected revenues, discount rate and terminal growth rate, as well as performing our own sensitivity analysis on the assumptions.
- We also assessed the Group's disclosures on key assumptions and the sensitivity of the outcome of the impairment assessment to changes in key assumptions used in the valuation.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A as at and for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A as at and for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

R.G. Manabat & Co.



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

The engagement partner on the audit resulting in this independent auditors' report is Mr. Gregorio I. Sambrano Jr.

R.G. MANABAT & CO.

Gregorio I. Sambrano Jr.

GREGORIO I. SAMBRANO, JR.

Partner

CPA License No. 088825

SEC Accreditation No. 88825-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements

Tax Identification No. 152-885-329

BIR Accreditation No. 08-001987-036-2024

Issued March 26, 2024; valid until March 26, 2027

PTR No. MKT 10764413

Issued January 5, 2026 at Makati City

April 15, 2026

Makati City, Metro Manila



**San Miguel
Global Power**
Giving You the Power to Celebrate Life

**San Miguel Global Power
Holdings Corp.**

 40 San Miguel Avenue, Wack-Wack Greenhills 1550 City of Mandaluyong, Second District, NCR

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **San Miguel Global Power Holdings Corp.** (the "**Company**") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2025, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors (BOD) is responsible for overseeing the Company's financial reporting process.

The BOD reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders or members.

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

RAMON S. ANG
Chairman of the Board & CEO
President & COO



PAUL BERNARD D. CAUSON
Vice President & Chief Finance Officer

Signed this 11th day of March 2026

ACKNOWLEDGMENT

Republic of the Philippines)
Pasig City) S.S.

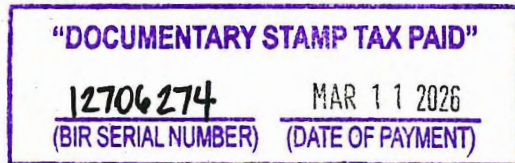
Before me, a Notary Public for and in Pasig City, this 11th day of March 2026, personally appeared the following:


<u>Name</u>	<u>Passport No.</u>	<u>Date/Place of Issue</u>
Ramon S. Ang	P9066390C	03-10-25 / DFA-NCR East
Paul Bernard D. Causon	P8120059A	07-27-18 / DFA-NCR East

known to me to be the same persons who executed the foregoing instrument and that they acknowledged to me that the same is their free and voluntary act and deed and that of the corporation they represent.

IN WITNESS WHEREOF, I have hereunto affixed my notarial seal at the date and place first above written.

Doc. No.: 222 ;
Page No.: 46 ;
Book No.: V ;
Series of 2026




RUDILICIA P. ESPIRITU
Commission No. 274 (2025-2026)
Notary Public for Pasig City
Until December 31, 2026
5th Floor, C5 Office Building Complex,
#100 E. Rodriguez Jr. Ave., C5 Road,
Bo. Ugong, Pasig City 1604, Metro Manila
Roll No. 53391
PTR No. 3977998; January 5, 2026 / Pasig City
IBP Life Member Roll No. 13322 / Camarines Sur Chapter
MCLE Compliance No. VIII-0019485; Valid until April 14, 2028

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024
(In Thousands)

	<i>Note</i>	2025	2024
ASSETS			
Current Assets			
Cash and cash equivalents	7, 29, 30	P101,498,370	P67,867,411
Trade and other receivables - net	6, 8, 19, 29, 30	90,816,430	115,884,031
Inventories	6, 9, 19	11,695,864	14,326,383
Prepaid expenses and other current assets	6, 10	36,242,458	51,561,324
Total Current Assets		240,253,122	249,639,149
Noncurrent Assets			
Investments and advances - net	11, 29, 30	115,825,289	19,895,587
Property, plant and equipment - net	6, 12	375,268,227	459,505,829
Right-of-use assets - net	6, 13	47,278,979	42,123,333
Goodwill and other intangible assets - net	6, 14	70,214,838	71,736,078
Deferred income tax assets	26	1,584,049	1,353,752
Other noncurrent assets	15, 19, 29, 30	41,196,128	37,618,797
Total Noncurrent Assets		651,367,510	632,233,376
TOTAL ASSETS		P891,620,632	P881,872,525
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	16, 29, 30	P33,000,000	P41,350,425
Accounts payable and accrued expenses	17, 19, 29, 30	101,070,416	144,101,704
Lease liabilities - current portion	6, 29, 30	5,819,971	10,048,624
Income tax payable		139,824	79,614
Current maturities of long-term debt - net of debt issue costs	18, 29, 30	43,426,570	28,477,307
Total Current Liabilities		183,456,781	224,057,674
Noncurrent Liabilities			
Long-term debt - net of current maturities and debt issue costs	18, 29, 30	241,709,071	249,460,584
Deferred income tax liabilities	26	17,223,128	23,978,387
Lease liabilities - net of current portion	6, 29, 30	23,880,904	21,356,642
Other noncurrent liabilities	6, 19, 20, 29, 30	4,617,192	3,994,059
Total Noncurrent Liabilities		287,430,295	298,789,672
Total Liabilities		470,887,076	522,847,346

Forward

	Note	2025	2024
Equity	<i>21</i>		
Equity Attributable to Equity Holders of the Parent Company			
Capital stock		P4,785,494	P2,823,604
Additional paid-in capital		104,895,528	48,081,781
Senior perpetual capital securities		160,789,623	151,194,865
Redeemable perpetual capital securities		88,679,795	145,979,113
Equity reserves	<i>21, 31</i>	929,003	(16,384,899)
Retained earnings		59,596,183	26,387,315
		419,675,626	358,081,779
Non-controlling Interests	<i>2, 11</i>	1,057,930	943,400
Total Equity		420,733,556	359,025,179
TOTAL LIABILITIES AND EQUITY		P891,620,632	P881,872,525

See Notes to Consolidated Financial Statements.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(In Thousands, Except Per Share Data)

	<i>Note</i>	2025	2024	2023
REVENUES	19, 22	P157,207,590	P205,091,116	P169,590,237
COST OF POWER SOLD	19, 23	102,887,210	154,684,289	130,991,692
GROSS PROFIT		54,320,380	50,406,827	38,598,545
SELLING AND ADMINISTRATIVE EXPENSES	19, 24	(10,882,895)	(9,949,589)	(6,072,432)
OTHER OPERATING INCOME	15	332,411	-	-
INTEREST EXPENSE AND OTHER FINANCING CHARGES	6, 16, 18, 20	(24,915,683)	(20,690,563)	(18,478,128)
INTEREST INCOME	7, 8, 15, 19, 20	4,300,625	832,673	749,339
EQUITY IN NET EARNINGS (LOSSES) OF ASSOCIATES AND JOINT VENTURES - Net	11	9,314,168	505,575	(272,092)
OTHER INCOME (CHARGES) - Net	11, 12, 25	21,027,357	(3,505,388)	537,960
INCOME BEFORE INCOME TAX		53,496,363	17,599,535	15,063,192
INCOME TAX EXPENSE	26, 27	5,189,985	5,215,955	5,160,206
NET INCOME		P48,306,378	P12,383,580	P9,902,986
Attributable to:				
Equity holders of the Parent Company	28	P48,191,486	P12,345,292	P9,905,416
Non-controlling interests		114,892	38,288	(2,430)
		P48,306,378	P12,383,580	P9,902,986
Basic/Diluted Earnings (Loss) Per Common Share Attributable to Equity Holders of the Parent Company	28	P5.13	(P4.76)	(P7.06)

See Notes to Consolidated Financial Statements.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(In Thousands)

	<i>Note</i>	2025	2024	2023
NET INCOME		P48,306,378	P12,383,580	P9,902,986
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Net gain on financial assets at fair value through other comprehensive income	11, 30	45,394,859	-	-
Income tax expense	11, 26, 30	(714,863)	-	-
Remeasurements gain (loss) on net defined benefits retirement plan	20	(98,280)	50,168	(49,748)
Income tax benefit (expense)	20, 26	16,903	(14,593)	13,809
Share in other comprehensive income (loss) of a joint venture and an associate - net	11	1,491	4,329	(3,795)
		44,600,110	39,904	(39,734)
Items that may be reclassified to profit or loss				
Gain (loss) on exchange differences on translation of foreign operations		11,281	20,750	(3,008)
Net gain on cash flow hedges		-	-	31,229
		11,281	20,750	28,221
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax		44,611,391	60,654	(11,513)
TOTAL COMPREHENSIVE INCOME		P92,917,769	P12,444,234	P9,891,473
Attributable to:				
Equity holders of the Parent Company		P92,802,877	P12,405,946	P9,893,903
Non-controlling interests		114,892	38,288	(2,430)
		P92,917,769	P12,444,234	P9,891,473

See Notes to Consolidated Financial Statements.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(In Thousands)

Note	Equity Attributable to Equity Holders of Parent Company											Non-controlling Interests	Total Equity
	Capital Stock	Additional Paid-in Capital	Senior Perpetual Capital Securities	Redeemable Perpetual Capital Securities	Equity Reserves			Retained Earnings	Total				
					Equity Reserves	Translation Reserves	Reserve for Retirement Plan			Hedging Reserve			
As at January 1, 2025	P2,823,604	P48,081,781	P151,194,865	P145,979,113	P17,253,511	P935,708	(P67,096)	P26,387,315	P356,081,779	P943,400	P359,025,179		
Net income	-	-	-	-	-	11,281	(79,886)	48,191,486	48,191,486	114,892	48,306,378		
Other comprehensive income (loss) - net of tax	-	-	-	-	44,679,996	-	-	-	44,679,996	-	44,611,391		
Total comprehensive income (loss)	-	-	-	-	44,679,996	-	-	48,191,486	48,191,486	114,892	92,917,769		
Issuance of capital stock	1,961,890	56,813,747	-	-	-	11,281	(79,886)	-	56,775,637	-	56,775,637		
Issuances of senior perpetual capital securities, net of exchange offers	-	-	23,392,707	-	(1,500,987)	-	-	-	21,891,720	-	21,891,720		
Deconsolidation of subsidiaries	-	-	-	-	-	-	-	33,679	33,679	-	33,679		
Redemptions of:	-	-	-	-	-	-	-	-	-	-	-		
Senior perpetual capital securities	-	-	(13,797,949)	-	(1,977,105)	-	-	-	(15,775,054)	-	(15,775,054)		
Redeemable perpetual capital securities	-	-	-	(57,299,318)	(1,557,375)	-	-	(11,319)	(58,856,693)	-	(58,856,693)		
Share issuance costs	-	-	-	-	-	-	-	-	-	-	-		
Transfer of net gain on financial assets at fair value through other comprehensive income	-	-	-	-	(22,262,022)	-	-	22,262,022	-	-	-		
Distributions to holders of:	-	-	-	-	-	-	-	-	-	-	-		
Senior perpetual capital securities	-	-	-	-	-	-	-	(15,903,939)	(15,903,939)	-	(15,903,939)		
As at December 31, 2025	P4,785,494	P104,895,528	P160,789,623	P68,679,795	P128,996	P946,989	(P146,982)	P59,596,183	P419,675,626	P1,067,930	P420,733,556		
As at January 1, 2024	P2,823,604	P48,081,781	P161,767,709	P102,546,825	(P3,827,112)	P914,958	(P107,000)	P30,367,328	P342,588,093	P905,112	P343,473,205		
Net income	-	-	-	-	-	20,750	-	12,345,292	12,345,292	38,288	12,383,580		
Other comprehensive income - net of tax	-	-	-	-	-	-	39,904	-	39,904	-	39,904		
Total comprehensive income	-	-	-	-	-	20,750	39,904	12,345,292	12,405,946	38,288	12,444,234		
Issuance of redeemable perpetual capital securities	-	-	-	43,432,288	-	-	-	-	43,432,288	-	43,432,288		
Issuances of senior perpetual capital securities, net of exchange and tender offers	-	-	29,614,110	-	(9,573,591)	-	-	-	21,040,519	-	21,040,519		
Redemption of senior perpetual capital securities	-	-	(40,186,964)	-	(4,832,808)	-	-	-	(45,019,772)	-	(45,019,772)		
Share issuance costs	-	-	-	-	-	-	-	(388,424)	(388,424)	-	(388,424)		
Distributions to holders of:	-	-	-	-	-	-	-	-	-	-	-		
Senior perpetual capital securities	-	-	-	-	-	-	-	(2,552,418)	(2,552,418)	-	(2,552,418)		
Redeemable perpetual capital securities	-	-	-	-	-	-	-	(13,384,463)	(13,384,463)	-	(13,384,463)		
As at December 31, 2024	P2,823,604	P48,081,781	P151,194,865	P145,979,113	(P17,253,511)	P935,708	(P67,096)	P26,387,315	P356,081,779	P943,400	P359,025,179		

Forward

Note	Equity Attributable to Equity Holders of Parent Company										Total Equity	
	Capital Stock	Additional Paid-in Capital	Senior Perpetual Capital Securities	Redeemable Perpetual Capital Securities	Equity Reserves			Retained Earnings	Total	Non-controlling Interests		
					Equity Reserves	Translation Reserves	Reserve for Retirement Plan					
As at January 1, 2023	P1,250,004	P2,490,000	P161,767,709	P51,934,069	(P2,378,421)	P917,966	(P67,266)	(P31,229)	P35,526,185	P251,409,017	P907,542	P252,316,559
Net income (loss)	-	-	-	-	-	-	-	31,229	9,905,416	9,905,416	(2,430)	9,902,986
Other comprehensive income (loss) - net of tax	-	-	-	-	-	(3,008)	(39,734)	-	-	(11,513)	-	(11,513)
Total comprehensive income (loss)	-	-	-	-	-	(3,008)	(39,734)	31,229	9,905,416	9,883,903	(2,430)	9,891,473
Issuance of redeemable perpetual securities	-	-	-	70,832,760	-	-	-	-	-	70,832,760	-	70,832,760
Issuance of capital stock	1,573,600	45,591,781	-	-	-	-	-	-	-	47,165,381	-	47,165,381
Share issuance costs	-	-	-	-	-	-	-	-	(29,200)	(29,200)	-	(29,200)
Purchase of redeemable perpetual securities issued	-	-	-	(20,220,004)	(1,448,691)	-	-	-	(29,200)	(21,668,695)	-	(21,668,695)
Distributions to senior perpetual capital securities	-	-	-	-	-	-	-	-	(15,035,073)	(15,035,073)	-	(15,035,073)
As at December 31, 2023	P2,823,604	P48,081,781	P161,767,709	P102,546,825	(P3,827,112)	P914,958	(P107,000)	P -	P30,367,328	P342,588,093	P905,112	P343,473,205

See Notes to Consolidated Financial Statements.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(In Thousands)

	<i>Note</i>	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P53,496,363	P17,599,535	P15,063,192
Adjustments for:				
Interest expense and other financing charges	6, 16, 18	24,873,369	20,651,404	18,442,976
Depreciation and amortization	6, 12, 13, 14, 23, 24	16,306,548	14,172,868	12,316,676
Impairment losses on trade receivables	8, 24	1,904,091	2,145,703	60,714
Unrealized foreign exchange losses (gains) - net		148,022	3,373,457	(2,951,651)
Retirement benefits costs	20	134,647	136,334	122,286
Impairment losses on property, plant and equipment	12, 25	34,991	34,991	34,991
Loss on retirement of property, plant and equipment	23	-	-	63,435
Reversal of impairment losses on trade receivables	8, 24	-	(5,081)	(107,363)
Gain on sale of investment property	15	(332,411)	-	-
Dividend income	11, 25	(501,427)	-	-
Interest income	7, 8, 19, 20	(4,300,625)	(832,673)	(749,339)
Equity in net losses (earnings) of associates and joint ventures	11	(9,314,168)	(505,575)	272,092
Gain on fair valuation of investments	11, 25	(21,933,046)	-	-
Operating income before working capital changes		60,516,354	56,770,963	42,568,009
Decrease (increase) in:				
Trade and other receivables - net	8	23,864,985	(2,350,464)	(11,324,029)
Inventories	9	(1,963,856)	3,468,659	(8,914)
Prepaid expenses and other current assets	10	(8,832,608)	(3,079,328)	(5,153,650)
Increase (decrease) in:				
Accounts payable and accrued expenses	17	(3,533,470)	20,849,278	9,768,715
Other noncurrent liabilities		491,302	(702,546)	(1,418,915)
Cash generated from operations		70,542,707	74,956,562	34,431,216
Interest income received		4,171,562	1,256,638	674,539
Income taxes paid		(1,029,254)	(912,698)	(678,781)
Interest expense and other financing charges paid		(25,322,144)	(20,967,956)	(18,174,796)
Net cash flows provided by operating activities		48,362,871	54,332,546	16,252,178

Forward

	<i>Note</i>	2025	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from redemption of preferred shares	11	P78,717,390	P -	P -
Proceeds from installment sale of properties	15, 19	2,853,807	1,232,903	1,232,903
Dividends received	11	856,449	-	-
Cash from newly acquired subsidiaries, net		-	-	120,664
Additions to investment property	15	(4,558)	(427,371)	(36,942)
Additions to intangible assets	6, 14	(28,709)	(140,029)	(56,971)
Increase in other noncurrent assets	15	(1,057,897)	(1,702,791)	(3,546,781)
Return of proceeds from investment property sale	15, 19	(2,852,182)	-	-
Advances paid to suppliers and contractors	15	(4,308,056)	(1,689,547)	(7,307,078)
Cash of deconsolidated subsidiaries	11	(5,678,579)	-	-
Additions to property, plant and equipment	12	(21,638,252)	(35,093,022)	(36,178,975)
Additions to investments and advances	11	(23,262,763)	(8,432,636)	(4,182,237)
Net cash flows provided by (used in) investing activities		23,596,650	(46,252,493)	(49,955,417)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Short-term borrowings	16, 31	186,000,000	165,147,050	95,322,000
Long-term debts	18, 31	33,086,427	71,506,000	51,977,500
Proceeds from issuances of:				
Capital stock	21, 31	58,775,637	-	47,165,381
Senior perpetual capital securities net of exchange and tender offers	21, 31	21,891,720	21,040,519	-
Redeemable perpetual capital securities	21, 31	-	43,432,288	70,832,760
Payments of:				
Share issuance costs		(11,681)	(388,424)	(29,200)
Lease liabilities	6, 31	(9,535,848)	(18,298,212)	(19,314,572)
Long-term debts	18, 31	(28,554,154)	(55,615,121)	(64,362,371)
Short-term borrowings	16, 31	(189,412,300)	(137,512,000)	(102,586,000)
Distributions paid to holders of:				
Senior perpetual capital securities	21	(15,903,939)	(13,384,463)	(15,035,073)
Redeemable perpetual capital securities	21	(21,363,061)	(2,552,418)	-

Forward

	Note	2025	2024	2023
Redemptions of:				
Senior perpetual capital securities	21, 31	(P15,775,054)	(P45,039,762)	P -
Redeemable perpetual capital securities	21, 31	(58,856,693)	-	-
Purchase of redeemable perpetual capital securities	21, 31	-	-	(21,668,695)
Net cash flows provided by (used in) financing activities		(39,658,946)	28,335,457	42,301,730
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		1,330,384	(207,541)	334,715
NET INCREASE IN CASH AND CASH EQUIVALENTS		33,630,959	36,207,969	8,933,206
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		67,867,411	31,659,442	22,726,236
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	P101,498,370	P67,867,411	P31,659,442

See Notes to Consolidated Financial Statements.

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except Per Share Data and Number of Shares)

1. Reporting Entity

San Miguel Global Power Holdings Corp. (the “Parent Company”) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on January 23, 2008, and its primary purpose of business is to purchase, sell, assign, lease, develop, create security interest over, operate and dispose of all properties of every kind and description, including shares of stocks or other securities or obligations, created or issued by any corporation or other entity. The Parent Company has a perpetual corporate life in accordance with the Revised Corporation Code of the Philippines which took effect on February 23, 2019.

The accompanying consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiaries (collectively referred to as the “Group”) and the Group’s interests in associates and joint ventures.

The Parent Company is a wholly-owned subsidiary of San Miguel Corporation (SMC). The ultimate parent company of the Group is Top Frontier Investment Holdings, Inc. (Top Frontier). SMC and Top Frontier are public companies under Section 17.2 of the Securities Regulation Code (SRC) and whose shares are listed on The Philippine Stock Exchange, Inc. (PSE).

The Parent Company’s registered office address is located at No. 40 San Miguel Avenue, Wack-Wack Greenhills 1550, City of Mandaluyong, Second District, National Capital Region.

2. Basis of Preparation

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS Accounting Standards consist of PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

The consolidated financial statements were approved and authorized for issue in accordance with a resolution by the BOD on March 11, 2026.

Basis of Measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis except for the following items which are measured on an alternative basis at each reporting date:

<u>Items</u>	<u>Measurement Basis</u>
Financial assets at fair value through profit or loss (FVPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Defined benefits retirement asset (liability)	Fair value of the plan assets less the present value of the defined benefits retirement obligation

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine Peso, which is the functional currency of the Parent Company. All financial information is rounded off to the nearest thousand (P000), except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries. The subsidiaries are incorporated in the Philippines and registered with the Philippine SEC. The major subsidiaries include the following:

	Percentage of Ownership	
	2025	2024
<i>Power Generation</i>		
Sual Power Inc. (SPI)	100	100
San Roque Hydropower Inc. (SRHI)	100	100
Limay Power Inc. (LPI) ^(a)	100	100
Malita Power Inc. (MPI) ^(b)	100	100
PowerOne Ventures Energy Inc. (PVEI) ^(c)	100	100
Prime Electric Generation Corporation (PEGC) ^(d)	100	100
Oceantech Power Generation Corporation (OPGC)	100	100
Masinloc Power Co. Ltd. (MPCL) ^(e)	100	100
Power Ventures Generation Corporation (PVGC) ^{(d) (e)}	100	100
Mariveles Power Generation Corporation (MPGC) ^(f)	96	95
SMC Global Light and Power Corp. (SGLPC)	100	100
<i>Retail and Other Power-related Services</i>		
SMGP BESS Power Inc. (SMGP BESS) ^(g)	100	100
SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan) ^(h)	100	100
SMC Power Generation Corp. (SPGC) ⁽ⁱ⁾	100	100
<i>(a) Owner of the 4 x 150 megawatts (MW) Circulating Fluidized Bed (CFB) coal-fired power plant in Limay, Bataan (Phase I and II Limay Greenfield Power Plant).</i>		
<i>(b) Owner of the 2 x 150 MW CFB coal-fired power plant in Malita, Davao (Davao Greenfield Power Plant).</i>		
<i>(c) PVEI owns 60% of the outstanding capital stock of Angat Hydropower Corporation (AHC) and KWPP Holdings Corporation (KWPP) as joint ventures (see Note 11).</i>		
<i>(d) The Parent Company owns 50% interests in Isabel Ancillary Services Co. Ltd. (IASCO) through PVGC, which has a 49.31% limited partnership interest in IASCO, and through PEGC, which has a 50% equity interest in Isabel AS Holdings Corp. (Isabel AS), the sole general partner which owns 1.38% partnership interest in IASCO. IASCO operates the 70 MW Modular Engine Power Plant in Isabel, Leyte (see Note 11).</i>		
<i>(e) Co-owned by the Parent Company with its subsidiaries, SMCGP Masinloc Power Company Limited (MaPoCo) and PVGC, and owner of the Masinloc Power Plant (see Notes 11 and 12).</i>		

Forward

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- (f) Owner of the 4 x 150 MW CFB coal-fired power plant in Mariveles, Bataan (Mariveles Greenfield Power Plant) (see Note 12). The Parent Company subscribed to the increase in authorized capital stock of MPGC in October 2025, thereby increasing its ownership interest from 94.55% to 95.51%. Non-controlling interests represent the 4.31% and 0.18% held by Meralco PowerGen Corporation (MGen) and by Zygnat Prime Holdings, Inc. (Zygnat), respectively.
 - (g) Owner of various battery energy storage system (BESS) facilities in the country (see Note 12).
 - (h) Indirectly owned by the Parent Company, through its wholly-owned subsidiaries PEGC and OPGC, and owner of the BESS facility in Kabankalan, Negros Occidental (see Note 12).
 - (i) SPGC owns 35% of the outstanding capital stock of Olongapo Electricity Distribution Company, Inc., (OEDC) as an associate (see Note 11).

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Group obtains control and continue to be consolidated until the date when such control ceases.

If the Group loses control of a subsidiary, the Group, at the date when control is lost: (a) derecognizes the carrying amounts of assets and liabilities of the former subsidiary from the consolidated statement of financial position, (b) recognizes any investment retained in the former subsidiary at its remeasured fair value which shall be regarded as the fair value on initial recognition of a financial asset in accordance with PFRS 9, *Financial Instruments*, or the cost on initial recognition of an investment in associate or joint venture, if applicable, and (c) recognizes any resulting difference as a gain or loss associated with the loss of control attributable to the former controlling interest in the consolidated statement of income.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Intergroup balances and transactions, including intergroup unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

Non-controlling interests represent the portion of profit or loss and net assets not attributable to the Parent Company and are presented in the consolidated statements of income, consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the equity attributable to equity holders of the Parent Company.

Non-controlling interests include the interests not held by the Parent Company in MPGC as at December 31, 2025 and 2024.

3. Material Accounting Policy Information

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, except for the changes in accounting policies as explained below.

The FSRSC approved the adoption of a number of new and amendments to standards as part of PFRS Accounting Standards.

Adoption of Amendments to Standards

The Group has adopted the Lack of Exchangeability (Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates*) effective January 1, 2025. The amendments clarify that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When a currency is not exchangeable, an entity estimates a spot rate that reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate, and an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the entity because the currency is not exchangeable.

The adoption of the amendments to standards did not have a material effect on the consolidated financial statements.

New and Amendments to Standards Not Yet Adopted

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2025, and have not been applied in preparing the consolidated financial statements.

The Group will adopt the following new and amendments to standards on the respective effective dates:

- Disclosures about Uncertainties in the Financial Statements (Amendments to Illustrative Examples on PFRS 7, *Financial Instruments: Disclosures*, PFRS 18, *Presentation and Disclosure in Financial Statements*, PAS 1, *Presentation of Financial Statements*, PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, PAS 36, *Impairment of Assets* and PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*). The amendments provide illustrative examples demonstrating how entities can apply PFRS Accounting Standards when reporting the effects of uncertainties in their financial statements. The examples use climate-related scenarios as practical illustrations, but the underlying principles apply more broadly to all uncertainties.

The illustrative examples are not an integral part of the PFRS Accounting Standards and do not have an effective date or transition requirements. Entities are expected to consider these examples in applying the disclosure requirements of the relevant standards on a timely basis.

- Classification and Measurement of Financial Instruments (Amendments to PFRS 9 and PFRS 7). The amendments clarify that financial assets and financial liabilities are recognized and derecognized on the settlement date, except for regular way purchases or sales of financial assets and financial liabilities that meet the conditions for an exception. The exception allows entities to elect to derecognize certain financial liabilities settled through an electronic payment system before the settlement date.

The amendments also provide guidelines for assessing the contractual cash flow characteristics of financial assets that include environmental, social, and governance-linked features and other similar contingent features.

Entities are required to disclose additional information about financial assets and financial liabilities with contingent features, and equity instruments classified at fair value through other comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted.

- Contracts Referencing Nature-dependent Electricity (Amendments to PFRS 9 and PFRS 7). The amendments clarify the application of the own-use exemption for contracts referencing electricity from nature-dependent renewable energy sources, amend the hedge accounting requirements to allow these contracts to be designated as hedging instruments if certain conditions are met, and introduce additional disclosure requirements on the impact of these contracts on the financial performance and future cash flow.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted.

- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to five standards, of which the following amendments are relevant to the Group:
 - Gain or Loss on Derecognition (Amendments to PFRS 7). The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13, *Fair Value Measurement*.
 - Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9). The amendments:
 - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in statement of income; and

- replaced the term 'their transaction price (as defined in PFRS 15, *Revenue from Contracts with Customers*)' with 'the amount determined by applying PFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

The amendments apply for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

- PFRS 18 replaces PAS 1. The new standard introduces the following key requirements:
 - entities are required to classify all income and expenses into five categories in the statement of income: operating, investing, financing, income tax, and discontinued operations. Subtotals and totals are presented in the statement of income for operating profit or loss, profit or loss before financing and income taxes, and profit or loss;
 - management-defined performance measures (MPM) are disclosed in a single note to the financial statements; and
 - enhanced guidance is provided on how to group information in the financial statements.

Consequential amendments to PAS 7, *Statement of Cash Flows*, require the use of the operating profit or loss subtotal as the starting point when presenting operating cash flows under the indirect method and eliminate the options for classifying interest and dividend cash flows.

PFRS 18 also amends PAS 33 *Earnings per Share* to permit companies to disclose additional amounts per share using as numerator a required income and expenses total or subtotal, a common subtotal listed in PFRS 18 or an MPM disclosed by the entity.

PFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with retrospective application required. Early adoption is permitted.

The Group continues to assess the impact of the above new and amendments to standards effective subsequent to 2025 on the consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within 12 months after the reporting period; or (d) there is no right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other assets and liabilities as noncurrent. Deferred income tax assets and liabilities are classified as noncurrent.

Financial Instruments

Recognition and Initial Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for financial assets and financial liabilities at FVPL, includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

The Group classifies its financial assets, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the consolidated statements of income when the financial asset is derecognized, modified or impaired.

The Group's cash and cash equivalents, trade and other receivables, long-term receivables (consisting of amounts owed by related parties and noncurrent receivables classified under "Other noncurrent assets" account) and restricted cash are included under this category (see Notes 7, 8, 10, 15, 29 and 30).

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Financial Assets at FVOCI. Upon initial recognition, the Group may make an irrevocable election to classify its equity investments as equity instruments designated at FVOCI when they meet the definition of an equity instrument under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Financial assets at FVOCI are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income.

Dividends earned on holding an investment in equity instrument are recognized as dividend income in the consolidated statements of income when the right to receive the payment has been established unless the dividend clearly represents a recovery of the part of the cost of the investment. When investment in equity instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the consolidated statements of changes in equity are never reclassified to the consolidated statements of income, however, the accumulated gains or losses may be reclassified within equity on a per financial instrument basis upon derecognition. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify its investments in quoted and unquoted shares under this category as at December 31, 2025 (see Notes 11, 29 and 30).

Financial Liabilities

The Group determines the classification of its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and financial liabilities at amortized costs. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Financial Liabilities at FVPL. Financial liabilities are classified under this category through the fair value option. Derivative instruments (including embedded derivatives) with negative fair values, except those covered by hedge accounting relationships, are also classified under this category.

The Group carries financial liabilities at FVPL using their fair values and reports fair value changes in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective accounting hedge are recognized in other comprehensive income and presented in the consolidated statements of changes in equity. Any interest expense incurred is recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income.

The Group's derivative liabilities that are not designated as cash flow hedge are classified under this category (see Notes 17, 29 and 30).

Financial Liabilities at Amortized Costs. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial recognition, financial liabilities at amortized costs are measured using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in “Interest expense and other financing charges” account in the consolidated statements of income. Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized as well as through the amortization process.

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in the consolidated statements of income.

The Group’s liabilities arising from its trade transactions or borrowings such as loans payable, accounts payable and accrued expenses, long-term debt, lease liabilities and other noncurrent liabilities are included under this category (see Notes 6, 16, 17, 18, 29 and 30).

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a “passthrough” arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of income.

Impairment of Financial Assets

The Group recognizes allowance for expected credit loss (ECL) on financial assets at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are generally measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group recognizes lifetime ECLs for receivables that do not contain significant financing component. The Group uses provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment. Receivables from counterparties are also subjected to an individual assessment to determine whether specific impairment should be recognized.

At each reporting date, the Group assesses whether these financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the restructuring of a financial asset by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the consolidated statements of income.

Classification of Financial Instruments between Liability and Equity

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

Derivative Financial Instruments

The Group uses derivative financial instruments, such as forwards and swaps to manage its exposure on foreign currency and commodity price risks. Derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized in the consolidated statements of income.

Freestanding Derivatives

The Group designates certain derivatives as hedging instruments to hedge the exposure to variability in cash flows associated with recognized liabilities arising from changes in foreign exchange rates and interest rates.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedging instrument are expected to offset the changes in cash flows of the hedged item.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using weighted average method for coal inventories, liquefied natural gas (LNG), fuel oil and other consumables, and spare parts. Net realizable value is the current replacement cost.

Any write-down of inventories to net realizable value and all losses of inventories are recognized as expense in the year of write-down or loss occurrence. The amount of reversals of write-down of inventories arising from an increase in net realizable value, if any, are recognized as reduction in the amount of inventories recognized as expense in the year in which the reversal occurs.

Prepaid Expenses and Other Current Assets

Prepaid expenses represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in the consolidated statements of income as they are consumed or expire with the passage of time.

Other current assets pertain to assets which are expected to be realized within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at the acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included as part of "Selling and administrative expenses" account in the consolidated statements of income.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair value and any resulting gain or loss is recognized in the consolidated statements of income.

The Group measures goodwill at the acquisition date as: a) the fair value of the consideration transferred; plus b) the recognized amount of any non-controlling interests in the acquiree; plus c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statements of income. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated statements of income. Costs related to the acquisition, other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the consolidated statements of income.

Investments in Shares of Stock of Associates and Joint Ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in shares of stock of associates and joint ventures are accounted for using the equity method.

Property, Plant and Equipment

Property, plant and equipment, except for land, are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less impairment in value, if any.

The initial cost of property, plant and equipment comprises of its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes related asset retirement obligation (ARO), if any. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property, plant and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

Capital projects in progress (CPIP) represents the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of plant and equipment are capitalized during the construction period. CPIP is not depreciated until such time that the relevant assets are ready for use.

Depreciation which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Power plants	5 - 42
Leasehold improvements	5 - 25 or term of the lease, whichever is shorter
Other equipment	2 - 40
Building	5 - 50

The remaining useful lives, residual values, and depreciation methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and methods of depreciation are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property, plant and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the consolidated statements of income in the period of retirement and disposal.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use:

- the Group has the right to obtain substantially all the economic benefits from use of the identified asset; and
- the Group has the right to direct the use of the identified asset.

Group as Lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date (i.e., the date the underlying asset is available for use). The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term as follows:

	Number of Years
Land	2 - 30
Buildings and improvements	2 - 5
Powerplants	29 - 43

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. The carrying amount of the lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases (i.e., lease that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. The Group recognizes the lease payments associated with these leases as expense on a straight-line basis over the lease term.

Group as Lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is classified as a finance lease; if not, it is classified as an operating lease. As part of the assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the recognition exemption, it classifies the sublease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies PFRS 15, to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as rent income on a straight-line basis over the lease term.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditures are recognized in the consolidated statements of income in the year in which the related expenditures are incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method used for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of income consistent with the function of the intangible asset.

Amortization is computed using the straight-line method over the estimated useful life of intangible assets with finite life of 3 years.

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statements of income when the asset is derecognized.

Investment Property

Investment property consist of properties held to earn rentals and/or for capital appreciation but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment properties, except for land, are measured at cost including transaction costs less accumulated depreciation and any accumulated impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Land is stated at cost less any impairment in value.

CPIP represents the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of investment property are capitalized during the construction period. CPIP is not depreciated until such time that the relevant assets are ready for use.

Depreciation is computed using the straight-line method over the estimated useful life of right-of-use assets with 25 years.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement and disposal of investment property are recognized in the statements of income in the period of retirement and disposal.

Transfers are made to investment property when, and only when, there is an actual change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property, the cost of property for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Impairment of Non-financial Assets

The carrying amounts of investments and advances (excluding investment in equity securities), property, plant and equipment, right-of-use assets, intangible assets with finite useful lives, and investment property are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statements of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. An impairment loss with respect to goodwill is not reversed.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Capital Stock and Additional Paid-in Capital

Common Shares

Common shares are measured at par and are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Additional Paid-in Capital

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Senior Perpetual Capital Securities (SPCS) and Redeemable Perpetual Capital Securities (RPCS)

SPCS and RPCS are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another person or entity or to exchange financial assets or financial liabilities with another person or entity that is potentially unfavorable to the issuer.

Incremental costs directly attributable to the issuance of SPCS and RPCS are recognized as a deduction from equity, net of tax.

Equity Reserves

Equity reserves include mainly the effects of: (i) transactions with holders of the Parent Company's SPCS and RPCS and with non-controlling interests and equity adjustments arising from group restructuring transactions, (ii) changes in the fair value of an investment in equity instrument presented in other comprehensive income, and (iii) re-measurements of net defined benefit retirement liability or asset comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest).

Retained Earnings

Retained earnings represent the accumulated net income or losses, including any accumulated gains or losses that were reclassified from equity reserves upon the derecognition of related investments in equity instruments designated as financial assets at FVOCI, net of any dividend distributions and other capital adjustments. Appropriated retained earnings represent that portion which is restricted and therefore not available for any dividend declaration.

Revenues

The Group recognizes revenues from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenues are inclusive of pass-through charges, net of value-added tax (VAT) and other fees collected on behalf of third parties.

The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it acts as a principal as it controls the goods or services before transferring to the customer.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of Power

Revenue from Power Generation and Trading. Revenue from power generation and trading is recognized over time when actual power or capacity is generated, transmitted and/or made available to the customers, net of related discounts and adjustments.

Retail and Other Power-related Services. Revenue from retail and other power-related services is recognized over time upon the supply of electricity to the customers. The Uniform Filing Requirements on the rate unbundling released by the Energy Regulatory Commission (ERC) on October 30, 2001 specified the following bill components: (a) generation charge, (b) transmission charge, (c) system loss charge, (d) distribution charge, (e) supply charge, (f) metering charge, (g) currency exchange rate adjustments, where applicable and (h) interclass and life subsidies. Feed-in tariffs allowance, VAT and universal charges are billed and collected on behalf of the national and local government and do not form part of the Group's revenue. Generation, transmission and system loss charges, which are part of revenues, are pass-through charges.

Revenue from Other Services

Revenue from other services is recognized when the related services are rendered.

Other Income

Interest Income. Interest income is recognized using the effective interest method. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the reporting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost of power sold is debited for the direct costs related to power generation, retail and distribution of electricity, and/or trading. Expenses are recognized when incurred.

Interest Expense and Other Financing Charges. Interest expense and other financing charges comprise finance charges on lease liabilities, loans, and other borrowings. Finance charges on lease liabilities and loans are recognized in the consolidated statements of income using the effective interest method.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Benefits Costs

The net defined benefits retirement liability or asset is the aggregate of the present value of the amount of future benefits that employees have earned in return for their service in the current and prior periods, reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefits asset to the asset ceiling. The asset ceiling is the present value of economic benefits available in the form of reductions in future contributions to the plan.

The cost of providing benefits under the defined benefits retirement plan is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning projected salaries of employees. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in subsequent period.

Defined benefits costs comprise the following:

- Service costs;
- Net interest on the defined benefits retirement liability or asset; and
- Remeasurements of defined benefits retirement liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statements of income. Past service costs are recognized when plan amendment or curtailment occurs. Independent qualified actuary calculates these amounts periodically.

Net interest on the net defined benefits retirement liability or asset is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the net defined benefits retirement liability or asset. Net interest on the net defined benefits retirement liability or asset is recognized as expense or income in the consolidated statements of income.

Remeasurements of net defined benefits retirement liability or asset comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statements of income in subsequent periods.

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in the consolidated statements of income. The Group recognizes gains and losses on the settlement of a defined benefits retirement plan when the settlement occurs.

Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in the respective functional currency of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and monetary liabilities denominated in foreign currencies are translated to the functional currency at exchange rate at the reporting date.

Non-monetary assets and non-monetary liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in the consolidated statements of income, except for differences arising on the translation of monetary items that in substance form part of a net investment in a foreign operation and hedging instruments in a qualifying cash flow hedge or hedge of a net investment in a foreign operation, which are recognized in other comprehensive income.

Taxes

Current Income Tax. Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred Income Tax. Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

The measurement of deferred income tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current income tax and deferred income tax are recognized in the consolidated statements of income, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Prepaid expenses and other current assets", "Accounts payable and accrued expenses" or "Income tax payable" accounts in the consolidated statements of financial position.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

Basic and Diluted Earnings (Loss) Per Common Share

Basic earnings (loss) per share is computed by dividing the net income for the period attributable to equity holders of the Parent Company, net of distributions to the holders of SPCS and RPCS, by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

Diluted (earnings) loss per share is computed in the same manner, adjusted for the effect of all potential dilutive debt or equity instruments.

Operating Segments

The Group's operating segments are organized and managed separately according to the services provided, with each segment representing a strategic business unit that offers different economic characteristic and activities. Financial Information on operating segments is presented in Note 5 to consolidated financial statements. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis.

The measurement policies the Group used for segment reporting under PFRS 8, *Operating Segments* are the same as those used in the consolidated financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods.

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

4. Use of Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards requires management to exercise judgments, make accounting estimates and use assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments

In the process of applying the accounting policies, the Group has made the following judgments, apart from those involving estimations, which have significant effect on the amounts recognized in the consolidated financial statements:

Determining whether a Contract Contains a Lease. The Group uses its judgment in determining whether a contract contains a lease. At inception of a contract, the Group makes an assessment whether it has the right to obtain substantially all the economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

The Independent Power Producer Administration (IPPA) Agreements with the Power Sector Assets and Liabilities Management Corporation (PSALM) provide the Group with a right to receive a transfer of the power plant upon termination of the IPPA Agreement at the end of the cooperation period or in case of buy-out.

MPCL also entered into a lease agreement with PSALM for the lease of land where a portion of the Masinloc Power Plant is situated.

The Group's management has exercised its judgment that these agreements with PSALM contain a lease and that it has substantially acquired all the risks and rewards incidental to the ownership of the power plants and land. Accordingly, the Group recognized the power plants, land and finance lease liabilities at the present value of the agreed payments to PSALM (see Notes 6 and 13).

Operating Lease Commitments - Group as Lessor. The Group has entered into various lease agreements as a lessor. The Group had determined that it retains all the significant risks and rewards of ownership of the property leased out on operating leases.

Rent income recognized in the consolidated statements of income amounted to P192,341, P98,050 and P83,640 in 2025, 2024 and 2023, respectively (see Note 6).

Determining the Lease Term of Contracts with Renewal Options - Group as Lessee. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. At lease commencement date, the Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew the lease by considering all relevant factors that create an economic incentive for it to exercise the renewal option. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or change in circumstances within its control.

Estimating the Incremental Borrowing Rate. The Group cannot readily determine the interest rate implicit in the leases. Therefore, it uses its relevant incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available and to make adjustments to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific estimates.

The Group's lease liabilities amounted to P29,700,875 and P31,405,266 as at December 31, 2025 and 2024, respectively (see Notes 6, 19, 29, 30, 31).

Identification of Distinct Performance Obligation. The Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either: (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. The Group has determined that it has distinct performance obligations other than the sale of power such as the provision of technical support and lease of equipment to its customers and allocates the transaction price into these several performance obligations.

Determining Whether the Group is Acting as a Principal or Agent in a Revenue Transaction. The determination on whether the Group is a principal or agent in a contract is made by identifying each specified goods or services promised to the customers in the contract and evaluating whether the Group obtains control of the specified goods and services before it is transferred to the customer.

For the sale of power and retail and other power-related services, the Group has the obligation to provide a recurring service to the customer over the contract term and transfers control upon delivery, hence, the Group has determined that it is acting as principal in these revenue arrangements with customers.

Classification of Joint Arrangements. The Group has determined that it has rights only to the net assets of the joint arrangements based on the structure, legal form, contractual terms, and other facts and circumstances of the arrangement. As such, the Group classified its joint arrangements in AHC, KWPP, Isabel AS, IASCO, and Lucanin Solar Inc. (LSI) as joint ventures (see Note 11).

Distinction Between Investment Property and Owner-occupied Property. The Group determines whether a property qualifies as investment property or owner-occupied property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in marketing or administrative functions. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in marketing or for administrative purposes. If the portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Adequacy of Tax Liabilities. The Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Classification of Financial Instruments. The Group exercises judgments in classifying financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

The Group uses its judgment in determining the classification of financial assets based on its business model, in which assets are managed, and their cash flow characteristics. The classification and fair values of financial assets and financial liabilities are presented in Note 30.

Contingencies. The Group is currently involved in various pending claims and cases which could be decided in favor of or against the Group. The Group's estimate of the probable costs for the resolution of these pending claims and cases has been developed in consultation with in-house as well as outside legal counsel handling the prosecution and defense of these matters and is based on an analysis of potential results. The Group currently does not believe that these pending claims and cases will have a material adverse effect on its financial position and financial performance. It is possible, however, that future financial performance could be materially affected by the changes in the estimates or in the effectiveness of strategies relating to these proceedings (see Note 32).

Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon the Group's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Assessment of ECL on Trade and Other Receivables. The Group, in applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade and other receivables. Receivables from counterparties are first subjected to an individual assessment to determine whether specific impairment should be recognized. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customers. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer to reflect the effects of current and forecasted economic conditions.

The Group has assessed that the forward-looking default rate component of its ECL on trade and other receivables is not material because substantial amount of trade and other receivables are normally collected within one year. Moreover, based on management's assessment, current conditions and forward-looking information does not indicate a significant increase in the Group's collective credit risk exposure arising from its trade and other receivables.

Impairment losses recognized on trade and other receivables relate to specific customer accounts based on management's assessment of their current financial condition and ability to settle obligations as of each reporting date.

In 2025 and 2024, the Group recognized impairment losses on trade and other receivables amounting to P1,904,091 and P2,145,703, respectively (see Notes 8 and 24). The allowance for impairment losses on trade and other receivables amounted to P6,366,364 and P4,867,019 as at December 31, 2025 and 2024, respectively (see Notes 8 and 29). The carrying amount of trade and other receivables amounted to P90,816,430 and P115,884,031 as at December 31, 2025 and 2024, respectively (see Notes 8, 29 and 30).

Assessment of ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets at day one to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Group has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no additional provision for ECL on other financial assets at amortized cost was recognized in 2025 and 2024.

The carrying amounts of other financial assets at amortized cost are as follows:

	<i>Note</i>	2025	2024
Cash and cash equivalents (excluding cash on hand)	7	P101,496,244	P67,864,985
Long-term receivables	15	2,571,243	9,035,675
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	10, 15 29, 30	15,324,737 P119,392,224	8,495,006 P85,395,666

Fair Value Measurements. A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRS Accounting Standards, including the level in the fair value hierarchy in which such valuations should be classified.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (see Note 3).

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The methods and assumptions used to estimate the fair values for both financial and non-financial assets and liabilities are discussed in Note 30.

Write-down of Inventory. The Group writes-down the cost of inventory to net realizable value whenever net realizable value becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date.

The Group assessed that no write-down of inventories to net realizable value is necessary as at December 31, 2025 and 2024.

The carrying amounts of inventories amounted to P11,695,864 and P14,326,383 as at December 31, 2025 and 2024, respectively (see Note 9).

Estimation of Useful Lives of Property, Plant and Equipment, Right-of-Use Assets and Investment Property. The Group estimates the useful lives of property, plant and equipment, right-of-use assets and investment property based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment, right-of-use assets and investment property are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property, plant and equipment, right-of-use assets and investment property is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment, right-of-use assets and investment property would increase the recorded cost of power sold and selling and administrative expenses and decrease noncurrent assets.

Property, plant and equipment, net of accumulated depreciation, amounted to P375,583,165 and P459,785,776 as at December 31, 2025 and 2024, respectively. Accumulated depreciation of property, plant and equipment amounted to P57,177,372 and P46,997,446 as at December 31, 2025 and 2024, respectively (see Note 12).

Right-of-use assets, net of accumulated depreciation and amortization, amounted to P47,278,979 and P42,123,333 as at December 31, 2025 and 2024, respectively. Accumulated depreciation and amortization of right-of-use assets amounted to P8,671,059 and P7,603,913 as at December 31, 2025 and 2024, respectively (see Note 13).

Investment property, net of accumulated depreciation, amounted to P10,812,639 and P4,347,628 as at December 31, 2025 and 2024, respectively. Accumulated depreciation of investment property amounted to P268,354 and nil as at December 31, 2025 and 2024, respectively (see Note 15).

Estimation of Useful Lives of Intangible Assets. The useful lives of intangible assets are assessed at the individual asset level as having either a finite or indefinite life. Intangible assets are regarded to have an indefinite useful life when, based on analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

Intangible assets with finite useful lives, such as computer software and licenses, and others, net of accumulated amortization, amounted to P261,616 and P1,782,856 as at December 31, 2025 and 2024, respectively. Accumulated amortization of computer software and licenses, and others amounted to P548,687 and P636,842 as at December 31, 2025 and 2024, respectively (see Note 14).

Impairment of Goodwill. The Group determines whether the goodwill acquired in a business combination is impaired at least annually. This requires the estimation of value in use of the cash-generating units to which the goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate to calculate the present value of those cash flows.

The recoverable amount of goodwill arising from the acquisition of SMCGP Masin Pte. Ltd., SMCGP Transpower Pte. Ltd. (SMCGP Transpower) and SMCGP Philippines Inc. (collectively referred to as Masinloc Group) in 2018, has been determined based on the value in use using discounted cash flows. Assumptions used in the discounted cash flows include discount rates of 10.7% in 2025, 10.4% in 2024, and 10.5% in 2023, and terminal growth rates of 2.8% in 2025, 3.2% in 2024, and 3.0% in 2023 (see Note 14).

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

No impairment loss was recognized in 2025, 2024 and 2023 in relation to the goodwill arising from the acquisition of the Masinloc Group, which accounts for almost 100% of the goodwill in the consolidated statements of financial position as at December 31, 2025 and 2024.

The carrying amount of goodwill amounted to P69,953,222 as at December 31, 2025 and 2024 (see Note 14).

Acquisition Accounting. At the time of acquisition, the Group considers whether the acquisition represents an acquisition of a business or a group of assets. The Group accounts for an acquisition as a business combination if it acquires an integrated set of business processes in addition to the group of assets acquired.

The Group accounts for acquired businesses using the acquisition method of accounting which requires that the assets acquired and the liabilities assumed are recognized at the date of acquisition based on their respective fair values.

The application of the acquisition method requires certain estimates and assumptions concerning the determination of the fair values of acquired intangible assets and property, plant and equipment as well as liabilities assumed at the acquisition date. Moreover, the useful lives of the acquired intangible assets and property, plant and equipment have to be determined. Accordingly, for significant acquisitions, the Group obtains assistance from valuation specialists. The valuations are based on information available at the acquisition date.

The carrying amount of goodwill arising from business combinations amounted to P69,953,222 as at December 31, 2025, and 2024 (see Note 14).

Recognition of Deferred Income Tax Assets. The Group reviews its deferred income tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The Group's assessment on the recognition of deferred income tax assets on deductible temporary differences and carryforward benefits of MCIT and NOLCO is based on the projected taxable income in the following periods.

Certain deferred income tax assets arising from MCIT and NOLCO have not been recognized by the Parent Company and certain subsidiaries because the management believes that it is not probable that future taxable income will be available against which the Group can utilize the benefits therefrom (see Note 26).

Deferred income tax assets from temporary differences amounted to P1,584,049 and P1,353,752 as at December 31, 2025 and 2024, respectively (see Note 26).

Impairment of Non-financial Assets. PFRS Accounting Standards requires that an impairment review be performed on investments and advances (excluding investments in equity securities), property, plant and equipment, right-of-use assets, intangible assets with finite useful lives, and investment property when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

Accumulated impairment losses on property, plant and equipment amounted to P314,938 and P279,947 as at December 31, 2025 and 2024, respectively (see Note 12).

The combined carrying amounts of investments and advances (excluding investments in equity securities), property, plant and equipment, right-of-use assets, intangible assets with finite useful lives, and investment property (presented under "Other noncurrent assets" account) amounted to P522,689,304 and P527,655,233 at December 31, 2025 and 2024, respectively (see Notes 11, 12, 13, 14 and 15).

Present Value of Defined Benefits Retirement Obligation. The present value of the defined benefits retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are described in Note 20 to consolidated financial statements and include discount rate and salary increase rate.

The Group determines the appropriate discount rate at the end of each reporting period. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Group considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement obligation.

Other key assumptions for the defined benefits retirement obligation are based in part on current market conditions.

While it is believed that the assumptions of the Group are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the defined benefits retirement obligation of the Group.

The present value of defined benefits retirement obligation amounted to P842,383 and P694,780 as at December 31, 2025 and 2024, respectively (see Note 20).

ARO. The Group has ARO arising from power plants and leased properties. Determining ARO requires estimation of the costs of dismantling, installing and restoring leased properties to their original condition. The Group determined the amount of the ARO by obtaining estimates of dismantling costs from the proponent responsible for the operation of the asset, discounted at the Group's current credit-adjusted risk-free rate ranging from 3.93% to 12.64% depending on the life of the capitalized costs. While it is believed that the assumptions used in the estimation of such costs are reasonable, significant changes in these assumptions may materially affect the recorded expense or obligation in future periods.

The Group's ARO, presented under "Other noncurrent liabilities" account in the consolidated statements of financial position, amounted to P1,248,525 and P667,805 as at December 31, 2025 and 2024, respectively.

5. Segment Information

Operating Segments

The Group's operations are segmented into three businesses: a) power generation, b) retail and other power-related services and c) others consistent with the reports prepared internally for use by the Group's chief operating decision maker in reviewing the business performance of the operating segments. The differing economic characteristics and activities of these operating segments make it more useful to users of the consolidated financial statements to have information about each component of the Group's profit or loss, assets and liabilities.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment, right-of-use assets, net of allowances, accumulated depreciation and amortization, and impairment, and other noncurrent assets. Segment liabilities include all operating liabilities and consist primarily of loans payable, accounts payable and accrued expenses, lease liabilities, and other noncurrent liabilities. Segment assets and liabilities do not include deferred income taxes. Capital expenditures consist of additions to property, plant and equipment of each reportable segment.

Inter-segment Transactions

Segment revenues, expenses and performance include sales and purchases between operating segments. Such transactions are eliminated in consolidation.

The Group operates only in the Philippines which is treated as a single geographical segment.

Major Customers

The Group sells, retails and distributes power, through power supply agreements (PSAs), retail supply contracts (RSCs), ancillary service procurement agreements (ASPA) and other power-related service agreements (see Note 6), either directly to customers (other generators, distribution utilities [DUs], including Manila Electric Company [Meralco], electric cooperatives, industrial customers and National Grid Corporation of the Philippines [NGCP]) or through the Philippine Wholesale Electricity Spot Market (WESM). Sale of power to external customers that represents more than 10% of the Group's total revenues, is as follows:

	Note	2025	2024	2023
Meralco		P51,580,250	P91,443,650	P70,420,268
WESM		34,729,946	36,253,811	24,054,007
	22	P86,310,196	P127,697,461	P94,474,275

For management reporting purposes, the Group's operating segments are organized and managed separately as follows:

Operating Segments

Financial information about reportable segments follows:

	For the Years Ended December 31													
	Power Generation			Retail and Other Power-related Services			Others			Eliminations			Consolidated	
	2025	2024	2023	2025	2024	2023	2025	2024	2023	2024	2025	2024	2025	2024
Revenues														
External	P111,268,410	P168,629,230	P145,190,801	P44,634,172	P35,261,929	P23,973,021	P1,315,008	P1,199,957	P426,415	P -	P -	P -	P157,207,690	P205,091,116
Inter-segment	21,690,873	26,605,883	38,012,203	47,913	-	-	2,116,832	2,054,227	1,783,533	(23,855,618)	(28,660,110)	(39,795,736)	-	-
	132,949,283	195,235,113	183,203,004	44,682,085	35,261,929	23,973,021	3,431,840	3,254,184	2,209,948	(23,855,618)	(28,660,110)	(39,795,736)	157,207,690	205,091,116
Costs and Expenses														
Cost of power sold	98,725,789	154,192,639	149,771,305	24,890,528	25,421,698	18,853,044	2,982,519	2,643,693	1,288,522	(23,711,996)	(27,573,741)	(38,901,179)	102,887,210	154,684,289
Selling and administrative expenses	6,720,209	9,143,239	4,775,626	4,417,520	1,802,784	1,173,026	1,191,420	911,582	1,688,315	(1,446,254)	(1,908,016)	(1,544,535)	10,882,895	9,949,589
	105,445,988	163,335,878	154,546,931	29,308,048	27,224,482	20,026,070	4,173,939	3,555,275	2,936,837	(25,157,850)	(29,481,757)	(40,445,714)	113,770,105	164,633,878
Other Operating income	-	-	-	-	-	-	-	-	-	-	-	-	332,411	-
Segment Result	P27,503,315	P31,899,235	P28,656,073	P15,374,037	P8,037,447	P3,946,951	(P409,688)	(P301,091)	(P726,889)	1,302,232	P821,647	P649,978	P43,769,896	P40,457,238
Interest expense and other financing charges	-	-	-	-	-	-	-	-	-	-	-	-	(24,915,683)	(20,690,563)
Interest income	-	-	-	-	-	-	4,300,625	-	-	-	-	-	832,673	749,339
Equity in net earnings (losses) of associates and joint ventures - net	-	-	-	-	-	-	-	-	-	-	-	-	9,314,168	505,575
Other income (charges) - net	-	-	-	-	-	-	-	-	-	-	-	-	21,027,357	(3,505,368)
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	(5,189,985)	(5,215,955)
Consolidated Net Income													P48,306,378	P12,383,580
														P9,902,986

As at and For the Years Ended December 31

	As at and For the Years Ended December 31													
	Power Generation			Retail and Other Power-related Services			Others			Eliminations			Consolidated	
	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2025	2024	
Other Information														
Segment assets	P557,595,549	P716,667,127	P82,193,061	P94,812,527	P82,193,061	P259,941,743	P277,474,883	P259,941,743	P277,474,883	(P259,886,503)	(P225,886,503)	(P269,914,823)	P703,996,456	P788,887,108
Investments and advances - net	7,470,094	7,251,355	256,211	262,400	256,211	264,502,022	352,670,128	264,502,022	352,670,128	(244,577,323)	(244,577,323)	(272,113,981)	115,825,289	19,895,587
Goodwill and other intangible assets - net	-	-	-	-	-	-	-	-	-	-	-	-	70,214,838	71,736,078
Deferred income tax assets	-	-	-	-	-	-	-	-	-	-	-	-	1,584,049	1,353,752
Consolidated Total Assets	P326,146,503	P409,354,613	P37,805,499	P37,805,499	P31,680,751	P63,456,792	P68,599,785	P63,456,792	P68,599,785	(P264,163,304)	(P303,640,702)	(P303,640,702)	P168,388,483	P220,851,454
Segment liabilities	P22,509,510	P47,246,555	P11,341,437	P1,457,580	P11,341,437	P19,262	P191,900	P19,262	P191,900	(P59,256)	(P59,256)	(P5,370,685)	P24,099,734	P53,336,569
Long-term debt - net	48,257,385	92,265,094	9,496,823	8,476,894	9,496,823	-	-	-	-	-	-	-	53,734,249	101,763,922
Income tax payable	35,157,765	45,622,234	10,639,701	9,789,144	10,639,701	-	-	-	-	(21,689,949)	(21,689,949)	(26,597,361)	23,256,960	29,664,574
Deferred income tax liabilities	11,751,164	10,803,126	3,166,256	3,754,609	3,166,256	243,229	279,861	243,229	279,861	520,912	520,912	(39,743)	16,306,546	14,172,868
	(30,108,821)	5,475,625	(133,165)	1,954,203	(133,165)	(162,631)	(900,844)	(162,631)	(900,844)	-	-	-	(29,025,462)	(5,179,829)
Consolidated Total Liabilities													P470,887,076	P522,847,346
Capital expenditures														
Coal, fuel oil and other consumables														
Power purchases														
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets														
Noncash items other than depreciation and amortization														

*Noncash items other than depreciation and amortization include gain on fair valuation of investments, equity in net losses (earnings) of associates and joint ventures, impairment losses on trade receivables and property, plant and equipment, net unrealized foreign exchange losses (gains), and retirement benefits costs.

6. Significant Agreements and Lease Commitments

a. Independent Power Producer (IPP) Administration (IPPA) Agreements

As a result of the biddings conducted by PSALM for the appointment of the IPP Administrator for the capacity of the following power plants, the Group was declared the winning bidder to act as IPP Administrator through the following appointed subsidiaries:

Subsidiary	Power Plant	Location
SPI	Sual Coal - Fired Power Station (Sual Power Plant)	Sual, Pangasinan Province
SRHI	San Roque Hydroelectric Multi-purpose Power Plant (San Roque Power Plant)	San Roque, Pangasinan Province

South Premiere Power Corp. (SPPC) also became the IPP Administrator for the Ilijan Power Plant, a natural gas-fired combined cycle power plant located in Ilijan, Batangas, in June 2010 until the Ilijan Power Plant was turned over to SPPC upon the expiration of the Ilijan IPPA Agreement in June 2022.

The IPPA Agreements are with the conformity of the National Power Corporation (NPC), a government-owned and controlled corporation created by virtue of Republic Act (RA) No. 6395, as amended, whereby NPC confirms, acknowledges, approves and agrees to the terms of the IPPA Agreements and further confirms that for so long as it remains the counterparty of the IPP, it will comply with its obligations and exercise its rights and remedies under the original agreement with the IPP at the request and instruction of PSALM.

The IPPA Agreements include, among others, the following common salient rights and obligations:

- i. the right and obligation to manage and control the capacity of the power plant for its own account and at its own cost and risks;
- ii. the right to trade, sell or otherwise deal with the capacity (whether pursuant to the spot market, bilateral contracts with third parties or otherwise) and contract for or offer related ancillary services, in all cases for its own account and at its own cost and risks. Such rights shall carry the rights to receive revenues arising from such activities without obligation to account therefore to PSALM or any third party;
- iii. the right to receive a transfer of the power plant upon termination of the IPPA Agreement at the end of the cooperation period or in case of buy-out;
- iv. previously for SPI, the right to receive an assignment of NPC's interest in existing short-term bilateral power supply contracts and the obligation to supply and deliver, at its own cost, fuel required by the IPP and necessary for the Sual Power Plant to generate the electricity required to be produced by the IPP;
- v. maintain the performance bond in full force and effect with a qualified bank; and
- vi. the obligation to pay PSALM the monthly payments and energy fees in respect of all electricity generated from the capacity, net of outages.

SPI served as the IPP Administrator for the Sual Power Plant from November 2009 until the end of the IPPA Agreement term on October 24, 2024. Accordingly, PSALM turned over the Sual Power Plant to SPI on October 25, 2024 (see Notes 12 and 13).

Pursuant to the IPPA Agreements, SRHI has to pay PSALM monthly payments for 18 years until April 26, 2028 and SPI for 15 years until October 1, 2024. Energy fees amounted to P1,722,853, P1,574,006 and P1,640,693 in 2025, 2024 and 2023, respectively (see Note 23). SRHI renewed its performance bonds amounting to US\$20,305 which will expire on January 25, 2027.

The lease liabilities of SRHI are carried at amortized cost using the US Dollar and Philippine Peso discount rates of 3.30% and 7.90%, respectively.

The discount determined at inception of the agreement is amortized over the period of the IPPA Agreement and recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income. Interest expense amounted to P800,757, P1,346,972, and P2,421,465 in 2025, 2024 and 2023, respectively.

The power plants under the IPPA lease arrangements with PSALM, presented under "Right-of-use assets" account in the consolidated statements of financial position, amounted to P27,436,920 and P28,440,709 as at December 31, 2025 and 2024, respectively (see Note 13).

Maturity analysis of lease payments as at December 31, 2025 and 2024 are disclosed in Note 29.

b. Market Participation Agreements (MPA)

SPI, SRHI, SPPC, LPI, MPI and MPCL each entered into separate MPAs with the Philippine Electricity Market Corporation (PEMC) to satisfy the conditions contained in the Philippine WESM Rules on WESM membership and to set forth the rights and obligations of a WESM member.

The relevant parties in each of the MPAs acknowledged that PEMC was entering into the agreement in its capacity as both governing arm and autonomous group market operator of the WESM, and that in due time the market operator functions shall be transferred to an independent market operator (IMO) pursuant to RA No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" (EPIRA). The parties further agreed that upon such transfer, all rights, obligations and authority of PEMC under the MPA shall also pertain to the IMO and that all references to PEMC shall also refer to such IMO.

Upon the initiative of the Department of Energy (DOE) and PEMC, Independent Electricity Market Operator of the Philippines (IEMOP) was incorporated and assumed the functions and obligations as the market operator of the WESM commencing on September 26, 2018. Consequently, SPI, SRHI, SPPC, LPI, MPI and MPCL each entered into separate Supplemental MPAs with PEMC and IEMOP for the transfer of rights of the market operator to IEMOP. SMGP Kabankalan, SMGP BESS, MPGC and Excellent Energy Resources Inc. (EERI) also entered into separate MPAs with IEMOP and PEMC upon commencement of their commercial operations.

Under the WESM Rules, the cost of administering and operating the WESM shall be recovered through a charge imposed on all WESM members or transactions, as approved by the ERC. Market fees charged by IEMOP to the relevant subsidiaries, recognized as part of “Plant operations and maintenance, and other fees” under “Cost of power sold” account in the consolidated statements of income, amounted to P1,248,923, P1,102,372 and P372,095 in 2025, 2024 and 2023, respectively (see Note 23).

MPCL and LPI each has a guarantee, in the form of surety bond or standby letter of credit, to secure the full and prompt performance of obligations for its transactions as a Direct Member and trading participant in the WESM, which is valid until July 21, 2026 and October 24, 2026, respectively.

c. PSAs and RSCs

SPI, SPPC, SRHI, MPI, LPI, MPCL, MPGC and EERI have offtake contracts such as PSAs and RSCs with various counterparties to sell electricity produced by the power plants. Counterparties for PSAs include DUs, electric cooperatives, third party Retail Electricity Suppliers (RES) and other entities.

Counterparties for RSCs are contestable customers, or large industrial users which have been certified contestable by the ERC.

Majority of the consolidated sales of the Group are through long-term offtake contracts, which may have provisions for take-or-pay, passing on fuel costs, foreign exchange differentials or certain other fixed costs and minimum offtake level. Most of the agreements provide for renewals or extensions subject to mutually agreed terms and conditions by the parties and applicable rules and regulations. Tariff structures vary depending on the customer and their needs, with some having structures based on energy-based pricing or capacity-based pricing.

For capacity-based contracts, the customers are charged with the capacity fees based on the contracted capacity plus the energy fees for the associated energy taken during the month. As stipulated in the contracts, energy-based contracts on the other hand, are based on the actual energy consumption of customers using the basic energy charge and/or adjustments.

SPI, SPPC, SRHI, MPI, LPI, MPCL and MPGC can also purchase power from WESM or other power generation companies during periods when power generated from the power plants is not sufficient to meet the customers’ power requirements. Power purchases amounted to P23,256,960, P29,664,574 and P25,249,742 in 2025, 2024 and 2023, respectively (see Note 23).

The Group regularly participates in competitive selection process (CSPs) to contract its capacity. In a CSP conducted by Meralco on January 5 and January 23, 2024, EERI, MPGC and SPPC emerged as winning bidders for the supply of 2,700 MW out of the 3,000 MW power requirement of Meralco with 1,200 MW, 300 MW and 1,200 MW in offered capacities, respectively, for a term of 15 years. With the issuance by the ERC of a Notice of Resolution on December 10, 2024 providing for the approval of the PSA of EERI, Unit 1 and Unit 2 of the Batangas Combined Cycle Power Plant (BCCPP) were declared operational in December 2024 and January 2025, respectively, for the supply of 400 MW each to Meralco. SPPC on the other hand, commenced supply to Meralco in June 2024. The PSA of MPGC with Meralco commenced in June 2025 after securing the approval of ERC.

On March 20, 2024, LPI also executed a PSA with Meralco, pursuant to a CSP conducted on February 26, 2024, for an interim supply of 400 MW baseload power requirement which took effect starting in August 2024 until February 2025.

On July 31, 2024, Meralco awarded in favor of SRHI a PSA for the supply of 340 MW (net) renewable energy mid-merit supply capacity to be sourced from the San Roque Hydroelectric Power Plant for a term of 10 years which commenced in September 2025.

In another CSP conducted by Meralco on August 28, 2024, MPCL emerged as the winning bidder to supply 500 MW out of the 600 MW baseload power requirement of Meralco for a term of 15 years. The PSA commenced in August 2025.

Retail sales to contestable customers, recognized as part of “Revenues” account in the consolidated statements of income, amounted to P26,271,126, P25,712,433 and P21,047,120 in 2025, 2024 and 2023, respectively (see Notes 5 and 22).

d. ASPA

- i. On May 2, 2023, MPCL entered into an ASPA with NGCP for a period of 5 years to allocate the 8 MWh capacity of the Masinloc Phase 1 BESS as contingency reserve. On August 15, 2023, the ERC granted provisional authority to MPCL for the implementation of the ASPA which commenced on September 9, 2023.
- ii. On May 6, 2021, SMGP Kabankalan entered into an ASPA with NGCP for a period of 5 years commencing on January 26, 2022, allocating its 20 MWh Kabankalan 1 BESS to provide ancillary services to the Visayas grid based on the Provisional Authority granted by the ERC (see Note 12).
- iii. On May 2, 2023, SMGP BESS entered into several ASPAs with NGCP for its 330 MWh BESS located in various sites nationwide, to provide ancillary services for a period of 5 years, of which 220 MWh and 110 MWh commenced operations in 2023 and March 2024, respectively, following the Provisional Authority granted by the ERC for the implementation of the relevant ASPA.

Revenue from ancillary services of MPCL, SMGP Kabankalan and SMGP BESS, recognized as part of “Revenues” account in the consolidated statements of income, amounted to P5,819,989, P8,071,539 and P2,852,341 in 2025, 2024 and 2023, respectively (see Notes 5 and 22).

e. Coal Supply Agreements

SPI, MPI, LPI, MPCL and MPGC have supply agreements with various coal suppliers for the coal requirements of the power plants.

f. LNG Supply Agreements

SPPC and EERI have supply agreements with various LNG suppliers for the natural gas requirements of the Ilijan Power Plant and the BCCPP.

g. Engineering, Procurement, and Construction (EPC) Contracts

MPCL and SMGP BESS have EPC agreements with various third party contractors for the ongoing construction of its respective power plants and BESS projects.

h. Distribution Wheeling Service (DWS) Agreements

As RES, LPI and MPCL each entered into DWS Agreements with certain DUs for the conveyance of electricity through its distribution systems in order to supply the power requirements of their respective contestable customers. The agreements are valid and binding upon execution unless terminated by either party.

The DWS charges from the DUs are passed on to the contestable customers who have opted for a single billing arrangement as provided in the ERC Supplemental Switching Rules.

i. Agreement for the use of LNG Terminal

On May 26, 2023, SPPC entered into a Novation Agreement with SMCGP Transpower. This agreement involved the transfer and assignment to SPPC of all the rights and obligations held by SMCGP Transpower under its Terminal Use Agreement (TUA) with Linseed Field Corporation (LFC) dated April 11, 2022.

EERI, LFC, and SPPC, entered into an Amendment Agreement dated October 22, 2024 wherein EERI was made a party to the TUA and shall have the same rights, obligations, and liabilities granted to SPPC under the TUA.

j. Lease Agreements

Group as Lessee

Information about significant leases for which the Group is a lessee that qualifies under PFRS 16, *Leases* are as follows:

i. Land Lease Agreement with PSALM

SPPC

On April 4, 2022, SPPC entered into a long-term lease agreement with PSALM for parcels of land with an aggregate area of 242,445.50 square meters. The leased premises shall be used for the operation, management, expansion and maintenance of the Ilijan Power Plant. The lease term is for a period of 25 years, which commenced upon the expiration of the IPPA Agreement between PSALM and SPPC in June 2022, and is subject to renewal upon mutual agreement of both parties.

Subsequently, upon the request of SPPC, PSALM issued a certification for the inclusion in the lease agreement of certain parcels of land, with an aggregate area of 24,116 square meters, where the Ilijan switchyard is located.

In 2022, SPPC paid in advance the total lease charges amounting to P1,822,903 covering the entire leased premises and whole duration of the lease term.

On April 17, 2023, SPPC paid a consent fee amounting to P104,197 to PSALM for the planned lease of 37,870 square meters of land to NGCP.

On July 26, 2024, an agreement was executed with PSALM for the purchase by SPPC of a portion of the leased premises, with an area of 258,701 square meters, for a total consideration of P1,209,572 (inclusive of the unamortized balance of the advance rental paid in 2022). Consequently, the total area covered by the long-term lease agreement was reduced to 7,860.50 square meters.

SPI

On October 25, 2024, SPI entered into a long-term lease agreement with PSALM covering certain parcels of land with an aggregate area of 2,887,329 square meters. The leased premises shall be used for the operation, management, expansion and maintenance of the Sual Power Plant. The lease term is for 25 years commencing in October 2024, upon expiration of the IPPA Agreement between SPI and PSALM, and is subject to renewal upon mutual agreement of both parties.

The total lease charges, covering the entire leased premises and whole duration of the lease term, was fully paid in advance by SPI in October 2024 and in March 2025 for P277,048 and P6,459,228, respectively.

MPCL

MPCL has an existing lease agreement with PSALM covering certain parcels of land, with an area 183,747 square meters, located in Barangay Bani, Masinloc, Zambales. The lease agreement includes an assignable option in favor of MPCL to purchase the leased premises and will expire on April 11, 2028.

- ii. In November 2015, LPI leased parcels of land from New Ventures Realty Corporation (NVRC), an entity under common control, for its Phase I Limay Greenfield Power Plant and ash dump facility. This is covered by two lease agreements, each having an initial term of 25 years with an option to renew further for 25 years. The agreements contain a clause allowing annual escalation adjustments of rental rates starting on certain anniversary dates.
- iii. On December 7, 2015, Lumiere Energy Technologies Inc. (LETI), a wholly-owned subsidiary, leased a parcel of land from NVRC for its Phase II Limay Greenfield Power Plant for a period of 25 years from the effective date with an option to renew this lease for another 25 years. The rent shall be increased annually by 6.0% starting from the second anniversary of the lease execution. The lease agreement was assigned to LPI pursuant to the sale of the Phase II Limay Greenfield Power Plant on June 22, 2017.
- iv. In 2016, MPI entered into an agreement with Kyron Landholdings Inc. (KLI), an entity under common control, for the sublease of a parcel of land for its Davao Greenfield Power Plant. The initial term of the sublease is for a period of 25 years with the option to renew further for 25 years. Beginning January 1, 2018 until the end of the term, the rental shall be increased by 5.1% per annum. In 2020, an amendment was made to the agreement reducing the parcel of land to 919,820 square meters. In 2024, such agreement was deemed terminated following the acquisition by MPI of the subleased parcel of land (see Note 25).

- v. On December 13, 2017, LPI leased a foreshore area aggregating to 465,967 square meters from the Department of Environment and Natural Resources (DENR) for its pier and jetty facility. The lease is for a period of 25 years with an option to renew for another 25 years. The agreement contains a clause to increase annual rental based on appraised value of land and improvements every 10 years.
- vi. On March 7, 2017, LPI leased a parcel of land with approximate area of 66,000 square meters from PNOC Alternative Fuels Corporation for the construction of auxiliary facilities of the Limay Greenfield Power Plant. The lease is for a period of 25 years with an option to renew for another 25 years. The agreement contains a clause to increase the annual rental by 3% and every 5 years, the amount equivalent to 5% of the re-appraised value shall be the new rental rate.
- vii. On May 5, 2023, February 8, 2023 and October 3, 2018, MPI leased a foreshore area with approximate total area of 81,025 square meters, 18,784 square meters and 68,779 square meters, respectively, from the DENR for its pier and jetty facility. The lease is for a period of 25 years with an option to renew for another 25 years. The agreement contains a clause to increase annual rental based on appraised value of land and improvements every 10 years.
- viii. On December 5, 2019, MPGC leased a total of 1,654,400 square meters of land from E-Fare Investment Holdings Inc. (E-Fare), an entity under common control, for a period of 24 years and 6 months from the effective date with an option to renew this lease for another 25 years. The agreement contains a clause to increase annual rental by 5% starting from the first anniversary of the effective date.

On February 2, 2024, MPGC executed a supplemental agreement with E-Fare reducing the leased area to 1,604,400 square meters.

On December 2, 2024, MPGC executed a second supplemental agreement with E-Fare reducing the leased area to 622,790 square meters. The agreement includes a clause providing that the monthly rental shall increase by 3% on every third anniversary of the effective date.

On July 15, 2025, MPGC executed a third supplemental agreement with E-Fare revising the start date of increased rental from 3 months to 6 months counted from ERC approval and commencement of supply to Meralco (see Note 25).

- ix. On January 6, 2020, MPGC leased a total of 115,996 square meters of land from E-Fare for a period of 24 years and 5 months from the effective date with an option to renew for another 25 years. The rent shall be increased annually by 5% starting from the third anniversary of the effective date.

On December 2, 2024, MPGC executed a supplemental agreement with E-Fare increasing the leased area to 126,213 square meters. The agreement includes a clause providing that the monthly rental shall increase by 3% on every third anniversary of the effective date.

On July 15, 2025, MPGC executed a second supplemental agreement with E-Fare revising the start date of the increased rental from 3 months to 6 months counted from ERC approval and commencement of supply to Meralco.

- x. On December 2, 2024, MPGC leased a total of 6,787,395 square meters of land from E-Fare for a period of 25 years from the effective date with an option to renew this lease for another 25 years. The agreement includes a clause providing that the monthly rental shall increase by 3% on every third anniversary of the effective date. Rental payments started on December 2025.

On July 15, 2025, MPGC executed a supplemental agreement with E-Fare revising the effective date from 3 months to 6 months counted from ERC approval and commencement of supply to Meralco.

- xi. In February 2020, SMGP BESS has entered into an agreement with KLI for the sublease of a parcel of land for its BESS facilities. The initial term of the sublease is for a period of 18 years and 4 months with the option to renew further for 25 years. Beginning January 1, 2021 until the end of the term, the rental shall be increased by 5.1% per annum. This sublease agreement was novated from KLI to MPI in 2025 following the acquisition by MPI of the subleased parcel of land.
- xii. In 2021, EERI leased a total of 390,829 square meters of land for its BCCPP from Ilijan Primeline Industrial Estate Corp. (IPIEC), for a period of 25 years from the effective date with an option to renew further for 25 years. Beginning the fourth anniversary of the effective date, the rental shall be increased by 5% per annum.

In April 2023, the Parent Company acquired 100% ownership interest in IPIEC.

- xiii. In 2022, 2021 and 2020, SMGP BESS leased parcels of land, with approximate total area of 17,145 square meters, 43,594 square meters and 133,259 square meters, respectively, from various third parties for the construction of its BESS facilities. The initial terms of the leases range for a period of 10 to 25 years with the option to renew further for 10 to 25 years, as may be applicable. For lease agreements with escalation clause, the rental shall be increased by 5% or 10% per annum, until the end of the term.

In 2024, SMGP BESS reported a gain on lease modification as a result of the decrease in the leased area for various BESS sites (see Note 25).

- xiv. In 2021, MPGC leased a total of 47,772 square meters of land from the Authority of Freeport Area of Bataan (AFAB) for the construction and development of a transmission line for a period of 25 years with an option to renew and extend. The terms of agreement include an option for MPGC to pay the total rental in full for the entire period.
- xv. On March 23, 2022, Grand Planters International, Inc. (GPIL), a wholly-owned subsidiary, leased a parcel of land with a total area of 2,321 square meters located in Mandaluyong City, from a third party. The lease term is for a period of 15 years from the effective date with an option to renew further for another 15 years. The rental shall be increased by 5% on the 5th anniversary of the lease agreement and on every 5th year thereafter.

- xvi. On March 14, 2022, SGLPC leased a total of 10,000,000 square meters of land for its solar power plant project in Brgy. San Luis, City of Cauayan, Isabela, from San Miguel Foods, Inc. (SMFI), an entity under common control, for a period of 25 years from the effective date with an option to renew further for 25 years. The rental shall be increased by 5% per annum on each anniversary after the 24-month lease free period and 1 year thereafter.
- xvii. On January 19, 2022, , SGLPC executed a lease agreement with Ruzena Estates Development Corporation (REDC), an entity under common control, as amended on February 5, 2024, for the lease of a total area of 1,579,969.41 square meters of land for its solar power plant project in Mariveles, Bataan. The lease term is for 25 years, with option to renew further for 25 years, commencing upon receipt by REDC of the AFAB approval on January 13, 2023. The rental shall be increased by 5% per annum on each anniversary.

On April 1, 2025, SGLPC executed an amendment to the land lease agreement with REDC reducing the leased area to 1,575,744.41 square meters (see Note 25).

- xviii. On June 24, 2025, SGLPC executed a lease agreement with SMFI for the lease of a total area of 2,432,175 square meters of land for its solar power plant project in Brgy. Ibabang Polo, Pagbilao, Quezon, for a period of 27 years from the effective date with an option to renew for further 25 years. The rental shall be increased by 5% per annum on each anniversary after the 24-month lease free period.
- xix. In 2021, the Parent Company entered into a lease agreement with Mabini Properties, Inc., an entity under common control, for the use of office and parking spaces for a term of 5 years, with an option to renew upon mutual agreement of both parties. The agreement contains a clause to increase annual rental by 3% starting from the first anniversary of the effective date.

The Group's land and office space under lease arrangements, presented under "Right-of-use assets" account in the consolidated statements of financial position, amounted to P19,842,059 and P13,682,624 as at December 31, 2025 and 2024, respectively (see Note 13).

The Group also entered into various lease agreements that did not qualify under PFRS 16 for the recognition of right-of-use assets and lease liabilities due to the lease being short-term in nature.

SPI and MPCL had short-term lease agreements with Challenger Aero Air Corporation, an entity under common control, for the lease of aircrafts, which expired on December 31, 2025, with an option to renew upon mutual agreement of both parties. Both leases did not qualify under PFRS 16 as these were short-term in nature.

Relative to the lease agreements, the Group was required to pay advance rental and security deposits which are included under "Trade and other receivables - net" or "Prepaid expenses and other current assets" accounts in the consolidated statements of financial position (see Notes 8 and 10).

Maturity analysis of lease payments as at December 31, 2025 and 2024 are disclosed in Note 29.

Interest expense recognized in the consolidated statements of income amounted to P735,915, P158,838 and P126,698 in 2025, 2024 and 2023, respectively.

Rent expense recognized in the consolidated statements of income amounted to P381,249, P427,657 and P365,651 in 2025, 2024, and 2023, respectively (see Notes 19, 23 and 24).

Total cash outflows relating to the Group's lease liabilities amounted to P11,072,519, P19,804,022 and P21,526,735 in 2025, 2024 and 2023, respectively.

Group as Lessor

Information about significant leases for which the Group is a lessor that qualifies under PFRS 16 are as follows:

- i. On June 20, 2017, NVRC assigned the leasehold rights, over its leased property from GPII located in Limay, Bataan with a total area of 130,980 square meters, to Petron Corporation (Petron). On October 25, 2021, GPII and Petron agreed to adjust the existing lease rates and further extend the lease term for another 10 years. Subsequently, the leased area was reduced to 115,233 square meters effective February 12, 2024.
- ii. On April 5, 2021, the IPIEC leased a parcel of land with a total area of 160,079 square meters to LFC, for a period of 25 years from April 5, 2021 to April 1, 2046. On September 22, 2021, both parties executed a supplementary agreement to increase the leased area to 162,915 square meters. On April 5, 2022, both parties executed another supplementary agreement to further increase the leased area to 170,977 square meters.
- iii. On April 10, 2025, SGLPC entered into an agreement with LSI, an entity under joint control by SGLPC and its partner, to sublease the entire property being leased from REDC. The initial term of the sublease is for a period of 25 years with the option to renew for a further 5 years. Beginning January 1, 2026 and every 1st day of each year thereafter, the monthly rental shall be increased by 2.5%.

There are no restrictions imposed on these lease agreements such as those concerning dividends, additional debt and further leasing.

Rent income recognized in the consolidated statements of income amounted to P192,341, P98,050 and P83,640 in 2025, 2024 and 2023, respectively (see Notes 19 and 25).

The future minimum lease receipts under non-cancellable operating leases are as follows:

	2025	2024
Within one year	P180,788	P89,733
More than one to five years	727,723	356,095
More than five years	4,414,401	1,433,746
	P5,322,912	P1,879,574

7. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	<i>Note</i>	2025	2024
Cash in banks and on hand		P42,747,132	P27,206,205
Short-term investments		58,751,238	40,661,206
	29, 30	P101,498,370	P67,867,411

Cash in banks earn interest at prevailing bank deposit rates. Short-term investments include demand deposits which can be withdrawn at any time depending on the immediate cash requirements of the Group and earn interest at short-term investment rates.

Interest income from cash and cash equivalents amounted to P3,199,180, P609,733, and P334,862 in 2025, 2024, and 2023, respectively.

8. Trade and Other Receivables

Trade and other receivables consist of:

	<i>Note</i>	2025	2024
Trade		P78,488,797	P101,798,812
Non-trade	11, 15	12,293,775	11,504,874
Amounts owed by related parties	11, 15, 19	6,400,222	7,447,364
	6	97,182,794	120,751,050
Less allowance for impairment losses		6,366,364	4,867,019
	29, 30	P90,816,430	P115,884,031

Trade and other receivables are non-interest bearing, unsecured and are generally on a 30-day term or an agreed collection period. The balance of trade receivables is inclusive of VAT on the sale of power collectible from customers.

The movements in the allowance for impairment losses are as follows:

	<i>Note</i>	2025	2024
Balance at beginning of year		P4,867,019	P2,665,606
Impairment losses during the year	24	1,904,091	2,145,703
Reversal during the year	24	-	(5,081)
Deconsolidation of subsidiaries and others	11, 25	(404,746)	60,791
Balance at end of year		P6,366,364	P4,867,019

Impairment losses recognized in the consolidated statements of income under "Selling and administrative expenses" account amounted to P1,904,091, P2,145,703, and P60,714 in 2025, 2024 and 2023, respectively (see Note 24). In 2024, certain trade receivables were collected and the related allowance for impairment losses recognized in prior years were reversed accordingly.

Non-trade receivables include the following:

- a. Due from PSALM amounting to US\$60,000 which pertains to SPPC's performance bond pursuant to the Ilijan IPPA Agreement that was drawn by PSALM on September 4, 2015. The validity of PSALM's action was the subject of a case filed by SPPC with the Regional Trial Court (RTC) of Mandaluyong City which was later ruled in favor of SPPC on June 13, 2025. PSALM filed an appeal to this decision before the Court of Appeals which remains pending to date (see Note 32). In January 2025, this receivable from PSALM was transferred by SPPC to the Parent Company pursuant to an agreement executed by both parties (see Note 11).
- b. Receivables recognized by Albay Power and Energy Corp., a wholly-owned subsidiary, from Albay Electric Cooperative, Inc. amounting to P1,641,132 as at December 31, 2025 and 2024, following the termination of the Concession Agreement on November 21, 2022. As at December 31, 2025, the said receivable has been fully provided with allowance.
- c. SPI's receivables recognized for WESM transactions as well as the cost of fuel, market fees and other charges related to the dispatch of the excess capacity of the Sual Power Plant.

On March 5, 2022, SPI entered into a Settlement Agreement with Team (Philippines) Energy Corporation (TPEC) and Team Sual Corporation (TSC) that aimed to resolve all pending disputes on the dispatch of the excess capacity of the Sual Power Plant, including the claims of TPEC and SPI on historic imbalances arising from WESM transactions, cost of fuel, market fees and other charges. Pursuant to said agreement, SPI, TPEC and TSC have agreed to cause the dismissal of all ongoing cases and settle the historic imbalances and the corresponding amounts claimed relative to the excess capacity of the Sual Power Plant (see Note 32) in 5 equal annual installments from 2022 up to 2026.

As at December 31, 2024, the receivables recognized by SPI in accordance with the Settlement Agreement amounted to P1,102,946, with noncurrent portion amounting to P549,128, presented as part of "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).

On February 25, 2025, the parties agreed to fully settle all pending obligations under the Settlement Agreement through the prepayment of the remaining balance of P1,148,948 (inclusive of interest income amounting to P46,002). Such amount was collected in full from TPEC on March 3, 2025.

- d. On June 16, 2011, SPI entered into a MOA with Hardrock Coal Mining Pty Ltd. (HCML) and Caason Investments Pty Ltd. (Caason), companies registered in Australia, for the acquisition of shares in HCML. SPI paid Caason Australian dollars 12,000 (equivalent to P550,000), for an option to subscribe to the shares in HCML (the "Deposit"), with further option for SPI to decide not to pursue its investment in HCML, which will result in the return of the Deposit to SPI plus interest. In a letter dated July 15, 2011, SPI notified Caason and HCML that it shall not pursue the said investment and therefore asked Caason and HCML for the return of the Deposit with corresponding interest (the "Amount Due"), pursuant to the terms of the MOA.

On September 2, 2014, SPI, HCML and Caason agreed to a schedule of payment of the outstanding amount due to SPI. In January 2020, the same parties entered into a Deed of Arrangement.

As at December 31, 2025 and 2024, the total outstanding receivable from HCML amounting to P343,890, has been fully provided with allowance.

- e. Receivables from a third party amounting to P240,000 as at December 31, 2025 and 2024, for the sale of Strategic Energy Development Inc. (SEDI) in 2022.
- f. LPI made advances for the construction of transmission assets on behalf of NGCP. The reimbursement shall take place after full payment and proper turnover of the transmission assets to NGCP.
- g. The remaining balance mainly pertains to billings for demurrage charges, refundable security deposit for bid purposes, reimbursable charges from third parties, and receivables from customers which will be remitted to the Government upon collection.

9. Inventories

Inventories at cost consist of:

	<i>Note</i>	2025	2024
Materials and supplies		P5,777,103	P5,992,159
Coal	6	5,420,569	5,695,799
Fuel oil	19	269,906	817,604
LNG	6	-	1,585,329
Other consumables		228,286	235,492
		P11,695,864	P14,326,383

There were no inventory write-downs to net realizable value in 2025, 2024 and 2023. Inventories charged to cost of power sold amounted to P53,734,249, P101,763,922, and P86,906,429 in 2025, 2024 and 2023, respectively (see Note 23).

10. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of:

	<i>Note</i>	2025	2024
Input VAT		P13,578,855	P26,053,480
Prepaid taxes		11,696,900	15,362,120
Restricted cash	15, 29, 30	9,875,103	3,861,546
Advances to suppliers		278,496	5,686,312
Other prepaid expenses	19	813,104	597,866
		P36,242,458	P51,561,324

Input VAT consists of VAT on purchases of goods and services which can be offset against the output VAT payable (see Note 17).

Prepaid taxes consist of local business taxes and permits, creditable withholding taxes and excess tax credits which can be used as a deduction against future income tax payable.

Advances to suppliers mainly pertain to advance payments for inventories of the Group.

Restricted cash pertains to funds maintained in various financial institutions: (a) as cash flow waterfall accounts required under the respective credit facilities of SMGP BESS, LPI, MPI, MPGC, and MPCL, (b) as environmental guarantee fund for remittance to the DENR, and (c) as financial benefits to host communities, as required by law (see Notes 15 and 18).

The methods and assumptions used to estimate the fair values of restricted cash are discussed in Note 30.

Other prepaid expenses mainly pertain to the following:

- a. Prepaid insurance of the Group for power plants amounted to P530,208, and P234,162 as at December 31, 2025 and 2024, respectively.
- b. Prepaid rent of the Group from various short-term lease agreements amounted to P103,533, and P41,561 as at December 31, 2025 and 2024, respectively (see Note 6).
- c. Prepaid legal and financial advisory fees relating to the Group's financing activities and prepayments of various operating expenses.

11. Investments and Advances

Investments and advances consist of:

	2025	2024
Investments in Shares of Stock of Associates and Joint Ventures - at Equity		
Acquisition Cost		
Balance at beginning of year	P8,124,208	P8,122,208
Additions	12,280,455	2,000
Fair value of remaining interests in the deconsolidated subsidiaries	52,706,102	-
Balance at end of year	73,110,765	8,124,208
Accumulated Equity in Net Losses (Earnings)		
Balance at beginning of year	2,535,654	3,045,558
Equity in net earnings during the year	(9,316,954)	(564,627)
Share in other comprehensive loss (income) during the year	(1,680)	(5,535)
Adjustment to share in other comprehensive losses in prior year	189	1,206
Adjustment to equity in net losses in prior year	2,786	59,052
Dividends	355,032	-
Share in movement in equity reserves during the year	11,455,708	-
Balance at end of year	5,030,735	2,535,654
	68,080,030	5,588,554
Financial Assets at FVOCI	26,757,446	-
Advances for Investments	20,987,813	14,307,033
	P115,825,289	P19,895,587

Investments in Shares of Stock of Associates

a. FPSP (Holdings) Corp. (FPSP)

On December 19, 2024, the Parent Company acquired 40% equity interest in FPSP for a total consideration of P2,000. A foreign corporation holds the remaining equity interest in FPSP and exercises control thereon.

FPSP is a holding company with 100% ownership interests in Pan Pacific Renewable Power Phils. Corp. (PPRPPC), a company incorporated in the Philippines and primarily engaged in exploration, development and generation of energy such as but not limited to geothermal sources of heat and power, hydro-electric power resources, wind and solar energy, as well as the development, acquisition and generation of conventional sources of energy.

In June 2025, the DOE awarded PPRPPC, as among the winning bidders in the third auction round of the Green Energy Auction Program (GEAP, GEA-3) conducted in February 2025, for its offered aggregate capacity of 2,300 MW pump storage hydropower and impounding hydropower projects across 3 facilities in Luzon that are to be completed between 2030 and 2031.

b. SPPC, EERI, IPIEC and LFC

On March 1, 2024, MGen and Therma NatGas Power, Inc. (TNGP, a subsidiary of Aboitiz Power Corporation [AboitizPower]), through their jointly owned entity, Chromite Gas Holdings Inc. (CGHI), entered into binding agreements with the Parent Company and its relevant subsidiaries, for MGen and TNGP to jointly invest for a 67% equity interest in the Parent Company's gas-fired power plants, namely (i) the brownfield 1,278 MW Ilijan Power Plant owned by SPPC, (ii) the greenfield 1,320 MW BCCPP owned by EERI, and (iii) land owned by IPIEC where the gas-fired power plant and related facilities of EERI as well as the Batangas LNG Terminal are located.

The transaction also involved the acquisition of LFC by CGHI and the Parent Company. LFC is the owner of the Batangas LNG Terminal, which receives, stores and processes LNG to fuel SPPC's Ilijan Power Plant and for EERI's BCCPP.

The transaction had a customary closing conditions and was issued the requisite regulatory approvals, including the review and approval of the Philippine Competition Commission (PCC). On May 17, 2024, Top Frontier filed its application for the approval of the transaction with the PCC. On December 23, 2024, the PCC publicly disclosed its approval of the acquisition of power facilities and Batangas LNG Terminal by MGen, TNGP and the Parent Company, subject to certain commitments from the parties aimed at ensuring fair competition and promoting transparency in the power industry.

On January 27, 2025, the Parent Company completed the following transactions (collectively, the "Chromite Transaction") pursuant to the agreements executed on March 1, 2024 with CGHI:

- Investment by CGHI of 67% equity interests in: (i) SPPC, (ii) EERI, and (iii) IPIEC.

As a result of this transaction, the Parent Company's equity interests in SPPC, EERI and IPIEC were diluted from 100% to 33%, thereby resulting to a loss of control and deconsolidation of the assets and liabilities of the three subsidiaries from the books of the Parent Company, and the recognition of the 33% equity interests retained in SPPC, EERI and IPIEC at their fair market values totaling to P52,706,102, classified as "Investments in shares of stock of associates and joint ventures" under "Investment and advances - net" account in the consolidated statement of financial position as at December 31, 2025, and the resulting revaluation gain of P21,933,046, included as part of "Other income (charges) - net" account, in the consolidated statement of income for the year ended December 31, 2025 (see Note 25).

The following summarizes the derecognized accounts at the deconsolidation date:

Current assets	P62,419,630
Noncurrent assets	99,364,389
Current liabilities	(71,747,551)
Noncurrent liabilities	(59,263,412)
Net assets	P30,773,056

- Acquisition by CGHI and the Parent Company of 67% and 32.98% equity interests, respectively, in LFC.

Total consideration paid by the Parent Company for the acquisition of 32.98% equity interests in LFC amounted to P4,340,406, classified as “Investments in shares of stock of associates and joint ventures” under “Investment and advances - net” account in the consolidated statement of financial position as at December 31, 2025.

Subsequently, SPPC, EERI, and IPIEC redeemed and paid their respective redeemable preferred shares issued to the Parent Company, in cash totaling to P78,717,390. Moreover, SPPC assigned certain receivables and payables, with a carrying value of P8,232,942 and P1,888,854, respectively, to the Parent Company as part of the consideration for the redemption. Consequently, the Parent Company recognized a net gain on investments in equity instruments amounting to P22,262,022 (net of tax amounting to P688,117), presented under “Net gain on financial assets at fair value through other comprehensive income” account in the consolidated statement of comprehensive income and under the “Retained earnings” account in the consolidated statement of changes in equity for the year ended and as at December 31, 2025.

For the year ended December 31, 2025, the Group recognized share in net earnings of EERI, SPPC, IPIEC and LFC amounting to P8,707,952, presented under “Equity in net earnings of associates and joint ventures - net” account in the consolidated statement of income.

In 2025, the Parent Company recognized additional investments to its associates amounting to P7,929,061 in accordance with its relevant agreements.

Investments in Shares of Stock of Joint Ventures

a. AHC and KWPP

The Parent Company, through PVEI, and Korea Water Resources Corporation (K-water) entered into a joint venture for the acquisition, rehabilitation, operation and maintenance of the 218 MW Angat Hydroelectric Power Plant (Angat Power Plant) awarded by PSALM to K-water.

On November 18, 2014, PVEI acquired from the individual stockholders and K-water, 2,817,270 shares or 60% of the outstanding capital stock of AHC and from the individual stockholders, 75 shares representing 60% of KWPP's outstanding capital stock.

Subsequently, AHC and KWPP each issued shares in favor of nominee directors of PVEI and K-water to complete their respective shareholding interest.

AHC was incorporated on November 15, 2013 and was created to engage in the operations and maintenance of the Angat Power Plant and to supply power generated to power corporations and to electric utilities, to import hydro-electric facilities and equipment, and to do all acts necessary and incidental thereto, in accordance with RA No. 9136.

KWPP was incorporated on November 27, 2013 and was established for the purpose of acquiring, holding or leasing water and flowage rights.

b. LSI

On June 28, 2024, the Parent Company through its subsidiary, SGLPC, signed an agreement with Citicore Renewable Energy Corporation (CREC) for a 130.005 megawatts alternating current (MWac) peak solar power plant to be constructed in Barangay Lucanin, Mariveles, Province of Bataan, that is expected to be completed in 2027. The solar power plant to be owned by a wholly-owned subsidiary of SGLPC, LSI, shall be located in a property with an area of approximately 158 hectares owned by an affiliate. Upon commencement of operations, all capacity to be generated by the solar power plant shall be supplied to the Group or any of its affiliates under long-term energy supply contracts.

LSI was incorporated in the Philippines and registered with the Philippine SEC on August 9, 2024 primarily to carry on the business of producing, generating and storing electricity and processing fuels alternatives for the power generation.

On May 21, 2025, CREC subscribed to 105,560 common shares of LSI at a subscription price of P100.00 per share or for a total subscription amount of P10,556. As a result of the subscription, CREC now owns 49% of the outstanding capital stock of LSI while SGLPC retains 51% equity interest in the same.

The details of the Group's material investments in shares of stock of associates and joint ventures which are accounted for using the equity method are as follows:

	December 31, 2025						Total
	SPPC, EERI, IPIEC and LFC						
	Philippines	AHC	OEDC	IASCO	Others	Philippines	
Country of Incorporation							Philippines
Percentage of Ownership	33%	60%	35%	50%			Philippines
Share in net income (loss)	P8,707,952	P497,408	P7,326	P77,153	P27,115	P9,316,954	
Share in other comprehensive income (loss)	-	(1,503)	1,672	-	1,511	1,680	
Share in total comprehensive income (loss)	8,707,952	495,905	8,998	77,153	28,626	9,318,634	
Share in movement in equity reserves	(11,455,708)	-	-	-	-	(11,455,708)	
Dividends received	-	-	-	(355,032)	-	(P355,032)	
Carrying amounts of investments in shares of stock of associates and joint ventures	P57,578,486	P5,165,545	P265,208	P314,537	P4,756,254	P68,080,030	

	December 31, 2024						Total
	SPPC, EERI, IPIEC and LFC						
	Philippines	AHC	OEDC	IASCO	Others	Philippines	
Country of Incorporation							Philippines
Percentage of Ownership	60%		35%	50%			Philippines
Share in net income (loss)	P346,820	P4,577	P210,539	(P49)		P561,887	
Share in other comprehensive income (loss)	4,232	1,303	-	-	-	5,535	
Share in total comprehensive income (loss)	351,052	5,880	210,539	(49)		567,422	
Share in movement in equity reserves	-	-	-	-	-	-	
Dividends received	-	-	-	-	-	-	
Carrying amounts of investments in shares of stock of associates and joint ventures	P4,669,640	P256,210	P592,416	P70,288	P5,588,554		

The following are the condensed financial information of the Group's material investments in shares of stock of associates and joint ventures:

	December 31, 2025						Total
	SPPC, EERI, IPIEC and LFC						
	Philippines	AHC	OEDC	IASCO	Others	Philippines	
Country of Incorporation							Philippines
Percentage of Ownership	33%	60%	35%	50%			Philippines
Current assets	P76,179,614	P2,215,679	P952,530	P1,244,693	P11,926,010	P93,518,526	
Noncurrent assets	139,051,626	16,398,470	1,368,425	224,172	10,791,357	157,834,150	
Current liabilities	(47,291,074)	(383,185)	(1,583,849)	(676,202)	(5,890,734)	(7,725,045)	
Noncurrent liabilities	(27,034,735)	(11,790,627)	(26,566)	(204,692)	(3,780,858)	(43,431,583)	
Net Assets	P140,905,431	P6,440,337	P710,540	P587,971	13,045,775	P161,370,094	
Revenue	P117,352,600*	P2,699,969	(P1,842,406)	P1,996,699	P6,709,565	P117,316,467	
Net income (loss)	27,818,353*	829,013	12,974	154,306	988,671	29,703,317	
Other comprehensive income (loss)	-	(2,779)	4,708	-	5,211	2,110	
Total comprehensive income (loss)	27,818,353*	826,234	17,682	154,306	993,882	29,714,455	
Equity Reserves	(P34,714,281)*	P -	P -	P -	P -	(P34,714,281)	

	December 31, 2024						Total
	SPPC, EERI, IPIEC and LFC						
	Philippines	AHC	OEDC	IASCO	Others	Philippines	
Country of Incorporation							Philippines
Percentage of Ownership	60%		35%	50%			Philippines
Current assets	P1,338,078	P394,104	P2,029,438	P3,923	P3,923	P7,798,576	
Noncurrent assets	16,911,133	1,864,806	285,351	26,122	26,122	19,093,554	
Current liabilities	(2,011,682)	(1,336,227)	(1,372,590)	(7,249)	(7,249)	(5,035,000)	
Noncurrent liabilities	(10,623,431)	(237,782)	(28,535)	(12,642)	(12,642)	(11,002,632)	
Net Assets	P5,614,098	P684,901	P913,664	P10,154	P10,154	P7,232,870	
Revenue	P2,356,206	P2,126,629	P3,989,068	P1,199	P1,199	P6,473,202	
Net income (loss)	578,033	13,077	420,982	(65)	(65)	1,046,963	
Other comprehensive income (loss)	7,053	3,724	-	-	-	10,777	
Total comprehensive income (loss)	585,086	16,801	420,982	(65)	(65)	1,057,741	
Equity Reserves	P -	P -	P -	P -	P -	P -	

*From the Chromite Transaction date of January 27, 2025 to December 31, 2025. Equity reserves mainly pertain to effects of SPPC, EERI and IPIEC's redemption of their respective redeemable preferred shares.

Investments in Shares of Stock of Subsidiaries

MPGC

In November 2024, the BOD and stockholders of MPGC approved the increase in its authorized capital stock from P18,600,000, divided into 186,000,000 common shares with a par value of P100.00 per share, to P22,600,000, divided into 226,000,000 common shares with a par value of P100.00 per share from which the Parent Company subscribed to an additional 39,729,608 common shares at a subscription price of P100.00 per share or a total subscription amount of P3,972,961. MGen and Zygnnet waived their rights to subscribe to their pro-rata share in favor of the Parent Company. The increase in authorized capital stock of MPGC was approved by the Philippine SEC on July 21, 2025.

Following the subscription and securing the regulatory approval, the Parent Company's ownership interest in MPGC further increased from 94.55% to 95.51% while the non-controlling interests held by MGen and Zygnnet were reduced from 5.24% to 4.31% and from 0.21% to 0.18%, respectively, as at December 31, 2025.

Financial Assets at FVOCI

Financial assets at FVOCI, amounting to P26,757,446 as at December 31, 2025, pertain to the following investments in shares of stocks carried at fair value (see Note 4):

a. Common shares of Meralco

By virtue of a Deed of Absolute Sale of Shares which contained the terms and conditions mutually determined by and acceptable to both parties and conformably with the decision of Court of Appeals, the Parent Company purchased on various dates through the PSE, a total of 46,596,596 common shares of Meralco at P90.00 per share from Land Bank of the Philippines.

As at December 31, 2025, the Meralco shares were revalued at the fair market value of P574.00 per share or for a total of P26,746,446. Consequently, the Parent Company recognized a revaluation gain of P22,417,974 (net of tax amounting to P26,746), presented under "Net gain on financial assets at fair value through other comprehensive income" account in the consolidated statement of comprehensive income for the year ended December 31, 2025.

The Parent Company recognized dividend income amounting to P501,427, from its investment in Meralco shares, included as part of "Other income (charges) - net" account in the consolidated statement of income for the year ended December 31, 2025 (see Note 25).

b. Redeemable Preferred Shares of SPPC, EERI, IPIEC and LFC

The Parent Company's investments in SPPC, EERI, IPIEC, and LFC consists of 110,000 redeemable preferred shares amounting to P11,000 as at December 31, 2025.

The salient common features of the RPS include, among others, the following: (i) redeemable at the option of the issuer at the issue price, after all dividends to which it is entitled have been fully paid, and, once redeemed, shall not be reissuable, (ii) entitled to dividends as determined by the BOD of issuer, (iii) shall have preference in the distribution of dividends/assets upon liquidation, (iv) no voting rights except on fundamental matters prescribed under Section 6 of the Revised Corporation Code, and (v) no pre-emptive right to any issue or disposition of any shares of any class of the issuer.

The Parent Company has elected to classify these investments as financial assets at FVOCI.

The methods and assumptions used to estimate the fair value of investments in equity instruments are discussed in Note 30.

Advances for Investments

The Group made deposits to certain holding companies amounting to P20,987,813 and P14,307,033 as at December 31, 2025 and 2024, respectively. These deposits will be applied against future stock subscriptions.

12. Property, Plant and Equipment

Property, plant and equipment consist of:

	Note	Power Plants	Land and Leasehold Improvements	Other Equipment	Building	CPIP	Total
Cost							
January 1, 2024		P197,100,391	P15,291,863	P8,444,101	P4,947,573	P149,927,769	P375,711,697
Additions		2,738,578	1,276,495	368,710	33,470	48,919,316	53,336,569
Reclassifications and others	13, 15	128,627,113	4,869,464	757,469	228,324	(56,747,414)	77,734,956
December 31, 2024		328,466,082	21,437,822	9,570,280	5,209,367	142,099,671	506,783,222
Additions		1,814,430	101,562	451,913	30,614	21,701,215	24,099,734
Deconsolidation of subsidiaries	11	(64,552,454)	(1,619,225)	(466,914)	(422,127)	(34,368,368)	(101,429,088)
Reclassifications, retirement and others	13, 14, 15	33,102,458	828,592	526,416	1,023,479	(32,174,276)	3,306,669
December 31, 2025		298,830,516	20,748,751	10,081,695	5,841,333	97,258,242	432,760,537
Accumulated Depreciation							
January 1, 2024		32,397,121	1,140,409	2,147,669	556,568	-	36,241,767
Depreciation		9,465,586	455,052	655,410	151,632	-	10,727,680
Reclassifications and others		-	96	27,903	-	-	27,999
December 31, 2024		41,862,707	1,595,557	2,830,982	708,200	-	46,997,446
Depreciation		13,127,731	562,449	863,655	166,793	-	14,720,628
Deconsolidation of subsidiaries	11	(4,231,395)	(8,720)	(28,729)	(36,290)	-	(4,305,134)
Reclassifications, retirement and others		(233,543)	(247)	(593)	(1,185)	-	(235,568)
December 31, 2025		50,525,500	2,149,039	3,665,315	837,518	-	57,177,372
Accumulated Impairment Losses							
January 1, 2024		-	-	244,956	-	-	244,956
Impairment	25	-	-	34,991	-	-	34,991
December 31, 2024		-	-	279,947	-	-	279,947
Impairment	25	-	-	34,991	-	-	34,991
December 31, 2025		-	-	314,938	-	-	314,938
Carrying Amount							
December 31, 2024		P286,603,375	P19,842,265	P6,459,351	P4,501,167	P142,099,671	P459,505,829
December 31, 2025		P248,305,016	P18,599,712	P6,101,442	P5,003,815	P97,258,242	P375,268,227

- a. Other equipment includes machinery and equipment, transportation equipment, office equipment and furniture and fixtures.
- b. CPIP pertains to the following:

- i. Expenditures of MPGC related to the construction of its 4 x 150 MW Circulating Fluidized Bed coal-fired power plant in Mariveles, Bataan (Mariveles Greenfield Power Plant).

Units 1, 2, 3 and 4 of the Mariveles Greenfield Power Plant were declared operational on March 28, September 26, and October 26, 2024, and January 9, 2025, respectively. Following the declarations, all CPIP costs related to all 4 generation units were reclassified to the appropriate property, plant and equipment account.

- ii. Projects of SMGP BESS for the construction of BESS facilities situated in various locations in the Philippines.

Following the start of commercial operations during the first quarter of 2024 of 3 BESS facilities located in Tarlac, Leyte and Jasaan, Misamis Oriental, and 3 additional BESS facilities in Isabela, Laguna and Tagoloan, Misamis Oriental in the first half of 2025, all CPIP costs, including directly attributable costs necessary to bring the BESS facilities to their intended use, were reclassified to the appropriate property, plant and equipment account.

Remaining BESS facilities undergoing construction are expected to be substantially completed in 2026.

- iii. Projects of MPCL for the construction of the Masinloc Power Plant Units 4 and 5, and related facilities and 20 MWh BESS.

Following the commercial operation of the 20 MWh Masinloc BESS Phase 2 in the first half of 2025, all related CPIP costs were reclassified to the appropriate property, plant and equipment account.

Remaining construction of Units 4 and 5 are expected to be substantially completed in 2026.

- iv. Project of SMGP Kabankalan for the construction of its BESS facility in Kabankalan, Negros Occidental.

Following the commercial operation of the 10 MWh Kabankalan BESS Phase 2 in the first half of 2025, all related CPIP costs were reclassified to the appropriate property, plant and equipment account.

- v. Various construction works relating to the solar and hydro power projects of SGLPC and SRHI, respectively.

On January 8, 2026, the DOE awarded SGLPC, as among the winning bidders under the fourth auction round of the GEAP (GEA-4) launched on March 29, 2025, covering its offered aggregate capacity of 2,225 MWac for solar power projects located in Luzon and Mindanao, with target completion between 2026 and 2029.

On June 9, 2025, the DOE awarded SRHI, as among the winning bidders under the third auction round of the GEAP (GEA-3) conducted in February 2025, covering its offered aggregate capacity of 1,850 MW pump storage hydropower projects located in Luzon and Visayas, with target completion between 2031 and 2035.

- c. Reclassifications in 2025 and 2024 mainly pertain to:
- i. the 1,200 MW Sual Power Plant and related facilities, which were reclassified from the “Right-of-use assets” and “Goodwill and other intangible assets - net” accounts following the expiration of its IPPA Agreement with PSALM in October 2024 and the full settlement of all obligations under the Settlement Agreement with TPEC and TSC in March 2025, and its full turnover to SPI (see Notes 6, 13 and 14);
 - ii. the portion of land where the Ilijan Power Plant is located that was previously leased by SPPC and subsequently acquired from PSALM in 2024 (see Notes 6 and 13); and
 - iii. application of advances to contractors against progress billings for ongoing capital projects (see Note 15).
- d. Depreciation of property, plant and equipment are recognized in the consolidated statements of income as follows:

	Note	2025	2024	2023
Cost of power sold	23	P13,909,945	P10,131,995	P7,959,780
Selling and administrative expenses	24	810,683	595,685	464,799
		P14,720,628	P10,727,680	P8,424,579

Total depreciation, recognized in the consolidated statements of income, include amortization of capitalized interest and decommissioning and dismantling costs amounting to P961,444, P580,530 and P267,365 in 2025, 2024 and 2023, respectively. The Group recognized impairment losses amounting to P34,991 in 2025, 2024 and 2023, and presented as part of “Other income (charges)” account in the consolidated statements of income (see Note 25).

The Group has borrowing costs amounting to P2,231,892, P3,113,142 and P1,759,105 which were capitalized in 2025, 2024 and 2023, respectively. The capitalization rates used to determine the amount of interest eligible for capitalization range from 6.16% to 7.93% in 2025, and 7.47% to 8.59% in 2024 and 2023. The unamortized capitalized borrowing costs amounted to P15,127,505 and P13,857,057 as at December 31, 2025 and 2024, respectively (see Note 18).

As at December 31, 2025 and 2024, certain property, plant and equipment amounting to P281,944,512 and P268,670,559, respectively, are pledged as security for syndicated project finance loans (see Note 18).

Certain fully depreciated property, plant and equipment with aggregate costs amounting to P9,605,871 and P6,660,416 as at December 31, 2025 and 2024, respectively, are still being used in the Group’s operations.

- e. The additions to property, plant and equipment in the consolidated statements of cash flows reflects the actual cash flow of the Group during the year. The difference against the total additions to property, plant and equipment disclosed in this note, represents noncash or unpaid portions.

13. Right-of-Use Assets

The movements in right-of-use assets are as follows:

	Note	Land	Buildings and Improvements	Power Plants	Total
Cost					
January 1, 2024		P10,536,598	P312,763	P113,398,830	P124,248,191
Additions	6	6,673,462	-	-	6,673,462
Reclassification and others	12	(2,259,025)	-	(78,935,382)	(81,194,407)
December 31, 2024		14,951,035	312,763	34,463,448	49,727,246
Additions	6	10,664,234	15,628	-	10,679,862
Deconsolidation of subsidiaries	11	(591,320)	-	-	(591,320)
Reclassification and others	6, 15	(3,865,750)	-	-	(3,865,750)
December 31, 2025		21,158,199	328,391	34,463,448	55,950,038
Accumulated Depreciation and Amortization					
January 1, 2024		1,244,275	174,626	17,853,970	19,272,871
Depreciation and amortization		123,671	62,553	3,142,960	3,329,184
Reclassification and others	12	(23,951)	-	(14,974,191)	(14,998,142)
December 31, 2024		1,343,995	237,179	6,022,739	7,603,913
Depreciation and amortization		141,282	77,530	1,003,789	1,222,601
Deconsolidation of subsidiaries	11	(63,074)	-	-	(63,074)
Reclassification and others		(92,381)	-	-	(92,381)
December 31, 2025		1,329,822	314,709	7,026,528	8,671,059
Carrying Amount					
December 31, 2024		P13,607,040	P75,584	P28,440,709	P42,123,333
December 31, 2025		P19,828,377	P13,682	P27,436,920	P47,278,979

The carrying amount of the power plants of the IPPAs under lease arrangements amounted to P27,436,920 and P28,440,709 as at December 31, 2025 and 2024, respectively (see Note 6).

The carrying amount of the land under lease arrangements of SPI and MPCL with PSALM amounted to P6,823,003 and P7,223,111 as at December 31, 2025 and 2024, respectively (see Note 6).

The combined asset retirement costs of the Group amounted to P821,042 and P346,527 as at December 31, 2025 and 2024, respectively.

Reclassifications in 2025 pertain to: (i) SGLPC's execution of sublease agreement with LSI, and (ii) lease modification on the execution of MPGC's lease agreement with E-fare (see Notes 6 and 15).

Reclassifications in 2024 pertains to: (i) the Sual Power Plant and related facilities, following the expiration of the Sual IPPA Agreement and its turnover to SPI in October 2024, and (ii) the portion of the land where the Ilijan Power Plant is located that was acquired from PSALM by SPPC in 2024 (see Notes 6 and 12).

14. Goodwill and Other Intangible Assets

Goodwill and other intangible assets consist of:

	<i>Note</i>	2025	2024
Goodwill		P69,953,222	P69,953,222
Computer software and licenses - net		261,616	316,887
Others	8, 12	-	1,465,969
		P70,214,838	P71,736,078

Impairment of Goodwill from Masinloc Group

Goodwill arising from the acquisition of Masinloc Group in 2018, amounting to P69,944,356 which accounts for almost 100% of the total goodwill in the consolidated statements of financial position as at December 31, 2025 and 2024, is allocated to the cash generating unit of the Masinloc Group.

The recoverable amount of goodwill has been determined based on the value in use using discounted cash flows and was based on the following key assumptions:

- Cash flows were projected based on experience and actual operating results and cover forecast until 2030 in 2025 and 2029 in 2024 based on long range plans approved by management. Management believes that the forecast was justifiable due to long-term contracts with major customers. Cash flows beyond the forecasted period are extrapolated using a constant growth rate determined per cash-generating unit.
- A discount rate of 10.7% and 10.4% in 2025 and 2024, respectively, was applied based on the weighted-average cost of capital, which reflects the management's estimate of the risk specific to the cash-generating unit.
- Terminal growth rate of 2.8% and 3.2% in 2025 and 2024, respectively, was applied as the Group continues to upgrade its facilities and therefore expects sustained growth in cash flows generated perpetually. This growth rate is consistent with the long-term average growth rate for the industry.

The values assigned to the key assumptions represent the management's assessment of future trends in the industry and are based on internal sources (historical data).

For purposes of discount rate sensitivity, discount rate scenarios of 10.2% and 9.9% in 2025 and 2024 were applied on the discounted cash flows analysis. Management believes that any reasonably possible change in the discount rate on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

Based on management's assessment, goodwill is not impaired since the recoverable amount of the related net assets for which the goodwill was attributed still exceeds its carrying amount as at December 31, 2025 and 2024.

Computer Software and Licenses

The movements in computer software and licenses are as follows:

	Note	2025	2024
Cost			
Balance at beginning of year		P790,844	P650,815
Additions		28,709	140,029
Deconsolidation of subsidiaries	11	(9,250)	-
Balance at end of year		810,303	790,844
Accumulated Amortization			
Balance at beginning of year		473,957	417,184
Amortization	24	80,157	56,773
Deconsolidation of subsidiaries	11	(5,427)	-
Balance at end of year		548,687	473,957
		P261,616	P316,887

Other Intangible Asset

In 2022, SPI obtained full dispatch rights on the 200 MW capacity of Sual Power Plant, following its agreement with TPEC and TSC. As a result, SPI recognized this right under "Goodwill and other intangible assets" account amounting to P1,628,854 in 2022 (see Notes 6, 8 and 32).

The movements in other intangible asset are as follows:

	Note	2025	2024
Cost			
Balance at beginning of year		P1,628,854	P1,628,854
Reclassification	12	(1,628,854)	-
Balance at end of year		-	P1,628,854
Accumulated Amortization			
Balance at beginning of year		162,885	103,654
Amortization	24	14,808	59,231
Reclassification	12	(177,693)	-
Balance at end of year		-	162,885
		P -	P1,465,969

In March 2025, following the turnover the Sual Power Plant and the full settlement of all obligations under the Settlement Agreement, SPI reclassified the carrying amount of P1,451,161 to "Property, plant and equipment" account (see Notes 8 and 12). Amortization expense recognized under "Selling and administrative expenses" account in the consolidated statements of income, amounted to P14,808 in 2025 and P59,231 in 2024 and 2023 (see Note 24).

15. Other Noncurrent Assets

Other noncurrent assets consist of:

	<i>Note</i>	2025	2024
Advances to suppliers and contractors		P21,665,880	P18,907,575
Investment property - net	19	10,812,639	4,347,628
Restricted cash - net of current portion	29, 30	5,449,634	4,633,460
Noncurrent receivables	29, 30	2,421,323	3,765,688
Deposits on land for future development		621,804	577,485
Amounts owed by related parties	19, 29, 30	149,920	5,269,987
Others		74,928	116,974
		P41,196,128	P37,618,797

Advances to suppliers and contractors pertain to advance payments to contractors for the construction of the Group's power plants and BESS projects (see Note 12).

Investment property mainly pertains to (a) parcels of land owned by the Group, through its wholly-owned subsidiaries, Multi-ventures Investment Holdings, Inc. (MVIHI), TopGen Energy Development Inc., Blue Eagle Star, Corp. (Blue Eagle), and MPI; and (b) subleased land by SGLPC (see Notes 6 and 13).

The movements in investment property - net are as follows:

	<i>Note</i>	Land	CPIP	Right-of-Use Asset	Total
Cost					
January 1, 2024		P2,302,615	P916,167	P -	P3,218,782
Additions		427,371	-	-	427,371
Reclassification and others		701,475	-	-	701,475
December 31, 2024		3,431,461	916,167	-	4,347,628
Additions	19	2,856,740	-	-	2,856,740
Disposals		(129,083)	-	-	(129,083)
Deconsolidation of subsidiaries	11	(218,808)	(916,167)	-	(1,134,975)
Reclassification and others	6, 13, 19	2,852,382	-	2,288,301	5,140,683
December 31, 2025		8,792,692	-	2,288,301	11,080,993
Accumulated Depreciation					
Depreciation		-	-	268,354	268,354
December 31, 2025		-	-	268,354	268,354
Carrying Amount					
December 31, 2024		P3,431,461	P916,167	P -	P4,347,628
December 31, 2025		P8,792,692	P -	P2,019,947	P10,812,639

On December 20, 2023, MVIHI and Blue Eagle entered into an agreement with third parties for the planned sale of certain parcels of land located in Naic and Maragondon, Cavite, which is subject to certain conditions prior to closing of the sale transaction. In 2025, certain conditions were fulfilled and the sale of a particular portion of the subject property was completed. Accordingly, a gain amounting to P332,411 was recognized and presented as part of "Other operating income" account in the consolidated statement of income for the year ended December 31, 2025.

The fair value of investment property, amounting to P13,854,313 as at December 31, 2025, has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation techniques.

The fair value of investment property was mainly determined by external, independent property appraisers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent appraisers provide the fair value of the Group's investment property on a regular basis.

Total income recognized from the lease of these real estate properties amounted to P192,090, P95,147 and 80,797 in 2025, 2024 and 2023, respectively (see Notes 6, 19, and 25). There are no direct selling and administrative expenses arising from investment property that generated income in 2025, other than the real property taxes paid by the lessee pursuant to the terms of the relevant lease agreements. Direct operating expenses arising from investment properties that did not generate rental income, mainly consist of real property taxes and property maintenance fees amounting to P34,026, P17,768 and 9,682 in 2025, 2024 and 2023, respectively, presented as part of "Selling and administrative expenses" account in the consolidated statements of income (see Note 24).

Valuation Technique

The valuation of investment property applied the *Sales Comparison Approach*. The market value was determined using the Sales Comparison Approach. The comparative approach considers the sale of similar or substitute property, registered within the vicinity, and the related market data. The estimated value is established by process involving comparison. The property being valued is then compared with sales of similar property that have been transacted in the market. Listings and offerings may also be considered. The observable inputs to determine the market value of the property are the following: location characteristics, size, time element, quality and prospective use, bargaining allowance and marketability.

Restricted cash mainly comprises of the cash flow waterfall accounts of MPCL, LPI, MPGC and SMGP BESS and environmental guarantee fund of MPCL (see Notes 10 and 18). Interest income from restricted cash (including current portion) amounted to P606,742 and P67,133 and P188,069 in 2025, 2024, and 2023, respectively.

Noncurrent receivables mainly pertain to (a) SPI's receivables from a third party for the sale of its mining subsidiaries in December 2022; and (b) Parent Company's receivable from a third party for the sale of SEDI (see Note 8).

The methods and assumptions used to estimate the fair values of restricted cash and long-term receivables are discussed in Note 30.

Others mainly pertain to retention asset and costs incurred in relation to long-term customer contracts.

16. Loans Payable

Loans payable account consist of:

	<i>Note</i>	2025	2024
Philippine Peso-denominated			
SPI		P23,000,000	P -
Parent Company		10,000,000	28,736,000
SPPC		-	5,000,000
MPGC		-	383,800
		33,000,000	34,119,800
Foreign Currency-denominated			
Parent Company		-	7,230,625
	<i>29, 30</i>	P33,000,000	P41,350,425

The loans are unsecured short-term loans obtained from various financial institutions, to partially refinance maturing obligations, for working capital and for general corporate purposes.

The interest rates applied for the Philippine Peso-denominated loans ranged from 5.15% to 6.50% and from 6.25% to 7.95% as at December 31, 2025 and 2024, respectively. The interest rate applied for foreign currency-denominated loan was 7.60% as at December 31, 2024. There were no foreign currency-denominated loan as at December 31, 2025.

Interest expense on loans payable amounted to P1,443,917, P1,652,197 and P1,098,603 in 2025, 2024 and 2023, respectively.

17. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	<i>Note</i>	2025	2024
Trade	6	P23,221,122	P28,244,901
Non-trade	6	46,117,502	80,682,106
Output VAT		14,369,292	17,541,261
Amounts owed to related parties	19	13,037,189	11,608,134
Withholding and other accrued taxes		2,693,678	4,006,200
Accrued interest	6, 16, 18	1,631,633	2,005,377
Derivative liabilities not designated as cash flow hedge		-	13,725
	<i>29, 30</i>	P101,070,416	P144,101,704

Trade payables consist of payable related to energy fees, inventories and power purchases. These are generally on a 30-day term and are non-interest bearing.

Non-trade payables include liability relating to payables to contractors, power rate adjustments, and other payables to the Government excluding output VAT and withholding taxes.

The methods and assumptions used to estimate the fair values of financial liabilities are discussed in Note 30.

18. Long-term Debt

Long-term debt consists of:

	Note	2025	2024
Bonds and Notes			
<i>Parent Company</i>			
Philippine Peso-denominated:			
Fixed interest rate of 6.7500%, 6.8750%, 7.0000% and 7.1250% maturing in 2028, 2030, 2032 and 2035, respectively (a)		P10,100,632	P -
Fixed interest rate of 5.9077%, 7.1051% and 8.0288% matured in July 2025, and maturing in 2028 and 2032, respectively (b)		34,736,923	39,650,721
Fixed interest rate of 7.6000% maturing in April 2026 (c)		6,917,950	6,902,264
Fixed interest rate of 6.6250% maturing in December 2027 (d)		3,598,968	3,594,372
Fixed interest rate of 5.1792% maturing in July 2026 (e)		4,752,743	4,746,231
		60,107,216	54,893,588
Term Loans			
<i>Parent Company</i>			
Philippine Peso-denominated and fixed interest rate:			
- with maturities up to 2029 (f)		9,204,688	9,684,184
- maturing in 2028 (g)		7,463,930	7,451,212
- matured in May 2025 (h)		-	4,818,722
Foreign currency-denominated and floating interest rate based on Secured Overnight Financing Rate (SOFR) plus margin:			
- maturing in 2030 (i)		5,788,478	-
- maturing in 2028 (j) (n)		8,677,485	-
- maturing in 2027 (k)		17,377,476	16,953,726
- maturing in 2027 (l)		17,465,839	17,084,579
- maturing in 2026 (m)		17,619,636	17,248,607
- matured in May 2025 (n) (j)		-	5,769,644
- settled in February 2025 (o)		-	2,880,001
<i>Subsidiaries</i>			
Philippine Peso-denominated:			
Fixed interest rate with maturities up to:			
- 2031 and 2034 (p)		41,333,704	31,853,575
- 2033 (q)		36,571,852	38,502,565
- 2030 (r)		12,158,688	13,410,025
- 2029 (s)		26,097,424	29,414,962
Floating rate based on Bloomberg Valuation (BVAL) plus margin, with maturities up to 2030 (t)		4,907,614	6,049,990
Foreign currency-denominated:			
Fixed interest rate with maturities up to 2030 (u)		15,319,688	16,494,080
Floating interest rate based on SOFR plus margin, with maturities up to 2030 (u)		5,041,923	5,428,431
		225,028,425	223,044,303
	29, 30	285,135,641	277,937,891
Less current maturities		43,426,570	28,477,307
		P241,709,071	P249,460,584

- a. The amount represents the Parent Company's Fixed Rate Notes, with an aggregate principal amount of P10,200,000 (the "Notes"), issued on August 11, 2025 at the issue price of 100% of face value. The Notes were enrolled with the Philippine Dealing & Exchange Corp. (PDEX) on the same day for trading. The proceeds were used to refinance existing obligations of the Parent Company and for general corporate purposes.

Details of the Notes are as follows:

Principal	Term	Interest Rate Per Annum
P1,625,000	3 years, due 2028	6.7500%
3,438,000	5 years, due 2030	6.8750%
433,000	7 years, due 2032	7.0000%
4,704,000	10 years, due 2035	7.1250%

The Notes were offered and sold to eligible investors pursuant to Section 10.1 (L) of the SRC and Rules 10.1.3 and 10.1.11 of the 2015 Implementing Rules and Regulations of the SRC. Hence, the offer and sale of the Notes qualified as exempt transactions for which no confirmation of exemption from the registration requirements of the SRC were required to be filed with the Philippine SEC.

- b. The amount represents the Parent Company's fixed rate bonds, with an aggregate principal amount of P40,000,000, issued and listed on the PDEX for trading on July 26, 2022 at the issue price of 100% of face value.

It comes in three series, with terms and interest rates as follows:

	Term	Interest Rate Per Annum
Series K Bonds	3 years, matured and redeemed in 2025	5.9077%
Series L Bonds	5.75 years, due 2028	7.1051%
Series M Bonds	10 years, due 2032	8.0288%

Interest on the bonds shall be payable quarterly in arrears every April 26, July 26, October 26 and January 26 of each year starting October 26, 2022, as the first interest payment date.

The proceeds from the issuance of the bonds were used: (i) to partially finance the Parent Company's investments in power-related assets, particularly LNG projects and related assets, coal power plant projects, BESS and solar power plant projects; (ii) for general corporate purposes; and (iii) for payment of transaction-related fees, costs and expenses.

On July 28, 2025, the Parent Company redeemed its Series K Bonds, amounting to P5,000,000, upon its maturity pursuant to the terms and conditions of the bonds. The Parent Company used in part the proceeds of the short-term loan availed and cash generated from operations for the redemption.

- c. The amount represents the Parent Company's fixed rate bonds, with an aggregate principal amount of P30,000,000, issued and listed on the PDEX for trading on April 24, 2019 at the issue price of 100% of face value.

It comes in three series, with terms and interest rates as follows:

	Term	Interest Rate Per Annum
Series H Bonds	3 years, matured and redeemed in 2022	6.8350%
Series I Bonds	5 years, matured and redeemed in 2024	7.1783%
Series J Bonds	7 years, due 2026	7.6000%

Interest on the bonds shall be payable quarterly in arrears every April 24, July 24, October 24 and January 24 of each year starting July 24, 2019, as the first interest payment date.

The proceeds were used by the Parent Company for partial refinancing of existing loan obligations and/or re-denomination of US Dollar-denominated obligations (partly used for Masinloc Group acquisition in 2018), investments in power-related assets and for payment of transaction-related fees, costs and expenses.

On April 24, 2024, the Parent Company redeemed its Series I Bonds, amounting to P9,232,040, upon its maturity pursuant to the terms and conditions of the bonds. The Parent Company used in part the proceeds of the P5,000,000 short-term loan availed in April 2024 and cash generated from operations for the redemption.

- d. The amount represents the Parent Company's fixed rate bonds, with an aggregate principal amount of P20,000,000, issued and listed on the PDEX for trading on December 22, 2017 at the issue price of 100% of face value.

It comes in three series, with terms and interest rates as follows:

	Term	Interest Rate Per Annum
Series D Bonds	5 years, matured and redeemed in 2022	5.3750%
Series E Bonds	7 years, matured and redeemed in 2024	6.2500%
Series F Bonds	10 years, due 2027	6.6250%

Interest on the bonds shall be payable quarterly in arrears every March 22, June 22, September 22 and December 22 of each year starting March 22, 2018 as the first interest payment date.

Proceeds from the issuance were used by the Parent Company to refinance its short-term loans obtained from local banks.

On December 23, 2024, the Parent Company redeemed its Series E Bonds, amounting to P6,478,020, upon its maturity pursuant to the terms and conditions of the bonds. The Parent Company used cash generated from operations for the redemption.

- e. The amount represents the balance of the Parent Company's fixed rate bonds issued with an aggregate principal amount of P15,000,000. The Bonds were issued in three series, at the issue price of 100% of face value, and listed on the PDEX on July 11, 2016, with terms and interest rates as follows:

	Term	Interest Rate Per Annum
Series A Bonds	5 years, matured and redeemed in 2021	4.3458%
Series B Bonds	7 years, matured and redeemed in 2023	4.7575%
Series C Bonds	10 years, due 2026	5.1792%

Interest is payable quarterly in arrears every January 11, April 11, July 11 and October 11 of each year starting October 11, 2016, as the first interest payment date.

Proceeds from the issuance were used to refinance the US\$300,000 short-term loan that matured on July 25, 2016.

- f. The amount represents the balance of the P10,000,000 term loan availed by the Parent Company on July 19, 2024 from a facility agreement executed on July 17, 2024 with a local bank. The loan is subject to a fixed interest rate and will mature in June 2029.

The proceeds of the loan were used for the refinancing of an existing loan.

- g. The amount represents the P5,000,000 and P2,500,000 loans drawn by the Parent Company on June 15 and August 8, 2023, respectively, from a P10,000,000 Corporate Notes Facility Agreement executed on June 9, 2023. The loan is subject to a fixed interest rate and will mature in June 2028.

The proceeds of the loan were used to (a) partially refinance maturing debt obligations, (b) fund general corporate purposes, including investments in LNG and BESS, and (c) cover transaction-related costs, fees and expenses.

- h. The amount represents the P5,000,000, fixed rate 4-year term loan facility drawn by the Parent Company on May 28, 2021 from a local bank. Interest was payable quarterly in arrears and principal repayment was in semi-annual installments up to May 2025. The proceeds were used for general corporate purposes.

On May 28, 2025, the Parent Company fully paid the remaining balance amounting to P4,825,000, pursuant to the terms and conditions of the credit facility. The loan was paid using in part the proceeds of a short-term borrowing availed and cash generated from operations.

- i. The amount represents the US\$100,000 (equivalent to P5,465,688, net of transaction costs) availed by the Parent Company on May 19, 2025. This was drawn from a US\$100,000 credit facility executed on May 9, 2025 with a foreign bank. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in May 2030.

The net proceeds of the loan were used for general corporate purposes, including advances for capital expenditures.

- j. The amount represents the US\$100,000 (equivalent to P5,451,732, net of transaction costs) availed by the Parent Company on May 19, 2025. This was drawn from a US\$100,000 credit facility, with option to increase up to US\$150,000, executed on May 13, 2025 with a group of foreign banks. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in May 2028. The loan proceeds were used to refinance the US\$100,000 term loan that matured in May 2025.

On July 3, 2025, the Parent Company availed of an additional US\$50,000 (equivalent to P2,755,694, net of transaction costs) from the aforesaid credit facility. The net proceeds of the additional loan were used for general corporate purposes.

- k. The amount represents the US\$200,000 (equivalent to P11,010,270, net of transaction costs) 3-year term loan drawn by the Parent Company on September 9, 2024 from a US\$200,000 loan facility, with option to increase up to US\$300,000, executed on August 30, 2024 with a foreign bank. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in August 2027.

On October 9, 2024, the Parent Company exercised its option and availed of the additional US\$100,000 (equivalent to P5,558,384, net of transaction costs) from this facility agreement.

The proceeds of the loans were used to fully refinance term loans that matured in September and October 2024.

- l. The amount represents the US\$300,000 5-year term loan drawn by the Parent Company on August 26, 2022, from a facility agreement with a group of foreign banks executed on August 18, 2022. The loan is subject to a floating interest rate based on SOFR plus margin and will mature in August 2027.

The proceeds were used for general corporate purposes, including capital expenditures and refinancing, and payment of other transaction-related fees, costs and expenses of the facility.

- m. The amount represents the US\$300,000 5-year term loan availed in tranches by the Parent Company on March 12, 2021 and June 7, 2021. These were drawn from a Syndication Agreement executed on May 21, 2021, which amended the Facility Agreement dated March 9, 2021, thereby increasing the loan facility from US\$200,000 to US\$300,000. The loan was subject to floating interest rate based on SOFR plus margin and subsequently settled upon its maturity on March 9, 2026 pursuant to the terms and conditions of the credit facility.

The proceeds were used as repayment of Facility A Loan that matured on March 12, 2021 and the redemption of Series A Bonds in July 2021.

- n. The amount represents the US\$100,000 3-year term loan drawn by the Parent Company on May 24, 2022, from a facility agreement with a group of foreign banks executed on May 18, 2022. The loan was subject to a floating interest rate based on SOFR plus margin, and was fully paid upon its maturity on May 19, 2025 pursuant to the terms and conditions of the facility agreement.

The proceeds were used for working capital requirements relating to expansion projects, for general corporate purposes, and payment of other transaction-related fees, costs and expenses of the facility.

- o. The amount represents the US\$50,000 term loan availed on October 31, 2023 from a facility agreement executed on October 24, 2023 with a foreign bank. The loan was subject to a floating interest rate based on SOFR plus margin and was set to mature in April 2025.

On February 10, 2025, the Parent Company fully paid the loan using cash from operations.

- p. The amount represents the (i) Tranches A and B, amounting to P20,000,000 and P12,500,000, respectively, drawn on December 27, 2024 under the fixed-rate long-term Omnibus Loan and Security Agreement (OLSA) executed by MPGC with a syndicate of local banks on December 17, 2024, and (ii) Tranches A-1 and B-1, amounting to P8,500,000 and P900,000, respectively, drawn on March 27, 2025 pursuant to the terms of the First Amendment Agreement to the OLSA dated March 21, 2025. The loan is payable quarterly up to December 2031 for Tranches A and A-1 and up to December 2034 for Tranches B and B-1.

The proceeds from the loan were used to finance the Mariveles Greenfield Power Plant project.

The loan includes the P7,500,000 amount payable to Bank of Commerce (BOC), an associate of an entity under common control, as at December 31, 2025 and 2024 (see Note 19).

- q. The amount represents the first and second tranches, amounting to P28,000,000 and P12,000,000 drawn on October 27, 2023 and March 25, 2024, respectively, from the P40,000,000 fixed rate 10-year OLSA executed by SMGP BESS on October 23, 2023, with various local banks. The loan is payable quarterly up to October 2033.

The proceeds were used (i) for the purchase of outstanding perpetual securities issued to SMC and repayment of reimbursable advances from the Parent Company, (ii) for payment of interest during construction, (iii) to fund the costs and expenses in relation to the design, construction and the operation of its BESS projects, and (iv) for transaction costs.

The loan includes the P5,365,000 and P5,655,000 amount payable to BOC as at December 31, 2025 and 2024, respectively (see Note 19).

- r. The amount represents the balance of the P20,322,000 and P978,000 drawn by MPI in tranches on August 17, 2018 and July 31, 2019, respectively, from the P21,300,000, 12-year OLSA with a syndicate of local banks, signed on August 9, 2018. The loan is payable in 47 quarterly installments up to August 2030. The proceeds were used mainly by MPI for the following purposes:
 - i. the repayment in full of the P5,930,000 short-term loan used to fund the design, construction and operation of the Davao Greenfield Power Plant;
 - ii. the partial financing of the remaining works for the Davao Greenfield Power Plant;
 - iii. the repayment of advances from the Parent Company; and
 - iv. the payment of transaction-related fees and expenses.

The loan includes the P1,836,672 and P2,031,488 amount payable to BOC as at December 31, 2025 and 2024, respectively (see Note 19).

On August 17, 2025, the applicable fixed interest rate on the outstanding balance of the loan facility was repriced from 8.2443% to 8.5915%, pursuant to the terms of the OLSA.

- s. The amount represents the balance of the P42,000,000 and P2,000,000 drawn by LPI on June 28, 2017 and January 31, 2018, respectively, from the P44,000,000, 12-year OLSA with a syndicate of local banks dated June 22, 2017. The loan is payable quarterly up to June 2029. The proceeds were used mainly by LPI for the following purposes:
 - i. the settlement of the US\$360,000 short-term loan availed on May 8, 2017 from a local bank;
 - ii. the funding of the acquisition from LETI of the Phase II of Limay Greenfield Power Plant which was then under construction;
 - iii. the repayment of advances from the Parent Company; and
 - iv. the payment of transaction-related fees and expenses.
- t. On January 17, 2023, MPCL agreed with local bank lenders to amend its Omnibus Refinancing Agreement (the "Amended ORA"), with an outstanding obligation amounting to US\$148,550 as at the agreement date, into a Philippine Peso-denominated loan pegged at P8,155,000, subject to floating interest rate with maturities up to January 2030.

The loan includes the P2,984,643 and P3,686,912 amount payable to BOC as at December 31, 2025 and 2024, respectively (see Note 19).

On January 30, 2026, MPCL made principal repayments amounting to P291,134 pursuant to the terms and conditions of its Amended ORA.

- u. The amount represents the US\$382,200 outstanding balance of the loan drawn in tranches by MPCL from its Omnibus Expansion Financing Agreement (OEFA) dated December 1, 2015, with local banks, to finance the construction of the additional 335 MW (gross) coal-fired plant within MPCL existing facilities. The loan is divided into fixed interest tranche and floating interest tranche based on a 6-month SOFR plus margin with maturities up to December 15, 2030.

On December 16, 2023, the applicable fixed interest rate on the outstanding balance of the loan facility was repriced to 8.3310%, pursuant to the terms of the OEFA.

Unamortized debt issue costs amounted to P2,571,446 and P3,069,044 as at December 31, 2025 and 2024, respectively. Accrued interest amounted to P1,677,004 and P1,905,165 as at December 31, 2025 and 2024, respectively. Interest expense amounted to P22,132,787, P19,337,205, and P14,435,118 (including P1,972,943, P2,645,529, and P1,756,826 capitalized as part of CPIP, respectively) in 2025, 2024 and 2023, respectively (see Note 12).

The gross amount of long-term debt payable to BOC amounted to P17,686,315 and P18,873,400 as at December 31, 2025 and 2024, respectively (see Note 19).

Valuation Technique for Philippine Peso-denominated Bonds and Notes

The market value was determined using the market comparison technique. The fair values are based on PDEX. The Bonds and Notes are traded in an active market and the quotes reflect the actual transactions in identical instruments.

The fair value of the Bonds and Notes amounting to P62,014,330 and P57,219,517 as at December 31, 2025 and 2024, respectively, has been categorized as Level 1 in the fair value hierarchy based on the inputs used in the valuation techniques (see Note 30).

The debt agreements of the Parent Company, LPI, MPI, MPCL, SMGP BESS and MPGC impose a number of covenants including, but not limited to, maintenance of certain financial ratios throughout the duration of the term of the debt agreements. The terms and conditions of the debt agreements also contain negative pledge provision with certain limitations on the ability of the Parent Company and its material subsidiaries, LPI, MPI, MPCL, SMGP BESS and MPGC to create or have outstanding any security interest upon or with respect to any of the present or future business, undertaking, assets or revenue (including any uncalled capital) of the Parent Company or any of its material subsidiaries, LPI, MPI, MPCL, SMGP BESS and MPGC to secure any indebtedness, subject to certain exceptions.

The loans of LPI, MPI, SMGP BESS and MPGC are secured by real estate and chattel mortgages, on all present and future assets, amounting to P44,100,000, P21,325,000, P40,000,000, and P41,900,000 respectively, and reserves of LPI, MPI, SMGP BESS and MPGC as well as a pledge by the Parent Company of all its outstanding shares of stock in LPI, MPI, SMGP BESS and MPGC.

The loans of MPCL obtained from its ORA and OEFA are secured by real estate and chattel mortgages, on all present assets (purchased under its asset purchase agreement, and all its rights in a land lease agreement, with PSALM) and all future assets as defined in its loan agreements, amounting to P8,155,000 and US\$525,000, respectively.

As at December 31, 2025 and 2024, the Group is in compliance with the covenants, including the required financial ratios, of the debt agreements.

The movements in debt issue costs are as follows:

	<i>Note</i>	2025	2024
Balance at beginning of year		P3,069,044	P2,684,515
Additions		460,073	1,250,648
Amortization		(698,722)	(398,506)
Capitalized amount	12	(258,949)	(467,613)
Balance at end of year		P2,571,446	P3,069,044

Repayment Schedule

The annual maturities of long-term debt are as follows:

Year	<u>Gross Amount</u>		Peso	Debt Issue Costs	Net
	US Dollar	Equivalent of US Dollar			
2026	US\$334,913	P19,689,506	P24,177,188	P440,124	P43,426,570
2027	636,487	37,419,100	21,094,131	732,959	57,780,272
2028	188,168	11,062,367	52,973,945	603,994	63,432,318
2029	39,952	2,348,807	29,355,278	210,954	31,493,131
2030	299,290	17,595,259	22,075,506	264,167	39,406,598
2031 and thereafter	-	-	49,916,000	319,248	49,596,752
	US\$1,498,810	P88,115,039	P199,592,048	P2,571,446	P285,135,641

Contractual terms of the Group's interest bearing loans and borrowings and exposure to interest rate, foreign currency and liquidity risks are discussed in Note 29.

19. Related Party Disclosures

The Parent Company, certain subsidiaries and their shareholders, associates and joint ventures purchase products and services from one another in the normal course of business. Transactions with related parties are made at normal market prices and terms. The Group requires approval of the BOD for certain limits on the amount and extent of transactions with related parties.

Amounts owed by/owed to related parties are collectible/will be settled in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The following are the transactions with related parties and the outstanding balances as at December 31:

	Note	Year	Revenues from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
SMC	22, 24	2025 2024	P441,247 546,201	P4,520,380 4,388,136	P74,897 51,985	P9,084,981 6,849,349	On demand or 30 days; non-interest bearing	Unsecured; no impairment
Entities under Common Control	6, 8, 9, 11, 12, 17, 22, 23, 24	2025 2024	9,086,648 7,941,539	4,853,566 4,606,848	2,298,694 1,810,683	18,697,036 11,503,950	On demand or 30 days; non-interest bearing	Unsecured; no impairment
	8, 12, 15	2025 2024	- -	- -	2,071,277 8,645,305	- -	Installment basis up to 2026; interest bearing	Unsecured; no impairment
Associate	8, 11, 17, 22	2025 2024	3,688,552 1,298,826	969 -	2,126,218 663,448	71,818 28,101	On demand or 30 days; non-interest bearing	Unsecured; no impairment
	8, 15	2025 2024	- 1,608	- -	- 2,129	- -	9 years; interest bearing	Unsecured; no impairment
Joint Venture	8	2025 2024	194,928 33,598	2,710,190 1,028,812	177,323 5,011	257,032 427,591	30 days; non-interest bearing	Unsecured; no impairment
	8, 11	2025 2024	5,997 5,990	- -	183,022 180,732	- -	92 days; interest bearing	Unsecured; no impairment
	11, 15	2025 2024	46,486 74,927	- -	157,629 1,564,475	- -	10.5 years interest bearing	Unsecured; no impairment
Associate and Joint Venture of Entities under Common Control	6, 8, 22	2025 2024	- -	73,023 -	8,195 481	79,291 1,157	30 days; non-interest bearing	Unsecured; no impairment
	18	2025 2024	- -	1,481,799 952,088	- -	17,810,727 19,014,637	7 to 12 years; interest bearing	Secured
		2025	P13,463,858	P13,639,927	P7,097,255	P46,000,885		
		2024	P9,902,689	P10,975,884	P12,924,249	P37,824,785		

- a. Amounts owed by related parties consist of trade and non-trade receivables, receivables pertaining to the sale of certain parcels of raw land and investments in 2022, included as part of "Trade and other receivables" and "Other noncurrent assets" accounts in the consolidated statements of financial position, prepayments for rent and insurance, and security deposits (see Notes 8, 10 and 15).

In December 2025, following an evaluation by MVIHI of the use of the Cavite properties that were sold to an entity under common control, the parties have mutually agreed to terminate the agreement resulting to the termination of the sale of land, the return of the total installments collected amounting to P2,852,182, reversal of the remaining receivables amounting to P2,852,181, and recognition of the raw land at fair value of P5,704,363 presented as part of "Investment property" account classified under "Other noncurrent assets" account in the statement of financial position as at December 31, 2025 (see Note 15).

In December 2025, the Parent Company received from an entity under common control the full settlement of the remaining installment receivables totaling P1,932,350, plus interest amounting P375,378, for the sale of investments in 2022.

- b. Amounts owed to related parties consist of trade and non-trade payables including management fees, purchases of fuel, reimbursement of expenses, rent, insurance, services rendered, customers' deposits and subscriptions payable to OEDC (see Notes 11 and 17). As at December 31, 2025 and 2024, amounts owed to related parties for the lease of office space and parcels of land presented as part of "Lease liabilities - current portion" and "Lease liabilities - net of current portion" amounted to P15,095,658 and P7,066,765, respectively (see Notes 6, 29 and 30).
- c. Amounts owed by associates mainly consist of advances granted to EERI, included as part of "Trade and other receivables" account in the consolidated statement of financial position as at December 31, 2025. As at December 31, 2024, amounts owed by an associate consisted of an interest bearing loan granted to OEDC by SPGC, included in "Trade and other receivables" account in the consolidated statements of financial position, that was fully collected in 2025 (see Notes 8 and 15).
- d. Amounts owed by a joint venture pertains to (i) interest bearing loans granted and management fees charged to AHC by PVEI, and (ii) sublease fees charged by SGLPC to LSI, included as part of "Trade and other receivables" and "Other noncurrent assets" accounts in the consolidated statements of financial position as at December 31, 2025 and 2024 (see Notes 6, 8, 11, and 15).
- e. Amounts owed to an associate and joint venture of entities under common control include interest bearing long-term loans of MPI, MPCL, SMGP BESS and MPGC payable to BOC, amounting to P17,686,315 and P18,873,400, presented as part of "Long-term debt" account in the consolidated statements of financial position as at December 31, 2025 and 2024, respectively (see Note 18). These long-term debts are secured by certain property, plant and equipment (see Note 12). The interest expense incurred on the loans amounted to P1,481,799 and P952,088 in 2025 and 2024, respectively.
- f. The compensation of key management personnel of the Group, by benefit type, follows:

	Note	2025	2024	2023
Short-term employee benefits	24	P197,576	P133,074	P129,041
Retirement benefits costs	20	10,053	13,020	17,523
		P207,629	P146,094	P146,564

There were no known transactions with parties that fall outside the definition "related parties" under PAS 24, *Related Party Disclosures*, but with whom the Group or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

20. Retirement Plans

The Parent Company and its subsidiaries, SPI, LPI, MPI, VisMin Power Dynamics Services Inc. and Luzon Power Dynamics Services Inc., have funded, noncontributory, defined benefits retirement plans (collectively, the "Retirement Plans") covering all of their permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the Retirement Plans. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is December 31, 2025. Valuations are obtained on a periodic basis.

The Retirement Plans are registered with the Bureau of Internal Revenue (BIR) as tax-qualified plans under RA No. 4917, as amended. The control and administration of the Retirement Plans are vested in the Board of Trustees (BOT), as appointed by the BOD of the Parent Company. The BOT of the Retirement Plans, who exercises voting rights over the shares and approves material transactions, are also officers of the Parent Company and of SMC. The Retirement Plan's accounting and administrative functions are undertaken by SMC's Retirement Funds Office of SMC.

The following table shows a reconciliation of the net defined benefits retirement liability and its components:

	Fair Value of Plan Assets		Present Value of Defined Benefits Retirement Obligation		Net Defined Benefits Retirement Liability	
	2025	2024	2025	2024	2025	2024
Balance at Beginning of Year	P80,629	P70,378	(P694,780)	(P640,443)	(P614,151)	(P570,065)
Recognized in Profit or Loss						
Service costs	-	-	(92,333)	(97,175)	(92,333)	(97,175)
Interest expense	-	-	(42,314)	(39,159)	(42,314)	(39,159)
Interest income	5,342	4,535	-	-	5,342	4,535
	5,342	4,535	(134,647)	(136,334)	(129,305)	(131,799)
Recognized in Other Comprehensive Income						
Remeasurements:						
Actuarial gains (losses) arising from:						
Changes in financial assumptions	-	-	33,139	(1,791)	33,139	(1,791)
Changes in demographic assumptions	-	-	(22,045)	99,553	(22,045)	99,553
Experience adjustments	-	-	(103,436)	(45,704)	(103,436)	(45,704)
Return on plan assets excluding interest income	(5,938)	(1,890)	-	-	(5,938)	(1,890)
	(5,938)	(1,890)	(92,342)	52,058	(98,280)	50,168
Others						
Contributions	93,518	37,545	-	-	93,518	37,545
Benefits paid	(77,537)	(29,939)	77,537	29,939	-	-
Transfer to/from other plans	(1,849)	-	1,849	-	-	-
	14,132	7,606	79,386	29,939	93,518	37,545
Balance at End of Year	P94,165	P80,629	(P842,383)	(P694,780)	(P748,218)	(P614,151)

The Group's annual contribution to the Retirement Plans consists of payments covering the current service cost plus amortization of unfunded past service liability.

Retirement benefits costs recognized in the consolidated statements of income by the Parent Company amounted to P42,257, P41,344 and P37,960 in 2025, 2024 and 2023, respectively (see Note 24).

Retirement benefits costs recognized in the consolidated statements of income by the subsidiaries amounted to P92,390, P94,990 and P84,326 in 2025, 2024 and 2023, respectively (see Notes 23 and 24).

The net interest expense on the defined benefits retirement liability recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income by the Parent Company amounted to P16,318 and P14,756 in 2025 and 2024, respectively.

The net interest expense on the defined benefits retirement liability recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income by the subsidiaries amounted to P20,654 and P19,868 in 2025 and 2024, respectively.

The equity reserve for retirement plan, which includes the accumulated net actuarial gains and losses recognized in other comprehensive income, net of tax, of the Group and an associate, amounted to P146,982 and P67,096 as at December 31, 2025 and 2024, respectively.

Net defined benefits retirement liability included as part of "Other noncurrent liabilities" account in the consolidated statements of financial position, amounted to P748,218 and P614,151 as at December 31, 2025 and 2024, respectively.

The carrying amounts of the Group's retirement fund approximate fair values as at December 31, 2025 and 2024.

The Group's plan assets consist of the following:

	In Percentages	
	2025	2024
Cash and cash equivalents	68.08%	61.20%
Investments in marketable securities	31.57%	38.28%
Others	0.35%	0.52%

As at December 31, 2025 and 2024, the plan assets include investments in marketable securities pertaining to common and preferred shares of SMC and entities under common control, with a total fair market value of P50,585 and P34,724, respectively.

The fair market value of the above marketable securities was determined based on quoted market prices in active markets as at the reporting date.

The Group's Retirement Plans recognized a loss on the investment in marketable securities amounting to P98 in 2025 and 2024.

Dividend income from the investments in marketable securities of the plan assets amounted to P1,508 and P983 in 2025 and 2024, respectively.

The BOT reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Group's ALM objective is to match maturities of the plan assets to the defined benefits retirement obligation as they fall due. The Group monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefits obligation. The Group is expected to contribute P184,354 to the Retirement Plans in 2026.

The Retirement Plans expose the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk as follows:

Investment and Interest Rate Risks. The present value of the defined benefits retirement obligation is calculated using a discount rate determined by reference to market yields to government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the defined benefits retirement obligation. However, this will be partially offset by an increase in the return on the Retirement Plans' investments and if the return on plan asset falls below this rate, it will create a deficit in the Retirement Plans. Due to the long-term nature of the defined benefits retirement obligation, a level of continuing equity investments is an appropriate element of the long-term strategy of the Group to manage the Retirement Plans efficiently.

Longevity and Salary Risks. The present value of the defined benefits retirement obligation is calculated by reference to the best estimates of: (1) the mortality of the plan participants, and (2) the future salaries of the plan participants. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the defined benefits retirement obligation.

The overall expected rate of return is determined based on historical performance of the investments.

The principal actuarial assumptions used to determine retirement benefits are as follows:

	2025	2024
Discount rate	6.35% to 6.54%	6.09% to 6.17%
Salary increase rate	5.00%	5.00%

Assumptions for mortality and disability rates are based on published statistics and mortality and disability tables.

The weighted average duration of the defined benefits retirement obligation ranges from 8.90 to 15.80 years and from 6.00 to 16.30 years as at December 31, 2025 and 2024, respectively.

Sensitivity Analysis

As at December 31, 2025 and 2024, the reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefits retirement obligation by the amounts shown below:

	Defined Benefits Retirement Obligation			
	2025		2024	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	(P77,238)	P92,024	(P63,450)	P75,650
Salary increase rate	92,472	(78,916)	75,720	(64,618)

21. Equity

Capital Stock

The details of the Parent Company's authorized, subscribed, issued and outstanding shares of common stock as at December 31 are as follows:

	2025	2024	2023
Authorized - par value of P1.00	7,800,000,000	3,774,400,000	3,774,400,000
Subscribed capital stock:			
Balance at beginning of period	2,823,604,000	2,823,604,000	1,250,004,000
Subscription	1,961,889,800	-	1,573,600,000
Issued and outstanding	4,785,493,800	2,823,604,000	2,823,604,000

- On March 6, 2025, the BOD of the Parent Company approved the subscription by SMC to 950,796,000 common shares out of the unissued capital stock of the Parent Company in cash, at a subscription price of P30.00 per share or for a total subscription amount of P28,523,880;
- increase in the authorized capital stock of the Parent Company by P4,025,600 (comprising of 4,025,600,000 common shares with par value of P1.00), or from P3,774,400, divided into 3,774,400,000 common shares with par value of P1.00 to P7,800,000, divided into 7,800,000,000 common shares with par value of P1.00 (the "2025 ACS Increase"); and
- subscription by SMC to 1,011,093,800 common shares out of the 2025 ACS Increase at P30.00 per share, or for a total subscription amount of P30,332,814.

On the same day, the Parent Company and SMC executed the Subscription Agreements covering the aforesaid subscriptions approved by the BOD.

On April 14, 2025, the stockholders of the Parent Company approved the 2025 ACS Increase and the amendment of the Amended Articles of Incorporation to reflect the increase and ratified the said subscription by SMC out of the increase. The application for the 2025 ACS Increase was approved by the Philippine SEC on May 16, 2025.

The subscription amounts were fully paid by SMC to Parent Company on April 7, 2025.

Accordingly, the Parent Company recognized additional paid-in capital of P56,813,747, net of share issuance cost paid amounting to P81,057.

On July 25, 2023, the Parent Company and SMC executed a Subscription Agreement to subscribe to an additional 410,000,000 common shares out of the unissued capital stock of the Parent Company for a total subscription price of P12,300,000 or P30.00 per share, which was fully paid in 2023.

On July 25, 2023, the BOD of the Parent Company approved the additional increase in its authorized capital stock by P1,774,400 (comprising of 1,774,400,000 common shares with par value of P1.00), or from P2,000,000, divided into 2,000,000,000 common shares with par value of P1.00 to P3,774,400, divided into 3,774,400,000 common shares with par value of P1.00 (the "2023 ACS Increase"). On August 1, 2023, SMC in a Subscription Agreement, subscribed to 443,600,000 common shares out of the 2023 ACS Increase for a total subscription price of P13,308,000 or P30.00 per share. The total subscription price was fully paid in 2023.

On September 7, 2023, the stockholders of the Parent Company approved the 2023 ACS Increase in authorized capital and the amendment of the Articles of Incorporation to reflect the increase and ratified the said subscription by SMC out of the increase.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock of the Parent Company was approved by the Philippine SEC on October 24, 2023.

On November 13, 2023, the Parent Company and SMC executed a Subscription Agreement to subscribe to an additional 720,000,000 common shares out of the unissued capital stock of the Parent Company for a total subscription price of P21,600,000 or P30.00 per share, which was fully paid in 2023.

The Parent Company recognized additional paid-in capital of P45,591,781, net of the share issuance cost paid amounting to P42,619 as at December 31, 2023.

The proceeds from the capital infusions of SMC were used to finance maturing obligations and for general corporate purposes, including capital expenditures of the Group.

Retained Earnings

The Parent Company's retained earnings available for dividend declaration, calculated based on the regulatory requirements of the Philippine SEC, amounted to P16,198,367 and P9,929,576 as at December 31, 2025 and 2024, respectively. The difference between the consolidated retained earnings and the Parent Company's retained earnings available for dividend declaration primarily consist of undistributed earnings of subsidiaries and equity method investees. Stand-alone earnings of the subsidiaries and share in net earnings of equity method investees are not available for dividend declaration by the Parent Company until declared by the subsidiaries and equity investees as dividends.

There were no cash dividend declarations to stockholders in 2025, 2024, and 2023.

Appropriated Retained Earnings

Parent Company

There were no appropriations of retained earnings of the Parent Company in 2025, 2024 and 2023.

SPI, SPPC and SRHI

In 2025, 2024 and 2023, the total appropriations utilized by SPI, SRHI and SPPC amounted to P1,000,000, P5,285,000, and P2,440,000, respectively.

The BOD of SRHI approved the appropriation of retained earnings amounting to P4,700,000 for the fixed monthly payments due to PSALM under its IPPA Agreement in 2023.

MVIHI

The BOD of MVIHI approved the appropriation of retained earnings amounting to P3,325,000 for its power-related expansion projects in the next 5 years in 2022 and the reversals of appropriation amounting to P1,385,000 and P1,940,000 in 2024 and 2023, respectively.

There were no appropriations of retained earnings of the subsidiaries in 2025 and 2024.

As at December 31, 2025 and 2024, the total appropriated retained earnings pertains to SRHI's amounting to P1,000,000 and P2,000,000, respectively.

SPCS

The outstanding SPCS of the Parent Company are as follows:

December 31, 2025

Date of Issuance	Initial Rate of Distribution Per Annum	Step-Up Date	Amount of Outstanding SPCS Issued	Amount in Philippine Peso*
July 24 and August 11, 2025	8.950%	July 24, 2030	US\$515,000	P28,785,715
December 2, 2024 and February 19, 2025	8.125%	March 2, 2030	600,000	34,631,915
September 12 and 30, 2024	8.75%	September 12, 2029	900,000	49,849,177
June 9 and September 15, 2021	5.45%	December 9, 2026	683,548	32,416,245
January 21, 2020	5.70%	January 21, 2026	300,423	15,106,571
			US\$2,998,971	P160,789,623

* Net of directly attributable transaction costs.

December 31, 2024

Date of Issuance	Initial Rate of Distribution Per Annum	Step-Up Date	Amount of Outstanding SPCS Issued	Amount in Philippine Peso*
December 2, 2024	8.125%	March 2, 2030	US\$500,000	P28,882,140
September 12 and 30, 2024	8.75%	September 12, 2029	900,000	49,849,177
June 9 and September 15, 2021	5.45%	December 9, 2026	683,548	32,416,245
October 21 and December 15, 2020	7.00%	October 21, 2025	193,392	9,613,079
January 21, 2020	5.70%	January 21, 2026	493,337	24,807,124
November 5, 2019	5.95%	May 5, 2025	113,282	5,627,100
			US\$2,883,559	P151,194,865

* Net of directly attributable transaction costs.

Issuances of SPCS

On February 19, 2025, the Parent Company completed the issuance of another US\$100,000 SPCS (equivalent to P5,749,775, net of directly attributable transaction costs amounting to P88,243), at an issue price of 100.503% of principal amount, plus an amount corresponding to accrued distribution from (and including) December 2, 2024 to (but excluding) February 19, 2025. The US\$100,000 SPCS was consolidated into and formed a single series with the US\$500,000 SPCS issued on December 2, 2024, bringing the total securities to US\$600,000. The US\$100,000 SPCS are identical in all respects with the US\$500,000 SPCS, other than with respect to the date of issuance and issue price.

The net proceeds from the issuance of the US\$100,000 SPCS were used for the redemption of the outstanding 7.00% SPCS issued in October and December 2020.

On July 24, 2025, the Parent Company completed the issuance of US\$400,000 SPCS (equivalent to P22,328,615, net of directly attributable transaction costs amounting to P331,385), at an issue price of 100%, with an initial rate of distribution of 8.95% per annum.

The US\$400,000 SPCS consists of the following:

- (i) US\$223,191 (equivalent to P12,458,865, net of directly attributable transaction costs amounting to P184,905) in aggregate principal amount of SPCS (the “Concurrent Exchange Offers”) issued in exchange for the remaining 7.00% SPCS issued on October 21 and December 15, 2020, and 5.70% SPCS issued on January 21, 2020 (collectively, the “Remaining Existing Securities”), with a carrying value equivalent to P11,142,783; and
- (ii) US\$176,809 (equivalent to P9,869,750, net of directly attributable transaction costs amounting to P146,480) in aggregate principal amount of new securities (the “Additional New Securities”).

The net proceeds from the issuance of the Additional New Securities were applied to the following: (i) costs and expenses related to the Concurrent Exchange Offers, including payment of accrued distribution amounts in respect of the Remaining Existing Securities accepted for exchange pursuant and subject to, the terms and conditions of the Concurrent Exchange Offers; (ii) costs and expenses related to the issuance of the Additional New Securities; (iii) purchase, repurchase and/or redemption of all outstanding Remaining Existing Securities following the Concurrent Exchange Offers; and (iv) for pre-development costs of solar and hydropower energy projects, and capital expenditures related to BESS projects.

As a result of the foregoing exchange, the movements in the Remaining Existing Securities are as follows:

Title of Existing Securities	Principal of Existing Securities	Accepted Exchange Offers	Remaining Principal of Existing Securities	Amount in Philippine Peso*
7.00% SPCS issued on October 21 and December 15, 2020	US\$193,392	(US\$30,277)	US\$163,115	P8,170,849
5.70% SPCS issued on January 21, 2020	493,337	(192,914)	300,423	15,106,571
	US\$686,729	(US\$223,191)	US\$463,538	P23,277,420

*Net of transaction costs.

The difference between the price and the carrying value of the outstanding Remaining Existing Securities accepted pursuant to the Concurrent Exchange Offers amounted to P1,500,987 and was recognized as part of the “Equity reserves” account in the consolidated statements of financial position.

On August 11, 2025, the Parent Company completed the issuance of US\$115,000 SPCS (equivalent to P6,457,100, net of directly attributable transaction costs amounting to P102,500) at an issue price of 100% plus an amount corresponding to accrued distributions from (and including) July 24, 2025 to (but excluding) August 11, 2025.

The US\$115,000 SPCS was consolidated into and formed a single series with the US\$400,000 SPCS issued on July 24, 2025, bringing the total securities to US\$515,000. The US\$400,000 SPCS and US\$115,000 SPCS are identical in all respects, other than with respect to the date of issuance.

The Parent Company used the net proceeds for (i) the partial purchase, repurchase and/or redemption of the remaining outstanding SPCS issued in October and December 2020 and in January 2020, and (ii) for pre-development costs of solar and hydropower energy projects and capital expenditures related to BESS projects.

The US\$100,000, US\$400,000 and US\$115,000 SPCS were listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on February 20, July 25 and August 12, 2025, respectively.

On August 27 and November 14, 2024, the Parent Company announced on the SGX-ST website the following:

- a. that it will undertake to invite eligible holders of the Parent Company's outstanding US Dollar-denominated SPCS listed with the SGX-ST (collectively, the "Existing Securities"):
 - (i) 7.00% SPCS issued on October 21 and December 15, 2020;
 - (ii) 5.70% SPCS issued on January 21, 2020; and
 - (iii) 5.95% SPCS issued on November 5, 2019
 - (1) to offer to exchange some or all of its Existing Securities for new US Dollar-denominated SPCS to be issued by the Parent Company (the "2024 Exchange Offers"); and
 - (2) to tender for purchase for cash some or all of its Existing Securities up to an aggregate nominal amount and at a purchase price, to be determined by the Parent Company (the "Tender Offers", and together with the 2024 Exchange Offers, the "Offers"); and
- b. that it will undertake the offers and issuances of a total of up to US\$600,000 in SPCS or such other amount as the Parent Company may later determine (collectively together with the Tender Offers, the "Additional New Securities").

On September 12, 2024, the Parent Company completed the issuance of US\$800,000 SPCS (equivalent to P44,299,924, net of directly attributable transaction costs amounting to P660,076) at an issue price of 100%, with an initial rate of distribution of 8.75% per annum and step-up date of September 12, 2029.

The US\$800,000 SPCS consist of the following:

- (i) US\$531,938 (equivalent to P29,456,016, net of directly attributable transaction costs amounting to P438,899) in aggregate principal amount of SPCS issued in exchange for Existing Securities (with a carrying value of P25,801,222) pursuant to the 2024 Exchange Offers; and
- (ii) US\$268,062 (equivalent to P14,843,908, net of directly attributable transaction costs amounting to P221,177) in aggregate principal amount of Additional New Securities. This will fund the purchase of Existing Securities, amounting to US\$157,381 (with a carrying value equivalent to P7,678,653), accepted pursuant to the Tender Offers.

On September 30, 2024, the Parent Company completed the issuance of US\$100,000 SPCS (equivalent to P5,549,253, net of directly attributable transaction costs amounting to P53,747) at an issue price of 100% plus an amount corresponding to accrued distribution from and including September 12, 2024 to, but excluding, September 30, 2024.

The US\$100,000 SPCS is consolidated into and form a single series with the US\$800,000 SPCS issued on September 12, 2024, bringing the total securities to US\$900,000. The US\$800,000 SPCS and US\$100,000 SPCS are identical in all respects, other than with respect to the date of issuance and issue price.

On December 2, 2024, the Parent Company completed the issuance of US\$500,000 SPCS (equivalent to P28,882,140, net of directly attributable transaction costs amounting to P445,360) at an issue price of 100%, with an initial rate of distribution of 8.125% per annum and step-up date of March 2, 2030.

The US\$500,000 SPCS consist of the following:

- (i) US\$273,925 (equivalent to P15,823,080, net of directly attributable transaction costs amounting to P243,990) in aggregate principal amount of SPCS issued in exchange for Existing Securities (with a carrying value of P13,401,616) pursuant to the 2024 Exchange Offers; and
- (ii) US\$226,075 (equivalent to P13,059,060, net of directly attributable transaction costs amounting to P201,370) in aggregate principal amount of Additional New Securities. This will fund the purchase of Existing Securities, amounting to US\$46,099 (with a carrying value equivalent to P2,235,716), accepted pursuant to the Tender Offers.

As a result of the foregoing, the movements in the Existing Securities are as follows:

Title of Existing Securities	Principal of Existing Securities	Accepted Exchange Offers	Accepted Tender Offers	Remaining Principal of Existing Securities	Amount in Philippine Peso*
7.00% SPCS issued on October 21 and December 15, 2020	US\$723,904	(US\$435,745)	(US\$94,767)	US\$193,392	P9,613,079
5.70% SPCS issued on January 21, 2020	593,337	(100,000)	-	493,337	24,807,124
5.95% SPCS issued on November 5, 2019	492,113	(270,118)	(108,713)	113,282	5,627,100
	US\$1,809,354	(US\$805,863)	(US\$203,480)	US\$800,011	P40,047,303

*Net of transaction costs.

The difference between the price and carrying value of the Existing Securities accepted pursuant to the Offers amounted to P8,573,591 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

The net proceeds from the issuances of the Additional New Securities and the US\$100,000 SPCS were applied to the following: (i) costs and expenses related to the 2024 Exchange Offers, including payment of accrued distribution amount in respect of the Existing Securities accepted for exchange pursuant to the terms and conditions of the 2024 Exchange Offers; (ii) costs and expenses related to the Tender Offers, including payment of the purchase price and the accrued distribution amount in respect of the Existing Securities accepted for purchase pursuant to the terms and conditions of the Tender Offers; and (iii) for pre-development costs of solar energy projects and BESS projects.

The US\$800,000, US\$100,000 and US\$500,000 SPCS were listed on the SGX-ST on September 13, October 1 and December 3, 2024, respectively.

The securities were offered to holders of existing securities pursuant to the Offers and were sold mainly offshore and to a limited number of qualified buyers in the Philippines. Hence, the Offers and sale of the securities qualified as exempt transactions for which no confirmation of exemption from the registration requirements of the SRC were required to be filed with the Philippine SEC.

The holders of the securities have conferred a right to receive distributions on a semi-annual basis from their issuance dates at the initial rate of distribution, subject to the step-up rate. The Parent Company has a right to defer this distribution under certain conditions.

The securities constitute direct, unconditional, unsecured and unsubordinated obligations of the Parent Company with no fixed redemption date and are redeemable in whole, but not in part, at the Parent Company's option on step-up date, or any distribution payment date thereafter or upon the occurrence of certain other events, at the principal amounts of the Securities plus any accrued, unpaid or deferred distribution.

Redemption of SPCS

On May 9, 2025, the Parent Company completed the redemption of its US\$113,282 remaining securities (with a carrying value of P5,627,100) out of the US\$500,000 SPCS issued in November 2019.

On October 17, 2025, the Parent Company completed the redemption of its US\$163,115 remaining securities (with a carrying value of P8,170,849) out of the US\$750,000 SPCS issued in October and December 2020.

The securities were redeemed at a price equal to its principal amount pursuant to the terms and conditions of the securities. Any unpaid distributions up to (but excluding) the redemption date was also settled. The difference between the price paid and the carrying value of securities redeemed amounted to P1,977,105 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

On April 23, 2024, the Parent Company completed the redemption of its US\$783,164 remaining securities (with a carrying value of P40,186,954) out of the US\$800,000 SPCS issued in April and July 2019, at the redemption price equal to its principal amount and settled the distributions related thereto pursuant to the terms and conditions of the securities.

The difference between the price paid and the carrying value of the US\$783,164 securities amounted to P4,852,808 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

The US\$783,164 securities were redeemed using in part the proceeds from the RPCS issued in April 2024 and cash generated from operations.

On January 20, 2026, the Parent Company completed the redemption of its US\$300,423 remaining securities (with a carrying value of P15,106,571), out of the US\$600,000 SPCS issued in January 2020, at the redemption price equal to its principal amount pursuant to the terms and conditions of the securities.

Distributions to SPCS Holders

The Parent Company paid P15,903,939, P13,384,463, and P15,035,073 to the SPCS holders in 2025, 2024 and 2023, respectively, as distributions in accordance with the terms and conditions of their respective subscription agreements.

In 2026, the Parent Company paid distributions totaling US\$70,983 to the holders of the SPCS issued in January 2020, July and August 2025, and September 2024.

RPCS

The outstanding RPCS of the Parent Company are as follows:

December 31, 2025

Date of Issuance	Initial Rate of Distribution Per Annum	Amount of Outstanding RPCS Issued	Amount in Philippine Peso*
April 19, 2024	8.50%	US\$800,000	P43,432,288
May 2, 2023	8.00%	145,000	7,964,118
November 8, 2022	6.25%	78,354	4,531,819
March 16, 2018	6.25%	650,000	32,751,570
			P88,679,795

**Net of directly attributable transaction costs.*

December 31, 2024

Date of Issuance	Initial Rate of Distribution Per Annum	Amount of Outstanding RPCS Issued	Amount in Philippine Peso*
US Dollar-denominated:			
April 19, 2024	8.50%	US\$800,000	P43,432,288
May 2, 2023	8.00%	145,000	7,964,118
March 10, 2023	8.00%	500,000	27,378,112
November 8, 2022	6.25%	85,000	4,916,225
March 16, 2018	6.25%	650,000	32,751,570
Philippine Peso-denominated:			
July 10, 2023	7.50%	P5,000,000	4,962,500
June 13, 2023	7.50%	6,760,000	6,709,300
June 5, 2023	7.50%	5,000,000	4,962,500
June 1, 2023	7.50%	7,000,000	6,947,500
May 30, 2023	7.50%	6,000,000	5,955,000
			P145,979,113

**Net of directly attributable transaction costs.*

Issuances of RPCS

On April 19, 2024, the Parent Company issued US\$800,000 RPCS to a third party (equivalent to P43,432,288, net of directly attributable transaction costs amounting to P2,687,712) at an issue price of 100%, with an initial rate of distribution of 8.5% per annum. Proceeds from the issuance were used for general corporate purposes, including capital expenditures, and refinancing of maturing obligations.

In 2023, the Parent Company and SMGP BESS issued US Dollar-denominated and Philippine Peso-denominated RPCS to SMC:

Date of Issuance	Initial Rate of Distribution Per Annum	Amount of RPCS Issued	Amount in Philippine Peso*
Parent Company			
US Dollar-denominated:			
May 2, 2023	8.00%	US\$145,000	P7,964,118
March 10, 2023	8.00%	500,000	27,378,112
Philippine Peso-denominated:			
July 10, 2023	7.50%	P5,000,000	4,962,500
June 13, 2023	7.50%	6,760,000	6,709,300
June 5, 2023	7.50%	5,000,000	4,962,500
June 1, 2023	7.50%	7,000,000	6,947,500
May 30, 2023	7.50%	6,000,000	5,955,000
SMGP BESS			
US Dollar-denominated:			
April 5, 2023	8.00%	US\$58,800	3,174,730
Philippine Peso-denominated:			
April 24, 2023	7.50%	P1,300,000	1,290,250
April 20, 2023	7.50%	1,500,000	1,488,750
			P70,832,760

* Net of directly attributable transaction costs.

The RPCS are direct, unconditional, unsecured and subordinated capital securities with no fixed redemption date. The RPCS holders shall have the right to receive distribution on a quarterly basis at the prescribed rates per annum for US Dollar-denominated and Philippine Peso-denominated RPCS. The Parent Company and SMGP BESS have a right to defer distribution under certain conditions.

The proceeds from the issuances in 2023 were used for general corporate purposes, including capital expenditures and repayment by SMGP BESS of its advances from the Parent Company, and refinancing of maturing obligations.

Redemption/Purchase of RPCS

In April 2025, the Parent Company redeemed the following RPCS issued to SMC with a total carrying value of P57,299,318:

Date of Issuance	Initial Rate of Distribution	Amount of RPCS Issued	Amount of RPCS Redeemed
US Dollar-denominated:			
March 10, 2023	8.00%	US\$500,000	US\$500,000
November 8, 2022	6.25%	85,000	6,646
Philippine Peso-denominated:			
July 10, 2023	7.50%	P5,000,000	P5,000,000
June 13, 2023	7.50%	6,760,000	6,760,000
June 5, 2023	7.50%	5,000,000	5,000,000
June 1, 2023	7.50%	7,000,000	7,000,000
May 30, 2023	7.50%	6,000,000	6,000,000

The difference between the price paid and the carrying value of the securities amounted to P1,557,375 and was recognized as part of the "Equity reserves" account in the consolidated statements of financial position.

On October 27, 2023, SMGP BESS purchased its outstanding RPCS issued to SMC (with a total carrying value of P20,220,004), for a total consideration of P21,668,695, pursuant to the terms of the RPS. The purchase was financed using in part the proceeds of the long-term debt drawn by SMGP BESS from its OLSA (see Note 18).

The difference between the price paid and the carrying value of the securities purchased amounted to P1,448,691 and was recognized as part of the “Equity reserves” account in the consolidated statements of financial position.

Distributions to RPCS Holders

The Parent Company paid distribution to RPCS holders, amounting to P21,363,061 (including distributions in arrears of P14,617,039) and P2,552,418 in 2025 and 2024, respectively, in accordance with the terms and conditions of the relevant subscription agreements. There were no distributions paid to the RPCS holder in 2023.

In 2026, the Parent Company paid distributions amounting to US\$17,000 to the US\$800,000 RPCS holder.

22. Revenues

Revenues consist of:

	<i>Note</i>	2025	2024	2023
Sale of power:				
Power generation and trading	6	P111,258,410	P168,629,230	P145,190,801
Retail and other power-related services	6	44,634,172	35,261,929	23,973,021
Other services		1,315,008	1,199,957	426,415
	<i>5, 19</i>	P157,207,590	P205,091,116	P169,590,237

Revenues from other services mainly pertain to operations and maintenance services provided to various customers, including entities under common control (see Note 19).

23. Cost of Power Sold

Cost of power sold consists of:

	<i>Note</i>	2025	2024	2023
Coal, fuel oil and other consumables	<i>9, 19</i>	P53,734,249	P101,763,922	P86,906,429
Power purchases	6	23,256,960	29,664,574	25,249,742
Depreciation and amortization	<i>6, 12, 13, 14</i>	15,021,925	13,339,048	11,664,266
Plant operations and maintenance, and other fees	<i>6, 19, 20</i>	9,151,223	8,342,739	5,530,562
Energy fees	6	1,722,853	1,574,006	1,640,693
	<i>5</i>	P102,887,210	P154,684,289	P130,991,692

24. Selling and Administrative Expenses

Selling and administrative expenses consist of:

	Note	2025	2024	2023
Taxes and licenses		P2,462,539	P2,286,870	P1,876,156
Impairment losses on trade receivables (reversals) - net	8	1,904,091	2,140,622	(46,650)
Depreciation and amortization	12, 13, 14	1,284,623	833,820	652,410
Outside services	19	1,064,957	704,423	523,675
Salaries, wages and benefits	19, 20	1,020,835	891,290	1,012,493
Management fees	19	905,808	749,616	711,196
Repairs and maintenance		727,612	804,061	108,731
Corporate special program		259,706	220,547	248,836
Professional fees		343,340	310,992	267,922
Supplies		187,569	128,843	133,855
Rent - net	6, 19	185,239	323,638	278,863
Advertising and promotions		118,222	165,253	88,261
Donations		197,782	45,501	21,309
Miscellaneous		220,572	344,113	195,375
	5	P10,882,895	P9,949,589	P6,072,432

Corporate special program pertains to the Group's corporate social responsibility projects. Donations represent contributions to registered donee institutions for their programs on education, environment and disaster-related projects.

25. Other Income (Charges) - net

Other income (charges) consists of:

	Note	2025	2024	2023
Gain on fair valuation of investments	11	P21,933,046	P -	P -
Dividend income	11	501,427	-	-
Insurance claims		31,598	58,896	104,487
Marked-to-market gains (losses) on derivatives - net	30	(54,210)	104,350	(875,946)
Foreign exchange gains (losses) - net	29	(1,912,377)	(4,006,812)	1,258,912
Miscellaneous income - net	6, 12, 13	527,873	338,178	50,507
	5	P21,027,357	(P3,505,388)	P537,960

Miscellaneous income mostly pertains to gain on lease modification relating to certain lease agreements of MPGC, SMGP BESS, SGLPC, and MPI, terminal fee, sale of scrap, and impairment losses on property, plant and equipment.

26. Income Taxes

The components of income tax expense are as follows:

	Note	2025	2024	2023
Current	27	P3,610,659	P2,917,184	P1,924,391
Deferred		1,579,326	2,298,771	3,235,815
		P5,189,985	P5,215,955	P5,160,206

In 2025, the Parent Company recognized a MCIT, amounting to P688,117, relating to the net gain on investments in equity instruments recognized and presented under "Net gain on financial assets at fair value through other comprehensive income" account in the consolidated statement of comprehensive income for the year ended December 31, 2025 (see Note 11).

The movements of deferred income tax assets and liabilities are as follows:

2025	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Deconsolidation of Subsidiaries and Others	Balance at December 31
Allowance for impairment losses on trade receivables	P1,545,318	P476,023	P -	(P101,187)	P1,920,154
Defined benefits retirement obligation	85,652	23,197	-	-	108,849
Difference of amortization of borrowing costs over payment and others	(1,043,904)	138,247	-	-	(905,657)
Difference of depreciation and other related expenses over monthly lease payments	(26,116,159)	(582,641)	-	8,675,912	(18,022,888)
Equity reserve for retirement plan	(5,016)	-	16,903	-	11,887
NOLCO and MCIT	3,629,662	(2,277,942)	-	-	1,351,720
Gain on sale of ordinary assets and investments	(720,188)	643,790	-	-	(76,398)
Fair value reserves	-	-	(26,746)	-	(26,746)
	(P22,624,635)	(P1,579,326)	(P9,843)	P8,574,725	(P15,639,079)

2024	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Balance at December 31
Allowance for impairment losses on trade receivables	P524,096	P1,021,222	P -	P -	P1,545,318
Defined benefits retirement obligation	85,191	461	-	-	85,652
Difference of amortization of borrowing costs over payment and others	928,086	(1,971,990)	-	-	(1,043,904)
Difference of depreciation and other related expenses over monthly lease payments	(27,582,758)	1,466,628	-	(29)	(26,116,159)
Equity reserve for retirement plan	9,577	-	(14,593)	-	(5,016)
NOLCO and MCIT	8,457,980	(4,828,318)	-	-	3,629,662
Gain on sale of ordinary assets and investments	(2,733,414)	2,013,226	-	-	(720,188)
	(P20,311,242)	(P2,298,771)	(P14,593)	(P29)	(P22,624,635)

The deferred income taxes are reported in the consolidated statements of financial position as follows:

	2025	2024
Deferred income tax assets	P1,584,049	P1,353,752
Deferred income tax liabilities	(17,223,128)	(23,978,387)
	(P15,639,079)	(P22,624,635)

Deferred income tax assets on NOLCO and MCIT of the Group amounting to P9,268,820 and P13,801,435 as at December 31, 2025 and 2024, respectively, has not been recognized because it is not probable that future taxable income will be available against which the Group can utilize the benefits therefrom.

As at December 31, 2025, the NOLCO and MCIT of the Group that can be claimed as deduction from future taxable income and deduction from corporate income tax due, respectively, are as follows:

Year Incurred/ Paid	Carryforward Benefits Up To	NOLCO	MCIT
2025	December 31, 2028	P2,566,671	P750,713
2024	December 31, 2027	16,142,539	711,111
2023	December 31, 2026	16,917,021	36,568
2021	December 31, 2026	862,739	94
		P36,488,970	P1,498,486

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 to implement Section 4 (bbbb) of the RA No. 11494, otherwise known as the Bayanihan to Recover as One Act, relative to NOLCO which provides that the net operating loss of a business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next 5 consecutive taxable years immediately following the year of such loss.

The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next 5 consecutive taxable years following the year such loss was incurred.

For taxable years 2025, 2024 and 2023, the expiration period of NOLCO reverted to 3 years.

The reconciliation between the statutory income tax rate on income before income tax and the Group's effective income tax rate is as follows:

	2025	2024	2023
Statutory income tax rate	25.00%	25.00%	25.00%
Increase (decrease) in income tax rate resulting from:			
Unrecognized deferred income tax assets	6.69%	15.80%	28.09%
Availment of income tax holiday and others	(11.74%)	(11.16%)	(18.83%)
Gain on fair valuation of investments	(10.25%)	-	-
Effective income tax rate	9.70%	29.64%	34.26%

RA No. 11534, Otherwise Known as the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

Pursuant to the CREATE Act which was passed into law on March 26, 2021 and took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or on April 11, 2021, the MCIT was computed using the income tax rates of 2% in 2025 and 2024 and 1.5% in 2023.

RA No. 12066 or the CREATE to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act

The CREATE MORE Act, which seeks to improve the country's fiscal incentives policies by clarifying issues in the implementation of the CREATE Act, took effect on November 28, 2024. Key provisions of the CREATE MORE Act which have an impact on the Group are: (i) reduction of RCIT rate from 25% to 20% and expanded deductions for Registered Business Enterprises (RBEs) under the Enhanced Deductions Regime; and (ii) broadened eligibility and extended period of incentives for RBEs.

International Tax Reform - Pillar Two Model Rules

The Group has adopted the amendments to PAS 12, *Income Taxes*, relating to the International Tax Reform: Pillar Two Model Rules. These amendments provide a mandatory temporary exception from the recognition and disclosure of deferred income taxes arising from Pillar Two income taxes. Accordingly, no deferred income tax assets or liabilities have been recognized in respect of Pillar Two legislation.

'Pillar Two legislation' has been substantively enacted in Singapore where the Group operates but not yet effective as of December 31, 2025. As part of the of the Top Frontier Group, the Group is within the scope of the substantively enacted legislation. In this regard, the Top Frontier Group has performed a Transitional Country-by-Country (CbCR) Safe Harbor (TCSH) test to identify jurisdictions that may be excluded from the full Pillar Two calculations. The assessment was based on the most recent tax filings, CbCR reports, and financial statements for the covered entities of the Group. Based on the results of the TCSH test, Singapore failed to qualify for safe harbor exclusion.

In line with the assessment of the Top Frontier Group, a provision for top-up tax has been recognized to the extent that it is reasonably estimable. The computation remains subject to refinement pending the Top Frontier Group's finalization of detailed calculations and any additional guidance or clarifications from relevant tax authorities.

The Group will continue to monitor developments and will provide additional disclosures when the legislation becomes effective and the impact becomes reasonably estimable.

27. Registrations and Licenses

Registrations with the Board of Investments (BOI)

- i. In 2013, MPI and LPI were granted incentives by the BOI on a pioneer status for 6 years subject to the representations and commitments set forth in the application for registration, the provisions of Omnibus Investments Code of 1987, (Executive Order [EO] No. 226), the rules and regulations of the BOI and the terms and conditions prescribed. On October 5, 2016, BOI granted LPI's request to move the start of its commercial operation and Income Tax Holiday (ITH) reckoning date from February 2016 to September 2017 or when the first kilowatt-hour (kWh) of energy was transmitted after commissioning or testing, or 1 month from the date of such commissioning or testing, whichever comes earlier as certified by the NGCP. Subsequently, on December 21, 2016, BOI granted a similar request of MPI to move the start of its commercial operation and ITH reckoning date from December 2015 to July 2016, or the actual date of commercial operations subject to compliance with the specific terms and conditions, due to delay in the implementation of the project for reasons beyond its control. MPI's request for the further extension of the ITH reckoning date from July 2016 to September 2017 was likewise approved by the BOI on December 5, 2018. The ITH incentives shall only be limited to the conditions given under their respective BOI registrations' specific terms and conditions. The ITH period for Unit 1 and Unit 2 of LPI commenced on May 26, 2017, and expired on May 25, 2023. The ITH incentives of MPI expired on September 26, 2023.
- ii. On September 20, 2016, LETI was registered with the BOI under EO No. 226 as an expanding operator of 2 x 150 MW CFB Coal-fired Power Plant (Phase II Limay Greenfield Power Plant) on a non-pioneer status. The BOI categorized LETI as an "Expansion" based on the 2014 to 2016 IPP's Specific Guidelines for "Energy" in relation to LPI's 2 x 150 MW Coal-fired Power Plant (Phase I Limay Greenfield Power Plant). As a registered entity, LETI is entitled to certain incentives that include, among others, an ITH for 3 years from January 2018 or the date of actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The ITH incentives shall only be limited to the conditions given under the specific terms and conditions of LETI's BOI registrations.

In June 2017, the BOI approved the transfer of ownership and registration of Phase II Limay Greenfield Power Plant from LETI to LPI. On July 13, 2018, the BOI granted LPI's request to move the start of its commercial operation and ITH reckoning date from January 2018 to March 2018 or the actual start of commercial operations, whichever is earlier. The ITH period for Phase II Limay Greenfield Power Plant (Unit 3 and Unit 4) commenced on March 26, 2018, and expired in 2021.

- iii. On October 12, 2012, MPCL received the BOI approval for the application as an expanding operator of a 600 MW Coal-Fired Thermal Power Plant. As a registered entity, MPCL is entitled to ITH for 3 years from June 2017 or the actual start of commercial operations, whichever is earlier (but not earlier than the date of registration) subject to compliance with the specific terms and conditions set forth in the BOI registration. On May 27, 2014, the BOI approved MPCL's request to move the start of its commercial operation and the reckoning date of the ITH entitlement from June 2017 to December 2018. On June 17, 2015, the BOI subsequently granted MPCL's requests to downgrade the registered capacity from 600 MW to 300 MW.

On December 21, 2015, MPCL received the BOI approval for the application as new operator of 10 MW BESS Project on a pioneer status. The BESS facility provides 10 MW of interconnected capacity and enhances the reliability of the Luzon grid using the *Avancion* energy storage solution. As a registered entity, MPCL is entitled to incentives that include, among others, an ITH for 6 years from December 2018 or the date of the actual start of commercial operations, whichever is earlier (but not earlier than the date of registration) subject to compliance with the specific terms and conditions of MPCL's BOI registration. The ITH period for the 10 MW BESS of MPCL commenced on December 1, 2018. On October 1, 2020, MPCL likewise received the BOI approval on the additional 20 MW BESS Phase 2 Project of MPCL.

On February 23, 2021, MPCL received the BOI approval for the applications as the new operator of a 315 MW Super Critical Pulverized Coal Thermal Power Plant Unit 4, and as the new operator of 315 MW Super Critical Pulverized Coal Thermal Power Plant Unit 5. Each registered activity is entitled to a 4-year ITH reckoned from the start of commercial operations.

On November 12 and December 26, 2024, MPCL submitted to BOI the request to transfer its registration from EO No. 226 to CREATE Act for Units 4 and 5, and BESS Phase 2 Project, respectively.

- iv. On August 24, 2016, SMGP Kabankalan received the BOI approval for the application as the new operator of the 2 x 20 MW Kabankalan *Avancion* Energy Storage Array on a pioneer status. SMGP Kabankalan, a registered entity, is entitled to incentives that include, among others, an ITH for 6 years from July 2019 to December 2024 or the date of the actual start of commercial operations, whichever is earlier (but not earlier than the date of registration). On November 27, 2019, SMGP Kabankalan filed a request with the BOI to move the reckoning date of the ITH entitlement from July 2019 to July 2021. Due to the delays brought about by the pandemic, a subsequent request was filed to move the reckoning date to January 2022. On December 17, 2021, the BOI granted the request of SMGP Kabankalan for the movement of the start of commercial operations and ITH reckoning to January 2022. The incentives shall be limited to the specific terms and conditions of SMGP Kabankalan's BOI registration.
- v. On November 29, 2019, the BOI approved the application of SMGP BESS as the new operator of BESS Component of the Integrated Renewable Power Facility ("R-Hub") covering various sites across the Philippines. The BOI also approved SMGP BESS' subsequent applications covering additional sites. Each registered site was granted certain incentives including ITH, among others. On November 12, 2024, SMGP BESS submitted to BOI the request to transfer its registration from EO No. 226 to CREATE Act. Said request was subsequently approved by the BOI on November 26, 2025.
- vi. On November 29, 2022, the BOI approved the application of SGLPC as a Renewable Energy Developer of Solar Energy Resources located at Lucanin Industrial Estate, Mariveles, Bataan. SGLPC was granted certain incentives including a 7-year ITH reckoned from the start of commercial operation in October 2023, among others. SGLPC requested BOI to move the start of commercial operation due to events that are beyond its control.

On November 7, 2025, the BOI approved the transfer of SGLPC's BOI registration to LSI subject to certain conditions.

Registration with the AFAB

- i. On April 24, 2019, MPGC was registered with AFAB, subject to annual renewal, as engaged in business of producing and generating electricity, and processing fuels alternative for power generation, among others, at the Freeport Area of Bataan (FAB). As a FAB enterprise, MPGC will operate 4 x 150 MW power plant located in Mariveles, Bataan. AFAB granted MPGC certain incentives that include, among others, an ITH of 4 years for original project effective on the committed date or actual date of start of commercial operations, whichever is earlier. MPGC, however, due to circumstances brought about by Corona Virus Disease in 2019, has requested with AFAB to move the reckoning date of the start of commercial operations and the ITH for each unit. The said request was approved by AFAB on October 11, 2024.

On December 13, 2021, MPGC has been granted a renewed certificate of registration with AFAB which now remains valid and in effect as long as MPGC remains in good standing or until revoked or cancelled.

- ii. On October 8, 2025, AFAB has approved the registration of SMGP BESS as the new operator of BESS Component of the Integrated Renewable Power Facility ("R-Hub") in Mariveles, Bataan. As a FAB registered enterprise, SMGP BESS is entitled to incentives that includes ITH for 6 years and enhanced deductions for 10 years, among others.

License Granted by the ERC

On August 4, 2008 and August 24, 2016, MPCL and LPI, respectively, were granted a RES License by the ERC pursuant to Section 29 of the EPIRA, which requires all suppliers of electricity to the contestable market to secure a license from the ERC. The term of the RES License is for a period of 5 years from the time it was granted and renewable thereafter.

On December 13, 2023, the ERC granted the renewal of the RES License of MPCL and LPI for another 5 years valid from September 30, 2023, until September 29, 2028.

On August 13, 2025, MPI was granted a RES License by the ERC pursuant to Section 29 of the EPIRA. The term is for a period of 5 years from August 13, 2025 until August 12, 2030 and renewable thereafter.

28. Basic and Diluted Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share is computed as follows:

	2025	2024	2023
Net income attributable to equity holders of the Parent Company	P48,191,486	P12,345,292	P9,905,416
Distributions for the year to:			
RPCS holder	(9,719,483)	(11,737,628)	(6,088,171)
SPCS holders	(16,876,277)	(14,049,817)	(15,034,200)
Net income (loss) attributable to common shareholders of the Parent Company (a)	21,595,726	(13,442,153)	(11,216,955)
Weighted average number of common shares outstanding (in thousands) (b)	4,210,764	2,823,604	1,588,937
Basic/Diluted Earnings (Loss) Per Share (a/b)	P5.13	(P4.76)	(P7.06)

As at December 31, 2025, 2024 and 2023, the Parent Company has no dilutive debt or equity instruments.

The basic/diluted loss per common share in 2024 and 2023 resulted mainly from the impact of foreign exchange losses and interest costs and other financing charges (including distributions to perpetual capital securities) for the Group's various financing activities. These were undertaken to fund the ongoing construction of several power plant expansion projects intended to significantly increase the capacities and modernize the existing power generation portfolio of the Group. These expansion projects, including, among others, the ~1,000 MW BESS facilities and the 4 x 150 MW Mariveles Greenfield Power Plant, with several sites and all 4 units commencing commercial operations in 2024 and 2025, and the 2 x 350 MW Masinloc Power Generation Units 4 and 5 that are expected to be declared operational in the next two years (see Note 12). The projects' capacities are contracted or to be contracted to creditworthy offtakers such as Meralco and NGCP, and are expected to contribute significantly to the profitability of the Group in the coming years following the start of their commercial operations (see Note 6).

29. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Liquidity Risk
- Credit Risk
- Market Risk (Interest Rate Risk, Foreign Currency Risk and Commodity Price Risk)

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group include cash and cash equivalents, restricted cash, long-term receivables, loans payable, long-term debts and derivative instruments. These financial instruments, except derivative instruments, are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Group such as trade and other receivables, accounts payable and accrued expenses, lease liabilities and other noncurrent liabilities arise directly from and are used to facilitate its daily operations.

The outstanding derivative instruments of the Group, such as forwards, are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to foreign currency and commodity price risks arising from the operating and financing activities. The accounting policies in relation to derivatives are set out in Note 3 to consolidated financial statements.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD constituted the Audit and Risk Oversight Committee to assist the BOD in fulfilling its oversight responsibility of the Group's corporate governance process relating to the: a) quality and integrity of the consolidated financial statements and financial reporting process and the systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the consolidated financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance with tax, legal and regulatory requirements; e) evaluation of management's process to assess and manage the enterprise risk issues; and f) fulfillment of the other responsibilities set out by the BOD. The Audit and Risk Oversight Committee shall prepare such reports as may be necessary to document the activities of the committee in the performance of its functions and duties. Such reports shall be included in the annual report of the Group and other corporate disclosures as may be required by the Philippine SEC and/or the PDEX.

The Audit and Risk Oversight Committee also oversees how management monitors compliance with the risk management policies and procedures of the Group and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit assists the Audit and Risk Oversight Committee in monitoring and evaluating the effectiveness of the risk management and governance processes of the Group. Internal Audit undertakes both regular and special reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Oversight Committee.

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary. The Group also uses derivative instruments such as forwards and swaps to manage liquidity

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management:

December 31, 2025	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P101,498,370	P101,498,370	P101,498,370	P -	P -	P -
Trade and other receivables - net	87,689,285	87,689,285	87,689,285	-	-	-
Long-term receivables (including current portion)	5,503,179	5,503,179	2,931,936	1,485,031	622,543	463,669
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	15,324,737	15,324,737	9,875,103	3,753,772	1,695,837	25
Financial Liabilities						
Loans payable	33,000,000	33,128,533	33,128,533	-	-	-
Accounts payable and accrued expenses	83,785,524	83,785,524	83,785,524	-	-	-
Long-term debt - net (including current maturities)	285,135,641	358,016,578	63,535,653	75,532,389	161,699,619	57,248,917
Lease liabilities (including current portion)	29,700,875	44,389,359	6,299,603	7,346,347	6,169,433	24,573,976
Other noncurrent liabilities	560,435	560,435	-	241,272	270,479	48,684

*Excluding statutory receivables and payables.

December 31, 2024	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P67,867,411	P67,867,411	P67,867,411	P -	P -	P -
Trade and other receivables - net	110,776,695	110,776,695	110,776,695	-	-	-
Long-term receivables (including current portion)	14,140,044	14,140,044	5,104,369	7,393,836	1,352,637	289,202
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	8,495,006	8,495,006	3,865,243	2,973,551	1,656,202	10
Financial Liabilities						
Loans payable	41,350,425	41,662,148	41,662,148	-	-	-
Accounts payable and accrued expenses	122,229,914	122,229,914	122,229,914	-	-	-
Derivative liabilities not designated as cash flow hedge (included under "Accounts payable and accrued expenses" account)	13,725	13,725	13,725	-	-	-
Long-term debt - net (including current maturities)	277,937,891	362,378,837	49,276,576	60,537,755	170,496,680	82,067,826
Lease liabilities (including current portion)	31,405,266	40,231,022	10,324,934	6,169,050	9,646,282	14,090,756
Other noncurrent liabilities	502,869	502,869	-	199,972	183,678	119,219

*Excluding statutory receivables and payables.

Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Trade and Other Receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on the credit risk.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group ensures that sales on account are made to customers with appropriate credit history. The Group has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

Financial information on the Group's maximum exposure to credit risk as at December 31, without considering the effects of other risk mitigation techniques, is presented below:

	<i>Note</i>	2025	2024
Cash and cash equivalents (excluding cash on hand)	7	P101,496,244	P67,864,985
Trade and other receivables - net*	8	87,689,285	110,776,695
Long-term receivables (including current portion)	8, 15	5,503,179	14,140,044
Restricted cash	10, 15	15,324,737	8,495,006
		P210,013,445	P201,276,730

*Excluding statutory receivables

The table below presents the Group's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

December 31, 2025	Financial Assets at Amortized Cost			Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	
Cash and cash equivalents (excluding cash on hand)	P101,496,244	P -	P -	P101,496,244
Trade and other receivables	-	87,689,285	6,366,364	94,055,649
Long-term receivables (including current portion)	-	5,503,179	-	5,503,179
Restricted cash	15,324,737	-	-	15,324,737
	P116,820,981	P93,192,464	P6,366,364	P216,379,809

December 31, 2024	Financial Assets at Amortized Cost			Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit Impaired	
Cash and cash equivalents (excluding cash on hand)	P67,864,985	P -	P -	P67,864,985
Trade and other receivables	-	110,776,695	4,867,019	115,643,714
Long-term receivables (including current portion)	-	14,140,044	-	14,140,044
Restricted cash	8,495,006	-	-	8,495,006
	P76,359,991	P124,916,739	P4,867,019	P206,143,749

Receivables that are not credit impaired are considered high grade since the customers or counterparties have strong financial capacity and business performance and with the lowest default risk.

The aging of trade and other receivables (excluding statutory receivables) is as follows:

	December 31, 2025				December 31, 2024			
	Trade	Non-trade	Amounts Owed by Related Parties	Total	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P51,579,651	P5,239,814	P3,148,216	P59,967,681	P57,027,864	P4,845,403	P1,089,041	P62,962,308
Past due:								
1 - 30 days	5,542,565	77,483	776,836	6,396,884	12,002,438	45,266	365,300	12,413,004
31 - 60 days	844,345	20,971	45,766	911,082	2,030,425	15,809	81,464	2,127,698
61 - 90 days	164,921	10,175	36,609	211,705	1,042,048	9,942	13,071	1,065,061
Over 90 days	20,165,951	6,080,828	321,518	26,568,297	29,696,037	6,209,073	1,170,533	37,075,643
	P78,297,433	P11,429,271	P4,328,945	P94,055,649	P101,798,812	P11,125,493	P2,719,409	P115,643,714

Past due trade receivables more than 30 days pertain mainly to generation charges and output VAT. The Group believes that the unimpaired amounts that are past due and those that are neither past due nor impaired are still collectible based on historical payment behavior and analyses of the underlying customer credit ratings.

The Group computes impairment loss on receivables based on past collection experience, current circumstances and the impact of future economic conditions, if any, available at the reporting period. Except for specific customer accounts for which impairment losses have been recognized based on their current financial condition as of each reporting date, there were no significant indicators of a significant change in the credit quality of the unimpaired accounts of other customers or counterparties as of each reporting date.

The Group's cash and cash equivalents, derivative assets and restricted cash are placed with reputable entities with high quality external credit ratings.

The Group has significant concentration of credit risk. Sale of power to Meralco accounts for 33%, 45%, and 42% of the Group's total revenues in 2025, 2024, and 2023, respectively.

The Group does not execute any credit guarantee in favor of any counterparty.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates relates primarily to the long-term borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

On the other hand, the investment policy of the Group is to maintain an adequate yield to match or reduce the net interest cost from its borrowings pending the deployment of funds to their intended use in the operations and working capital management. However, the Group invests only in high-quality short-term investments while maintaining the necessary diversification to avoid concentration risk.

In managing interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit or loss.

The management of interest rate risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various standard and non-standard interest rate scenarios.

Interest Rate Risk Table

The terms and maturity profile of the interest-bearing financial instruments, together with its gross amounts, are shown in the following tables:

December 31, 2025	< 1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated Interest rate	P23,012,654 5.1792% to 8.6228%	P19,929,597 6.6250% to 8.6228%	P51,809,411 6.7500% to 8.6228%	P28,190,744 7.5758% to 8.6228%	P21,784,372 6.8750% to 8.5915%	P49,916,000 7.0000% to 8.2104%	P194,642,778
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	1,544,266 8.3310%	1,613,932 8.3310%	1,688,243 8.3310%	1,767,198 8.3310%	8,815,090 8.3310%	-	15,428,729
Floating Rate							
Philippine Peso-denominated Interest rate	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	291,134 BVAL + Margin	-	4,949,270
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	18,145,240 SOFR + Margin	35,805,168 SOFR + Margin	9,374,124 SOFR + Margin	581,609 SOFR + Margin	8,780,169 SOFR + Margin	-	72,686,310
	P43,866,694	P58,513,231	P64,036,312	P31,704,085	P39,670,765	P49,916,000	P287,707,087
<hr/>							
December 31, 2024	< 1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated Interest rate	P17,004,744 5.0000% to 8.6228%	P22,339,154 5.1792% to 8.6228%	P18,370,097 6.6250% to 8.6228%	P48,394,411 7.1051% to 8.6228%	P26,400,744 7.5758% to 8.6228%	P59,538,372 7.5758% to 8.2443%	P192,047,522
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	1,453,182 8.3310%	1,519,443 8.3310%	1,587,990 8.3310%	1,661,106 8.3310%	1,738,792 8.3310%	8,673,395 8.3310%	16,633,908
Floating Rate							
Philippine Peso-denominated Interest rate	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	291,134 BVAL + Margin	6,113,804
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	9,155,013 SOFR + Margin	17,853,571 SOFR + Margin	35,229,629 SOFR + Margin	546,693 SOFR + Margin	572,260 SOFR + Margin	2,854,535 SOFR + Margin	66,211,701
	P28,777,473	P42,876,702	P56,352,250	P51,766,744	P29,876,330	P71,357,436	P281,006,935

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's net income before tax (through the impact on floating rate borrowings) by P776,356, P723,255, and P710,947 in 2025, 2024 and 2023, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Group's other comprehensive income.

Foreign Currency Risk

The functional currency is the Philippine Peso, which is the denomination of the bulk of the Group's revenues. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group enters into foreign currency hedges using derivative instruments, such as foreign currency forwards and call spread swaps to manage its foreign currency risk exposure.

Short-term currency forward contracts (non-deliverable) are entered into to manage foreign currency risks relating to foreign currency-denominated obligations and long-term borrowings.

Information on the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine Peso equivalents are as follows:

	Note	December 31, 2025		December 31, 2024	
		US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Assets					
Cash and cash equivalents	7	US\$889,224	P52,277,472	US\$168,440	P9,743,423
Trade and other receivables	8	111,450	6,552,117	198,748	11,496,606
Long-term receivables	15	35,154	2,066,705	33,855	1,958,324
		1,035,828	60,896,294	401,043	23,198,353
Liabilities					
Loans payable		-	-	125,000	7,230,625
Accounts payable and accrued expenses	17	1,248,509	73,399,840	1,288,607	74,539,484
Long-term debt (including current maturities)	18	1,498,810	88,115,039	1,432,200	82,845,609
Lease liabilities (including current portion)	6	132,587	7,794,794	277,111	16,029,502
		2,879,906	169,309,673	3,122,918	180,645,220
Net Foreign Currency-denominated Monetary Liabilities		US\$1,844,078	P108,413,379	US\$2,721,875	P157,446,867

The Group reported net gains (losses) on foreign exchange amounting to (P1,912,377), (P4,006,812), and P1,258,912 in 2025, 2024, and 2023, respectively, with the translation of its foreign currency-denominated assets and liabilities (see Note 25).

These mainly resulted from the movements of the Philippine Peso against the US Dollar as shown in the following table:

US Dollar to Philippine Peso	
December 31, 2025	P58.790
December 31, 2024	57.845
December 31, 2023	55.370

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various foreign currency exchange rate scenarios.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Group's income before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to translation of results and financial position of foreign operations):

December 31, 2025	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P881,746)	(P668,787)	P881,746	P668,787
Trade and other receivables	(111,450)	(83,587)	111,450	83,587
Long-term receivables	(35,154)	(26,366)	35,154	26,366
	(1,028,350)	(778,740)	1,028,350	778,740
Accounts payable and accrued expenses	1,248,375	936,415	(1,248,375)	(936,415)
Long-term debt (including current maturities)	1,498,810	1,124,108	(1,498,810)	(1,124,108)
Lease liabilities (including current portion)	132,587	99,440	(132,587)	(99,440)
	2,879,772	2,159,963	(2,879,772)	(2,159,963)
	P1,851,422	P1,381,223	(P1,851,422)	(P1,381,223)

December 31, 2024	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P165,301)	(P127,114)	P165,301	P127,114
Trade and other receivables	(198,734)	(149,068)	198,734	149,068
Long-term receivables	(33,855)	(25,391)	33,855	25,391
	(397,890)	(301,573)	397,890	301,573
Loans Payable	125,000	93,750	(125,000)	(93,750)
Accounts payable and accrued expenses	1,288,337	966,523	(1,288,337)	(966,523)
Long-term debt (including current maturities)	1,432,200	1,074,150	(1,432,200)	(1,074,150)
Lease liabilities (including current portion)	277,111	207,833	(277,111)	(207,833)
	3,122,648	2,342,256	(3,122,648)	(2,342,256)
	P2,724,758	P2,040,683	(P2,724,758)	(P2,040,683)

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency-denominated transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

Commodity Price Risk

Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in commodity prices.

The Group, through SMC and the Parent Company, enters into commodity derivatives to manage its price risks on strategic commodities. Commodity hedging allows stability in prices, thus offsetting the risk of volatile market fluctuations. Through hedging, prices of commodities are fixed at levels acceptable to the Group, thus protecting raw material cost and preserving margins. For hedging transactions, if prices go down, hedge positions may show marked-to-market losses; however, any loss in the marked-to-market position is offset by the resulting lower physical raw material cost.

Commodity Swaps. Commodity swaps are used to manage the Group's exposures to volatility in prices of coal.

Other Market Price Risk

The Group's market price risk arises from its investments carried at fair value (financial assets at FVOCI). The Group manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

Capital Management

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, distribution payment, pay-off existing debts, return capital to shareholders or issue new shares, subject to compliance with certain covenants of its long-term debts, SPCS and RPCS (see Notes 18 and 21).

The Group defines capital as capital stock, additional paid-in capital, SPCS, RPCS and retained earnings, both appropriated and unappropriated. Other components of equity such as equity reserves are excluded from capital for purposes of capital management.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the consolidated statements of financial position.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Group's business, operation and industry.

There were no changes in the Group's approach to capital management during the year.

30. Financial Assets and Financial Liabilities

The table below presents a comparison by category of the carrying amounts and fair values of the Group's financial instruments:

	December 31, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P101,498,370	P101,498,370	P67,867,411	P67,867,411
Trade and other receivables - net*	87,689,285	87,689,285	110,776,695	110,776,695
Financial assets at FVOCI (included under "Investments and advances" account)	26,757,446	26,757,446	-	-
Long-term receivables (including current portion)	5,503,179	5,503,179	14,140,044	14,140,044
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	15,324,737	15,324,737	8,495,006	8,495,006
	P236,773,017	P236,773,017	P201,279,156	P201,279,156
Financial Liabilities				
Loans payable	P33,000,000	P33,000,000	P41,350,425	P41,350,425
Accounts payable and accrued expenses	83,785,524	83,785,524	122,229,914	122,229,914
Derivative liabilities not designated as cash flow hedge (included under "Accounts payable and accrued expenses" account)	-	-	13,725	13,725
Long-term debt - net (including current maturities)	285,135,641	301,593,484	277,937,891	295,112,421
Lease liabilities (including current portion)	29,700,875	29,700,875	31,405,266	31,405,266
Other noncurrent liabilities	560,435	560,435	502,869	502,869
	P432,182,475	P448,640,318	P473,440,090	P490,614,620

*Excluding statutory receivables and payables

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

Cash and Cash Equivalents, Trade and Other Receivables (excluding statutory receivables), Long-term Receivables and Restricted Cash. The carrying amounts of cash and cash equivalents, and trade and other receivables approximate their fair values primarily due to the relatively short-term maturities of these financial instruments. In the case of long-term receivables and restricted cash, the carrying amounts approximate their fair values, since the effect of discounting is not considered material.

Financial Assets at FVOCI. The fair values of publicly traded equity instruments are based on quoted market prices in an active market. For equity instruments with no quoted market prices, the carrying amounts approximate their fair values, since the effect of discounting is not considered material.

Derivatives. The fair values of forward exchange contracts are calculated by reference to current forward exchange rates. In the case of freestanding currency and commodity derivatives, the fair values are determined based on quoted prices obtained from their respective active markets. Fair values for stand-alone derivative instruments that are not quoted from an active market and for embedded derivatives are based on valuation models used for similar instruments using both observable and non-observable inputs. The fair values of the derivatives have been categorized as Level 2 in the fair value hierarchy.

Loans Payable and Accounts Payable and Accrued Expenses (excluding statutory payables and Derivative Liabilities). The carrying amounts of loans payable and accounts payable and accrued expenses approximate their fair values due to the relatively short-term maturities of these financial instruments.

Lease Liabilities. The fair value is based on the present value of expected cash flows using the applicable discount rates based on current market rates of similar instruments. The fair value of lease liabilities has been categorized as Level 2 in the fair value hierarchy.

Long-term Debt and Other Noncurrent Liabilities. The fair value of interest-bearing fixed-rate loans is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as at reporting date. Discount rates used for Philippine Peso-denominated loans range from 4.64% to 8.56% and from 5.65% to 6.16% as at December 31, 2025 and 2024, respectively. Discount rates used for foreign currency-denominated loans range from 3.44% to 3.73% and from 4.20% to 5.99% as at December 31, 2025 and 2024, respectively. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

The fair value of Philippine Peso-denominated bonds has been categorized as Level 1 and interest-bearing fixed-rate loans and other noncurrent liabilities have been categorized as Level 2 in the fair value hierarchy.

Derivative Financial Instruments

The Group's derivative financial instruments according to the type of financial risk being managed and the details of freestanding derivative financial instruments that are categorized into those accounted for as cash flow hedges and those that are not designated as accounting hedges are discussed below.

The Group enters into various foreign currency and commodity derivative contracts to manage its exposure on foreign currency and commodity price risks. The portfolio is a mixture of instruments including forwards and swaps.

Derivative Instruments not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding derivatives which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the consolidated statements of income. Details are as follows:

Freestanding Derivatives

Freestanding derivatives consist of foreign currency derivatives entered into by the Group.

Currency Forwards

The Group had an outstanding short-term foreign currency forward contracts with aggregate notional amount of US\$45,000 as at December 31, 2024 which matured in 2025. As at December 31, 2024, the negative fair value of these currency forwards, included under "Accounts payable and accrued expenses" account amounted to P13,725 (see Note 17).

The Group recognized marked-to-market gains (losses) from freestanding derivatives amounting to (P54,210), P104,350, and (P875,946) in 2025, 2024, and 2023, respectively (see Note 25).

Fair Value Changes on Derivatives

The net movements in fair value of all derivative instruments are as follows:

	2025	2024
Balance at beginning of year	(P13,725)	(P13,925)
Net change in fair value of derivatives not designated as accounting hedge	(54,210)	104,350
	(67,935)	90,425
Less fair value of settled instruments	(67,935)	104,150
Balance at end of year	P -	(P13,725)

31. Supplemental Cash Flows Information

The following table summarizes the changes in liabilities and equity arising from financing activities, including both changes arising from cash flows and non-cash changes:

	Loans Payable	Long-term Debt	Lease Liabilities	Capital Stock	Additional Paid-in Capital	SPCS	RPCS	Total
Balance as at January 1, 2025	P41,350,425	P277,937,891	P31,405,266	P2,823,604	P48,081,781	P151,194,865	P145,979,113	P698,772,945
Changes from Financing Activities								
Proceeds from borrowings	186,000,000	33,086,427	-	-	-	-	-	219,086,427
Proceeds from issuance of capital stock	-	-	-	1,961,890	56,813,747	-	-	58,775,637
Proceeds from issuances of SPCS, net of exchange offers	-	-	-	-	-	21,891,720	-	21,891,720
Payments of lease liabilities	-	-	(9,535,848)	-	-	-	-	(9,535,848)
Payments for redemption of SPCS	-	-	-	-	-	(15,775,054)	-	(15,775,054)
Payments for redemption of RPCS	-	-	-	-	-	-	(58,856,693)	(58,856,693)
Payments of borrowings	(189,412,300)	(28,554,154)	-	-	-	-	-	(217,966,454)
Total Changes from Financing Activities	(3,412,300)	4,532,273	(9,535,848)	1,961,890	56,813,747	6,116,666	(58,856,693)	(2,380,265)
Effect of changes in foreign exchange rates	61,875	1,707,806	37,798	-	-	-	-	1,807,479
Other changes	(5,000,000)	957,671	7,793,659	-	-	3,478,092	1,557,375	8,786,797
Balance as at December 31, 2025	P33,000,000	P285,135,641	P29,700,875	P4,785,494	P104,895,528	P160,789,623	P88,679,795	P706,986,956

	Loans Payable	Long-term Debt	Lease Liabilities	SPCS	RPCS	Total
Balance as at January 1, 2024	P13,736,000	P258,769,473	P42,787,300	P161,767,709	P102,546,825	P579,607,307
Changes from Financing Activities						
Proceeds from borrowings	165,147,050	71,506,000	-	-	-	236,653,050
Proceeds from issuance of RPCS	-	-	-	-	43,432,288	43,432,288
Proceeds from issuances of SPCS, net of exchange and tender offers	-	-	-	21,040,519	-	21,040,519
Payments of lease liabilities	-	-	(18,298,212)	-	-	(18,298,212)
Payments of borrowings	(137,512,000)	(55,615,121)	-	-	-	(193,127,121)
Payments for redemption of SPCS	-	-	-	(45,039,762)	-	(45,039,762)
Total Changes from Financing Activities	27,635,050	15,890,879	(18,298,212)	(23,999,243)	43,432,288	44,660,762
Effect of changes in foreign exchange rates	(20,625)	2,298,695	709,615	-	-	2,987,685
Other changes	-	978,844	6,206,563	13,426,399	-	20,611,806
Balance as at December 31, 2024	P41,350,425	P277,937,891	P31,405,266	P151,194,865	P145,979,113	P647,867,560

Other changes pertain to deconsolidated loans payable of SPPC (see Note 11), additions for new lease agreements, amortization of lease liabilities and debt-issue costs on long-term debts, and the net effect of issuances, redemption and purchases of perpetual capital securities in 2025 and 2024.

32. Other Matters

a. EPIRA

The EPIRA sets forth the following: (i) Section 49 created PSALM to take ownership and manage the orderly sale, disposition and privatization of all existing NPC generation assets, liabilities, IPP contracts, real estate and all other disposable assets; (ii) Section 31(c) requires the transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP Administrators as one of the conditions for retail competition and open access; and (iii) Pursuant to Section 51(c), PSALM has the power to take title to and possession of the IPP contracts and to appoint, after a competitive, transparent and public bidding, qualified independent entities who shall act as the IPP Administrators in accordance with the EPIRA. In accordance with the bidding procedures and supplemented bid bulletins thereto to appoint an IPP Administrator relative to the capacity of the IPP contracts, PSALM has conducted a competitive, transparent and open public bidding process following which the Group was selected winning bidder of the IPPA Agreements (see Note 6).

The EPIRA requires generation and DU companies to undergo public offering within 5 years from the effective date, and provides cross ownership restrictions between transmission and generation companies. If the holding company of generation and DU companies is already listed with the PSE, the generation company or the DU need not comply with the requirement since such listing of the holding company is deemed already as compliance with the EPIRA.

A DU is allowed to source from an associated company engaged in generation up to 50% of its demand except for contracts entered into prior to the effective date of the EPIRA. Generation companies are restricted from owning more than 30% of the installed generating capacity of a grid and/or 25% of the national installed generating capacity. The Group is in compliance with the restrictions as at December 31, 2025 and 2024.

b. Contingencies

The Group is a party to certain cases or claims which are either pending decision by the court/regulators or are subject to settlement agreements. The outcome of these cases or claims cannot be presently determined.

i. Petition to Stop the Imposition of the Increase in Generation Charge

On December 5, 2013, Meralco wrote the ERC requesting for clearance and authority: (i) to collect a generation charge of P7.90 per kWh in its December 2013 billings to its customers for its generation cost for the month of November 2013; and (ii) to defer to February 2014 the recovery of the remaining P3,000,000, representing a portion of the generation costs for the November 2013 supply month which was not passed on to customers in December 2013, subject to the inclusion of the appropriate carrying charge. In response thereto, the ERC, in its letter dated December 9, 2013, granted Meralco the authority to implement a staggered collection of its generation cost for the power supplied in November 2013. The ERC, however, did not approve Meralco's request to recover the carrying costs and directed it to file a formal application for this instead.

On December 19, 2013, Petitioners Bayan Muna representatives, et al. filed a petition against the ERC and Meralco, questioning the increase in the generation cost for November 2013 supply month. On December 20, 2013, Petitioner National Association of Electricity Consumers for Reforms (NASECORE) et al. filed a petition against the ERC, DOE and Meralco assailing the automatic adjustment of generation cost. On December 23, 2013, the Supreme Court (SC) issued a resolution consolidating both petitions and issued a Temporary Restraining Order (TRO), originally for a period of 60 days, enjoining: (i) the ERC from implementing its letter dated December 9, 2013, and (ii) Meralco from increasing the rates it charged to its consumers based on its letter dated December 5, 2013.

As a result, Meralco was constrained to fix its generation rate to its October 2013 level of P5.67 per kWh.

On January 8, 2014, Meralco filed its Consolidated Comment/Opposition with Counter-Petition (the "Counter-Petition") which prayed, among others, for the inclusion of SPI, SPPC, SRHI, MPCL and several generators as respondents to the case. On January 10, 2014, the SC issued an Order treating the Counter-Petition as in the nature of a third party complaint and granting the prayer to include SPI, SPPC, SRHI and MPCL as respondents in the Petition.

On February 18, 2014, the SC extended the TRO issued on December 23, 2013 for another 60 days or until April 22, 2014 and granted additional TROs enjoining the PEMC and the generators from demanding and collecting the deferred amounts. In a Resolution dated April 22, 2014, the SC extended indefinitely the effectivity of the TROs issued on December 23, 2013 and February 18, 2014.

In the Petition filed by special interest groups, the SC was made aware of the order of the ERC dated March 3, 2014 (the "March 3, 2014 ERC Order") (as defined and discussed under "ERC Order Voiding WESM Prices" below), in which the ERC declared void the WESM prices during the November and December 2013 supply months and imposed regulated prices in their stead. The March 3, 2014 ERC Order likewise directed PEMC to: (a) calculate these "regulated prices" based on a formula identified by the ERC as representative of 2013 market prices under normalized conditions and (b) to collect the same from the WESM participants involved.

A decision was promulgated by the SC En Banc on August 3, 2021 (the "SC Decision"), affirming the December 9, 2013 ERC Order, which approved the staggered imposition by Meralco of its generation rate for November 2013 from its consumers and declared as null and void the March 3, 2014 ERC Order. SPI, SPPC, and SRHI however received a copy of the SC Decision through their counsel only on July 5, 2022, while MPCL received the same on July 6, 2022.

On July 26, 2022, the special interest groups sought reconsideration of the SC Decision by filing separate Motions for Reconsideration where they prayed that the SC Petition be granted. The ERC likewise filed a Motion for Partial Reconsideration of the SC Decision and sought the reinstatement of the March 3, 2014 ERC Order, among others.

These motions were denied with finality by the SC En Banc, in its Resolution dated October 11, 2022, which also directed the entry of judgment of the SC Decision be made immediately. On January 4, 2023, the external counsel of SPPC, SPI and SRHI received a copy of the Entry of Judgement from the SC En Banc dated October 11, 2022, while the external counsel of MPCL received a copy of the same on January 5, 2023.

With this, the relevant subsidiaries namely, SPPC, MPCL and SPI are pursuing the implementation of the SC Decision as at December 31, 2025. SPPC, MPCL and SPI have aggregate outstanding receivables from Meralco estimated at P1,275,985 included under "Trade and other receivables - net" account in the consolidated statements of financial position as at December 31, 2025.

ii. ERC Order Voiding WESM Prices

Relative to the above-cited Petition, on December 27, 2013, the DOE, ERC and PEMC, acting as a tripartite committee, issued a joint resolution setting a reduced price cap on the WESM of P32.00 per kWh. The price was set to be effective for 90 days until a new cap is decided upon.

On March 3, 2014, the ERC, in the exercise of its police power, issued an order in Miscellaneous Case No. 2014-021, declaring the November and December 2013 Luzon WESM prices void, imposed the application of regulated prices and mandated PEMC, the operator of the WESM, to calculate and issue adjustment bills using recalculated price (the "March 3, 2014 ERC Order").

Subsequent orders were issued by the ERC setting the period for compliance of the March 3, 2014 ERC Order (collectively, together with the March 3, 2014 ERC Order, the "2014 ERC Orders"). Based on these orders, SPI and SRHI recognized a reduction in the sale of power while MPCL, San Miguel Electric Corp. (SMELC) and SPPC recognized a reduction in its power purchases. Consequently, a payable and receivable were also recognized for the portion of over-collection or over-payment, the settlement of which have been covered by a 24-month Special Payment Arrangement with PEMC which was already completed on May 25, 2016.

SPI, SPPC, SRHI and MPCL filed various pleadings requesting ERC for the reconsideration of the March 3, 2014 ERC Order. Other generators also requested the SC to stop the implementation of the March 3, 2014 ERC Order. The ERC denied the motions for reconsideration filed by the generators.

On June 26, 2014, SPI, SPPC and SRHI, and on December 12, 2014, MPCL appealed the said ERC denial before the Court of Appeals through their respective Petitions for Review.

After consolidating the cases, the CA, in its Decision dated November 7, 2017 (the "November 7, 2017 Decision"), granted the Petition for Review filed by SPI, SPPC, SRHI and MPCL, declared the 2014 ERC Orders null and void and accordingly reinstated and declared as valid the WESM prices for Luzon for the supply months of November to December 2013.

Motions for Reconsideration of the November 7, 2017 Decision and several other motions which were filed by various intervenors, were denied by the CA through its Omnibus Resolution dated March 29, 2019. The intervenors filed Petitions for Review on Certiorari before the SC, which were also denied by the SC through its resolutions dated September 11, 2019 and October 1, 2019. Entries of judgment were subsequently issued by the SC.

The ERC and Meralco also filed separate Petitions for Review appealing the above orders, which nullified and set aside the 2014 ERC Orders, declaring the WESM prices for November and December 2013 void. The SC directed the consolidation of the separate petitions to the 3rd Division of the SC.

The SC has not yet promulgated a decision as at December 31, 2025. However, on August 3, 2021, a Decision was rendered by the SC En Banc in a separate case (as discussed under "*Petition to Stop the Imposition of the Increase in Generation Charge*") declaring the March 3, 2014 ERC Order as null and void, which is the subject of the aforementioned Petition. Considering that this decision of the SC En Banc covers the March 3, 2014 ERC Order, the difference between the actual Luzon WESM prices and the regulated prices (based on the March 3, 2014 ERC Order) for WESM sales and purchases by SPI, SPPC, SRHI, SMELC and MPCL amounting to up to P2,321,785 will have to be settled with the IEMOP the current operator of the WESM, in favor of the relevant subsidiaries of the Group.

iii. *Ilijan IPPA Agreement Dispute*

SPPC and PSALM were parties to the Ilijan IPPA Agreement covering the appointment of SPPC as the IPP Administrator of the Ilijan Power Plant.

SPPC and PSALM have an ongoing dispute arising from differing interpretations of certain provisions related to generation payments under the Ilijan IPPA Agreement. As a result of such dispute, the parties have arrived at different computations regarding the subject payments. In a letter dated August 6, 2015, PSALM has demanded payment of the difference between the generation payments calculated based on its interpretation and the amount which has already been paid by SPPC, plus interest, covering the period December 26, 2012 to April 25, 2015.

On August 12, 2015, SPPC initiated a dispute resolution process with PSALM as provided under the terms of the Ilijan IPPA Agreement, while continuing to maintain its position that it has fully paid all of its obligations to PSALM. Notwithstanding the bona fide dispute, PSALM issued a notice terminating the Ilijan IPPA Agreement on September 4, 2015. On the same day, PSALM also called on the performance bond posted by SPPC pursuant to the Ilijan IPPA Agreement (see Notes 6 and 8).

On September 8, 2015, SPPC filed a Complaint with the RTC of Mandaluyong City requesting the RTC that its interpretation of the relevant provisions of the Ilijan IPPA Agreement be upheld and asked that a 72-hour TRO be issued against PSALM for illegally terminating the Ilijan IPPA Agreement and drawing on the performance bond of SPPC. On even date, the RTC issued a 72-hour TRO which prohibited PSALM from treating SPPC as being in Administrator Default and from performing other acts that would change the status quo ante between the parties before PSALM issued the termination notice and drew on the performance bond of SPPC. The TRO was extended, and a Preliminary Injunction was later on granted maintaining status quo while the main case is pending.

Despite the pendency of the proceedings, the Ilijan Power Plant was turned over by PSALM to SPPC pursuant to the Ilijan IPPA Agreement and the Deed of Sale executed between PSALM and SPPC on June 3, 2022 (see Note 6).

Trial on the merits proceeded until the RTC rendered a decision in favor of SPPC on June 13, 2025 (the "June 13, 2025 Decision"), which was received by SPPC on October 7, 2025. The June 13, 2025 Decision stated that PSALM's termination of the Ilijan IPPA Agreement, drawing of the Performance Bond, and issuance of the Cessation Notice were unauthorized and without factual and legal basis, ordered PSALM to among others return to SPPC the amount of the Performance Bond drawn by PSALM, with interests, and dismissed PSALM's counterclaim for lack of merit.

On October 22, 2025, PSALM filed a Motion for Reconsideration of the June 13, 2025 Decision. SPPC filed its Opposition to the Motion for Reconsideration on October 28, 2025.

On January 16, 2026, the RTC issued an order denying PSALM's Motion for Reconsideration of the June 13, 2025 Decision (the "January 16, 2026 RTC Order").

On March 5, 2026, SPPC through its external counsel received the Notice of Appeal dated February 24, 2026, filed by PSALM where it notified the RTC that it is appealing the June 13, 2025 Decision and the January 16, 2026 RTC Order.

iv. Complaint against PSALM, TPEC, and TSC

On October 21, 2015, SPI filed a criminal complaint for Plunder and violation of Sections 3(e) and 3(f) of RA No. 3019, otherwise known as the "Anti-Graft and Corrupt Practices Act", before the DOJ against a certain officer of PSALM, and certain officers of TPEC and TSC, relating to the illegal grant of the so-called "excess capacity" of the Sual Power Plant in favor of TPEC which enabled it to receive a certain amount at the expense of the Government and SPI.

In a Resolution dated July 29, 2016, the DOJ found probable cause to file an Information against the respondents for Plunder and violation of Sections 3(e) and 3(f) of RA No. 3019 (the "July 29, 2016 DOJ Resolution"). The DOJ further resolved to forward the entire records of the case to the Office of the Ombudsman for their proper action. The TPEC and TSC officers have respectively appealed said July 29, 2016 DOJ Resolution, through the filing of a Petition for Review with the Secretary of Justice while the PSALM officer filed a Verified Motion for Reconsideration.

On October 25, 2017, the DOJ issued a Resolution partially granting the Petition for Review of the TPEC and TSC officers by reversing the July 29, 2016 DOJ Resolution insofar as the conduct of the preliminary investigation was concerned, ruling that the Office of the Prosecutor General should have endorsed the case to the Office of the Ombudsman. On November 17, 2017, SPI filed a motion for partial reconsideration of said DOJ Resolution dated October 25, 2017.

While the said Motion for Partial Reconsideration was pending, SPI, TPEC, TSC and the TPEC and TSC officers filed before the DOJ a Joint Motion to Dismiss dated June 6, 2022 praying for the dismissal of the criminal complaint filed by SPI against TPEC and TSC.

In a Resolution promulgated on May 5, 2023, the DOJ affirmed its Resolution dated October 25, 2017. The DOJ held that considering SPI's desistance, SPI's Motion for Partial Reconsideration of the DOJ's Resolution of October 25, 2017 was considered dismissed and/or withdrawn. The PSALM officer's Verified Motion for Reconsideration remains unresolved as at report date.

v. *SPI Consignation Case*

On June 17, 2016, SPI filed with the RTC of Pasig City (the "RTC Pasig") a civil complaint for consignation against PSALM arising from PSALM's refusal to accept SPI's remittances corresponding to the proceeds from the sale to the WESM of electricity generated from capacity in excess of the 1,000 MW of the Sual Power Plant (the "Sale of the Excess Capacity"). With the filing of the complaint, SPI also consigned with the RTC Pasig, the amount corresponding to the proceeds of the Sale of the Excess Capacity for the billing periods December 26, 2015 to April 25, 2016.

PSALM filed an Answer dated August 17, 2016 stating that it has no right to, and is not the owner of, the proceeds from the Sale of the Excess Capacity and that the consigned amount should belong to TPEC as it is rightfully entitled to the 200 MW excess capacity of the Sual Power Plant (the "Excess Capacity") (see Notes 8 and 14).

On October 3, 2016, SPI filed an Omnibus Motion to Admit Supplemental Complaint and to Allow Future Consignation without Tender (the "Omnibus Motion"). Together with this Omnibus Motion, SPI consigned with the RTC Pasig an additional amount corresponding to the proceeds of the Sale of the Excess Capacity for the billing periods from April 26, 2016 to July 25, 2016. Subsequently, SPI continuously consigned additional proceeds from the Sale of the Excess Capacity for succeeding billing periods, with the RTC Pasig.

On May 22, 2018, the RTC Pasig issued an Order dismissing the complaint for consignation filed by SPI on the ground that the court has no jurisdiction over the subject matter of the complaint and finding that the ERC has the technical competence to determine the proper interpretation of "contracted capacity", the fairness of the settlement formula and the legality of the memorandum of agreement. SPI filed its Motion for Reconsideration (MR) to this Order.

After the case was re-raffled, the RTC Pasig Branch 268, in an Order dated September 30, 2021, (a) granted SPI's Motion for Reconsideration and Supplemental Motion for Reconsideration of the Order dated May 22, 2018, which dismissed the case for lack of jurisdiction; (b) granted SPI's Omnibus Motion to Admit Supplemental Complaint and Allow Future Consignations without Tender; and (c) reinstated the Complaint.

On October 5, 2022, SPI and PSALM filed an Omnibus Motion to Dismiss and Release Deposited Monies, whereby PSALM, agreed to the release of the said amounts to TPEC. Relying on PSALM's representation and acknowledgment, SPI did not object to the release of the consigned amounts to TPEC, which was later granted by the RTC Pasig Branch 268.

Further related thereto, on December 1, 2016, SPI received a copy of a Complaint filed by TPEC and TSC with the ERC against SPI and PSALM in relation to issues on the Excess Capacity, which have already been raised in the abovementioned cases. SPI filed a Motion to Dismiss and Motion to Suspend Proceeding of the instant case.

On June 6, 2022, SPI, TPEC and TSC filed a Joint Motion to Dismiss the ERC complaint. SPI received the Order from the ERC on June 22, 2022, asking the parties to submit a copy of the settlement agreement within 5 days from receipt of such order. TPEC, TSC and SPI filed with the ERC a Compliance and Submission attaching the settlement agreement on June 28, 2022. As at December 31, 2025, the case is still pending as the ERC has not issued any resolution granting the Joint Motion to Dismiss filed by the parties.

The total amount consigned with the RTC Pasig amounting to P491,242 was released to TPEC on December 20, 2022.

vi. *Claims for Contract Price Adjustments on Certain "Fixed Price" PSAs with Meralco*

On October 22, 2019, SPI and SPPC each filed before the ERC a Joint Application with Meralco for the approval of their respective PSA with Meralco with prayer for provisional authority (the "Application"). The PSA of SPPC covers the supply of 670 MW baseload capacity to Meralco ("SPPC PSA") while the PSA of SPI covers the supply of 330 MW baseload capacity to Meralco ("SPI PSA") both for a period of 10 years. The SPPC PSA and SPI PSA were awarded by Meralco to each of SPPC and SPI after they emerged as the winning bidders in the CSP conducted by Meralco in September 2019.

On March 16, 2020, the ERC released Orders both dated December 10, 2019, granting provisional authority to implement the SPPC PSA and SPI PSA.

On May 11, 2022, SPPC and SPI each filed a Joint Motion for Price Adjustment with Meralco (the "Joint Motion") seeking approval from the ERC to temporarily increase the contract price under the SPPC PSA and SPI PSA for a period of 6 months, to recover incremental fuel costs covering January to May 2022 billing periods arising from a Change in Circumstances (CIC) (as defined in the PSAs) to be collected over a period of 6 months.

On September 29, 2022, the ERC denied the foregoing Joint Motions filed by each of SPPC and SPI with Meralco requesting for the proposed price adjustments (the "September 29, 2022 ERC Orders").

SPPC Petition

On November 10, 2022, SPPC filed with the CA a Petition for Certiorari under Rule 65 with Application for the Issuance of a TRO and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPPC (the "SPPC CA Petition"). The CA issued a TRO on December 2, 2022, and a writ of preliminary injunction on February 23, 2023.

On July 10, 2023, SPPC received the CA's Joint Decision dated June 27, 2023 (the "June 27, 2023 CA Decision") which granted the consolidated petitions of SPPC and SPI. The CA: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the June 27, 2023 CA Decision); and (iii) made permanent the writ of preliminary injunction issued in favor of SPPC. The Motions for Reconsideration filed by NASECORE and the ERC were also subsequently denied.

The June 27, 2023 CA Decision was later on confirmed by the SC in a Resolution dated April 3, 2024 which denied the ERC's Petition for Review on Certiorari "for failure of petitioner [ERC] to sufficiently show that the CA committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court's discretionary appellate jurisdiction." The ERC's Motion for Reconsideration of the SC Resolution dated April 3, 2024 was also denied with finality in another SC Resolution dated July 10, 2024, and received on August 30, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPPC filed with the ERC a Motion for Issuance of Writ of Execution to enforce the June 27, 2023 CA Decision on October 10, 2024 and a Motion to Resolve (re: Motion for Issuance of Writ of Execution) on February 6, 2025. After filing a Motion to Direct the Court of Origin to Issue Writ of Execution with the CA in March 2025 to compel the ERC to issue writs of execution on the June 27, 2023 CA Decision, the CA partially granted its motions and directed the ERC to immediately implement the June 27, 2023 CA Decision and act on SPPC's motions without further delay.

On September 2, 2025, SPPC received the Compliance filed by the ERC with the CA. In said Compliance, the ERC submitted its Order in ERC Case No. 2019-081 RC, promulgated on August 22, 2025, which granted SPPC's Motions for Issuance of Writ of Execution (Re: Court of Appeals Joint Decision dated June 27, 2023). The order allowed SPPC to recover from Meralco the price adjustments prayed for in its motions and authorized Meralco to collect the adjustments from its customers over a period of 6 months from the September 2025 customer billing period. As at February 25, 2026, Meralco has fully remitted its payment of the price adjustments to the Parent Company (see Note 11).

Related thereto, pursuant to the June 27, 2023 CA Decision, SPPC issued a Notice of CIC on August 18, 2023, informing Meralco of its request for price adjustments for the period May 26, 2022 to December 6, 2022 and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under the SPPC PSA, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco acknowledged SPPC's right to the adjustment in the Contract Price as a result of the CIC under the SPPC PSA and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPPC filed a Motion for Price Adjustment with the ERC, for its CIC claim for the period May 26, 2022 to December 6, 2022 pursuant to the SPPC PSA (the “2nd SPPC CIC Claim”), with its claims anchored on essentially the same legal bases established or ruled on by the CA in its June 27, 2023 CA Decision and confirmed by the SC with finality.

On January 27, 2026, SPPC received a copy of the ERC’s Order dated January 26, 2026 which granted the 2nd SPPC CIC Claim allowing SPPC to recover from Meralco the aggregate amount of P15,850,120 over a recovery period of 36 months commencing from the March 2026 billing period.

SPI Petition

On November 10, 2022, SPI also filed with the CA a Petition for Certiorari under Rule 65 with Application for the Issuance of a TRO and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPI (the “SPI CA Petition”).

On January 13, 2023, the CA (i) denied SPI’s prayer for the issuance of a TRO and/or writ of preliminary injunction, and (ii) granted the consolidation of the SPI CA Petition with the SPPC CA Petition.

On July 10, 2023, SPI received the CA’s Joint Decision dated June 27, 2023 (the “June 27, 2023 CA Decision”) which granted the consolidated petitions of SPPC and SPI. The CA: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the June 27, 2023 CA Decision); and (iii) denied SPI’s Motion for Partial Reconsideration of the January 13, 2023 CA Resolution and its application for the issuance of a writ of preliminary injunction for being moot and academic.

The June 27, 2023 CA Decision was later on confirmed by the SC in a Resolution dated April 3, 2024, and received on May 21, 2024, which denied the ERC’s Petition for Review on Certiorari “for failure of petitioner [ERC] to sufficiently show that the Court of Appeals committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court’s discretionary appellate jurisdiction.” The ERC’s Motion for Reconsideration of the SC Resolution dated April 3, 2024 was denied with finality in an SC Resolution dated July 10, 2024, and received on August 30, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPI filed with the ERC a Motion for Issuance of Writ of Execution to enforce the June 27, 2023 CA Decision on October 10, 2024 and a Motion to Resolve (re: Motion for Issuance of writ of Execution) on February 6, 2025. After filing a Motion to Direct the Court of Origin to Issue Writ of Execution with the CA in March 2025 to compel the ERC to issue writs of execution on the June 27, 2023 CA Decision, the CA partially granted its motions and directed the ERC to immediately implement the June 27, 2023 CA Decision and act on SPI’s motions without further delay.

On September 2, 2025, SPI received the Compliance filed by the ERC with the CA. In said Compliance, the ERC submitted its Order in ERC Case No. 2019-083 RC, promulgated on August 22, 2025, which granted SPI's Motions for Issuance of Writ of Execution (Re: Court of Appeals Joint Decision dated June 27, 2023). The order allowed SPI to recover from Meralco the price adjustments prayed for in its motions and authorized Meralco to collect the adjustments from its customers over a period of 6 months from the September 2025 customer billing period. As at February 25, 2026, Meralco has fully remitted its payment of the price adjustments to SPI.

Related thereto, pursuant to the June 27, 2023 CA Decision, SPI issued a Notice of CIC on August 18, 2023, informing Meralco of its request for price adjustments for the period June 2022 to July 2023 and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under the SPI PSA, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In a letter dated January 30, 2024, Meralco acknowledged SPI's right to the adjustment in the Contract Price as a result of the CIC under the SPI PSA, and in a letter dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPI filed a Motion for Price Adjustment with the ERC, for its CIC claim for the period June 2022 to July 2023 pursuant to the SPI PSA (the "2nd SPI CIC Claim"), with its claims anchored on essentially the same legal bases established or ruled on by the CA in its June 27, 2023 CA Decision and confirmed by the SC with finality.

On January 27, 2026, SPI received a copy of the ERC's Order dated January 26, 2026 which granted the 2nd SPI CIC Claim allowing SPI to recover from Meralco the aggregate amount of P13,362,490 over a recovery period of 36 months commencing from the March 2026 billing period.

In view of the dilution of the Parent Company's equity interest in SPPC from 100% to 33%, following the Chromite Transaction in January 2025 but prior to the final resolution of these cases by the relevant court and/or the ERC, the parties to the Chromite Transaction acknowledged and agreed that the Parent Company shall be entitled, pursuant to the relevant Chromite Transaction documents and forming part of the agreed consideration thereunder, to the economic benefits, rights of recovery, and corresponding potential equivalent exposure arising from the aforesaid cases and claims involving SPPC.

c. Events After the Reporting Date

i. *Issuance of US\$300,000 SPCS by the Parent Company*

On January 20, 2026, the Parent Company completed the issuance of US\$300,000 SPCS at an issue price of 100.00%, with an initial rate of distribution of 8.375% per annum and step-up date of January 20, 2031.

The Parent Company applied the net proceeds from the issuance towards the redemption of all outstanding 5.70% SPCS issued in January 2020.

The US\$300,000 SPCS were listed on the SGX-ST on January 21, 2026.

ii. *Distributions to RPCS Holder*

On March 11, 2026, the Parent Company's BOD approved the payment of distributions amounting to US\$17,000 to the holder of the US\$800,000 RPCS issued in April 2024.

iii. Impact of the United States of America-Israel-Iran Conflict

The escalation of geopolitical tensions in the Middle East, following the joint attack of the United States of America (US) and Israel on Iran on February 28, 2026, has resulted in significant volatility in global oil and gas markets. This market instability has been driven primarily by concerns over potential supply chain disruptions arising from the closure of the Strait of Hormuz - a critical transit route through which a substantial portion of the world's oil and gas supply passes. In light of these developments, management continues to closely monitor the situation and assess its potential and unmitigated implications, if any, on the Group's operations and financial position.

As of date, the Group's power generation costs from its coal and hydroelectric power plants remain largely unaffected by the surge in global oil and gas prices. This resilience is attributable to the Group's diversified fuel sourcing strategy, with coal procured from Indonesian as well as local suppliers of indigenous coal resources, mostly under long-term contracts that provide supply and price security. More importantly, most of the Group's PSAs include fuel price and foreign exchange movement passthrough provisions, which further mitigate exposure to market volatility on a physical basis. The Group also engages in short-term plain vanilla derivatives such as non-deliverable forwards to hedge a significant portion of its foreign exchange exposure for supplier payments denominated in US Dollars.

SPPC and EERI, which operates power plants that run primarily on LNG, have PSAs for a total of 2,400 MW in contracted capacities with Meralco that contain similar provisions that hedge the exposure of these companies from adverse movements in LNG prices and foreign exchange rates, as well as take-or-pay provisions in case of derations in their nominated capacities below contemplated load factors.

In view of the foregoing, the Group, with its diversified portfolio and fuel sourcing, believes that the ongoing US-Israel-Iran conflict has no adverse net financial impact to its financial condition and results of operations. It shall nevertheless continue to monitor ensuing developments in the global commodity and financial markets and shall evaluate and take corrective action as necessary.

d. Commitments

The outstanding purchase commitments of the Group amounted to P69,417,939 and P109,084,701 as at December 31, 2025 and 2024, respectively.

The Group's material commitments for capital expenditure consist mainly of construction of power plants, mostly utilizing high efficiency low emission technologies, in line with the Group's expansion projects, and acquisition, upgrade or repair of property, plant and equipment needed for normal operations of the business. These will be funded by available cash and proceeds from short-term loans, long-term debt and issued capital securities.

- e. Certain accounts in the consolidated statements of cash flows in prior years have been reclassified for consistency with the current year presentation to provide more reliable and relevant information and better referencing to other information in the notes to the consolidated financial statements. These reclassifications had no effect on the reported financial performance for any period.

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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING
WITH THE SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and Stockholders
San Miguel Global Power Holdings Corp.
40 San Miguel Avenue
Wack-Wack Greenhills 1550
City of Mandaluyong, Second District
National Capital Region

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of San Miguel Global Power Holdings Corp. and its Subsidiaries (the "Group") as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, included in this Form 17-A, and have issued our report thereon dated April 15, 2026.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group's management. Such additional components include:

- Map of the Conglomerate
- Supplementary Schedules of Annex 68-J
- Reconciliation of Retained Earnings Available for Dividend Declaration

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029 financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

R.G. Manabat & Co.



These supplementary information are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements. Such information have been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

Gregorio I. Sambrano Jr.
GREGORIO I. SAMBRANO, JR.

Partner

CPA License No. 088825

SEC Accreditation No. 88825-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements

Tax Identification No. 152-885-329

BIR Accreditation No. 08-001987-036-2024

Issued March 26, 2024; valid until March 26, 2027

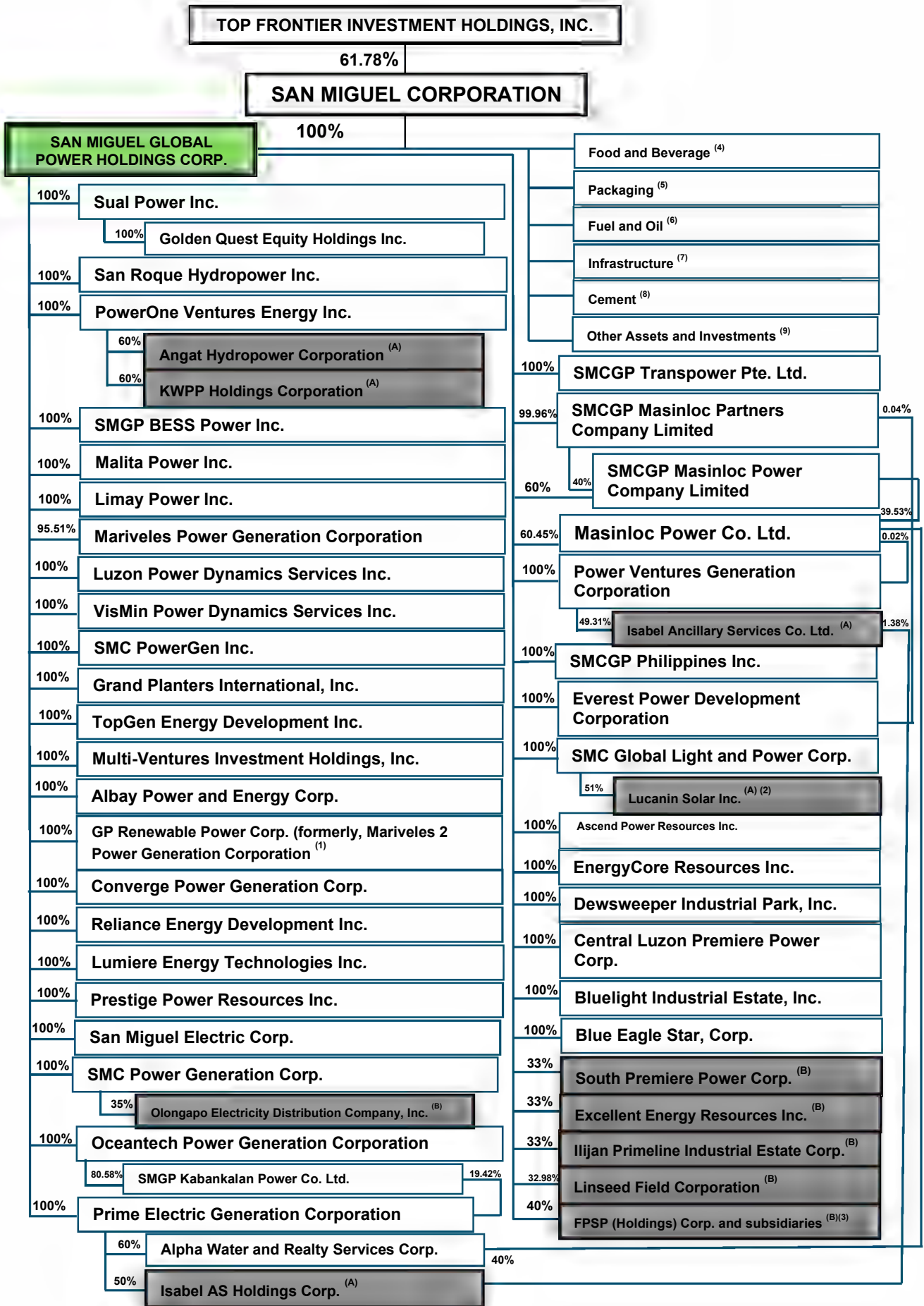
PTR No. MKT 10764413

Issued January 5, 2026 at Makati City

April 15, 2026

Makati City, Metro Manila

**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
GROUP STRUCTURE ***



- (1) The change of the corporate name of "Premiere Energy Resources, Inc." to "Mariveles 2 Power Generation Corporation" was approved by the Philippine SEC on June 9, 2025. Further, the change of corporate name from "Mariveles 2 Power Generation Corporation" to "GP Renewable Power Corp." was approved by the Philippine SEC on January 19, 2026.
- (2) Incorporated in August 2024. On May 21, 2025, Citicore Renewable Energy Corporation completed its share capital subscription in Lucanin Solar Inc. (LSI). As a result of the subscription, SMC Global Light and Power Corp. retains 51% equity interest in LSI.
- (3) On December 19, 2024, San Miguel Global Power acquired 40% ownership interest in FPSP (Holdings) Corp. and subsidiaries, including Pan Pacific Renewable Power Phils. Corp.
- (4) Food and Beverage business consist of San Miguel Food and Beverage, Inc. and subsidiaries including San Miguel Foods, Inc. and subsidiaries, San Miguel Mills, Inc. and subsidiaries, Magnolia Inc. and subsidiary, The Purefoods-Hormel Company Inc., Ginebra San Miguel Inc. and subsidiaries, and San Miguel Brewery Inc. and subsidiaries, Nine Dots Media Consulting Corporation, Single Kitchen Ventures Inc., San Miguel Super Coffeemix Co., Inc., San Miguel Foods International, Limited and subsidiary, San Miguel Foods Investment (BVI) Limited and subsidiary, San Miguel Pure Foods (VN) Co., Ltd.; Ginebra San Miguel Inc. subsidiaries including Distileria Bago, Inc., and East Pacific Star Bottlers Phils Inc.; San Miguel Brewery Inc. subsidiaries including Iconic Beverages, Inc., Brewery Properties Inc. and subsidiary and San Miguel Brewing International Limited and subsidiaries including, San Miguel Brewery Hong Kong Limited and subsidiaries, PT. Delta Jakarta Tbk. and subsidiary, San Miguel Brewery Vietnam Company Limited, San Miguel Beer (Thailand) Limited and San Miguel Marketing (Thailand) Limited. San Miguel (Baoding) Brewery Co. Ltd. and PT San Miguel Foods Indonesia are in the process of liquidation as at December 31, 2025.
- (5) Packaging business consist of San Miguel Yamamura Packaging Corporation and subsidiaries including SMC Yamamura Fuso Molds Corporation, Can Asia, Inc., Wine Brothers Philippines Corporation, San Miguel Yamamura Packaging International Limited and subsidiaries including San Miguel Yamamura Glass (Vietnam) Limited, San Miguel Yamamura Phu Tho Packaging Co. Ltd., San Miguel Yamamura Haiphong Glass Company Ltd., Zhaoqing San Miguel Yamamura Glass Company Ltd., Foshan San Miguel Yamamura Packaging Co., Ltd. and subsidiary, San Miguel Yamamura Packaging and Printing Sdn. Bhd., San Miguel Yamamura Woven Products Sdn. Bhd. and subsidiary, San Miguel Yamamura Plastic Films Sdn. Bhd., San Miguel Yamamura Australasia Pty. Ltd. and subsidiaries including SMYC Pty. Ltd. and subsidiary, SMYV Pty. Ltd., SMYP Pty. Ltd. and subsidiary, Cospak Ltd., SMYBB Pty. Ltd., SMYJ Pty. Ltd., SMYV Ltd. and SMYJ Ltd.
- (6) Fuel and Oil business include SEA Refinery Corporation, Petron Corporation and subsidiaries including Petron Marketing Corporation, Petron Freeport Corporation, Overseas Ventures Insurance Corporation Ltd., New Ventures Realty Corporation and subsidiaries, Mema Holdings Inc. and subsidiaries, Petron Singapore Trading Pte. Ltd., Petron Global Limited, Petron Oil & Gas Mauritius Ltd. and subsidiary, Petron Oil & Gas International Sdn. Bhd. and subsidiaries including Petron Fuel International Sdn. Bhd., Petron Oil (M) Sdn. Bhd. and Petron Malaysia Refining & Marketing Bhd. (collectively Petron Malaysia), and Petrochemical Asia (HK) Limited and subsidiaries.
- (7) Infrastructure business consists of San Miguel Holdings Corp. and subsidiaries including SMC NAIAX Corporation, Trans Aire Development Holdings Corp., SMC TPLEX Holdings Company Inc., SMC TPLEX Corporation, Universal LRT Corporation (BVI) Limited, Atlantic Autum Investments BV and subsidiaries, Wiselink Investment Holdings, Inc., Cypress Tree Capital Investments, Inc. and subsidiaries, San Miguel Aerocity Inc., SMC Mass Rail Transit 7 Inc., Luzon Clean Water Development Corporation, SMC Bulacan Water Services Corporation and Subsidiaries, Manila North Harbour Port, Inc. ^(A) and New NAIA Infra Corp. ^(A) San Miguel Holdings Corp. and subsidiaries also include Alloy Manila Toll Expressways Inc., SMC Infraventures Inc. and subsidiary, SMC Skyway Stage 4 Corporation, Pasig River Expressway Corporation, Intelligent E-Processes Technologies Corp., SMC Northern Access Link Expressway Corp., SMC Southern Access Link Expressway Corp., South Luzon Toll Road-5 Expressway, Inc., TPLEX Operations and Maintenance Corporation, SMC NBEX Inc., SMC CBEX Inc., SMC PLEX Inc., SMC TPLEX Extension Infrastructure Corp. and Jethandler Asia Services Inc. Atlantic Aurum Investments B.V. subsidiaries include SMC Tollways Corporation and subsidiaries including Stage 3 Connector Tollways Holdings Corporation and subsidiary, SMC Skyway Stage 3 Corporation, and SMC Skyway Corporation and subsidiary, Skyway O & M Corporation, SMC SLEX Holdings Company Inc. and subsidiaries including Manila Toll Expressway Systems Inc., SMC SLEX Inc. and SMC Tollway Holdings S.à.r.l. Cypress Tree Capital Investments, Inc. subsidiaries include Star Infrastructure Development Corporation and Star Tollway Corporation (collectively the Star Tollways Group). SMC Bulacan Water Services Corporation subsidiaries include Obando Water Company, Inc. and Bulakan Water Company, Inc.
- (8) Cement business include San Miguel Equity Investments Inc. and subsidiaries including Northern Cement Corporation, Eagle Cement Corporation and subsidiaries, and Southern Concrete Industries, Inc.
- (9) Other Assets and Investments include San Miguel Properties, Inc. and subsidiaries, Bank of Commerce ^(A), SMC Shipping and Lighterage Corporation and subsidiaries, SMC Asia Car Distributors Corp. and subsidiaries, SMC Equivest Corporation, Petrogen Insurance Corp., San Miguel International Limited and subsidiary, San Miguel Holdings Limited and subsidiaries, SMC Stock Transfer Service Corporation, ArchEn Technologies Inc., SMITS, Inc. and subsidiaries, San Miguel Integrated Logistics Services, Inc., Anchor Insurance Brokerage Corporation, Davana Heights Development Corporation and subsidiaries, Silvertides Holdings Corporation and subsidiary, Deity Holdings Corporation, Fonterra Verde Holdings Inc., One Verdana Holdings Inc. and Worldsummit Holdings Corporation. San Miguel Properties, Inc. and subsidiaries include SMPI Makati Flagship Realty Corp., Bright Ventures Realty, Inc. and Tierra Verdosa Services Corp. SMC Shipping and Lighterage Corporation and subsidiaries include SL Harbour Bulk Terminal Corporation. San Miguel Holdings Limited and subsidiaries include San Miguel Insurance Company, Ltd.

* The group structure includes the ultimate parent company, Top Frontier Investment Holdings, Inc., the intermediate parent company, San Miguel Corporation and its major subsidiaries, associates and joint ventures, and San Miguel Global Power and subsidiaries.

Note: ^(A) Joint Venture

^(B) Associate

**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025**
(In Thousands)

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
40 San Miguel Avenue, Wack-Wack Greenhills, 1550
City of Mandaluyong, Second District, National Capital Region

Unappropriated Retained Earnings, beginning	P9,929,576
Add: Item that are directly credited to unappropriated retained earnings	
Transfer of net gain on financial assets at fair value through other comprehensive income	33,717,730
Less: Item that are directly debited to unappropriated retained earnings	
Distributions declared during the reporting period	37,267,000
Unappropriated Retained Earnings, as adjusted	6,380,306
Add: Net Income for the current year	30,484,658
Less: Unrealized income recognized in profit or loss during the reporting period (net of tax)	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	2,131,591
Add: Unrealized income recognized in profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	P1,413,214
Realized fair value adjustment (mark-to-market gains) on currency forwards	196
	1,413,410
Add: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	1,776,061
Adjusted Net Income	31,542,538
Less: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Gain on fair valuation of investments	21,724,477
Total Retained Earnings, end of the reporting period available for dividend	P16,198,397

R.G. Manabat & Co.



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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
San Miguel Global Power Holdings Corp.
40 San Miguel Avenue
Wack-Wack Greenhills 1550
City of Mandaluyong, Second District
National Capital Region

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of San Miguel Global Power Holdings Corp. and Subsidiaries (the "Group") as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 15, 2026.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029 financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

R.G. Manabat & Co.



This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

R.G. MANABAT & CO.

Gregorio I. Sambrano Jr.
GREGORIO I. SAMBRANO, JR.

Partner

CPA License No. 088825

SEC Accreditation No. 88825-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements

Tax Identification No. 152-885-329

BIR Accreditation No. 08-001987-036-2024

Issued March 26, 2024; valid until March 26, 2027

PTR No. MKT 10764413

Issued January 5, 2026 at Makati City

April 15, 2026

Makati City, Metro Manila

**SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
AND SUBSIDIARIES
DISCUSSION OF THE GROUP'S FINANCIAL SOUNDNESS INDICATORS**

LIQUIDITY RATIO

Current Ratio	=		Current Assets	

			Current Liabilities	
			<i>Conventional</i>	
<i>(in Millions Peso)</i>			December 31, 2025	December 31, 2024
(A) Current Assets			240,253	249,639
(B) Current Liabilities			183,457	224,058
Current Ratio (A) / (B)			1.31	1.11

SOLVENCY RATIO

Net Debt-to-Equity* Ratio	=		Net Debt	

			Total Equity	
<i>Per relevant Loan Covenants of San Miguel Global Power Holdings Corp.</i>				
<i>(in Millions Peso)</i>			December 31, 2025	December 31, 2024
(A) Net Debt ⁽¹⁾			142,739	219,596
(B) Total Equity ⁽²⁾			401,744	354,566
Net Debt-to-Equity Ratio (A) / (B)			0.36	0.62

**All items are net of amounts attributable to ring-fenced subsidiaries*

⁽¹⁾ Consolidated net total debt plus total PSALM lease liabilities.

⁽²⁾ Consolidated total equity.

Asset-to-Equity Ratio	=	Total Assets			
		Total Equity			
		Conventional		Adjusted ⁽³⁾	
<i>(in Millions Peso)</i>		December	December	December	December
		31, 2025	31, 2024	31, 2025	31, 2024
(A) Total Assets		891,621	881,873	864,184	853,432
(B) Total Equity		420,734	359,025	420,734	359,025
Asset-to-Equity Ratio					
(A) / (B)		2.12	2.46	2.05	2.38

⁽³⁾ Net carrying amount of the IPPA power plants, in relation to the IPPA Agreements of SRHI with PSALM, was omitted in total assets as these power plant assets were capitalized with corresponding lease liabilities. As at December 31, 2025 and 2024, the net carrying amount of the IPPA power plant assets amounted to P27,437 million and P28,441 million, respectively.

PROFITABILITY RATIO

Return on Equity	=	Net Income	
		Total Equity	
<i>(in Millions Peso)</i>		December 31, 2025	December 31, 2024
(A) Net Income		48,306	12,384
(B) Total Equity		420,374	359,025
Return on Equity (A) / (B)		11.5%	3.4%

		Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	
Interest Coverage Ratio	=	Interest Expense	
Per relevant Loan Covenants of San Miguel Global Power Holdings Corp.			
<i>(in Millions Peso)</i>		December 31, 2025	December 31, 2024
(A) EBITDA ⁽⁴⁾		39,229	37,897
(B) Interest Expense ⁽⁵⁾		15,232	14,761
Interest Coverage Ratio (A) / (B)		2.58	2.57

⁽⁴⁾ Full-year consolidated EBITDA (gross of PSALM payments and excluding amounts attributable to ring-fenced subsidiaries).

⁽⁵⁾ Full-year consolidated interest expense (excluding amounts attributable to ring-fenced subsidiaries).

OPERATING EFFICIENCY

Volume Growth (Decline)	=	$\frac{\text{Current Period Offtake Volume}}{\text{Prior Period Offtake Volume}} - 1$
		Years Ended December 31
<i>(in GWh)</i>		2025 2024
(A) Current Period Offtake Volume		29,222 36,564
(B) Prior Period Offtake Volume		36,564 25,205
Volume Growth (Decline) [(A / B) - 1]		(20.1%) 45.1%

Revenue Growth (Decline)	=	$\frac{\text{Current Period Revenues}}{\text{Prior Period Revenues}} - 1$
		Years Ended December 31
<i>(in Millions Peso)</i>		2025 2024
(A) Current Period Revenues		157,208 205,091
(B) Prior Period Revenues		205,091 169,590
Revenue Growth (Decline) [(A / B) - 1]		(23.3%) 20.9%

Operating Margin	=	$\frac{\text{Income from Operations}}{\text{Revenues}}$
		Years Ended December 31
<i>(in Millions Peso)</i>		2025 2024
(A) Income from Operations		43,770 40,457
(B) Revenues		157,208 205,091
Operating Margin (A) / (B)		27.8% 19.7%

DIRECTORS' ATTENDANCE IN MEETINGS OF THE BOARD COMMITTEES, THE BOARD OF DIRECTORS, AND STOCKHOLDERS SINCE THE 2025 ANNUAL STOCKHOLDERS' MEETING

Directors' Name	June 3, 2025	June 3, 2025	June 3, 2025	June 3, 2025	July 10, 2025	Aug 5, 2025	Aug 12, 2025	Aug 12, 2025	Aug 12, 2025	Nov 12, 2025	Nov 12, 2025	Nov 24, 2025	Jan 12, 2026	Feb 6, 2026	Mar 11, 2026	Mar 11, 2026	Mar 11, 2026	Mar 11, 2026	May 11, 2026	May 11, 2026
Ramon S. Ang	ASM	Org BOD Mtg	Special BOD Mtg	Special BOD Mtg	Regular BOD Mtg	AROC Mtg	CG Mtg	Regular BOD Mtg	Special BOD Mtg	AROC Mtg	CG Mtg	RPT Mtg	SC Mtg	Regular BOD Mtg	AROC Mtg	CG Mtg	May 11, 2026	CG Mtg	May 11, 2026	Regular BOD Mtg
John Paul L. Ang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Aurora T. Calderon	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Virgilio S. Jacinto	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jack G. Arroyo, Jr.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Consuelo M. Ynares-Santiago	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Josefina Guevara-Salonga	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

LEGEND:

- ASM – Annual Stockholders’ Meeting
- Special SH Mtg – Special Stockholders’ Meeting
- Regular BOD Mtg – Regular Meeting of the Board of Directors
- Special BOD Mtg – Special Meeting of the Board of Directors
- Org BOD Mtg – Organizational Meeting of the Board of Directors
- AROC Mtg – Audit & Risk Oversight Committee Meeting
- CG Mtg – Corporate Governance Committee Meeting
- RPT Mtg – Related Party Transaction Committee Meeting
- SC Mtg – Sustainability Committee Meeting

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2026 AND DECEMBER 31, 2025
(In Thousands)


	<i>Note</i>	2026 (Unaudited)	2025 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	7, 17, 18	P122,099,807	P101,498,370
Trade and other receivables - net	8, 11, 17, 18	93,748,297	90,816,430
Inventories	11	12,489,737	11,695,864
Prepaid expenses and other current assets	11, 17, 18	38,250,570	36,242,458
Total Current Assets		266,588,411	240,253,122
Noncurrent Assets			
Investments and advances - net	18	114,144,526	115,825,289
Property, plant and equipment - net	9	376,676,243	375,268,227
Right-of-use assets - net	6	46,913,217	47,278,979
Goodwill and other intangible assets - net		70,206,263	70,214,838
Deferred income tax assets		1,807,693	1,584,049
Other noncurrent assets	11, 17, 18	46,441,204	41,196,128
Total Noncurrent Assets		656,189,146	651,367,510
TOTAL ASSETS		P922,777,557	P891,620,632
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	17, 18	P33,000,000	P33,000,000
Accounts payable and accrued expenses	11, 17, 18	97,628,431	101,070,416
Lease liabilities - current portion	6, 11, 17, 18	6,032,316	5,819,971
Income tax payable		207,192	139,824
Current maturities of long-term debt - net of debt issue costs	10, 17, 18	28,114,612	43,426,570
Total Current Liabilities		164,982,551	183,456,781
Noncurrent Liabilities			
Long-term debt - net of current maturities and debt issue costs	10, 17, 18	259,696,888	241,709,071
Deferred income tax liabilities		17,030,875	17,223,128
Lease liabilities - net of current portion	6, 11, 17, 18	22,554,677	23,880,904
Other noncurrent liabilities	17, 18	4,814,114	4,617,192
Total Noncurrent Liabilities		304,096,554	287,430,295
Total Liabilities		469,079,105	470,887,076

Forward

	Note	2026 (Unaudited)	2025 (Audited)
Equity			
Equity Attributable to Equity Holders of the Parent Company			
Capital stock		P4,785,494	P4,785,494
Additional paid-in capital		104,895,528	104,895,528
Senior perpetual capital securities		163,238,117	160,789,623
Redeemable perpetual capital securities		88,679,795	88,679,795
Equity reserves		(367,357)	929,003
Retained earnings		76,511,946	59,596,183
		437,743,523	419,675,626
Non-controlling Interests		15,954,929	1,057,930
Total Equity	12	453,698,452	420,733,556
TOTAL LIABILITIES AND EQUITY		P922,777,557	P891,620,632

*See accompanying Management's Discussion and Analysis and
Selected Notes to Consolidated Financial Statements.*

Certified Correct:


PAUL BERNARD D. CAUSON
Chief Finance Officer / Authorized Signatory


SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025
(In Thousands, Except Per Share Data)

	<i>Note</i>	2026 (Unaudited)	2025 (Unaudited)
REVENUES	11, 13	P53,617,194	P42,496,775
COST OF POWER SOLD	11, 14	23,322,368	29,450,295
GROSS PROFIT		30,294,826	13,046,480
SELLING AND ADMINISTRATIVE EXPENSES	8, 9	2,186,111	2,358,244
INCOME FROM OPERATIONS		28,108,715	10,688,236
INTEREST EXPENSE AND OTHER FINANCING CHARGES	6, 10	(5,862,767)	(5,776,551)
INTEREST INCOME	7	1,068,011	808,262
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES - Net	6	3,080,905	1,562,586
OTHER INCOME (CHARGES) - Net	15	(1,952,517)	21,139,617
INCOME BEFORE INCOME TAX		24,442,347	28,422,150
INCOME TAX EXPENSE		563,177	2,036,477
NET INCOME		P23,879,170	P26,385,673
Attributable to			
Equity holders of the Parent Company		P23,832,171	P26,376,950
Non-controlling interests		46,999	8,723
		P23,879,170	P26,385,673
Earnings Per Common Share			
Attributable to Equity Holders of the Parent Company			
Basic/Diluted	16	P3.54	P6.76

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PAUL BERNARD D. CAUSON
Chief Finance Officer / Authorized Signatory




SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025
(In Thousands)

	<i>Note</i>	2026 (Unaudited)	2025 (Unaudited)
NET INCOME		P23,879,170	P26,385,673
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may not be reclassified to profit or loss			
Net gain on financial assets at fair value through other comprehensive income net of tax	-	1,443,050	22,262,022
	6, 18		
Item that may be reclassified to profit or loss			
Gain (loss) on exchange differences on translation of foreign operations		15,668	(5,131)
OTHER COMPREHENSIVE INCOME			
- Net of tax		1,458,718	22,256,891
TOTAL COMPREHENSIVE INCOME		P25,337,888	P48,642,564
Attributable to:			
Equity holders of the Parent Company		P25,290,889	P48,633,841
Non-controlling interests		46,999	8,723
		P25,337,888	P48,642,564

See accompanying Management's Discussion and Analysis and Selected Notes to Consolidated Financial Statements.

Certified Correct:


PAUL BERNARD D. CAUSON
Chief Finance Officer / Authorized Signatory



SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025
(In Thousands)

	Equity Attributable to Equity Holders of Parent Company									
	Capital Stock	Additional Paid-in Capital	Senior Perpetual Capital Securities	Redeemable Perpetual Capital Securities	Equity Reserves	Retirement Plan	Retained Earnings	Total	Non-controlling Interests	Total Equity
As at January 1, 2025 (Audited)	P4,785,494	P104,895,528	P160,789,923	P88,679,795	P128,996	P946,989	P59,596,183	P419,675,626	P1,057,930	P420,733,556
Net income	-	-	-	-	1,443,050	15,668	23,832,171	23,832,171	46,999	23,879,170
Other comprehensive income - net of tax	-	-	-	-	-	-	-	1,458,718	-	1,458,718
Total comprehensive income	-	-	-	-	1,443,050	15,668	23,832,171	25,290,889	46,999	25,337,888
Issuance of senior perpetual capital securities	-	-	17,555,065	-	-	-	-	17,555,065	-	17,555,065
Redemptions of senior perpetual capital securities	-	-	(15,106,571)	-	(2,755,078)	-	-	(17,861,649)	-	(17,861,649)
Issuance of redeemable preferred shares of a subsidiary	-	-	-	-	-	-	-	-	-	-
Distributions to holders of:	-	-	-	-	-	-	-	-	14,850,000	14,850,000
Senior perpetual capital securities	-	-	-	-	-	-	(5,573,181)	(5,573,181)	-	(5,573,181)
Redeemable perpetual capital securities	-	-	-	-	-	-	(1,343,227)	(1,343,227)	-	(1,343,227)
As at March 31, 2025 (Unaudited)	P4,785,494	P104,895,528	P163,238,117	P88,679,795	P(1,183,032)	P962,657	P76,511,946	P437,743,523	P15,954,929	P453,698,452
As at January 1, 2025 (Audited)	P2,823,604	P48,061,781	P151,394,865	P145,979,113	P(17,253,511)	P935,708	P26,387,315	P358,081,779	P943,400	P359,025,179
Net income	-	-	-	-	22,262,022	(5,131)	26,376,950	26,376,950	8,723	26,385,673
Other comprehensive income (loss) - net of tax	-	-	-	-	-	-	-	22,256,891	-	22,256,891
Total comprehensive income (loss)	-	-	-	-	22,262,022	(5,131)	26,376,950	48,633,841	8,723	48,642,564
Issuances of senior perpetual capital securities	12, 19	-	5,749,775	-	-	-	-	5,749,775	-	5,749,775
Deconsolidation of subsidiaries	6	-	-	-	-	-	(285,529)	(285,529)	-	(285,529)
Share issuance costs	-	-	-	-	-	-	(9,507)	(9,507)	-	(9,507)
Transfer of net gain on financial assets at fair value through other comprehensive income	6	-	-	-	(22,262,022)	-	22,262,022	-	-	-
Distributions to holders of:	-	-	-	-	-	-	-	-	-	-
Senior perpetual capital securities	12	-	-	-	-	-	(4,103,625)	(4,103,625)	-	(4,103,625)
Redeemable perpetual capital securities	12	-	-	-	-	-	(15,939,866)	(15,939,866)	-	(15,939,866)
As at March 31, 2025 (Unaudited)	P2,823,604	P48,061,781	P156,944,640	P145,979,113	P(17,253,511)	P930,577	P54,677,760	P392,116,868	P952,123	P393,069,991

See accompanying Management's Discussion and Analysis and Selected Notes to Consolidated Financial Statements.

Certified Correct:

PAUL BERNARD D. CAUSON
Chief Finance Officer / Authorized Signatory

SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025
(In Thousands)


	<i>Note</i>	2026 (Unaudited)	2025 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		P24,442,347	P28,422,150
Adjustments for:			
Interest expense and other financing charges	6, 10	5,862,767	5,776,551
Depreciation and amortization	9, 14	3,839,917	3,940,771
Unrealized foreign exchange losses - net		2,006,845	71,843
Gain on sale of machineries and equipment	9, 15	(206,801)	-
Retirement benefits costs		41,708	39,066
Gain on fair valuation of investments	6, 15	-	(21,933,046)
Dividend income	15	(776,858)	-
Interest income	7	(1,068,011)	(808,262)
Equity in net gains of associates and joint ventures - net		(3,080,905)	(1,562,586)
Operating income before working capital changes		31,061,009	13,946,487
Decrease (increase) in:			
Trade and other receivables - net		(3,115,696)	18,665,695
Inventories		(793,873)	(1,382,874)
Prepaid expenses and other current assets		(2,574,763)	(5,518,397)
Increase (decrease) in:			
Accounts payable and accrued expenses		235,691	(4,214,157)
Other noncurrent liabilities		181,524	(173,792)
Cash generated from operations		24,993,892	21,322,962
Interest income received		895,989	711,076
Income taxes paid		(346,341)	(912,698)
Interest expense and other financing charges paid		(5,653,615)	(5,229,477)
Net cash flows provided by operating activities		19,889,925	15,891,863
CASH FLOWS FROM INVESTING ACTIVITIES			
Returns on (additions to) investments and advances		5,170,400	(7,779,814)
Proceeds from sale of machineries and equipment	9	3,302,779	-
Proceeds from redemption of preferred shares	6	-	78,717,390
Proceeds from installment sale of properties	11	-	461,494
Cash of deconsolidated subsidiaries		-	(5,667,901)
Additions to investment properties		(373)	-
Additions to intangible assets		(9,803)	(1,620)
Increase in other noncurrent assets		(380,579)	(21,507,621)
Advances paid to suppliers and contractors		(3,636,236)	(291,915)
Additions to property, plant and equipment	9	(10,237,188)	(3,360,335)
Net cash flows provided by (used in) investing activities		(5,791,000)	40,569,678

Forward

	<i>Note</i>	2026 (Unaudited)	2025 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Long-term debts	10, 19	P19,850,000	P9,400,000
Short-term borrowings	19	15,000,000	19,500,000
Proceeds from the issuance of:			
Senior perpetual capital securities	12, 19	17,555,065	5,749,775
Redeemable preferred shares of a subsidiary	12	14,850,000	-
Payments of:			
Lease liabilities	6, 19	(1,633,624)	(7,224,539)
Short-term borrowings	19	(15,000,000)	(45,912,300)
Long-term debts	10, 19	(19,964,820)	(4,962,070)
Distributions paid to holders of:			
Redeemable perpetual capital securities	12	(1,343,227)	(15,939,866)
Senior perpetual capital securities	12	(5,573,181)	(4,103,625)
Redemption of senior perpetual capital securities	12, 19	(17,861,649)	-
Net cash flows provided by (used in) financing activities		5,878,564	(43,492,625)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		623,948	(681,785)
NET INCREASE IN CASH AND CASH EQUIVALENTS		20,601,437	12,287,131
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		101,498,370	67,867,411
CASH AND CASH EQUIVALENTS AT END OF PERIOD		7 P122,099,807	P80,154,542

See accompanying Management's Discussion and Analysis and Selected Notes to Consolidated Financial Statements.

Certified Correct:


PAUL BERNARD D. CAUSON
Chief Finance Officer / Authorized Signatory



SAN MIGUEL GLOBAL POWER HOLDINGS CORP.
(A Wholly-owned Subsidiary of San Miguel Corporation)
AND SUBSIDIARIES

SELECTED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except Per Share Data and Number of Shares)

1. Reporting Entity

San Miguel Global Power Holdings Corp. (the “Parent Company”) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on January 23, 2008, and its primary purpose of business is to purchase, sell, assign, lease, develop, create security interest over, operate and dispose of all properties of every kind and description, including shares of stocks or other securities or obligations, created or issued by any corporation or other entity. The Parent Company has a perpetual corporate life in accordance with the Revised Corporation Code of the Philippines which took effect on February 23, 2019.

The accompanying interim consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiaries (collectively referred to as the Group) and the Group’s interests in associates and joint ventures.

The Parent Company is a wholly-owned subsidiary of San Miguel Corporation (SMC). The ultimate parent company of the Group is Top Frontier Investment Holdings, Inc. (Top Frontier). SMC and Top Frontier are public companies under Section 17.2 of the Securities Regulation Code and whose shares are listed on The Philippine Stock Exchange, Inc. (PSE).

The Parent Company’s registered office address is located at No. 40 San Miguel Avenue, Wack-Wack Greenhills 1550, City of Mandaluyong, Second District, National Capital Region.

2. Basis of Preparation

The interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*, and should be read in conjunction with the Group’s last annual audited consolidated financial statements as at and for the year ended December 31, 2025. They do not include all the information required for a complete set of Philippine Financial Reporting Standards (PFRS) Accounting Standards financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual audited consolidated financial statements.

The interim consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on May 11, 2026.

Basis of Measurement

The interim consolidated financial statements of the Group have been prepared on a historical cost basis except for the following items which are measured on an alternative basis at each reporting date:

<u>Items</u>	<u>Measurement Basis</u>
Financial assets at fair value through profit or loss (FVPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Defined benefits retirement asset (liability)	Fair value of the plan assets less the present value of the defined benefits retirement obligation

Functional and Presentation Currency

The interim consolidated financial statements are presented in Philippine Peso, which is the functional currency of the Parent Company. All financial information is rounded off to the nearest thousand (P000), except when otherwise indicated.

Basis of Consolidation

The interim consolidated financial statements include the financial statements of the Parent Company and its subsidiaries. The subsidiaries are incorporated in the Philippines and registered with the Philippine SEC. The major subsidiaries include the following:

	<u>Percentage of Ownership</u>	
	<u>2026</u>	<u>2025</u>
<i>Power Generation</i>		
Sual Power Inc. (SPI)	100	100
San Roque Hydropower Inc. (SRHI)	100	100
Limay Power Inc. (LPI)	100	100
Malita Power Inc. (MPI)	100	100
PowerOne Ventures Energy Inc. (PVEI)	100	100
Prime Electric Generation Corporation	100	100
Oceantech Power Generation Corporation	100	100
Masinloc Power Co. Ltd. (MPCL)	100	100
Power Ventures Generation Corporation	100	100
Mariveles Power Generation Corporation (MPGC)	96	95
SMC Global Light and Power Corp. (SGLPC)	100	100
<i>Retail and Other Power-related Services</i>		
SMGP BESS Power Inc. (SMGP BESS)	100	100
SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan)	100	100
SMC Power Generation Corp.	100	100

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are included in the interim consolidated financial statements from the date when the Group obtains control and continue to be consolidated until the date when such control ceases.

If the Group loses control of a subsidiary, the Group, at the date when control is lost: (a) derecognizes the carrying amounts of assets and liabilities of the former subsidiary from the consolidated statement of financial position, (b) recognizes any investment retained in the former subsidiary at its remeasured fair value which shall be regarded as the fair value on initial recognition of a financial asset in accordance with PFRS 9, *Financial Instruments*, or the cost on initial recognition of an investment in associate or joint venture, if applicable, and (c) recognizes any resulting difference as a gain or loss associated with the loss of control attributable to the former controlling interest in the consolidated statement of income.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Intergroup balances and transactions, including intergroup unrealized profits and losses, are eliminated in preparing the interim consolidated financial statements.

Non-controlling interests represent the portion of profit or loss and net assets not attributable to the Parent Company and are presented in the consolidated statements of income, consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the equity attributable to equity holders of the Parent Company.

Non-controlling interests include the interests not held by the Parent Company in GP Renewable Power Corp. (GP Renewable Power) and MPGC as at March 31, 2026 and December 31, 2025 (see Note 12).

3. Material Accounting Policy Information

The principal accounting policies adopted in the preparation of the interim consolidated financial statements of the Group are consistent with those followed in the most recent annual audited consolidated financial statements, except for the changes in accounting policies as explained below. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending December 31, 2026.

The Philippine Financial and Sustainability Reporting Standards Council approved the adoption of a number of new and amendments to standards as part of Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Adoption of Amendments to Standards

The Group has adopted the following amendments to PFRS effective January 1, 2026 and accordingly, changed its accounting policies in the following areas:

- Disclosures about Uncertainties in the Financial Statements (Amendments to Illustrative Examples on PFRS 7, *Financial Instruments: Disclosures*, PFRS 18, *Presentation and Disclosure in Financial Statements*, PAS 1, *Presentation of Financial Statements*, PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, PAS 36, *Impairment of Assets* and PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*). The amendments provide illustrative examples demonstrating how entities can apply PFRS Accounting Standards when reporting the effects of uncertainties in their financial statements. The examples use climate-related scenarios as practical illustrations, but the underlying principles apply more broadly to all uncertainties.

The illustrative examples are not an integral part of the PFRS Accounting Standards and do not have an effective date or transition requirements. Entities are expected to consider these examples in applying the disclosure requirements of the relevant standards on a timely basis.

- Classification and Measurement of Financial Instruments (Amendments to PFRS 9 and PFRS 7). The amendments clarify that financial assets and financial liabilities are recognized and derecognized on the settlement date, except for regular way purchases or sales of financial assets and financial liabilities that meet the conditions for an exception. The exception allows entities to elect to derecognize certain financial liabilities settled through an electronic payment system before the settlement date.

The amendments also provide guidelines for assessing the contractual cash flow characteristics of financial assets that include environmental, social, and governance-linked features and other similar contingent features.

Entities are required to disclose additional information about financial assets and financial liabilities with contingent features, and equity instruments classified at fair value through other comprehensive income.

- Contracts Referencing Nature-dependent Electricity (Amendments to PFRS 9 and PFRS 7). The amendments clarify the application of the own-use exemption for contracts referencing electricity from nature-dependent renewable energy sources, amend the hedge accounting requirements to allow these contracts to be designated as hedging instruments if certain conditions are met, and introduce additional disclosure requirements on the impact of these contracts on the financial performance and future cash flow.
- Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to five standards, of which the following amendments are relevant to the Group:
 - Gain or Loss on Derecognition (Amendments to PFRS 7). The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13, *Fair Value Measurement*.
 - Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9). The amendments:
 - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in statement of income; and
 - replaced the term 'their transaction price (as defined in PFRS 15, *Revenue from Contracts with Customers*)' with 'the amount determined by applying PFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

The adoption of the amendments to standards did not have a material effect on the interim consolidated financial statements.

New and Amendments to Standards Not Yet Adopted

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2026 and have not been applied in preparing the interim consolidated financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the interim consolidated financial statements.

The Group will adopt the following new and amendments to standards on the respective effective dates:

- PFRS 18 replaces PAS 1. The new standard introduces the following key requirements:
 - entities are required to classify all income and expenses into five categories in the statement of income: operating, investing, financing, income tax, and discontinued operations. Subtotals and totals are presented in the statement of income for operating profit or loss, profit or loss before financing and income taxes, and profit or loss;
 - management-defined performance measures (MPM) are disclosed in a single note to the financial statements; and
 - enhanced guidance is provided on how to group information in the financial statements.

Consequential amendments to PAS 7, *Statement of Cash Flows*, require the use of the operating profit or loss subtotal as the starting point when presenting operating cash flows under the indirect method and eliminate the options for classifying interest and dividend cash flows.

PFRS 18 also amends PAS 33, *Earnings per Share* to permit companies to disclose additional amounts per share using as numerator a required income and expenses total or subtotal, a common subtotal listed in PFRS 18 or an MPM disclosed by the entity.

PFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with retrospective application required. Early adoption is permitted.

The Group continues to assess the impact of the above new and amendments to standards effective subsequent to 2026 on the interim consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

4. Use of Judgments, Estimates and Assumptions

In preparing these interim consolidated financial statements, management has exercised judgments, made accounting estimates and used assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied in the audited consolidated financial statements as at and for the year ended December 31, 2025.

5. Segment Information

Operating Segments

The Group's operations are segmented into three businesses: a) power generation, b) retail and other power-related services and c) others consistent with the reports prepared internally for use by the Group's chief operating decision maker in reviewing the business performance of the operating segments. The differing economic characteristics and activities of these operating segments make it more useful to users of the consolidated financial statements to have information about each component of the Group's profit or loss, assets and liabilities.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment, right-of-use assets, net of allowances, accumulated depreciation and amortization, and impairment, and other noncurrent assets. Segment liabilities include all operating liabilities and consist primarily of loans payable, accounts payable and accrued expenses, lease liabilities, and other noncurrent liabilities. Segment assets and liabilities do not include deferred taxes. Capital expenditures consist of additions to property, plant and equipment of each reportable segment.

Inter-segment Transactions

Segment revenues, expenses and performance include sales and purchases between operating segments. Such transactions are eliminated in consolidation.

The Group operates only in the Philippines which is treated as a single geographical segment.

Major Customers

The Group sells, retails and distributes power, through power supply agreements (PSAs), retail supply contracts, ancillary service procurement agreements and other power-related service agreements, either directly to customers (other generators, distribution utilities, including Manila Electric Company [Meralco], electric cooperatives, industrial customers and National Grid Corporation of the Philippines) or through the Philippine Wholesale Electricity Spot Market (WESM). Sale of power to external customers that represents 10% or more of the Group's total revenues, is as follows:

Customer	For the Periods Ended March 31	
	2026 (Unaudited)	2025 (Unaudited)
Meralco	P28,132,360	P17,072,900
WESM	9,100,789	8,472,830

Operating Segments

Financial information about reportable segments follows:

	For the Periods Ended March 31							
	Power Generation		Retail and Other Power-related Services		Eliminations		Consolidated	
	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
Revenues								
External	P39,853,290	P32,916,805	P13,460,424	P9,398,591	P181,379	P -	P53,617,194	P42,496,775
Inter-segment	5,953,806	6,249,892	20,255	-	470,825	(6,487,272)	-	-
	45,807,096	39,166,697	13,480,679	9,398,591	652,204	(6,720,717)	53,617,194	42,496,775
Costs and Expenses								
Cost of power sold	22,340,151	29,600,983	6,534,630	5,716,946	547,968	(6,269,222)	23,322,368	29,450,295
Selling and administrative expenses	1,445,583	1,993,110	815,671	522,264	377,967	(467,581)	2,186,111	2,358,244
	23,785,734	31,596,093	7,350,301	6,239,210	925,935	(6,736,803)	25,508,479	31,808,539
Segment Result	P22,021,362	P7,570,604	P6,130,378	P3,159,381	(P273,731)	P249,531	P28,108,715	P10,688,236
Interest expense and other financing charges							(5,862,767)	(5,776,551)
Interest income							1,068,011	808,262
Equity in net earnings of associates and joint ventures - net							3,080,905	1,562,586
Other income (charges) - net							(1,952,517)	21,139,617
Income tax expense							(563,177)	(2,036,477)
Consolidated Net Income							P23,879,170	P26,385,673
	As at and For the Periods Ended							
	Power Generation		Retail and Other Power-related Services		Eliminations		Consolidated	
	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Other Information								
Segment assets	P556,234,000	P557,595,549	P105,181,154	P94,812,527	P277,474,883	(P216,453,316)	P736,619,075	P703,996,456
Investments and advances - net	7,702,101	7,470,084	285,219	262,400	352,670,128	(244,577,323)	114,144,526	115,825,289
Goodwill and other intangible assets - net							70,206,263	70,214,638
Deferred income tax assets							1,807,693	1,584,049
Consolidated Total Assets	P310,744,672	P326,146,503	P41,203,941	P37,805,499	P58,599,785	(P247,055,312)	P164,029,538	P168,388,483
Segment liabilities							287,811,500	285,135,641
Long-term debt - net							207,192	139,824
Income tax payable							17,030,875	17,223,128
Deferred income tax liabilities								
Consolidated Total Liabilities							P469,079,105	P470,887,076
Capital expenditures	P5,349,679	P22,509,510	P1,121,438	P1,467,580	P191,900	P -	P6,480,049	P24,099,734
Coal, fuel oil and other consumables	9,193,292	45,257,355	2,202,090	8,476,894	-	(P59,256)	11,395,382	53,734,249
Power purchases	8,644,333	35,157,765	2,394,062	9,789,144	-	(5,953,790)	5,084,605	23,256,960
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets	2,664,320	11,751,165	1,069,962	3,754,610	279,861	40,204	3,839,917	16,306,548
Noncash items other than depreciation and amortization*	(2,148,431)	(30,108,821)	93,593	1,984,202	(900,844)	-	(1,032,352)	(29,025,463)

* Noncash items other than depreciation and amortization include gain on fair valuation of investments, equity in net earnings of associates and joint ventures, impairment losses on trade receivables and property, plant and equipment, net unrealized foreign exchange losses, and retirement benefits costs.

6. Significant Agreements and Lease Commitments

Independent Power Producer (IPP) Administration (IPPA) Agreement

As a result of the bidding conducted by the Power Sector Assets and Liabilities Management Corporation (PSALM) for the Appointment of the IPP Administrator for the capacity of the 345 megawatts (MW) San Roque Hydroelectric Multi-purpose Power Plant (San Roque Hydroelectric Power Plant), located in San Roque, Pangasinan Province, SRHI was declared the winning bidder to act as IPP Administrator thereof effective on January 26, 2010.

South Premiere Power Corp. (SPPC) also became the IPP Administrator for the Ilijan Power Plant, a natural gas-fired combined cycle power plant located in Ilijan, Batangas, in June 2010 until the Ilijan Power Plant was turned over to SPPC upon the expiration of the Ilijan IPPA Agreement in June 2022.

SPI served as the IPP Administrator for the Sual Power Plant from November 2009 until the end of the IPPA Agreement term on October 24, 2024. Accordingly, PSALM turned over the Sual Power Plant to SPI on October 25, 2024.

The IPPA Agreements are with the conformity of the National Power Corporation (NPC), a government-owned and controlled corporation created by virtue of Republic Act (RA) No. 6395, as amended, whereby NPC confirms, acknowledges, approves and agrees to the terms of the IPPA Agreements and further confirms that for so long as it remains the counterparty of the IPP, it will comply with its obligations and exercise its rights and remedies under the original agreement with the IPP at the request and instruction of PSALM.

The San Roque IPPA Agreement includes, among others, the following salient rights and obligations:

- i. the right and obligation to manage and control the capacity of the power plant for its own account and at its own cost and risks;
- ii. the right to trade, sell or otherwise deal with the capacity (whether pursuant to the spot market, bilateral contracts with third parties or otherwise) and contract for or offer related ancillary services, in all cases for its own account and at its own cost and risks. Such rights shall carry the rights to receive revenues arising from such activities without obligation to account therefore to PSALM or any third party;
- iii. the right to receive a transfer of the power plant upon termination of the IPPA Agreement at the end of the cooperation period or in case of buy-out;
- iv. the obligation to maintain the performance bond in full force and effect with a qualified bank; and
- v. the obligation to pay PSALM the monthly payments and energy fees in respect of all electricity generated from the capacity, net of outages.

Pursuant to the IPPA Agreements, SRHI has to pay PSALM monthly payments for 18 years until April 26, 2028. Energy fees amounted to P272,065 and P294,837 for the periods ended March 31, 2026 and 2025, respectively (see Note 14). SRHI renewed its performance bond amounting to US\$20,305 which will expire on January 25, 2027.

The lease liabilities of SRHI are carried at amortized cost using the US Dollar and Philippine Peso discount rates of 3.30% and 7.90%, respectively.

The discount determined at inception of the agreement is amortized over the period of the IPPA Agreement and recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income. Interest expense amounted to P171,741 and P216,849 for the periods ended March 31, 2026 and 2025, respectively.

The carrying amount of the San Roque Hydroelectric Power Plant under the IPPA lease arrangement with PSALM, presented under "Right-of-use assets - net" account in the consolidated statements of financial position, amounted to P27,185,972 and P27,436,920 as at March 31, 2026 and December 31, 2025, respectively.

The total cash outflows for IPPA lease agreement with PSALM amounted to P1,579,414 and P1,069,693 for the periods ended March 31, 2026 and 2025, respectively.

Maturity analysis of lease payments as at March 31, 2026 and December 31, 2025 are disclosed in Note 17.

Joint Agreement with Meralco and Aboitiz Power Corporation (AboitizPower) on the Group's Liquefied Natural Gas (LNG) Projects

On January 27, 2025, the Parent Company completed the following transactions (collectively, the "Chromite Transaction" pursuant to the agreements executed on March 1, 2024 with Chromite Gas Holdings Inc. (CGHI), an entity owned jointly by Meralco PowerGen Corporation (a subsidiary of Meralco) and Therma NatGas Power, Inc. (a subsidiary of AboitizPower):

- (i) Investment by CGHI of 67% equity interests in: (i) SPPC, the owner/operator of the 1,278 MW Ilijan Power Plant; (ii) Excellent Energy Resources Inc. (EERI), the owner/operator of the 1,320 MW Batangas Combined Cycle Power Plant; and (iii) Ilijan Primeline Industrial Estate Corp. (IPIEC), the owner of the land where EERI's power plant and facilities and the Batangas LNG Terminal are located.
- (ii) Acquisition by CGHI and the Parent Company of 67% and 32.98% equity interests, respectively, in Linseed Field Corp. (LFC), the owner/operator of the Batangas LNG Terminal, which receives, stores and processes LNG to fuel the power plants of SPPC and EERI.

As a result of the Chromite Transaction, the Parent Company's equity interests in SPPC, EERI and IPIEC were diluted from 100% to 33%. Consequently, the Parent Company derecognized the assets and liabilities of the 3 subsidiaries and recognized the 33% equity interests retained at fair market values and a revaluation gain amounting to P52,706,102 and P21,933,046, respectively (see Note 15).

Subsequently, SPPC, EERI, and IPIEC redeemed and paid their respective redeemable preferred shares issued to the Parent Company, in cash totaling to P78,717,390. Consequently, the Parent Company recognized a net gain on investments in equity instruments amounting to P22,262,022 (net of tax amounting to P688,117), presented under "Net gain on financial assets at fair value through other comprehensive income" account in the consolidated statement of comprehensive income and under the "Retained earnings" account in the consolidated statement of changes in equity for the period ended March 31, 2025.

The Group recognized share in net earnings of EERI, SPPC, IPIEC and LFC amounting to P2,773,300 and P1,137,537, presented under "Equity in net earnings of associates and joint ventures - net" account in the consolidated statements of income for the periods ended March 31, 2026 and 2025, respectively.

7. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	March 31, 2026	December 31, 2025	
	Note	(Unaudited)	(Audited)
Cash in banks and on hand		P34,088,561	P42,747,132
Short-term investments		88,011,246	58,751,238
	17, 18	P122,099,807	P101,498,370

Cash in banks earns interest at prevailing bank deposit rates. Short-term investments include demand deposits which can be withdrawn at any time depending on the immediate cash requirements of the Group and earn interest at short-term investment rates.

Interest income from cash and cash equivalents amounted to P993,392 and P739,035 for the periods ended March 31, 2026 and 2025, respectively.

8. Trade and Other Receivables

Trade and other receivables consist of:

	March 31, 2026	December 31, 2025	
	Note	(Unaudited)	(Audited)
Trade		P81,947,089	P78,488,797
Non-trade		13,300,761	12,293,775
Amounts owed by related parties	11	4,866,811	6,400,222
		100,114,661	97,182,794
Less allowance for impairment losses		6,366,364	6,366,364
	17, 18	P93,748,297	P90,816,430

Trade and other receivables are non-interest bearing, unsecured and are generally on a 30-day term or an agreed collection period. The balance of trade receivables is inclusive of value-added tax (VAT) on the sale of power collectible from customers.

The movements in the allowance for impairment losses are as follows:

	March 31, 2026	December 31, 2025	
	Note	(Unaudited)	(Audited)
Balance at beginning of period		P6,366,364	P4,867,019
Impairment losses		-	1,904,091
Deconsolidation of subsidiaries and others	6	-	(404,746)
Balance at end of period		P6,366,364	P6,366,364

There were no impairment losses recognized in the consolidated statements of income for the periods ended March 31, 2026 and 2025.

9. Property, Plant and Equipment

Property, plant and equipment consist of:

March 31, 2026 and December 31, 2025

	Note	Power Plants	Land and Leasehold Improvements	Other Equipment	Building	Capital Projects in Progress (CPIP)	Total
Cost							
January 1, 2025 (Audited)		P328,466,082	P21,437,822	P9,570,280	P5,209,367	P142,099,671	P506,783,222
Additions		1,814,430	101,562	451,913	30,614	21,701,215	24,099,734
Deconsolidation of subsidiaries	6	(64,552,454)	(1,619,225)	(466,914)	(422,127)	(34,368,368)	(101,429,088)
Reclassifications, retirement and others		33,102,458	828,592	526,416	1,023,479	(32,174,276)	3,306,669
December 31, 2025 (Audited)		298,830,516	20,748,751	10,081,695	5,841,333	97,258,242	432,760,537
Additions		16,329	-	10,980	-	6,452,740	6,480,049
Disposal	15	-	-	-	-	(3,095,978)	(3,095,978)
Reclassifications and others		138,755	76	339,480	-	1,043,789	1,522,100
March 31, 2026 (Unaudited)		298,985,600	20,748,827	10,432,155	5,841,333	101,658,793	437,666,708
Accumulated Depreciation							
January 1, 2025 (Audited)		41,862,707	1,595,557	2,830,982	708,200	-	46,997,446
Depreciation		13,127,731	562,449	863,655	166,793	-	14,720,628
Deconsolidation of subsidiaries	6	(4,231,395)	(8,720)	(28,729)	(36,290)	-	(4,305,134)
Reclassifications, retirement and others		(233,543)	(247)	(593)	(1,185)	-	(235,568)
December 31, 2025 (Audited)		50,525,500	2,149,039	3,665,315	837,518	-	57,177,372
Depreciation		3,127,922	141,204	181,404	45,842	-	3,496,372
Reclassifications and others		-	76	1,707	-	-	1,783
March 31, 2026 (Unaudited)		53,653,422	2,290,319	3,848,426	883,360	-	60,675,527
Accumulated Impairment Losses							
January 1, 2025 (Audited)		-	-	279,947	-	-	279,947
Impairment		-	-	34,991	-	-	34,991
December 31, 2025 (Audited) and March 31, 2026 (Unaudited)		-	-	314,938	-	-	314,938
Carrying Amount							
December 31, 2025 (Audited)		P248,305,016	P18,599,712	P6,101,442	P5,003,815	P97,258,242	P375,268,227
March 31, 2026 (Unaudited)		P245,332,178	P18,458,508	P6,268,791	P4,957,973	P101,658,793	P376,676,243

March 31, 2025

	Note	Power Plants	Land and Leasehold Improvements	Other Equipment	Building	CPIP	Total
Cost							
January 1, 2025 (Audited)		P328,466,082	P21,437,822	P9,570,280	P5,209,367	P142,099,671	P506,783,222
Additions		1,632,862	25,319	122,462	-	6,471,937	8,252,580
Deconsolidation of subsidiaries	6	(64,552,454)	(1,619,225)	(466,914)	(422,127)	(34,364,015)	(101,424,735)
Reclassifications		5,315,368	(347,863)	346,980	1,184	(4,900,561)	415,108
March 31, 2025 (Unaudited)		270,861,858	19,496,053	9,572,808	4,788,424	109,307,032	414,026,175
Accumulated Depreciation							
January 1, 2025 (Audited)		41,862,707	1,595,557	2,830,982	708,200	-	46,997,446
Depreciation		3,259,541	126,739	182,246	37,888	-	3,606,414
Deconsolidation of subsidiaries	6	(4,231,395)	(8,720)	(28,729)	(36,290)	-	(4,305,134)
Reclassifications		(266,737)	(309)	(1,472)	(1,184)	-	(269,702)
March 31, 2025 (Unaudited)		40,624,116	1,713,267	2,983,027	708,614	-	46,029,024
Accumulated Impairment Losses							
January 1, 2025 (Audited) and March 31, 2025 (Unaudited)		-	-	279,947	-	-	279,947
Carrying Amount							
March 31, 2025 (Unaudited)		P230,237,742	P17,782,786	P6,309,834	P4,079,810	P109,307,032	P367,717,204

- a. Other equipment includes machinery and equipment, transportation equipment, office equipment and furniture and fixtures.
- b. CPIP pertains to the following:
 - i. Projects of MPCL for the construction of the Masinloc Power Plant Units 4 and 5, which are expected to be substantially completed in 2026.
 - ii. Projects of SMGP BESS for the construction of BESS facilities situated in various locations in the Philippines which are expected to be substantially completed in 2026.
 - iii. Various construction works relating to the solar and hydro power projects of SGLPC and SRHI, respectively.

On January 8, 2026, the Department of Energy awarded SGLPC, as among the winning bidders under the fourth auction round of the Green Energy Auction Program (GEAP) (GEA-4) launched on March 29, 2025, covering its offered aggregate capacity of 2,225 megawatts alternating current (MWac) for solar power projects located in Luzon and Mindanao, with target completion between 2026 and 2029.

On June 9, 2025, the DOE awarded SRHI, as among the winning bidders under the third auction round of the GEAP (GEA-3) conducted in February 2025, covering its offered aggregate capacity of 1,850 MW pump storage hydropower projects located in Luzon and Visayas, with target completion between 2031 and 2035.

- c. In 2026, MPGC sold certain machinery and equipment parts to an external party for a total consideration of P3,302,779. As a result of the transaction, the Group recognized a P206,801 gain which is presented under “Other income (charges) - net” account in the consolidated statement of income for the period ended March 31, 2026 (see Note 15).
- d. Depreciation of property, plant and equipment are recognized in the consolidated statements of income as follows:

	<i>Note</i>	For the Periods Ended March 31	
		2026 (Unaudited)	2025 (Unaudited)
Cost of power sold	14	P3,295,216	P3,432,035
Selling and administrative expenses		201,156	174,379
		P3,496,372	P3,606,414

- e. Reclassifications in 2026 and 2025 mainly pertain to:
 - i. the 1,200 MW Sual Power Plant and related facilities, which were reclassified from the “Goodwill and other intangible assets - net” accounts following the full settlement of all obligations under the Settlement Agreement with Team (Philippines) Energy Corporation (TPEC) and Team Sual Corporation (TSC) in March 2025 and the full turnover of the power plant to SPI (see Note 6); and
 - ii. application of advances to contractors against progress billings for ongoing capital projects.

- f. As at March 31, 2026 and December 31, 2025, certain property, plant and equipment amounting to P286,910,030 and P281,944,512 respectively, are pledged as security for syndicated project finance loans (see Note 10).
- g. Certain fully depreciated property, plant and equipment with aggregate costs amounting to P9,977,402 and P9,605,871 as at March 31, 2026 and December 31, 2025, respectively, are still being used in the Group's operations.
- h. Additions to property, plant and equipment in 2026 and 2025 disclosed in this note, include noncash or unpaid portions. The additions to property, plant and equipment in the consolidated statements of cash flows reflects the actual cash flow of the Group during the period.

10. Long-term Debt

Long-term debt consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Bonds and Notes		
<i>Parent Company</i>		
Philippine Peso-denominated:		
Fixed interest rate of 6.7500%, 6.8750%, 7.0000% and 7.1250% maturing in 2028, 2030, 2032 and 2035, respectively	P10,104,658	P10,100,632
Fixed interest rate of 7.1051% and 8.0288% maturing in 2028 and 2032, respectively	34,755,520	34,736,923
Fixed interest rate of 7.6000% maturing in April 2026	6,922,011	6,917,950
Fixed interest rate of 6.6250% maturing in December 2027	3,600,150	3,598,968
Fixed interest rate of 5.1792% maturing in July 2026	4,754,403	4,752,743
	60,136,742	60,107,216
<i>Forward</i>		

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Term Loans		
<i>Parent Company</i>		
Philippine Peso-denominated and fixed interest rate:		
- with maturities up to 2029	P9,084,797	P9,204,688
- maturing in 2028	7,467,231	7,463,930
- maturing in 2033 (a)	19,850,000	-
Foreign currency-denominated and floating interest rate based on Secured Overnight Financing Rate (SOFR) plus margin:		
- maturing in 2030	5,988,706	5,788,478
- maturing in 2028	8,984,828	8,677,485
- maturing in 2027	18,001,216	17,377,476
- maturing in 2027	18,078,169	17,465,839
- settled in March 2026 (b)	-	17,619,636
<i>Subsidiaries</i>		
Philippine Peso-denominated:		
Fixed interest rate with maturities up to:		
- 2031 and 2034 (c)	41,377,994	41,333,704
- 2033 (d)	36,088,964	36,571,852
- 2030 (e)	11,838,629	12,158,688
- 2029 (f)	25,238,859	26,097,424
Floating interest rate based on Bloomberg Valuation (BVAL) plus margin, with maturities up to 2030 (g)	4,621,223	4,907,614
Foreign currency-denominated:		
Fixed interest rate with maturities up to 2030	15,840,735	15,319,688
Floating interest rate based on SOFR plus margin, with maturities up to 2030	5,213,407	5,041,923
	227,674,758	225,028,425
	17, 18	285,135,641
Less current maturities	28,114,612	43,426,570
	P259,696,888	P241,709,071

- a. On March 31, 2026, the Parent Company availed a P20,000,000 term loan with a local bank. The loan is subject to fixed interest rate and payable in March 2033.

Net proceeds of the loan shall be used to partially finance capital expenditures and for general corporate requirements pertaining to renewable energy projects awarded to the Group under the GEAP.

- b. On March 9, 2026, the Parent Company fully settled its US\$300,000 (equivalent to P17,850,000) term loan drawn in tranches in March 2021 and June 2021 from a foreign bank. The payment was funded by cash generated from operations.
- c. Term loan of MPGC which includes payable to Bank of Commerce (BOC), an associate of an entity under common control, amounting to P7,500,000 as at March 31, 2026 and December 31, 2025 (see Note 11).
- d. In 2026, SMGP BESS made partial payments amounting to P500,000 of its P40,000,000, 10-year term loan, pursuant to the terms and conditions of its Omnibus Loan and Security Agreement (OLSA).

The loan includes payable to BOC amounting to P5,292,500 and P5,365,000 as at March 31, 2026 and December 31, 2025, respectively (see Note 11).

- e. In 2026, MPI made partial payments amounting to P324,186 of its P21,300,000, 12-year term loan, pursuant to the terms and conditions of its OLSA.

The loan includes payable to BOC amounting to P1,787,968 and P1,836,672 as at March 31, 2026 and December 31, 2025, respectively (see Note 11).

- f. In 2026, LPI made partial payments amounting to P874,500 of its P44,000,000, 12-year term loan, pursuant to the terms and conditions of its OLSA.

- g. In 2026, MPCL made principal repayments amounting to P291,134 pursuant to the terms and conditions of its Amended Omnibus Refinancing Agreement (ORA).

The loan includes the P2,809,076 and P2,984,643 payable to BOC as at March 31, 2026 and December 31, 2025, respectively (see Note 11).

Unamortized debt issue costs amounted to P2,491,038 and P2,571,446 as at March 31, 2026 and December 31, 2025, respectively. Accrued interest amounted to P1,985,753 and P1,677,004 as at March 31, 2026 and December 31, 2025, respectively. Interest expense amounted to P4,772,095 and P4,934,479 for the periods ended March 31, 2026 and 2025, respectively.

The gross amount of long-term debt payable to BOC amounted to P17,389,544 and P17,686,315 as at March 31, 2026 and December 31, 2025, respectively (see Note 11).

On April 8, 2026, the Parent Company availed of a US\$400,000 term loan from a facility agreement executed on March 26, 2026. The net proceeds of the loan shall be used for financing and/or refinancing the design, development, construction, installation, and operation of renewable energy projects, including hydro, wind, and solar power plants awarded to the Group pursuant to the DOE's GEAP.

On April 24, 2026, the Parent Company redeemed its Series J Bonds, amounting to P6,923,100, upon its maturity, pursuant to the terms and conditions of the bonds. The Series J Bonds formed part of the P30,000,000 Series H-I-J fixed rate bonds issued in April 2019.

On April 29, 2026, MPCL made principal repayments amounting US\$17,063 pursuant to the terms and conditions of its Omnibus Expansion Facility Agreement (OEFA).

Valuation Technique for Peso-denominated Bonds and Notes

The market value was determined using the market comparison technique. The fair values are based on Philippine Dealing & Exchange Corp. (PDEX). The Bonds and Notes are traded in an active market and the quotes reflect the actual transactions in identical instruments.

The fair value of the Bonds and Notes, amounting to P61,734,402 and P62,014,330 as at March 31, 2026 and December 31, 2025, respectively, has been categorized as Level 1 in the fair value hierarchy based on the inputs used in the valuation techniques (see Note 18).

The debt agreements of the Parent Company, LPI, MPI, MPCL, SMGP BESS and MPGC impose a number of covenants including, but not limited to, maintenance of certain financial ratios throughout the duration of the term of the debt agreements. The terms and conditions of the debt agreements also contain negative pledge provision

with certain limitations on the ability of the Parent Company and its material subsidiaries, LPI, MPI, MPCL, SMGP BESS and MPGC to create or have any outstanding security interest upon or with respect to any of the present or future business, undertaking, assets or revenue (including any uncalled capital) of the Parent Company or any of its material subsidiaries, LPI, MPI, MPCL, SMGP BESS and MPGC to secure any indebtedness, subject to certain exceptions.

The loans of LPI, MPI, SMGP BESS and MPGC are secured by real estate and chattel mortgages, on all present and future assets, amounting to P44,100,000, P21,325,000, P40,000,000 and P41,900,000, respectively, and reserves of LPI, MPI, SMGP BESS and MPGC as well as a pledge by the Parent Company of all its outstanding shares of stock in LPI, MPI, SMGP BESS and MPGC.

The loans of MPCL obtained from its Amended ORA and OEFA are secured by real estate and chattel mortgages, on all present assets (purchased under its asset purchase agreement, and all its rights in a land lease agreement, with PSALM) and all future assets as defined in its loan agreements, amounting to P8,155,000 and US\$525,000, respectively.

As at March 31, 2026 and December 31, 2025, the Group is in compliance with the covenants, including the required financial ratios, of the debt agreements.

The movements in debt issue costs are as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of period	P2,571,446	P3,069,044
Additions	150,000	460,073
Amortization	(211,081)	(698,722)
Capitalized amount	(19,327)	(258,949)
Balance at end of period	P2,491,038	P2,571,446

Repayment Schedule

The annual maturities of the long-term debts as at March 31, 2026 are as follows:

Year	Gross Amount		Peso	Debt Issue Costs	Net
	US Dollar	Peso Equivalent of US Dollar			
April 1, 2026 to March 31, 2027	US\$34,913	P2,120,865	P26,404,897	P411,150	P28,114,612
April 1, 2027 to March 31, 2028	636,487	38,665,343	21,396,756	650,152	59,411,947
April 1, 2028 to March 31, 2029	188,168	11,430,799	55,208,111	561,057	66,077,853
April 1, 2029 to March 31, 2030	39,952	2,427,034	29,118,278	183,087	31,362,225
April 1, 2030 to March 31, 2031	299,290	18,181,269	22,703,936	243,695	40,641,510
April 1, 2031 and thereafter	-	-	62,645,250	441,897	62,203,353
	US\$1,198,810	P72,825,310	P217,477,228	P2,491,038	P287,811,500

Contractual terms of the Group's interest bearing loans and borrowings and exposure to interest rate, foreign currency and liquidity risks are discussed in Note 17.

11. Related Party Disclosures

The Parent Company, certain subsidiaries and their shareholders, associates and joint ventures, purchase products and services from one another in the normal course of business. Transactions with related parties are made at normal market prices and terms. The Group requires approval of the BOD for certain limits on the amount and extent of transactions with related parties.

Amounts owed by/owed to related parties are collectible/will be settled in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The following are the transactions with related parties and the outstanding balances as at March 31, 2026 (Unaudited) and December 31, 2025 (Audited):

	Note	Year	Revenues from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
SMC	13	2026 2025	P93,960 441,247	P1,120,563 4,520,380	P33,108 74,897	P9,787,837 9,084,981	On demand or 30 days; non-interest bearing	Unsecured; no impairment
Entities under Common Control	8, 13, 14	2026 2025	2,556,005 9,086,648	896,585 4,853,566	2,392,986 2,298,694	19,027,313 18,697,036	On demand or 30 days; non-interest bearing	Unsecured; no impairment
	8	2026 2025	- -	- -	2,071,277 2,071,277	- -	Installment basis up to 2026	Unsecured; no impairment
Associate	6, 8, 13	2026 2025	14,761 3,688,552	20,247 969	315,353 2,126,218	71,845 71,818	On demand or 30 days; non-interest bearing	Unsecured; no impairment
Joint Venture	8, 14	2026 2025	62,108 194,928	527,250 2,710,190	272,606 177,323	497,428 257,032	30 days; non-interest bearing	Unsecured; no impairment
	8	2026 2025	1,518 5,997	- -	189,189 183,022	- -	92 days; interest bearing	Unsecured; no impairment
	8	2026 2025	1,724 46,486	- -	159,559 157,629	- -	10.5 years interest bearing	Unsecured; no impairment
Associate and Joint Venture of Entities under Common Control	8	2026 2025	- -	- 73,023	322,245 8,195	47,191 79,291	30 days; non-interest bearing	Unsecured; no impairment
	10	2026 2025	- -	348,613 1,481,799	- -	17,501,761 17,810,727	7 to 12 years; interest bearing	Secured
		2026	P2,730,076	P2,913,258	P5,756,323	P46,933,375		
		2025	P13,463,858	P13,639,927	P7,097,255	P46,000,885		

- Amounts owed by related parties consist of trade and non-trade receivables, receivables pertaining to the sale of certain parcels of raw land and investments in 2022, included as part of "Trade and other receivables - net" account in the consolidated statements of financial position, prepayments for rent and insurance, and security deposits (see Note 8).
- Amounts owed to related parties consist of trade and non-trade payables including management fees, purchases of fuel and power, reimbursement of expenses, rent, insurance, services rendered, customers' deposits and subscriptions payable to Olongapo Electricity Distribution Company, Inc. As at March 31, 2026 and December 31, 2025, amounts owed to related parties for the lease of office space and parcels of land presented as part of "Lease liabilities - current portion" and "Lease liabilities - net of current portion" accounts in the consolidated statements of financial position amounted to P15,154,053 and P15,095,658, respectively.
- Amounts owed by associates mainly consist of advances granted to EERI, included as part of "Trade and other receivables - net" account in the consolidated statements of financial position (see Note 8).

- d. Amounts owed by a joint venture pertains to (i) interest bearing loans granted and management fees charged to Angat Hydropower Corporation by PVEI, and (ii) sublease fees charged by SGLPC to Lucanin Solar Inc., included as part of “Trade and other receivables - net” and “Other noncurrent assets” accounts in the consolidated statements of financial position as at March 31, 2026 and December 31, 2025 (see Note 8).
- e. Amounts owed to an associate and joint venture of entities under common control include interest bearing long-term loans of MPI, MPCL, SMGP BESS and MPGC payable to BOC, amounting to P17,389,544 and P17,686,315, presented as part of “Long-term debt” account in the consolidated statements of financial position as at March 31, 2026 and December 31, 2025, respectively (see Note 10). These loans are secured by certain property, plant and equipment (see Note 9). The interest expense incurred on the loans amounted to P348,613 and P416,485 for the periods ended March 31, 2026 and 2025, respectively.
- f. The compensation of key management personnel of the Group, by benefit type, are as follows:

	March 31, 2025 (Unaudited)	December 31, 2025 (Audited)
Short-term employee benefits	P48,708	P197,576
Retirement benefits costs	3,110	10,053
	P51,818	P207,629

There were no known transactions with parties that fall outside the definition of “related parties” under PAS 24, *Related Party Disclosures*, but with whom the Group or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm’s length basis.

12. Equity

Capital Stock

The details of the Parent Company’s authorized, subscribed, issued and outstanding capital stock as at March 31, 2026 and December 31, 2025 are as follows:

	March 31, 2026 (Unaudited)		December 31, 2025 (Audited)	
	Number of Shares	Amount	Number of Shares	Amount
Authorized – par value of P1.00	7,800,000,000	P7,800,000	7,800,000,000	P7,800,000
Subscribed capital stock:				
Balance at beginning of period	4,785,493,800	P4,785,494	2,823,604,000	P2,823,604
Subscription	-	-	1,961,889,800	1,961,890
Issued and outstanding	4,785,493,800	P4,785,494	4,785,493,800	P4,785,494

On March 6, 2025, the BOD of the Parent Company approved the following:

- subscription by SMC to 950,796,000 common shares out of the unissued capital stock of the Parent Company in cash, at a subscription price of P30.00 per share or for a total subscription amount of P28,523,880;

- increase in its authorized capital stock of the Parent Company by P4,025,600 (comprising of 4,025,600,000 shares with par value of P1.00), or from P3,774,400, divided into 3,774,400,000 shares with par value of P1.00 to P7,800,000, divided into 7,800,000,000 shares with par value of P1.00 (the “ACS Increase”); and
- subscription by SMC to 1,011,093,800 common shares out of the ACS Increase at P30.00 per share, or for a total subscription amount of P30,332,814.

On the same day, the Parent Company and SMC executed the Subscription Agreements covering the aforesaid subscriptions approved by the BOD.

On April 14, 2025, the stockholders of the Parent Company approved the ACS Increase and the amendment of the Amended Articles of Incorporation to reflect the ACS Increase and ratified the said subscription by SMC out of the ACS Increase. The application for the ACS Increase was approved by the Philippine SEC on May 16, 2025.

The subscription amounts were fully paid by SMC to Parent Company on April 7, 2025.

Issuance of Senior Perpetual Capital Securities (SPCS)

On January 20, 2026, the Parent Company completed the issuance of US\$300,000 SPCS (equivalent to P17,555,065, net of directly attributable transaction costs amounting to P281,435) at an issue price of 100.00% of principal amount, with an initial rate of distribution of 8.375% per annum and step-up date of January 20, 2031.

The net proceeds were used for the redemption of all outstanding 5.70% SPCS issued in January 2020.

The US\$300,000 SPCS was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on January 21, 2026.

On February 19, 2025, the Parent Company completed the issuance of a US\$100,000 SPCS (equivalent to P5,749,775, net of directly attributable transaction costs amounting to P88,243), at an issue price of 100.503% of principal amount, plus an amount corresponding to accrued distribution from (and including) December 2, 2024 to (but excluding) February 19, 2025. The US\$100,000 SPCS was consolidated into and formed a single series with the US\$500,000 SPCS issued on December 2, 2024 (the “US\$500,000 SPCS”), bringing the total securities to US\$600,000. The US\$100,000 SPCS are identical in all respects with the US\$500,000 SPCS, other than with respect to the date of issuance and issue price.

The net proceeds from the issuance of the US\$100,000 SPCS were used for the redemption of the outstanding 7.00% SPCS issued in October and December 2020.

The US\$100,000 SPCS was listed on the SGX-ST on February 20, 2025.

Redemption of SPCS

On January 20, 2026, the Parent Company completed the redemption of the US\$300,423 remaining securities, with a carrying value of P15,106,571, out of the US\$600,000 SPCS issued in January 2020, pursuant to the terms and conditions of the securities. The redemption price is equal to the principal amount of the SPCS. Any accrued but unpaid distributions up to (but excluding) the redemption date were also settled.

The difference between the price paid and the carrying value amounted to P2,755,078 and was recognized as part of the “Equity reserves” account in the consolidated statements of financial position.

Distributions to SPCS Holders

The Parent Company paid P5,573,181 and P4,103,625 to the SPCS holders for the periods ended March 31, 2026 and 2025, respectively, as distributions in accordance with the terms and conditions of the relevant subscription agreements.

Distributions to Redeemable Perpetual Capital Securities (RPCS) Holders

For the periods ended March 31, 2026 and 2025, the Parent Company paid distributions amounting to P1,343,227 and P15,939,866 (including distributions in arrears of P14,617,039), respectively, to the RPCS holders.

In April 2026, the Parent Company paid distributions amounting to US\$17,000 to the US\$800,000 RPCS holder.

Issuance of Redeemable Preferred Shares by a Subsidiary

In March 2026, the BOD of GP Renewable Power approved the subscription by SPPC to its redeemable preferred shares for a total subscription amount of P14,850,000. The proceeds may be used for general corporate purposes.

The salient features of the redeemable preferred shares include, among others, the following: (a) non-voting, except in those cases expressly required under Section 6 of the Revised Corporation Code; (b) not convertible to any class or series of common shares or preferred shares; (c) redeemable at the option of issuer at any time upon determination by its BOD, at a redemption price equivalent to the issue price; (d) shall have no pre-emptive right to any issue or disposition of any share of any class of the issuer; and (e) in case of dissolution and liquidation, the holder of the redeemable preferred shares shall be entitled to be paid in full, or ratably to the extent that the remaining assets of the issuer will permit, the issue price, without being entitled to any preference over holders of common shares in the distribution of assets.

As at March 31, 2026, the redeemable preferred shares is presented under “Non-controlling interests” account in the consolidated statement of financial position.

13. Revenues

Revenues consist of:

	Note	For the Periods Ended March 31	
		2026 (Unaudited)	2025 (Unaudited)
Sale of power:			
Power generation and trading		P39,853,290	P32,916,805
Retail and other power-related services		13,460,424	9,398,591
Other services		303,480	181,379
	5, 11	P53,617,194	P42,496,775

Revenues from other services mainly pertain to operations and maintenance services provided to various customers, including entities under common control (see Note 11).

14. Cost of Power Sold

Cost of power sold consists of:

	Note	For the Periods Ended March 31	
		2026 (Unaudited)	2025 (Unaudited)
Coal, fuel oil and other consumables	11	P11,395,382	P17,538,528
Power purchases	11	5,084,605	6,430,139
Depreciation and amortization	9	3,573,097	3,695,429
Plant operations and maintenance, and other fees		2,997,219	1,491,362
Energy fees	6	272,065	294,837
	5	P23,322,368	P29,450,295

15. Other Income (Charges) - net

Other income (charges) consist of:

	Note	For the Periods Ended March 31	
		2026 (Unaudited)	2025 (Unaudited)
Gain on fair valuation of investments	6	P -	P21,933,046
Foreign exchange losses - net	17	(1,422,662)	(822,022)
Miscellaneous income (charges) - net		(529,855)	28,593
		(P1,952,517)	P21,139,617

Miscellaneous income (charges) - net mainly pertains to discount on receivables, dividend income, gain on sale of machinery and equipment, marked-to-market gains (losses) on derivatives, and insurance claims (see Notes 9, 18 and 19).

16. Basic and Diluted Earnings Per Share

Basic and diluted earnings per share are computed as follows:

	For the Periods Ended March 31	
	2026 (Unaudited)	2025 (Unaudited)
Net income attributable to equity holders of the Parent Company	P23,832,171	P26,376,950
Distributions for the period to:		
RPCS holders	(2,244,468)	(3,246,246)
SPCS holders	(4,657,959)	(4,047,689)
Net income attributable to common shareholders of the Parent Company (a)	16,929,744	19,083,015
Weighted average number of common shares issued and outstanding (in thousands) (b)	4,785,494	2,823,604
Basic/Diluted Earnings Per Share (a/b)	P3.54	P6.76

As at March 31, 2026 and 2025, the Parent Company has no dilutive debt or equity instruments.

17. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Liquidity Risk
- Credit Risk
- Market Risk (Interest Rate Risk, Foreign Currency Risk and Commodity Price Risk)

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group include cash and cash equivalents, restricted cash, long-term receivables, loans payable, long-term debt and derivative instruments. These financial instruments, except derivative instruments, are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Group such as trade and other receivables, accounts payable and accrued expenses, lease liabilities and other noncurrent liabilities arise directly from and are used to facilitate its daily operations.

The outstanding derivative instruments of the Group, such as forwards, are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to foreign currency and commodity price risks arising from the operating and financing activities.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD constituted the Audit and Risk Oversight Committee to assist the BOD in fulfilling its oversight responsibility of the Group's corporate governance process relating to the: a) quality and integrity of the consolidated financial statements and financial reporting process and the systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the consolidated financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance with tax, legal and regulatory requirements; e) evaluation of management's process to assess and manage the enterprise risk issues; and f) fulfillment of the other responsibilities set out by the BOD. The Audit and Risk Oversight Committee shall prepare such reports as may be necessary to document the activities of the committee in the performance of its functions and duties. Such reports shall be included in the annual report of the Group and other corporate disclosures as may be required by the Philippine SEC and/or the PDEx.

The Audit and Risk Oversight Committee also oversees how management monitors compliance with the risk management policies and procedures of the Group and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit assists the Audit and Risk Oversight Committee in monitoring and evaluating the effectiveness of the risk management and governance processes of the Group. Internal Audit undertakes both regular and special reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Oversight Committee.

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary. The Group also uses derivative instruments such as forwards to manage liquidity.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management:

March 31, 2026 (Unaudited)	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P122,099,807	P122,099,807	P122,099,807	P -	P -	P -
Trade and other receivables - net*	90,315,149	90,315,149	90,315,149	-	-	-
Derivative assets not designated as cash flow hedge (included under "Prepaid expenses and other current assets" account)	30,330	30,330	30,330	-	-	-
Long-term receivables (including current portion)	8,203,174	8,203,174	3,242,266	4,492,885	-	468,023
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	18,068,605	18,068,605	12,194,364	4,144,515	1,729,706	20
Financial Liabilities						
Loans payable	33,000,000	33,186,364	33,186,364	-	-	-
Accounts payable and accrued expenses*	81,096,438	81,096,438	81,096,438	-	-	-
Long-term debt - net (including current maturities)	287,811,500	358,978,474	46,057,354	75,982,271	166,023,594	70,915,255
Lease liabilities (including current portion)	28,586,993	55,982,217	7,583,190	7,855,483	5,134,320	35,409,224
Other noncurrent liabilities	581,588	581,588	-	242,442	290,463	48,683

*Excluding statutory receivables and payables.

December 31, 2025 (Audited)	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P101,498,370	P101,498,370	P101,498,370	P -	P -	P -
Trade and other receivables - net*	87,689,285	87,689,285	87,689,285	-	-	-
Long-term receivables (including current portion)	5,503,179	5,503,179	2,931,936	1,485,031	622,543	463,669
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	15,324,737	15,324,737	9,875,103	3,753,772	1,695,837	25
Financial Liabilities						
Loans payable	33,000,000	33,128,533	33,128,533	-	-	-
Accounts payable and accrued expenses*	83,785,524	83,785,524	83,785,524	-	-	-
Long-term debt - net (including current maturities)	285,135,641	358,016,578	63,535,653	75,532,389	161,699,619	57,248,917
Lease liabilities (including current portion)	29,700,875	44,389,359	6,299,603	7,346,347	6,169,433	24,573,976
Other noncurrent liabilities	560,435	560,435	-	241,272	270,479	48,684

*Excluding statutory receivables and payables.

Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Trade and Other Receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on the credit risk.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group ensures that sales on account are made to customers with appropriate credit history. The Group has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

Financial information on the Group's maximum exposure to credit risk, without considering the effects of other risk mitigation techniques, is presented below:

	Note	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Cash and cash equivalents (excluding cash on hand)	7	P122,097,681	P101,496,244
Trade and other receivables - net*	8	90,315,149	87,689,285
Derivative assets not designated as cash flow hedge		30,330	-
Long-term receivables (including current portion)		8,203,174	5,503,179
Restricted cash		18,068,605	15,324,737
		P238,714,939	P210,013,445

*Excluding statutory receivables

The table below presents the Group's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month ECL or lifetime ECL. Financial assets that are credit-impaired are separately presented.

March 31, 2026 (Unaudited)	Financial Assets at Amortized Cost			Financial Assets at FVPL	Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired		
Cash and cash equivalents (excluding cash on hand)	P122,097,681	P -	P -	P -	P122,097,681
Trade and other receivables	-	90,315,149	6,366,364	-	96,681,513
Derivative assets not designated as cash flow hedge	-	-	-	30,330	30,330
Long-term receivables (including current portion)	-	8,203,174	-	-	8,203,174
Restricted cash	18,068,605	-	-	-	18,068,605
	P140,166,286	P98,518,323	P6,366,364	P30,330	P245,081,303

December 31, 2025 (Audited)	Financial Assets at Amortized Cost			Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit Impaired	
Cash and cash equivalents (excluding cash on hand)	P101,496,244	P -	P -	P101,496,244
Trade and other receivables	-	87,689,285	6,366,364	94,055,649
Long-term receivables (including current portion)	-	5,503,179	-	5,503,179
Restricted cash	15,324,737	-	-	15,324,737
	P116,820,981	P93,192,464	P6,366,364	P216,379,809

Receivables that are not credit impaired are considered high grade since the customers or counterparties have strong financial capacity and business performance and with the lowest default risk.

The aging of trade and other receivables (excluding statutory receivables) is as follows:

	March 31, 2026 (Unaudited)				December 31, 2025 (Audited)			
	Trade	Non-trade	Amounts Owed by Related Parties	Total	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P56,631,741	P5,369,626	P1,456,004	P63,457,371	P51,579,651	P5,239,814	P3,148,216	P59,967,681
Past due:								
1 - 30 days	3,129,687	11,854	457,215	3,598,756	5,542,565	77,483	776,836	6,396,884
31 - 60 days	1,344,457	24,571	121,181	1,490,209	844,345	20,971	45,766	911,082
61 - 90 days	492,779	16,024	15,635	524,438	164,921	10,175	36,609	211,705
Over 90 days	20,163,047	6,703,744	743,948	27,610,739	20,165,951	6,080,828	321,518	26,568,297
	P81,761,711	P12,125,819	P2,793,983	P96,681,513	P78,297,433	P11,429,271	P4,328,945	P94,055,649

Past due trade receivables more than 30 days pertain mainly to generation charges and output VAT. The Group believes that the unimpaired amounts that are past due and those that are neither past due nor impaired are still collectible based on historical payment behavior and analyses of the underlying customer credit ratings.

The Group computes impairment loss on receivables based on past collection experience, current circumstances and the impact of future economic conditions, if any, available at the reporting period. There are no significant changes in the credit quality of the counterparties during the period. Except for specific customer accounts for which impairment losses have been recognized based on their current financial condition as of each reporting date, there were no significant indicators of a significant change in the credit quality of the unimpaired accounts of other customers or counterparties as of each reporting date.

The Group's cash and cash equivalents, derivative assets and restricted cash are placed with reputable entities with high quality external credit ratings.

The Group has significant concentration of credit risk. Sale of power to Meralco accounts for 52% and 40% of the Group's total revenues for the periods ended March 31, 2026 and 2025, respectively.

The Group does not execute any credit guarantee in favor of any counterparty.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates relates primarily to the long-term borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

On the other hand, the investment policy of the Group is to maintain an adequate yield to match or reduce the net interest cost from its borrowings pending the deployment of funds to their intended use in the operations and working capital management. However, the Group invests only in high-quality short-term investments while maintaining the necessary diversification to avoid concentration risk.

In managing interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit or loss.

The management of interest rate risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various standard and non-standard interest rate scenarios.

Interest Rate Risk Table

The terms and maturity profile of the interest bearing financial instruments, together with its gross amounts, are shown in the following tables:

March 31, 2026 (Unaudited)	< 1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated Interest rate	P25,240,363 5.1792% to 8.6228%	P20,232,222 6.6250% to 8.6228%	P54,043,577 6.7500% to 8.6228%	P27,953,744 7.4017% to 8.6228%	P22,703,936 6.8750% to 8.5915%	P62,645,250 7.0000% to 8.2104%	P212,819,092
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	1,595,698 8.3310%	1,667,685 8.3310%	1,744,470 8.3310%	1,826,054 8.3310%	9,108,677 8.3310%	-	15,942,584
Floating Rate							
Philippine Peso-denominated Interest rate	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	-	-	4,658,136
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	525,167 SOFR + Margin	36,997,658 SOFR + Margin	9,686,329 SOFR + Margin	600,980 SOFR + Margin	9,072,592 SOFR + Margin	-	56,882,726
	P28,525,762	P60,062,099	P66,638,910	P31,545,312	P40,885,205	P62,645,250	P290,302,538
December 31, 2025 (Audited)	< 1 Year	1-2 Years	>2-3 Years	>3-4 Years	>4-5 Years	>5 Years	Total
Fixed Rate							
Philippine Peso-denominated Interest rate	P23,012,654 5.1792% to 8.6228%	P19,929,597 6.6250% to 8.6228%	P51,809,411 6.7500% to 8.6228%	P28,190,744 7.5758% to 8.6228%	P21,784,372 6.8750% to 8.5915%	P49,916,000 7.0000% to 8.2104%	P194,642,778
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	1,544,266 8.3310%	1,613,932 8.3310%	1,688,243 8.3310%	1,767,198 8.3310%	8,815,090 8.3310%	-	15,428,729
Floating Rate							
Philippine Peso-denominated Interest rate	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	1,164,534 BVAL + Margin	291,134 BVAL + Margin	-	4,949,270
Foreign currency-denominated (expressed in Philippine Peso) Interest rate	18,145,240 SOFR + Margin	35,805,168 SOFR + Margin	9,374,124 SOFR + Margin	581,609 SOFR + Margin	8,780,169 SOFR + Margin	-	72,686,310
	P43,866,694	P58,513,231	P64,036,312	P31,704,085	P39,670,765	P49,916,000	P287,707,087

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's profit before tax (through the impact on floating rate borrowings) by P153,852 and P776,356 for the period ended March 31, 2026 and for the year ended December 31, 2025, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Group's other comprehensive income.

Foreign Currency Risk

The functional currency is the Philippine Peso, which is the denomination of the bulk of the Group's revenues. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group enters into foreign currency hedges using derivative instruments, such as foreign currency forwards, to manage its foreign currency risk exposure.

Short-term currency forward contracts (non-deliverable) are entered into to manage foreign currency risks relating to foreign currency-denominated obligations and long-term borrowings.

Information on the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine Peso equivalents is as follows:

	Note	March 31, 2026 (Unaudited)		December 31, 2025 (Audited)	
		US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Assets					
Cash and cash equivalents	7	US\$846,590	P51,428,675	US\$889,224	P52,277,472
Trade and other receivables	8	84,326	5,122,645	111,450	6,552,117
Long-term receivables		35,430	2,152,330	35,154	2,066,705
		966,346	58,703,650	1,035,828	60,896,294
Liabilities					
Accounts payable and accrued expenses		1,119,616	68,014,466	1,248,509	73,399,840
Long-term debt (including current maturities)	10	1,198,810	72,825,310	1,498,810	88,115,039
Lease liabilities (including current portion)		118,857	7,220,357	132,587	7,794,794
		2,437,283	148,060,133	2,879,906	169,309,673
Net Foreign Currency- denominated Monetary Liabilities		US\$1,470,937	P89,356,483	US\$1,844,078	P108,413,379

The Group reported net losses on foreign exchange amounting to P1,422,662 and P822,022 for the periods ended March 31, 2026 and 2025, respectively, with the translation of its foreign currency-denominated assets and liabilities (see Note 15).

These mainly resulted from the movements of the Philippine Peso against the US Dollar as shown in the following table:

	US Dollar to Philippine Peso
March 31, 2026	P60.748
December 31, 2025	58.790
March 31, 2025	57.210
December 31, 2024	57.845

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various foreign currency exchange rate scenarios.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Group's income before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to translation of results and financial position of foreign operations):

March 31, 2026 (Unaudited)	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P839,141)	(P636,805)	P839,141	P636,805
Trade and other receivables	(84,326)	(63,245)	84,326	63,245
Long-term receivables	(35,430)	(26,573)	35,430	26,573
	(958,897)	(726,623)	958,897	726,623
Accounts payable and accrued expenses	1,119,486	839,745	(1,119,486)	(839,745)
Long-term debt (including current maturities)	1,198,810	899,108	(1,198,810)	(899,108)
Lease liabilities (including current portion)	118,857	89,143	(118,857)	(89,143)
	2,437,153	1,827,996	(2,437,153)	(1,827,996)
	P1,478,256	P1,101,373	(P1,478,256)	(P1,101,373)

December 31, 2025 (Audited)	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P881,746)	(P668,787)	P881,746	P668,787
Trade and other receivables	(111,450)	(83,587)	111,450	83,587
Long-term receivables	(35,154)	(26,366)	35,154	26,366
	(1,028,350)	(778,740)	1,028,350	778,740
Accounts payable and accrued expenses	1,248,375	936,415	(1,248,375)	(936,415)
Long-term debt (including current maturities)	1,498,810	1,124,108	(1,498,810)	(1,124,108)
Lease liabilities (including current portion)	132,587	99,440	(132,587)	(99,440)
	2,879,772	2,159,963	(2,879,772)	(2,159,963)
	P1,851,422	P1,381,223	(P1,851,422)	(P1,381,223)

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency-denominated transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

Other Market Price Risk

The Group's market price risk arises from its investments carried at fair value (financial assets at FVOCI). The Group manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

Capital Management

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, distribution payment, pay-off existing debts, return capital to shareholders or issue new shares, subject to compliance with certain covenants of its long-term debts, SPCS and RPCS (see Notes 10 and 12).

The Group defines capital as capital stock, additional paid-in capital, SPCS, RPCS and retained earnings, both appropriated and unappropriated. Other components of equity such as equity reserves are excluded from capital for purposes of capital management.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the consolidated statements of financial position.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Group's business, operation and industry.

There were no changes in the Group's approach to capital management during the period.

18. Financial Assets and Financial Liabilities

The table below presents a comparison by category of the carrying amounts and fair values of the Group's financial instruments:

	March 31, 2026 (Unaudited)		December 31, 2025 (Audited)	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P122,099,807	P122,099,807	P101,498,370	P101,498,370
Trade and other receivables - net*	90,315,149	90,315,149	87,689,285	87,689,285
Derivative asset not designated as cash flow hedge (included under "Prepaid expenses and other current assets")	30,330	30,330	-	-
Financial assets at FVOCI (included under "Investments and advances" account)	28,201,940	28,201,940	26,757,446	26,757,446
Long-term receivables (including current portion)	8,203,174	8,203,174	5,503,179	5,503,179
Restricted cash (included under "Prepaid expenses and other current assets" and "Other noncurrent assets" accounts)	18,068,605	18,068,605	15,324,737	15,324,737
	P266,919,005	P266,919,005	P236,773,017	P236,773,017
Financial Liabilities				
Loans payable	P33,000,000	P33,000,000	P33,000,000	P33,000,000
Accounts payable and accrued expenses	81,096,438	81,096,438	83,785,524	83,785,524
Long-term debt - net (including current maturities)	287,811,500	300,408,225	285,135,641	301,593,484
Lease liabilities (including current portion)	28,586,993	28,586,993	29,700,875	29,700,875
Other noncurrent liabilities	581,588	581,588	560,435	560,435
	P431,076,519	P443,673,244	P432,182,475	P448,640,318

*Excluding statutory receivables and payables

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

Cash and Cash Equivalents, Trade and Other Receivables (excluding statutory receivables), Long-term Receivables, and Restricted Cash. The carrying amounts of cash and cash equivalents, and trade and other receivables approximate their fair values primarily due to the relatively short-term maturities of these financial instruments. In the case of long-term receivables and restricted cash, the carrying amounts approximate their fair values, since the effect of discounting is not considered material.

Financial Assets at FVOCI. The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market. For equity instruments with no quoted market prices, the carrying amounts approximate their fair values, since the effect of discounting is not considered material.

As at March 31, 2026 and December 31, 2025, the Parent Company owns 46,596,596 common shares of Meralco which were revalued at the fair market value of P605.00 per share and P574.00 per share or for a total of P28,190,940 and P26,746,446, respectively, included in the "Investments and advances - net" account in the consolidated statements of financial position. The Parent Company recognized a revaluation gain of P1,443,050 (net of tax), presented under "Net gain on financial assets at fair value through other comprehensive income" account in the consolidated statement of comprehensive income for the period ended March 31, 2026.

Derivatives. The fair values of forward exchange contracts are calculated by reference to current forward exchange rates. In the case of freestanding currency, the fair values are determined based on quoted prices obtained from an active market. Fair values for stand-alone derivative instruments that are not quoted from an active market and for embedded derivatives are based on valuation models used for similar instruments using both observable and non-observable inputs. The fair values of the derivatives have been categorized as Level 2 in the fair value hierarchy.

Loans Payable and Accounts Payable and Accrued Expenses (excluding statutory payables). The carrying amounts of loans payable and accounts payable and accrued expenses approximate their fair values due to the relatively short-term maturities of these financial instruments.

Lease Liabilities. The fair value is based on the present value of expected cash flows using the applicable discount rates based on current market rates of similar instruments. The fair value of lease liabilities has been categorized as Level 2 in the fair value hierarchy.

Long-term Debt and Other Noncurrent Liabilities. The fair value of interest bearing fixed-rate loans is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as at reporting date. Discount rates used for Philippine Peso-denominated loans range from 4.61% to 6.92% and 4.64% to 8.56% as at March 31, 2026 and December 31, 2025, respectively. Discount rates used for foreign currency-denominated loans range from 3.66% to 3.91% and 3.44% to 3.73% as at March 31, 2026 and December 31, 2025, respectively. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

The fair value of Peso-denominated bonds has been categorized as Level 1 and interest bearing fixed-rate loans, lease liabilities and other noncurrent liabilities have been categorized as Level 2 in the fair value hierarchy.

Derivative Financial Instruments

The Group's derivative financial instruments according to the type of financial risk being managed and the details of freestanding derivative financial instruments that are categorized into those accounted for as cash flow hedges and those that are not designated as accounting hedges are discussed below.

The Group enters into various foreign currency derivative contracts to manage its exposure on foreign currency risks. The portfolio is a mixture of instruments including forwards.

Derivative Instruments not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding derivatives which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the consolidated statements of income. Details are as follows:

Freestanding Derivatives

Freestanding derivatives consist of foreign currency derivatives entered into by the Group.

Currency Forwards

As at March 31, 2026, the Group has outstanding short-term foreign currency forward contracts with an aggregate notional amount of US\$10,000 and positive fair value amounting to P30,330, included under "Prepaid expenses and other current assets" account.

The Group recognized marked-to-market gains (losses) from freestanding derivatives amounting to P112,020 and (P34,375) for the periods ended March 31, 2026 and 2025, respectively (see Note 15).

Fair Value Changes on Derivatives

The net movements in fair value of all derivative instruments are as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of period	P -	(P13,725)
Net change in fair value of derivatives not designated as accounting hedge	112,020	(54,210)
	112,020	(67,935)
Less fair value of settled instruments	81,690	(67,935)
Balance at end of period	P30,330	P -

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

19. Other Matters

a. Contingencies

The Group is a party to certain cases or claims which are either pending decision by the court/regulators or are subject to settlement agreements. The outcome of these cases or claims cannot be presently determined.

i. Petition to Stop the Imposition of the Increase in Generation Charge

On December 5, 2013, Meralco wrote the ERC requesting for clearance and authority: (i) to collect a generation charge of P7.90 per kWh in its December 2013 billings to its customers for its generation cost for the month of November 2013; and (ii) to defer to February 2014 the recovery of the remaining P3,000,000, representing a portion of the generation costs for the November 2013 supply month which was not passed on to customers in December 2013, subject to the inclusion of the appropriate carrying charge. In response thereto, the ERC, in its letter dated December 9, 2013, granted Meralco the authority to implement a staggered collection of its generation cost for the power supplied in November 2013. The ERC, however, did not approve Meralco's request to recover the carrying costs and directed it to file a formal application for this instead.

On December 19, 2013, Petitioners Bayan Muna representatives, et al. filed a petition against the ERC and Meralco, questioning the increase in the generation cost for November 2013 supply month. On December 20, 2013, Petitioner National Association of Electricity Consumers for Reforms (NASECORE) et al. filed a petition against the ERC, DOE and Meralco assailing the automatic adjustment of generation cost. On December 23, 2013, the Supreme Court (SC) issued a resolution consolidating both petitions and issued a Temporary Restraining Order (TRO), originally for a period of 60

days, enjoining: (i) the ERC from implementing its letter dated December 9, 2013, and (ii) Meralco from increasing the rates it charged to its consumers based on its letter dated December 5, 2013.

As a result, Meralco was constrained to fix its generation rate to its October 2013 level of P5.67 per kWh.

On January 8, 2014, Meralco filed its Consolidated Comment/Opposition with Counter-Petition (the "Counter-Petition") which prayed, among others, for the inclusion of SPI, SPPC, SRHI, MPCL and several generators as respondents to the case. On January 10, 2014, the SC issued an Order treating the Counter-Petition as in the nature of a third party complaint and granting the prayer to include SPI, SPPC, SRHI and MPCL as respondents in the Petition.

On February 18, 2014, the SC extended the TRO issued on December 23, 2013 for another 60 days or until April 22, 2014 and granted additional TROs enjoining the PEMC and the generators from demanding and collecting the deferred amounts. In a Resolution dated April 22, 2014, the SC extended indefinitely the effectivity of the TROs issued on December 23, 2013 and February 18, 2014.

In the Petition filed by special interest groups, the SC was made aware of the order of the ERC dated March 3, 2014 (the "March 3, 2014 ERC Order") (as defined and discussed under "ERC Order Voiding WESM Prices" below), in which the ERC declared void the WESM prices during the November and December 2013 supply months and imposed regulated prices in their stead. The March 3, 2014 ERC Order likewise directed PEMC to: (a) calculate these "regulated prices" based on a formula identified by the ERC as representative of 2013 market prices under normalized conditions and (b) to collect the same from the WESM participants involved.

A decision was promulgated by the SC En Banc on August 3, 2021 (the "SC Decision"), affirming the December 9, 2013 ERC Order, which approved the staggered imposition by Meralco of its generation rate for November 2013 from its consumers and declared as null and void the March 3, 2014 ERC Order. SPI, SPPC, and SRHI however received a copy of the SC Decision through their counsel only on July 5, 2022, while MPCL received the same on July 6, 2022.

On July 26, 2022, the special interest groups sought reconsideration of the SC Decision by filing separate Motions for Reconsideration where they prayed that the SC Decision be granted. The ERC likewise filed a Motion for Partial Reconsideration of the SC Decision and sought the reinstatement of the March 3, 2014 ERC Order, among others.

These motions were denied with finality by the SC En Banc, in its Resolution dated October 11, 2022, which also directed the entry of judgment of the SC Decision be made immediately. On January 4, 2023, the external counsel of SPPC, SPI and SRHI received a copy of the Entry of Judgment from the SC En Banc dated October 11, 2022, while the external counsel of MPCL received a copy of the same on January 5, 2023.

With this, the relevant subsidiaries namely, SPPC, MPCL and SPI are pursuing the implementation of the SC Decision as at March 31, 2026. SPPC, MPCL and SPI have aggregate outstanding receivables from Meralco estimated at P1,275,985 included under "Trade and other receivables - net" account in the consolidated statements of financial position as at March 31, 2026 and December 31, 2025.

ii. *ERC Order Voiding WESM Prices*

Relative to the above-cited Petition, on December 27, 2013, the DOE, ERC and PEMC, acting as a tripartite committee, issued a joint resolution setting a reduced price cap on the WESM of P32.00 per kWh. The price was set to be effective for 90 days until a new cap is decided upon.

On March 3, 2014, the ERC, in the exercise of its police power, issued an order in Miscellaneous Case No. 2014-021, declaring the November and December 2013 Luzon WESM prices void, imposed the application of regulated prices and mandated PEMC, the operator of the WESM, to calculate and issue adjustment bills using recalculated price (the "March 3, 2014 ERC Order").

Subsequent orders were issued by the ERC setting the period for compliance of the March 3, 2014 ERC Order (collectively, together with the March 3, 2014 ERC Order, the "2014 ERC Orders"). Based on these orders, SPI and SRHI recognized a reduction in the sale of power while MPCL, San Miguel Electric Corp. (SMELC) and SPPC recognized a reduction in its power purchases. Consequently, a payable and receivable were also recognized for the portion of over-collection or over-payment, the settlement of which have been covered by a 24-month Special Payment Arrangement with PEMC which was already completed on May 25, 2016.

SPI, SPPC, SRHI and MPCL filed various pleadings requesting ERC for the reconsideration of the March 3, 2014 ERC Order. Other generators also requested the SC to stop the implementation of the March 3, 2014 ERC Order. The ERC denied the motions for reconsideration filed by the generators.

On June 26, 2014, SPI, SPPC and SRHI, and on December 12, 2014, MPCL appealed the said ERC denial before the Court of Appeals (CA) through their respective Petitions for Review.

After consolidating the cases, the CA, in its Decision dated November 7, 2017 (the "November 7, 2017 Decision"), granted the Petition for Review filed by SPI, SPPC, SRHI and MPCL, declared the 2014 ERC Orders null and void and accordingly reinstated and declared as valid the WESM prices for Luzon for the supply months of November to December 2013.

Motions for Reconsideration of the November 7, 2017 Decision and several other motions which were filed by various intervenors, were denied by the CA through its Omnibus Resolution dated March 29, 2019. The intervenors filed Petitions for Review on Certiorari before the SC, which were also denied by the SC through its resolutions dated September 11, 2019 and October 1, 2019. Entries of judgment were subsequently issued by the SC.

The ERC and Meralco also filed separate Petitions for Review appealing the above orders, which nullified and set aside the 2014 ERC Orders, declaring the WESM prices for November and December 2013 void. The SC directed the consolidation of the separate petitions to the 3rd Division of the SC.

The SC has not yet promulgated a decision as at December 31, 2025. However, on August 3, 2021, a Decision was rendered by the SC En Banc in a separate case (as discussed under "*Petition to Stop the Imposition of the Increase in Generation Charge*") declaring the March 3, 2014 ERC Order as null and void, which is the subject of the aforementioned Petition. Considering that this decision of the SC En Banc covers the March 3, 2014 ERC Order, the difference between the actual Luzon WESM prices and the regulated prices (based on the March 3, 2014 ERC Order) for WESM sales and purchases by

SPI, SPPC, SRHI, SMELC and MPCL amounting to up to P2,321,785 will have to be settled with the Independent Electricity Market Operator of the Philippines the current operator of the WESM, in favor of the relevant subsidiaries of the Group.

iii. Ilijan IPPA Agreement Dispute

SPPC and PSALM were parties to the Ilijan IPPA Agreement covering the appointment of SPPC as the IPP Administrator of the Ilijan Power Plant.

SPPC and PSALM have an ongoing dispute arising from differing interpretations of certain provisions related to generation payments under the Ilijan IPPA Agreement. As a result of such dispute, the parties have arrived at different computations regarding the subject payments. In a letter dated August 6, 2015, PSALM has demanded payment of the difference between the generation payments calculated based on its interpretation and the amount which has already been paid by SPPC, plus interest, covering the period December 26, 2012 to April 25, 2015.

On August 12, 2015, SPPC initiated a dispute resolution process with PSALM as provided under the terms of the Ilijan IPPA Agreement, while continuing to maintain its position that it has fully paid all of its obligations to PSALM. Notwithstanding the bona fide dispute, PSALM issued a notice terminating the Ilijan IPPA Agreement on September 4, 2015. On the same day, PSALM also called on the performance bond posted by SPPC pursuant to the Ilijan IPPA Agreement (see Note 6).

On September 8, 2015, SPPC filed a Complaint with the RTC of Mandaluyong City requesting the RTC that its interpretation of the relevant provisions of the Ilijan IPPA Agreement be upheld and asked that a 72-hour TRO be issued against PSALM for illegally terminating the Ilijan IPPA Agreement and drawing on the performance bond of SPPC. On even date, the RTC issued a 72-hour TRO which prohibited PSALM from treating SPPC as being in Administrator Default and from performing other acts that would change the status quo ante between the parties before PSALM issued the termination notice and drew on the performance bond of SPPC. The TRO was extended, and a Preliminary Injunction was later on granted maintaining status quo while the main case is pending.

Despite the pendency of the proceedings, the Ilijan Power Plant was turned over by PSALM to SPPC pursuant to the Ilijan IPPA Agreement and the Deed of Sale executed between PSALM and SPPC on June 3, 2022 (see Note 6).

Trial on the merits proceeded until the RTC rendered a decision in favor of SPPC on June 13, 2025 (the "June 13, 2025 RTC Decision"), which was received by SPPC on October 7, 2025. The June 13, 2025 RTC Decision stated that PSALM's termination of the Ilijan IPPA Agreement, drawing of the Performance Bond, and issuance of the Cessation Notice were unauthorized and without factual and legal basis, ordered PSALM to among others return to SPPC the amount of the Performance Bond drawn by PSALM, with interests, and dismissed PSALM's counterclaim for lack of merit.

On October 22, 2025, PSALM filed a Motion for Reconsideration of the June 13, 2025 RTC Decision. SPPC filed its Opposition to the Motion for Reconsideration on October 28, 2025.

On January 16, 2026, the RTC issued an order denying PSALM's Motion for Reconsideration of the June 13, 2025 RTC Decision (the "January 16, 2026 RTC Order").

On March 5, 2026, SPPC through its external counsel received the Notice of Appeal dated February 24, 2026, filed by PSALM where it notified the RTC that it is appealing the June 13, 2025 RTC Decision and the January 16, 2026 RTC Order. In an Order dated March 2, 2026, the RTC gave due course to PSALM's appeal and directed that the entire records of the case be elevated to the CA immediately

iv. Complaint against PSALM, TPEC and TSC

On October 21, 2015, SPI filed a criminal complaint for Plunder and violation of Sections 3(e) and 3(f) of Republic Act No. 3019, otherwise known as the "Anti-Graft and Corrupt Practices Act" ("RA No. 3019"), before the DOJ against a certain officer of PSALM, and certain officers of TPEC and TSC, relating to the illegal grant of the so-called "excess capacity" of the Sual Power Plant in favor of TPEC which enabled it to receive a certain amount at the expense of the Government and SPI.

In a Resolution dated July 29, 2016, the DOJ found probable cause to file an Information against the respondents for Plunder and violation of Sections 3(e) and 3(f) of RA No. 3019 (the "July 29, 2016 DOJ Resolution"). The DOJ further resolved to forward the entire records of the case to the Office of the Ombudsman for their proper action. The TPEC and TSC officers have respectively appealed said July 29, 2016 DOJ Resolution, through the filing of a Petition for Review with the Secretary of Justice while the PSALM officer filed a Verified Motion for Reconsideration.

On October 25, 2017, the DOJ issued a Resolution partially granting the Petition for Review of the TPEC and TSC officers by reversing the July 29, 2016 DOJ Resolution insofar as the conduct of the preliminary investigation was concerned, ruling that the Office of the Prosecutor General should have endorsed the case to the Office of the Ombudsman. On November 17, 2017, SPI filed a motion for partial reconsideration of said DOJ Resolution dated October 25, 2017.

While the said Motion for Partial Reconsideration was pending, SPI, TPEC, TSC and the TPEC and TSC officers filed before the DOJ a Joint Motion to Dismiss dated June 6, 2022 praying for the dismissal of the criminal complaint filed by SPI against TPEC and TSC.

In a Resolution promulgated on May 5, 2023, the DOJ affirmed its Resolution dated October 25, 2017. The DOJ held that considering SPI's desistance, SPI's Motion for Partial Reconsideration of the DOJ's Resolution of October 25, 2017 was considered dismissed and/or withdrawn. The PSALM officer's Verified Motion for Reconsideration remains unresolved as at report date.

v. SPI Consignation Case

On June 17, 2016, SPI filed with the RTC of Pasig City (the "RTC Pasig") a civil complaint for consignation against PSALM arising from PSALM's refusal to accept SPI's remittances corresponding to the proceeds from the sale to the WESM of electricity generated from capacity in excess of the 1,000 MW of the Sual Power Plant (the "Sale of the Excess Capacity"). With the filing of the complaint, SPI also consigned with the RTC Pasig, the amount corresponding to the proceeds of the Sale of the Excess Capacity for the billing periods December 26, 2015 to April 25, 2016.

PSALM filed an Answer dated August 17, 2016 stating that it has no right to, and is not the owner of, the proceeds from the Sale of the Excess Capacity and that the consigned amount should belong to TPEC as it is rightfully entitled to the 200 MW excess capacity of the Sual Power Plant (the "Excess Capacity") (see Notes 8).

On October 3, 2016, SPI filed an Omnibus Motion to Admit Supplemental Complaint and to Allow Future Consignation without Tender (the "Omnibus Motion"). Together with this Omnibus Motion, SPI consigned with the RTC Pasig an additional amount corresponding to the proceeds of the Sale of the Excess Capacity for the billing periods from April 26, 2016 to July 25, 2016. Subsequently, SPI continuously consigned additional proceeds from the Sale of the Excess Capacity for succeeding billing periods, with the RTC Pasig.

On May 22, 2018, the RTC Pasig issued an Order dismissing the complaint for consignation filed by SPI on the ground that the court has no jurisdiction over the subject matter of the complaint and finding that the ERC has the technical competence to determine the proper interpretation of "contracted capacity", the fairness of the settlement formula and the legality of the memorandum of agreement. SPI filed its Motion for Reconsideration (MR) to this Order.

After the case was re-raffled, the RTC Pasig Branch 268, in an Order dated September 30, 2021, (a) granted SPI's Motion for Reconsideration and Supplemental Motion for Reconsideration of the Order dated May 22, 2018, which dismissed the case for lack of jurisdiction; (b) granted SPI's Omnibus Motion to Admit Supplemental Complaint and Allow Future Consignations without Tender; and (c) reinstated the Complaint.

On October 5, 2022, SPI and PSALM filed an Omnibus Motion to Dismiss and Release Deposited Monies, whereby PSALM, agreed to the release of the said amounts to TPEC. Relying on PSALM's representation and acknowledgment, SPI did not object to the release of the consigned amounts to TPEC, which was later granted by the RTC Pasig Branch 268.

Further related thereto, on December 1, 2016, SPI received a copy of a Complaint filed by TPEC and TSC with the ERC against SPI and PSALM in relation to issues on the Excess Capacity, which have already been raised in the abovementioned cases. SPI filed a Motion to Dismiss and Motion to Suspend Proceeding of the instant case.

On June 6, 2022, SPI, TPEC and TSC filed a Joint Motion to Dismiss the ERC complaint. SPI received the Order from the ERC on June 22, 2022, asking the parties to submit a copy of the settlement agreement within 5 days from receipt of such order. TPEC, TSC and SPI filed with the ERC a Compliance and Submission attaching the settlement agreement on June 28, 2022. As at March 31, 2026, the case is still pending as the ERC has not issued any resolution granting the Joint Motion to Dismiss filed by the parties.

The total amount consigned with the RTC Pasig amounting to P491,242 was released to TPEC on December 20, 2022.

vi. *Claims for Contract Price Adjustments on Certain "Fixed Price" PSAs*

On October 22, 2019, SPI and SPPC each filed before the ERC a Joint Application with Meralco for the approval of their respective PSA with Meralco with prayer for provisional authority (the "Application"). The PSA of SPPC covers the supply of 670 MW baseload capacity to Meralco ("SPPC PSA")

while the PSA of SPI covers the supply of 330 MW baseload capacity to Meralco (“SPI PSA”) both for a period of 10 years. The SPPC PSA and SPI PSA were awarded by Meralco to each of SPPC and SPI after they emerged as the winning bidders in the competitive selection process (“CSP”) conducted by Meralco in September 2019.

On March 16, 2020, the ERC released Orders both dated December 10, 2019, granting provisional authority to implement the SPPC PSA and SPI PSA.

On May 11, 2022, SPPC and SPI each filed a Joint Motion for Price Adjustment with Meralco (the “Joint Motion”) seeking approval from the ERC to temporarily increase the contract price under the SPPC PSA and SPI PSA for a period of 6 months, to recover incremental fuel costs covering January to May 2022 billing periods arising from a Change in Circumstances (CIC) (as defined in the PSAs) to be collected over a period of 6 months.

On September 29, 2022, the ERC denied the foregoing Joint Motions filed by each of SPPC and SPI with Meralco requesting for the proposed price adjustments (the “September 29, 2022 ERC Orders”).

SPPC Petition

On November 10, 2022, SPPC filed with the CA a Petition for Certiorari under Rule 65 with Application for the Issuance of a TRO and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPPC (the “SPPC CA Petition”). The CA issued a TRO on December 2, 2022, and a writ of preliminary injunction on February 23, 2023.

On July 10, 2023, SPPC received the CA’s Joint Decision dated June 27, 2023 (the “June 27, 2023 CA Decision”) which granted the consolidated petitions of SPPC and SPI. The CA: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the June 27, 2023 CA Decision); and (iii) made permanent the writ of preliminary injunction issued in favor of SPPC. The Motions for Reconsideration filed by NASECORE and the ERC were also subsequently denied.

The June 27, 2023 CA Decision was later on confirmed by the SC in its resolutions dated April 3, 2024 and July 10, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPPC filed with the ERC a Motion for Issuance of Writ of Execution to enforce the June 27, 2023 CA Decision on October 10, 2024 and a Motion to Resolve (re: Motion for Issuance of Writ of Execution) on February 6, 2025.

The ERC issued its Order on August 22, 2025, which granted SPPC’s Motions for Issuance of Writ of Execution (Re: June 27, 2023 CA Decision). The order allowed SPPC to recover from Meralco the price adjustments prayed for in its motions and authorized Meralco to collect the adjustments from its customers over a period of 6 months from the September 2025 customer billing period. As at February 25, 2026, Meralco has fully remitted its payment of the price adjustments to the Parent Company.

Related thereto, pursuant to the June 27, 2023 CA Decision, SPPC filed on November 21, 2024, a Motion for Price Adjustment with the ERC, for its CIC claim for the period May 26, 2022 to December 6, 2022 pursuant to the SPPC PSA (the “2nd SPPC CIC Claim”), with its claims anchored on essentially the same legal bases established or ruled on by the CA in its June 27, 2023 CA Decision and confirmed by the SC with finality.

On January 27, 2026, SPPC received a copy of the ERC’s Order dated January 26, 2026 which granted the 2nd SPPC CIC Claim.

SPI Petition

On November 10, 2022, SPI also filed with the CA a Petition for Certiorari under Rule 65 with Application for the Issuance of a TRO and/or Writ of Preliminary Injunction to annul, reverse and set aside the September 29, 2022 ERC Order for SPI (the “SPI CA Petition”).

On January 13, 2023, the CA (i) denied SPI’s prayer for the issuance of a TRO and/or writ of preliminary injunction, and (ii) granted the consolidation of the SPI CA Petition with the SPPC CA Petition.

On July 10, 2023, SPI received the CA’s Joint Decision dated June 27, 2023 (the “June 27, 2023 CA Decision”) which granted the consolidated petitions of SPPC and SPI. The CA: (i) annulled and set aside the September 29, 2022 ERC Orders for having been issued with grave abuse of discretion; (ii) granted the Joint Motions for Price Adjustment with Provisional Authority and/or Interim Relief, without prejudice to any further requests for price adjustments for June 2022 onwards (for SPPC, from June 2022 to January 25, 2023 [date of writ of preliminary injunction] and for SPI, from June 2022 to the date of the finality of the June 27, 2023 CA Decision); and (iii) denied SPI’s Motion for Partial Reconsideration of the January 13, 2023 CA Resolution and its application for the issuance of a writ of preliminary injunction for being moot and academic.

The June 27, 2023 CA Decision was later on confirmed by the SC in its Resolution dated April 3, 2024 and July 10, 2024. An Entry of Judgment has already been issued for this case.

Pursuant thereto, SPI filed with the ERC a Motion for Issuance of Writ of Execution to enforce the June 27, 2023 CA Decision on October 10, 2024 and a Motion to Resolve (re: Motion for Issuance of writ of Execution) on February 6, 2025.

The ERC issued its Order on August 22, 2025, which granted SPI’s Motions for Issuance of Writ of Execution (Re: June 27, 2023 CA Decision). The order allowed SPI to recover from Meralco the price adjustments prayed for in its motions and authorized Meralco to collect the adjustments from its customers over a period of 6 months from the September 2025 customer billing period. As at February 25, 2026, Meralco has fully remitted its payment of the price adjustments to SPI.

Related thereto, pursuant to the June 27, 2023 CA Decision, SPI filed a Motion for Price Adjustment with the ERC on November 21, 2024, for its CIC claim for the period June 2022 to July 2023 pursuant to the SPI PSA (the “2nd SPI CIC Claim”), with its claims anchored on essentially the same legal bases established or ruled on by the CA in its June 27, 2023 CA Decision and confirmed by the SC with finality.

On January 27, 2026, SPI received a copy of the ERC’s Order dated January 26, 2026 which granted the 2nd SPI CIC Claim.

In view of the dilution of the Parent Company's equity interest in SPPC from 100% to 33%, following the Chromite Transaction in January 2025 but prior to the final resolution of these cases by the relevant court and/or the ERC, the parties to the Chromite Transaction acknowledged and agreed that the Parent Company shall be entitled, pursuant to the relevant Chromite Transaction documents and forming part of the agreed consideration thereunder, to the economic benefits, rights of recovery, and corresponding potential equivalent exposure arising from the aforesaid cases and claims involving SPPC.

b. Impact of the United States of America-Israel-Iran Conflict

The escalation of geopolitical tensions in the Middle East, following the joint attack of the United States of America (US) and Israel on Iran on February 28, 2026, has resulted in significant volatility in global oil and gas markets. This market instability has been driven primarily by concerns over potential supply chain disruptions arising from the closure of the Strait of Hormuz - a critical transit route through which a substantial portion of the world's oil and gas supply passes. In light of these developments, management continues to closely monitor the situation and assess its potential and unmitigated implications, if any, on the Group's operations and financial position.

As of date, the Group's power generation costs from its coal and hydroelectric power plants remain largely unaffected by the surge in global oil and gas prices. This resilience is attributable to the Group's diversified fuel sourcing strategy, with coal procured from Indonesian as well as local suppliers of indigenous coal resources, mostly under long-term contracts that provide supply and price security. More importantly, most of the Group's PSAs include fuel price and foreign exchange movement passthrough provisions, which further mitigate exposure to market volatility on a physical basis. The Group also engages in short-term plain vanilla derivatives such as non-deliverable forwards to hedge a significant portion of its foreign exchange exposure for supplier payments denominated in US Dollars.

SPPC and EERI, which operates power plants that run primarily on LNG, have PSAs for a total of 2,400 MW in contracted capacities with Meralco that contain similar provisions that hedge the exposure of these companies from adverse movements in LNG prices and foreign exchange rates, as well as take-or-pay provisions in case of derations in their nominated capacities below contemplated load factors.

In view of the foregoing, the Group, with its diversified portfolio and fuel sourcing, believes that the ongoing US-Israel-Iran conflict has no adverse net financial impact to its financial condition and results of operations. It shall nevertheless continue to monitor ensuing developments in the global commodity and financial markets and shall evaluate and take corrective action as necessary.

c. Events After the Reporting Date

i. *Issuance of Fixed Rate Bonds Series N-O-P by the Parent Company*

On April 17, 2026, the Parent Company issued and listed with the PDEX a total of P30,000,000 fixed rate bonds, approved by the Philippine Securities and Exchange Commission on March 17, 2026.

The bonds are comprised of P14,607,420 Series N Bonds due 2031, P5,504,890 Series O Bonds due 2033 and P9,887,690 Series P Bonds due 2036, with interest rates per annum of 7.6264%, 7.8682% and 8.1761%, respectively.

The proceeds from the issuance of the bonds will be used: (i) for refinancing debt obligations; and (ii) partial funding of renewable energy projects.

ii. *Issuance of RPCS by SGLPC*

On April 20, 2026, SGLPC issued a US\$500,000 RPCS, with a prescribed initial distribution rate per annum, payable pursuant to the terms of the agreement.

d. Supplemental Cash Flows Information

The following table summarizes the changes in liabilities and equity arising from the financing activities, including both changes arising from cash flows and non-cash changes:

	Loans Payable	Long-term Debt	Lease Liabilities	SPCS	Total
Balance as at January 1, 2026 (Audited)	P33,000,000	P285,135,641	P29,700,875	P160,789,623	P508,626,139
Changes from Financing Activities					
Proceeds from:					
Borrowings	15,000,000	19,850,000	-	-	34,850,000
Issuance of SPCS	-	-	-	17,555,065	17,555,065
Payments of:					
Borrowings	(15,000,000)	(19,964,820)	-	-	(34,964,820)
Lease liabilities	-	-	(1,633,624)	-	(1,633,624)
Redemption of SPCS	-	-	-	(17,861,649)	(17,861,649)
Total Changes from Financing Activities	-	(114,820)	(1,633,624)	(306,584)	(2,055,028)
Effect of changes in foreign exchange rates	-	2,560,271	234,748	-	2,795,019
Other changes	-	230,408	284,994	2,755,078	3,270,480
Balance as at March 31, 2026 (Unaudited)	P33,000,000	P287,811,500	P28,586,993	P163,238,117	P512,636,610

	Loans Payable	Long-term Debt	Lease Liabilities	SPCS	Total
Balance as at January 1, 2025 (Audited)	P41,350,425	P277,937,891	P31,405,266	P151,194,865	P501,888,447
Changes from Financing Activities					
Proceeds from:					
Borrowings	19,500,000	9,400,000	-	-	28,900,000
Issuance of SPCS	-	-	-	5,749,775	5,749,775
Payments of:					
Borrowings	(45,912,300)	(4,962,070)	-	-	(50,874,370)
Lease liabilities	-	-	(7,224,539)	-	(7,224,539)
Total Changes from Financing Activities	(26,412,300)	4,437,930	(7,224,539)	5,749,775	(23,449,134)
Effect of changes in foreign exchange rates	61,875	(933,447)	(201,680)	-	(1,073,252)
Other changes	(5,000,000)	229,052	74,585	-	(4,696,363)
Balance as at March 31, 2025 (Unaudited)	P10,000,000	P281,671,426	P24,053,632	P156,944,640	P472,669,698

Other changes pertain to deconsolidated loans payable of SPPC in 2025 (see Note 6) and additions for new lease agreements, amortizations of lease liabilities and debt-issue costs of long-term debt and the net effect of issuance and redemption of perpetual capital securities in 2026 and 2025.

e. Commitments

The outstanding purchase commitments of the Group amounted to P92,050,679 and P69,417,939 as at March 31, 2026 and December 31, 2025, respectively.

The Group's material commitments for capital expenditure consist mainly of construction of power plants, mostly utilizing high efficiency low emission technologies, in line with the Group's expansion projects, and acquisition, upgrade or repair of plant and equipment needed for normal operations of the business. These will be funded by available cash and proceeds from short-term loans, long-term debt and issued capital securities.

- f. There are no unusual items as to the nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in the Management's Discussion and Analysis of Financial Position and Financial Performance.
- g. There were no material changes in the estimates of amounts reported in prior financial year.
- h. Certain accounts in prior years have been reclassified for consistency with the current period presentation to provide more reliable and relevant information and better referencing to other information in the notes to the consolidated financial statements. These reclassifications had no effect on the reported financial performance for any period.



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**MANAGEMENT’S DISCUSSION AND ANALYSIS
OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE**

INTRODUCTION

This discussion summarizes the significant factors affecting the consolidated financial performance, financial position and cash flows of San Miguel Global Power Holdings Corp. (“San Miguel Global Power” or “Parent Company”) and its subsidiaries (collectively referred to as the “Group”) for the three-year period ended December 31, 2025. The following discussion should be read in conjunction with the attached audited consolidated statements of financial position of the Group as at December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2025. All necessary adjustments to present fairly the Group’s consolidated financial position as at December 31, 2025 and the financial performance and cash flows for the year ended December 31, 2025, and for all the other periods presented, have been made.

The financial information appearing in this report is presented in Philippine Peso, which is the functional currency of the Parent Company. All financial information is rounded off to the nearest million (P000,000), except when otherwise indicated.

I. FINANCIAL PERFORMANCE

Comparisons of key financial performance for the last three years are summarized in the following table:

<i>(In Millions)</i>	Years Ended December 31		
	2025	2024	2023
Revenues	P157,208	P205,091	P169,590
Cost of power sold	(102,887)	(154,684)	(130,992)
Selling and administrative expenses	(10,883)	(9,950)	(6,072)
Other operating income	332	-	-
Income from operations	43,770	40,457	32,526
Interest expense and other financing charges	(24,916)	(20,691)	(18,478)
Interest income	4,301	833	749
Equity in net earnings (losses) of associates and joint ventures - net	9,314	506	(272)
Other income (charges) - net	21,027	(3,505)	538
Income before income tax	53,496	17,600	15,063
Income tax expense	(5,190)	(5,216)	(5,160)
Net income	48,306	12,384	9,903

2025 vs. 2024

<i>In Millions</i>	December 31		Horizontal Analysis		Vertical Analysis	
	2025	2024	Amount	%	2025	2024
Revenues	P157,208	P205,091	(P47,883)	(23%)	100%	100%
Cost of power sold	(102,887)	(154,684)	(51,797)	(33%)	(65%)	(75%)
Gross profit	54,321	50,407	3,914	8%	35%	25%
Selling and administrative expenses	(10,883)	(9,950)	933	9%	(7%)	(5%)
Other operating income	332	-	332	0%	0%	0%
Income from operations	43,770	40,457	3,313	8%	28%	20%
Interest expense and other financing charges	(24,916)	(20,691)	4,225	20%	(16%)	(10%)
Interest income	4,301	833	3,468	416%	3%	1%
Equity in net earnings of associates and joint ventures - net	9,314	506	8,808	1741%	6%	0%
Other income (charges) - net	21,027	(3,505)	24,532	700%	13%	(2%)
Income before income tax	53,496	17,600	35,896	204%	34%	9%
Income tax expense	5,190	5,216	(26)	0%	3%	3%
Net income	P48,306	P12,384	P35,922	290%	31%	6%

Revenues

The Group's consolidated revenues in 2025 amounted to P157,208 million, lower by 23% from the P205,091 million recognized in 2024. The decline was due primarily to the dilution of its equity interest in and resulting deconsolidation of South Premiere Power Corp. (SPPC, owner of the 1,278 megawatts [MW] Ilijan Power Plant), referred to herein as the "Chromite Transaction". In addition, the decline in revenues reflects a downward adjustment in fuel tariffs under fuel passthrough contract provisions to the Group's bilateral customers as coal fuel prices, particularly in GC Newcastle index terms, went down by 22% from an average of US\$135 per metric ton (MT) in 2024 to US\$105/MT in 2025.

The revenue decline was offset by the revenue contributions from the following business units: (a) the full-year operations of the 600 MW (4 x 150 MW) Mariveles Greenfield Power Plant and the 3 battery energy storage system (BESS) facilities, with a combined capacity of 110 megawatt hours (MWh), which started commercial operations in March 2024; (b) additional 5 BESS facilities, with a total capacity of 140 MWh, that began commercial operations in the first half of 2025; and (c) Units 1 and 2 of Excellent Energy Resources Inc. (EERI)'s Batangas Combined Cycle Gas Power Plant (BCCPP, with a net capacity of 425 MW each), which is 33% owned by the Group following the aforesaid dilution, that were declared operational on December 26, 2024 and January 7, 2025, respectively.

Cost of Power Sold

Cost of power sold decreased to P102,887 million in 2025, 33% lower than the P154,684 million incurred in 2024, on account of the following: (i) deconsolidation of SPPC which contributed a net decrease in cost of power sold by P48,426 million; and (ii) lower generation costs, as global coal prices averaged at US\$105/MT during the year – down from the US\$135/MT (in GC Newcastle terms) last year. This is despite the additional cost of power sold from the full-year operations of the 600 MW Mariveles Greenfield Power Plant, incremental depreciation expense from the additional 8 BESS facilities, and the one-month operation of EERI's BCCPP prior to its deconsolidation on January 31, 2025.

Selling and Administrative Expenses

Selling and administrative expenses increased by 9% or P933 million, from P9,950 million in 2024 to P10,883 million in 2025. The increase was mainly due to incremental operating expenses from the: (i) full-year operations of the 600 MW Mariveles Greenfield Power Plant and from the additional 8 BESS facilities, (ii) full-year impact of the turnover of the Sual Power Plant to Sual Power Inc. (SPI) in October 2024, and (iii) one-month operation of EERI's new gas plant prior to its deconsolidation last January 31, 2025. These were partly offset by the deconsolidation of SPPC, which contributed a net decrease in selling and administrative expenses by P1,744 million.

Other Operating Income

Other operating income amounting to P332 million mainly pertains to the gain on sale of investment property to third parties in 2025. The sale transaction is considered within the normal course of business and in line with the assets optimization strategies of the Group's landholding subsidiaries.

Income from Operations

Consolidated income from operations of P43,770 million in 2025 increased by 8%, from P40,457 million in 2024. Such improvement resulted mainly from (i) better margins from bilateral contracts which have existing, entered into or have been renegotiated to contain fuel passthrough arrangements, including those with Manila Electric Company (Meralco), (ii) additional contributions from BESS facilities with ancillary services rendered for the National Grid Corporation of the Philippines (NGCP) and spot sales of net available capacities to the Reserve Market. These factors offset the reduction resulting from the deconsolidation of the Ilijan Power Plant.

Such consolidated income from operations does not include the Group's share in the net earnings of SPPC and EERI amounting to P8,430 million to date, arising from its 33% interests in the underlying gas processing and power generation assets as part of its portfolio even with the aforesaid deconsolidation.

Interest Expense and Other Financing Charges

Interest expense and other financing charges went up by 20% to P24,916 million in 2025. This was mainly due to the P32,500 million and P9,400 million term loans drawn in tranches by Mariveles Power Generation Corporation (MPGC) in December 2024 and March 2025, respectively. This was partly mitigated by lower interest expense on the declining principal balances of the Group's finance lease liabilities owed to the Power Sector Assets and Liabilities Management Corporation (PSALM), with only the Independent Power Producer Administrator (IPPA) Agreement of San Roque Hydropower Inc. (SRHI) outstanding, in view of the full settlement of the finance lease liabilities arising from the Sual IPPA Agreement in October 2024.

Interest Income

Interest income amounted to P4,301 million in 2025. The higher number was due primarily to the increase in outstanding short-term placements of the Group compared to last year.

Equity in Net Earnings of Associates and Joint Ventures - net

Equity in net earnings of associates and joint ventures reached P9,314 million in 2025 from the P506 million recorded in 2024. This improvement was mainly by the Group's share in the net earnings of SPPC, EERI, and Linseed Field Corp. (LFC), and Ilijan Primeline Industrial Estate Corp. (IPIEC), and from the improved operating results of Angat Hydropower Corporation (AHC) as it added generation capacities to its portfolio during the course of the year.

Other Income (Charges) - net

Other income (net) amounting to P21,027 million in 2025, from P3,505 million in Other charges (net) in 2024, includes the revaluation gain of P21,933 million resulting from the dilution of the Group's equity interests in SPPC, EERI and IPIEC following the completion of the Chromite Transaction, as well as by the decrease in foreign exchange losses, which were primarily due to the revaluation of the Group's US Dollar-denominated net monetary liabilities.

Net Income

Consequently, the consolidated net income of the Group for the year 2025 increased to P48,306 million, almost four times over the P12,384 million reported in 2024. Even excluding the aforesaid revaluation gain on dilution of P21,933 million, the resulting net income would have still improved by 113% to P26,373 million.

The following are the highlights of the performance of the individual operating business per segment:

1. POWER GENERATION

a. SPI, owner of Sual Power Plant

For 2025, the Sual Power Plant recorded net generation of 4,297 gigawatt hours (GWh), at a 41% net capacity factor, representing a 26% decline from 2024, primarily due to longer plant outages.

Revenues decreased by 35% to P36,469 million from P56,344 million in 2024. The decline was mainly attributable to lower spot sales volume brought by the aforesaid lower net generation and reduced bilateral offtake volume, following the expiration of contracts with certain distribution utilities (DUs) in December 2024. While some of these were partially replaced by new contracts that took effect in February 2025, and others are still awaiting regulatory approvals, the gap contributed to lower overall offtake volumes. Moreover, lower average realization prices further contributed to the decline in revenues, resulting from: (i) reduction in fuel tariffs as global coal prices fell from an average of US\$135/MT in 2024 to US\$105/MT in 2025, and (ii) a 30% drop in the average spot selling price from P6.09 per kilowatt hours (kWh) in 2024 to P4.26/kWh in 2025,

Consequently, operating income for 2025 amounted to P5,904 million, a 56% decline from P13,373 million posted in 2024.

b. SPPC, owner of Ilijan Power Plant

Upon completion of the Chromite Transaction on January 27, 2025, San Miguel Global Power's equity interest in SPPC was diluted from 100% to 33% resulting to a loss of control over SPPC. Accordingly, the assets and liabilities of SPPC were deconsolidated from the books of San Miguel Global Power and the recognition of share in SPPC's net earnings commenced following the deconsolidation.

For the month of January 2025, the Ilijan Power Plant contributed 424 GWh (at 47% net capacity factor), P4,346 million and P1,254 million to the Group's net generation, revenues and operating income, respectively. After the deconsolidation, share in net earnings recognized from the operations of SPPC amounted to P2,877 million during the year.

c. Limay Power Inc. (LPI), owner of Limay Greenfield Power Plant

For 2025, the Limay Greenfield Power Plant recorded net generation of 3,325 GWh at a 71% net capacity factor, representing a 14% decline from the 3,879 GWh generated in 2024 due to longer plant outages. Of the total net generation, 1,233 GWh were dispatched to LPI's power generation customers, while the remainder was allocated to its retail electricity supplier (RES) business serving contestable customers.

Total offtake volumes for 2025 registered at 2,290 GWh, down 31% from last year, primarily due to reduced bilateral sales volume. Correspondingly, revenues declined by 28%, from P17,447 million in 2024 to P12,608 million in 2025 attributable to lower offtake volumes.

Operating income amounted to P2,459 million in 2025, a 48% decrease from P4,751 million in 2024, driven by higher costs to supply.

d. Malita Power Inc. (MPI), owner of Davao Greenfield Power Plant

For 2025, the plant generated a total of 1,691 GWh at a net capacity factor rate of 73%. This was an 8% increase from 1,561 GWh in 2024, mainly driven by higher bilateral nominations. Consequently, total offtake volume rose by 10% to 1,738 GWh.

Revenues reached P10,385 million, up 7% from the previous year, supported by higher offtake volumes. This increase was partially offset by a lower average realization price due to reduced fuel tariffs following the decline in global coal prices. Despite the growth in revenues, operating income slightly declined by 1% to P2,809 million, mainly due to higher operating expenses.

e. Masinloc Power Co. Ltd. (MPCL), owner of Masinloc Power Plant

The Masinloc Power Plant's operating Units 1, 2, and 3 generated a total of 5,763 GWh in 2025, of which 5,393 GWh, or 94%, were supplied to power generation customers, with the rest dispatched to contestable customers and for its BESS requirements. This output was slightly lower by 1% compared to the 5,804 GWh generated in 2024.

Total offtake volumes of 7,342 GWh went up from 2024 resulting the increase in nominations to supply both existing and newly contracted customers in 2025. Revenues grew by 12% to P35,758 million and operating income increased by 24% to P5,408 million in 2025 compared to P31,891 million and P4,360 million in 2024, respectively. The growth was driven by higher offtake volumes primarily from new bilateral contracts.

f. MPGC, owner of Mariveles Greenfield Power Plant

For 2025, the Mariveles Greenfield Power Plant registered net generation of 3,685 GWh at a 78% net capacity factor, representing a 22% increase from 2024. The growth was primarily driven by higher plant dispatch, with Units 1 to 4 declared operational on March 28, 2024, September 26, 2024, October 26, 2024, and January 9, 2025, respectively. Total offtake volume likewise increased by 23% to 3,721 GWh, driven by higher net generation supplied to the spot market, affiliate generators, and Meralco pursuant to the commencement of the 300 MW PSA on June 2, 2025.

As a result, revenues surged by 83% to P20,254 million from P11,047 million in 2024. Likewise, operating income significantly improved to P5,777 million, up by 399% from P1,157 million in 2024.

g. EERI, owner of the new BCCPP

Testing and commissioning activities of EERI's Units 1 and 2 started in November 2024 while Unit 3 started in January 2025. Subsequently, Units 1 and 2 were declared operational starting on December 26, 2024 and January 7, 2025, respectively.

As a result of the completion of the Chromite Transaction on January 27, 2025, San Miguel Global Power's equity interest in EERI was diluted from 100% to 33% thereby resulting to a loss of control over EERI. Accordingly, the assets and liabilities of EERI were deconsolidated from the books of San Miguel Global Power and the recognition of share in EERI's net earnings commenced following the deconsolidation.

For the month of January 2025, the BCCPP of EERI contributed 364 GWh (at 41% net capacity factor), P3,058 million and P731 million to the Group's net generation, revenues and operating income, respectively. After the deconsolidation, share in net earnings recognized from the operations of EERI amounted to P5,553 million during the year.

h. SRHI, IPPA of San Roque Hydroelectric Power Plant

The San Roque Hydroelectric Power Plan recorded net generation of 1,325 GWh in 2025 at a 44% net capacity factor, representing a 56% increase from 2024. This was driven by longer operating hours, primarily due to higher reservoir water levels. Consequently, total offtake volume increased by 13% to 1,998 GWh compared to 2024 owing to improved spot sales volume.

Revenues increased by 21% to P10,072 million, up from P8,311 million in 2024, largely driven by higher offtake volumes and an improved average realization price following the start of the 340 MW PSA with Meralco on September 17, 2025. As a result, operating income grew significantly to P3,565 million, marking a 176% increase compared to the previous year.

2. RETAIL AND OTHER POWER-RELATED SERVICES

a. LPI - RES

For 2025, total offtake volumes registered at 2,566 GWh, representing a 21% decline from 3,232 GWh in 2024, mainly due to lower customer nominations. Correspondingly, revenues decreased by 15% from P19,026 million in 2024 to P16,249 million in 2025 due to lower offtake volumes.

On the other hand, operating income rose significantly to P2,390 million, up by 224% from P738 million in 2024, driven primarily by higher average realization prices.

b. MPCL - RES and BESS

For 2025, revenues (consisting of revenues from RES contracts and revenues earned from ancillary services contracts and reserve market sales generated from the 30 MWh Masinloc BESS) and operating income amounted to P10,381 million and P1,740 million, an increase of 53% and 76%, respectively, compared to 2024. The growth was primarily driven by a significant rise in offtake volume supplied under new RES contracts, as well as the start of operations of the 20 MWh Masinloc BESS Phase II during the year.

c. SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan; owner of Kabankalan BESS Phase I and II)

Revenues and operating income increased by 84% and 129% to P1,375 million and P1,040 million, respectively, in 2025 compared to the previous year mainly due to the commencement of operations of the 10 MWh Kabankalan BESS Phase II that was offered to the reserve market during the year.

d. SMGP BESS Power Inc. (SMGP BESS; owner of 13 BESS Facilities with combined installed capacity of 440 MWh)

For 2025, SMGP BESS generated revenues of P16,677 million, reflecting a 91% increase compared to last year. This growth was primarily driven by the full-year operations of the 3 BESS facilities with a combined capacity of 110 MWh, which commenced operations in March 2024, as well as the addition of 3 new BESS facilities with an aggregate capacity of 110MWh that began operations in the first half of 2025. Operating income likewise rose significantly to P12,611 million, up by 114% from P5,901 million in 2024.

2024 vs. 2023

<i>In Millions</i>	December 31		Horizontal Analysis		Vertical Analysis	
	2024	2023	Increase (Decrease)		2024	2023
Revenues	P205,091	P169,590	P35,501	21%	100%	100%
Cost of power sold	(154,684)	(130,992)	23,692	18%	(75%)	(77%)
Gross profit	50,407	38,598	11,809	31%	25%	23%
Selling and administrative expenses	(9,950)	(6,072)	3,878	64%	(5%)	(4%)
Income from operations	40,457	32,526	7,931	24%	20%	19%
Interest expense and other financing charges	(20,691)	(18,478)	2,213	12%	(10%)	(11%)
Interest income	833	749	84	11%	1%	1%
Equity in net earnings (losses) of an associate and joint ventures - net	506	(272)	778	286%	0%	0%
Other income (charges) - net	(3,505)	538	(4,043)	(751%)	(2%)	0%
Income before income tax	17,600	15,063	2,537	17%	9%	9%
Income tax expense	5,216	5,160	56	1%	3%	3%
Net income	P12,384	P9,903	P2,481	25%	6%	6%

Revenues

The Group's consolidated revenues in 2024 reached P205,091 million, an increase of 21% from P169,590 million recognized in 2023, as offtake volumes rose by 45% to 36,564 GWh. Revenue growth was driven by: (i) new PSAs from Meralco and other DUs, with fuel passthrough arrangements, which contracted most of the Group's available capacities, (ii) new RES customers for Limay Power Plant, and (iii) additional revenues from ancillary services rendered for NGCP and offered to the Reserve Market through its BESS facilities. Moreover, the Group increased its power generation output by 32% from 2023 due primarily to the full-year operation of the 1,200 MW Ilijan Power Plant in 2024, which resumed operations in July 2023 when the adjacent liquefied natural gas (LNG) terminal (the "Batangas LNG Terminal") went into testing and commissioning, and the incremental generation from the 4 x 150 MW Mariveles Greenfield Power Plant, with 3 out of 4 units being declared as operational on March 28, 2024, September 26, 2024 and October 26, 2024, respectively, after undergoing testing and commissioning.

Cost of Power Sold

Cost of power sold increased to P154,684 million in 2024, which is 18% higher than the P130,992 million incurred in 2023. While coal global prices came down, averaging only US\$135/MT in 2024 compared to US\$173/MT (in GC Newcastle terms) in 2023, such costs increased due to the following: (i) the resumption of Ilijan Power Plant's operations from July 2023 onwards, (ii) generation costs of the Mariveles Greenfield Power Plant incurred during its testing and commissioning and eventual start of commercial operations of its 3 units in 2024, and (iii) incremental depreciation expense from the 10 BESS facilities that are now in full commercial operations. The increase in cost of power sold was mitigated by fuel passthrough arrangements under most of the Group's PSAs and Retail Supply Contracts with its customers.

Selling and Administrative Expenses

Selling and administrative expenses increased by 64% or P3,878 million, from P6,072 million in 2023 to P9,950 million in 2024. The increase was mainly due to: (i) incremental operating expenses following the start of commercial operations of 10 BESS facilities and Mariveles Greenfield Power Plant, along with the turnover of the Sual Power Plant to SPI in October 2024, following the end of its IPPA Agreement with PSALM, (ii) higher personnel-related expenses necessary for the continuing business expansion of the Group, and (iii) additional allowance for probable losses recognized on trade receivables.

Income from Operations

The foregoing developments translated to a significant growth in the consolidated operating income by 24% to P40,457 million in 2024.

Interest Expense and Other Financing Charges

Interest expense and other financing charges went up to P20,691 million in 2024. This was attributable to the additional P40,000 million term loan, drawn in tranches in October 2023 and March 2024 by SMGP BESS, and the pervasive increase in global and local interest rates which affected primarily the new and outstanding debts of the Group, but was partly mitigated by lower interest expense on the declining principal balances of the Group's finance lease liabilities owed to PSALM arising from the IPPA Agreements, such as primarily on the Sual Power Plant which was settled in October 2024.

Interest Income

Interest income increased by 11% to P833 million in 2024 due to higher balance of short-term placements of the Group compared to 2023.

Equity in Net Earnings (Losses) of an Associate and Joint Ventures - net

Equity in net earnings of an associate and joint ventures registered at P506 million in 2024, a turnaround from the P272 million loss in 2023, mainly due to the improvement in the financial performance of AHC.

Other income (charges) - net

Other charges amounted to P3,505 million in 2024, a complete turnaround from the P538 million other income in 2023. This was mainly due to the foreign exchange losses recognized on the revaluation of the Group's US Dollar-denominated net monetary liabilities brought by the significant depreciation of the Philippine Peso against the US Dollar in 2024, which is in stark contrast to the appreciation of the Philippine Peso against the US Dollar in 2023.

Income Tax Expense

Provision for income tax amounted to P5,216 million in 2024. The slight increase was mainly due to the expiration of the income tax holiday of LPI and MPI in May and September 2023, respectively, offset by the provision for deferred tax benefit on foreign exchange losses of MPCL and MPGC.

Net Income

Consequently, the consolidated net income of the Group for the year 2024 increased to P12,384 million or by 25%, from P9,903 million reported in 2023. Excluding the significant effect of the net foreign exchange losses/gains - net of tax recognized, consolidated net income would have been P15,369 million, up by 72% from 2023.

The following are the highlights of the performance of the individual operating business per segment:

1. POWER GENERATION

a. **SPI, owner of Sual Power Plant (upon expiration of the IPPA Agreement with PSALM and turnover by PSALM of the Sual Power Plant to SPI in October 2024)**

For 2024, net generation of 5,787 GWh, at 55% net capacity factor, was lower by 3% than in 2023 due mainly to the plant's longer outages.

Revenues of P56,344 million fell by 15%, from P66,238 million in 2023. The decrease was mainly due to lower average realization price resulting from lower fuel tariff as global coal prices fell from an average of US\$173/MT in 2023 vs US\$135/MT in 2024, and the 4% decline in offtake volumes.

Notwithstanding the decline in revenues, margins improved due mainly to lower generation costs brought by lower global coal prices. Consequently, operating income in 2024 rose to P13,373 million, up by 22% from P10,906 million in 2023.

b. **SPPC, owner of Ilijan Power Plant**

For 2024, the net generation of Ilijan Power Plant increased to 6,765 GWh compared to 2023, mainly due to the plant's full-year operation which resumed in July 2023 following the successful supply of regasified LNG from the Batangas LNG Terminal.

Likewise, total offtake volumes rose to 7,627 GWh on account of the increase in Meralco nominations resulting from the full-year impact of its PSAs with Meralco. Said bilateral contracts have fuel passthrough arrangements that translated to a higher average realization rate. Consequently, revenues increased to P57,809 million for 2024 from the P41,596 million posted in 2023.

For 2024, SPPC recognized an operating income of P4,195 million due mainly to improved margins. This was higher than the P1,238 million posted in 2023.

c. **LPI, owner of Limay Greenfield Power Plant**

For 2024, the net generation of Limay Greenfield Power Plant registered at 3,879 GWh, at 82% net capacity factor. This was a 2% decrease from 2023 due primarily to higher combined plant outages. Of the plant's registered net generation, 1,541 GWh was dispatched to power generation customers while the remainder was supplied to its RES customers.

For 2024, total offtake volumes of 3,311 GWh grew by 61% due to the increase in bilateral sales volume. Likewise, revenues increased by 34% from P13,024 million in 2023 to P17,447 million in 2024 attributable to higher offtake volumes.

Operating income registering at P4,751 million in 2024 rose by 39% from P3,415 million posted in 2023. The increase was on account of higher offtake volumes and improved margins resulting from lower generation costs brought by the decline in global coal prices.

d. MPI, owner of Davao Greenfield Power Plant

For 2024, the plant generated a total of 1,561 GWh at a net capacity factor of 67%. The net generation and total offtake volumes were at par to the previous year's level.

Nevertheless, revenues at P9,726 million dropped by 18% compared to 2023 due to lower average realization price for bilateral sales volumes, resulting from lower fuel tariff as global coal prices fell, and lower average spot prices. As a result, operating income at P2,836 million declined by 24% compared to 2023.

e. MPCL, owner of Masinloc Power Plant

The Masinloc Power Plant's operating Units 1, 2, and 3 contributed a total net generation of 5,804 GWh in 2024 with 5,182 GWh or 89% supplied to power generation customers while the rest was dispatched to RES customers. This was 7% higher, compared to the 5,407 GWh generated in 2023, as a result of lower outage days in 2024.

Total offtake volumes of 6,393 GWh went up from 2023 resulting primarily from higher customer nominations and new contracts entered in 2024. On the other hand, revenues and operating income decreased to P31,891 million and P4,360 million, respectively, on account of lower average realization price due to the decline in fuel tariff passed on to bilateral customers as global coal prices fell as well as the decline in spot prices in 2024.

f. MPGC, owner of Mariveles Greenfield Power Plant

For most part of 2024, all 4 units of the Mariveles Greenfield Power Plant underwent the necessary testing and commissioning, with Units 1, 2 and 3 declared as operational with the Independent Electricity Market Operator of the Philippines (IEMOP) starting March 28, September 26, and October 26, 2024, respectively. MPGC reported revenues and operating income of P11,047 million and P1,157 million, respectively, in 2024.

g. SRHI, IPPA of San Roque Hydroelectric Power Plant

The San Roque Hydroelectric Power Plant's net generation of 848 GWh in 2024, at 28% net capacity factor, dropped by 3% due to shorter operating hours attributable mainly to lower water reservoir level. The lower generation contributed to the decline in total offtake volumes by 8% to 1,765 GWh.

Revenues of P8,311 million decreased by 40% compared to 2023 due mainly to the decline in offtake volumes and lower average realization price.

Consequently, operating income of P1,292 million in 2024 dropped by 66% compared to 2023.

2. RETAIL AND OTHER POWER-RELATED SERVICES

a. LPI - RES

For 2024, total offtake volumes registered at 3,232 GWh. This increased by 45% compared to 2,230 GWh in 2023 due mainly to higher customer nominations with new RES customers contracted in 2024. As a result, revenues increased by 29% from P14,749 million in 2023 to P19,026 million in 2024.

On the other hand, operating income registered at P738 million, 37% lower than the P1,180 million posted in 2023 due primarily to lower average realization price in 2024.

b. MPCL - RES and BESS

Revenues, inclusive of ancillary revenues from the 10 MWh BESS, increased to P6,780 million due to new contestable customers contracted in 2024. However, operating income dropped to P986 million on account of lower average realization price in 2024.

c. SMGP Kabankalan, owner of Kabankalan I BESS

Revenues of P746 million for 2024 increased by 18% compared to 2023. Likewise, the operating income of P455 million was higher by 20% compared to the operating income reported in 2023 due to higher offtake volumes as Kabankalan I BESS underwent repair works in 2023.

d. SMGP BESS (owner of 10 BESS Facilities with a combined installed capacity of 330 MWh)

For 2024, SMGP BESS reported revenues and operating income of P8,711 million and P5,901 million, respectively. Beginning in July 2023, the Energy Regulatory Commission (ERC) granted provisional authority for the implementation of the Ancillary Service Procurement Agreements (ASPA) between NGCP and SMGP BESS with 7 BESS facilities, with a combined installed capacity of 220 MWh, commencing commercial operations on various dates during the second semester of 2023. Another 3 BESS facilities, with a combined installed capacity of 110 MWh, were declared operational in March 2024.

II. FINANCIAL POSITION

A. MAJOR DEVELOPMENTS IN 2025

JOINT AGREEMENT WITH MERALCO AND ABOITIZ POWER CORPORATION (ABOITIZPOWER) ON THE GROUP'S LNG PROJECTS

On January 27, 2025, San Miguel Global Power completed the following transactions (collectively, the "Chromite Transaction" pursuant to the agreements executed on March 1, 2024 with Chromite Gas Holdings Inc. (CGHI), an entity owned jointly by Meralco PowerGen Corporation (a subsidiary of Meralco) and Therma NatGas Power, Inc. (a subsidiary of AboitizPower):

- Investment by CGHI of 67% equity interests in: (i) SPPC, the owner/operator of the 1,278 MW Ilijan Power Plant; (ii) EERI, the owner/operator of the 1,320 MW BCCPP; and (iii) IPIEC, the owner of the land where EERI's power plant and facilities and the Batangas LNG Terminal are located.
- Acquisition by CGHI and San Miguel Global Power of 67% and 32.98% equity interests, respectively, in LFC, the owner/operator of the Batangas LNG Terminal, which receives, stores and processes LNG to fuel the power plants of SPPC and EERI.

As a result of the Chromite Transaction, San Miguel Global Power's equity interests in SPPC, EERI and IPIEC were diluted from 100% to 33%. Consequently, San Miguel Global Power derecognized the assets and liabilities of the 3 subsidiaries and recognized the 33% equity interests retained at fair market values and a revaluation gain amounting to P52,706 million and P21,933 million, respectively.

UPDATE ON CLAIMS FOR CONTRACT PRICE ADJUSTMENTS ON CERTAIN "FIXED PRICE" PSAs WITH MERALCO

On June 27, 2023, the CA released its joint decision on the separate petitions of SPI and SPPC for certiorari (the "Joint Decision"), which effectively annulled and set aside the previous Orders of the ERC denying their joint petitions with Meralco for tariff adjustments on certain "fixed price" PSAs allowing the recovery of incremental power supply costs due to Change in Circumstances (CIC, the "1st CIC Claims") and the eventual termination of the PSAs. Following the release of the Joint Decision, SPI and SPPC confirmed the termination of their respective PSAs, but without prejudice to additional claims on incremental power supply costs incurred beyond the period covered by the said petitions arising from the same CIC during the continued implementation of the PSAs by SPPC and SPI, and pending issuance of the Temporary Restraining Order (TRO) that enabled SPPC and SPI to cease supply under the PSAs. SPPC ceased supplying under its PSA only on December 7, 2022, whereas SPI ceased supplying nominations under its PSA on July 24, 2023.

The June 27, 2023 CA Decision was later on confirmed by the Supreme Court (SC) in a Resolution dated April 3, 2024 (the "SC Resolution") which denied the ERC's Petition for Review on Certiorari "for failure of petitioner [ERC] to sufficiently show that the CA committed any reversible error in the challenged joint decision and resolution as to warrant the exercise of this Court's discretionary appellate jurisdiction." The ERC's Motion for Reconsideration of said SC Resolution was also denied with finality in another SC Resolution dated July 10, 2024, and received on August 30, 2024. An Entry of Judgment has been issued for this case as of date.

Pursuant thereto, SPI and SPPC, respectively, filed with the ERC on October 10, 2024, a Motion for Issuance of the Writ of Execution to enforce the Joint Decision. SPPC and SPI thereafter filed separate Motions to Resolve (re: Motion for Issuance of Writ of Execution) with the ERC on February 6, 2025. After filing a Motion to Direct the Court of Origin to Issue Writ of Execution with the CA in March 2025 to compel the ERC to issue writs of execution on the Joint Decision, the CA partially granted their motions and directed the ERC to immediately implement the Joint Decision and act on SPPC's and SPI's motions without further delay.

On September 2, 2025, SPPC and SPI received the Compliance filed by the ERC with the CA. In said Compliance, the ERC submitted its Orders, promulgated on August 22, 2025, which granted SPPC's and SPI's Motions for Issuance of Writ of Execution (Re: CA Joint Decision dated June 27, 2023). The Orders allowed SPPC and SPI to recover from Meralco the 1st CIC Claims for the price adjustments prayed for in their motions and authorized Meralco to collect the adjustments from its customers over a period of 6 months commencing from the September 2025 customer billing period.

Related thereto, pursuant to the Joint Decision, SPPC and SPI, respectively, issued Notices of CIC on August 18, 2023, informing Meralco of their requests for price adjustments for the period May 26, 2022 to December 6, 2022 for SPPC, and for the period June 2022 to July 2023 for SPI, and requested the cooperation and assistance of Meralco in seeking the necessary approvals on the recovery of the additional claim due to CIC, as provided under their respective PSAs, through the filing of a joint motion for the adjustment of the Contract Price with the ERC. In letters dated January 30, 2024, Meralco separately acknowledged SPPC's and SPI's rights to the additional adjustment in the Contract Price as a result of the CIC under the respective PSAs, and in letters dated August 30, 2024, validated the amounts being claimed therein.

On November 21, 2024, SPPC and SPI separately filed a Motion for Price Adjustment with the ERC, for their respective CIC claims covering the aforesaid periods, pursuant to their respective PSAs (the "2nd CIC Claims"), with their claims anchored on essentially the same legal bases established or ruled on by the CA in its Joint Decision and confirmed by the SC with finality.

In view of the dilution of San Miguel Global Power's equity interest in SPPC from 100% to 33%, following the Chromite Transaction in January 2025 but prior to the final resolution of the pertinent case by the SC and the ERC, the parties to the Chromite Transaction acknowledged and agreed that San Miguel Global Power shall be entitled, pursuant to relevant Chromite Transaction documents and forming part of the agreed consideration thereunder, to the economic benefits, rights of recovery, and corresponding potential equivalent exposure arising from the above claims for price adjustments from Meralco.

On January 27, 2026, SPPC and SPI eventually received copies of the ERC Orders dated January 26, 2026, which granted their respective 2nd CIC Claims, allowing SPPC and SPI to recover from Meralco the aggregate amount of P15,850 million and P13,362 million, respectively, over a period of 36 months commencing from the March 2026 billing period.

As at February 25, 2026, Meralco has completed the remittances of its payments of the 1st CIC Claims to SPI and to San Miguel Global Power for SPPC's claim, amounting to P3,756 million and P1,392 million, respectively, in accordance with the ERC Orders promulgated on August 22, 2025.

SOLAR AND HYDRO POWER PROJECTS AWARDED UNDER THE GREEN ENERGY AUCTION PROGRAM

In 2025, San Miguel Global Power, through its wholly-owned subsidiaries, SRHI and SMC Global Light and Power Corp. (SGLPC) and through its associate, Pan Pacific Renewable Power Phils. Corp. (PPRPPC, in which San Miguel Global Power has 40% indirect ownership interest), participated in the Green Energy Auction Program (GEAP) administered by the Department of Energy (DOE)'s Green Energy Auction Committee. The GEAP was created pursuant to the Republic Act. No. 9513, otherwise known as Renewable Energy Act of 2008, which aims to promote the development and commercialization of renewable and environment-friendly energy resources such as biomass, solar, wind, hydro, geothermal, and ocean energy resources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce dependence on fossil fuels and minimize exposure to price fluctuations in international markets. This is in line with the Group's commitment to diversify its power generation portfolio, significantly reduce its carbon footprint, and transition to cleaner sources of energy through solar and hydro power projects as major tangible steps towards fully achieving its Sustainability Road Map.

On June 9, 2025, the DOE issued the Notices of Award for the third auction round of the GEAP ("GEA-3"), which was conducted on February 11, 2025. The GEA-3 Notices of Award included the following as among the winning bidders: (i) SRHI for an aggregate offered capacity of 1,850 MW pump storage hydropower across three facilities to be completed between 2031 and 2035, and (ii) PPRPPC for an aggregate offered capacity of 2,300 MW pump storage hydropower and impounding hydropower across three facilities to be completed between 2030 and 2031. On June 19, 2025, and June 20, 2025, PPRPPC and SRHI, respectively, accepted their respective awards as winning bidders, with the certificates of awards subsequently received from the DOE in September 2025. The planned hydro power projects will be built and operated in various locations in Aklan, Western Visayas, and in Apayao and Pangasinan, Northern Luzon.

On November 6, 2025, the DOE posted the list of winning bidders for the fourth auction round of the GEAP ("GEA-4") launched on March 29, 2025. As a winning bidder, SGLPC's bids for an aggregate offered capacity of 2,225 megawatts alternating current (MWac) floating solar and ground-mounted solar projects in the provinces of Bulacan, Davao and Isabela were accepted with expected completion dates from 2026 and 2029. San Miguel Global Power received original copies of the Certificates of Award on January 12, 2026.

As at report date, the foregoing companies are undertaking the necessary pre-development activities, key contractor negotiations, and land acquisitions for the solar and hydro projects.

UPDATE ON BESS PROJECTS OF THE GROUP

As at December 31, 2025, about 50% of the Group's ~ 1,000 MWh BESS projects are already in operation, providing ancillary services to NGCP under a 5-year ASPA or selling their spare capacities to the Reserve Market that has been established by the government, through the IEMOP, to ensure grid stability using the uncontracted capacities from qualified power plants. The remaining BESS projects in the pipeline are expected to commence commercial operations, following their respective target substantial completion dates in 2026, and are expected to participate in any future tender of ancillary services by NGCP or sell any uncontracted capacities to the Reserve Market, which is, by the Group's assessment, should continue to exhibit tight

supply-demand conditions and a relatively wide range of price volatilities over the near to medium term.

SUBSCRIPTION TO SAN MIGUEL GLOBAL POWER'S COMMON SHARES BY SAN MIGUEL CORPORATION (SMC)

On March 6, 2025, the Board of Directors (BOD) of San Miguel Global Power approved the following:

- subscription by SMC to 950,796,000 common shares out of the unissued capital stock of San Miguel Global Power in cash, at a subscription price of P30.00 per share or for a total subscription amount of P28,524 million;
- increase in the authorized capital stock of San Miguel Global Power by P4,026 million (comprising of 4,025,600,000 common shares with par value of P1.00), or from P3,774 million, divided into 3,774,400,000 common shares with par value of P1.00 to P7,800 million, divided into 7,800,000,000 common shares with par value of P1.00 (the "ACS Increase"); and
- subscription by SMC to 1,011,093,800 common shares out of the ACS Increase at P30.00 per share, or for a total subscription amount of P30,333 million.

On the same day, San Miguel Global Power and SMC executed the Subscription Agreements covering the aforesaid subscriptions approved by the BOD.

On April 14, 2025, the stockholders of San Miguel Global Power approved the ACS Increase and the amendment of the Amended Articles of Incorporation to reflect the ACS Increase and ratified the said subscription by SMC out of the ACS Increase. The application for the ACS Increase was approved by the Philippine Securities and Exchange Commission (SEC) on May 16, 2025.

The subscription amounts were fully paid by SMC to San Miguel Global Power on April 7, 2025.

PURCHASE OF COMMON SHARES OF MERALCO BY SAN MIGUEL GLOBAL POWER

By virtue of a Deed of Absolute Sale of Shares which contained the terms and conditions mutually determined by and acceptable to both parties and conformably with the decision of the Court of Appeals (CA), San Miguel Global Power purchased on various dates through the PSE a total of 46,596,596 common shares of Meralco at P90.00 per share from Land Bank of the Philippines. As at December 31, 2025, San Miguel Global Power revalued the shares at the fair market value of P574.00 per share and recognized a revaluation gain of P22,418 million (net of tax), presented under "Net gain on financial assets at fair value through other comprehensive income" account in the consolidated statement of comprehensive income for the year ended December 31, 2025.

LONG-TERM DEBTS

Availment of Term Loans

- MPGC

On March 27, 2025, MPGC drew a total of P9,400 million from its Omnibus Loan and Security Agreement (OLSA) executed with various local banks on December 17, 2024. The loan is subject to a fixed interest rate and payable quarterly up to December 2034. The proceeds of the loan were used to finance the Mariveles Greenfield Power Plant project.

- San Miguel Global Power

On May 19, 2025, San Miguel Global Power availed a US\$100 million term loan (equivalent to P5,466 million, net of transaction costs) from its facility agreement executed on May 9, 2025, with a foreign bank. The loan is subject to floating interest rate and payable in May 2030.

The net proceeds of the loan were used for general corporate purposes, including advances for capital expenditures.

On May 19, 2025, San Miguel Global Power availed a US\$100 million term loan (equivalent to P5,452 million, net of transaction costs) from a US\$100 million loan facility, with option to increase up to US\$150 million, executed on May 13, 2025, with a group of foreign banks. The loan is subject to a floating interest rate and payable in May 2028.

The proceeds of the loan were used to refinance the US\$100 million term loan drawn in May 2022.

On July 3, 2025, San Miguel Global Power availed of an additional US\$50 million (equivalent to P2,756 million, net of transaction costs) from the facility agreement executed on May 13, 2025. The net proceeds of the additional loan were used for general corporate purposes.

Issuance of P10,200 Million Fixed Rate Notes by San Miguel Global Power

On August 11, 2025, San Miguel Global Power completed the issuance of Fixed Rate Notes with an aggregate principal amount of P10,200 million (the "Notes") at the issue price of 100% of face value. The Notes were enrolled with the Philippine Dealing & Exchange Corp. on the same day for trading. The proceeds were used to refinance existing obligations of San Miguel Global Power and for general corporate purposes.

Details of the Notes are as follows:

Principal	Term	Interest Rate Per Annum
P1,625 million	3 years, due 2028	6.750%
3,438 million	5 years, due 2030	6.875%
433 million	7 years, due 2032	7.000%
4,704 million	10 years, due 2035	7.125%

Redemption of Series K Bonds by San Miguel Global Power

On July 28, 2025, San Miguel Global Power redeemed its Series K Bonds, amounting to P5,000 million, upon its maturity, pursuant to the terms and conditions of the bonds. The Series K Bonds formed part of the P40,000 million Series K-L-M fixed rate bonds issued in July 2022. San Miguel Global Power used in part the proceeds of the short-term loan availed and cash generated from operations for the redemption.

Payments of Maturing Long-term Debts

In 2025, LPI, MPI, MPCL, SMGP BESS and San Miguel Global Power paid a total of P10,257 million of their scheduled long-term debt principal amortizations pursuant to the terms and conditions of their respective facility agreements. The payments were funded by cash generated from operations.

On February 10, 2025, San Miguel Global Power fully settled its US\$50 million term loan drawn in October 2023 from a foreign bank. The payment was funded by cash generated from operations.

On May 28, 2025, San Miguel Global Power paid in full the balance of its P5,000 million term loan facility entered in May 2021, amounting to P4,825 million. The loan was paid using in part the proceeds of a short-term borrowing availed and cash generated from operations.

PERPETUAL CAPITAL SECURITIES

Issuance and Redemption of Senior Perpetual Capital Securities (SPCS) by San Miguel Global Power

- On February 19, 2025, San Miguel Global Power completed the issuance of another US\$100 million SPCS (equivalent to P5,750 million, net of directly attributable transaction costs), at an issue price of 100.503% of principal amount, plus an amount corresponding to accrued distributions from (and including) December 2, 2024 to (but excluding) February 19, 2025. The US\$100 million SPCS were consolidated into and formed a single series with the US\$500 million SPCS issued on December 2, 2024, with an initial rate of distribution of 8.125% per annum, bringing the total securities to US\$600 million. The US\$100 million SPCS are identical in all respects with the US\$500 million SPCS, except for the date of issuance and issue price.

The net proceeds from the issuance of the US\$100 million were used for the partial redemption of the outstanding 7.00% SPCS issued in October and December 2020.

The US\$100 million SPCS were listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on February 20, 2025.

- On May 9, 2025, San Miguel Global Power completed the redemption of the US\$113 million SPCS remaining out of the US\$500 million SPCS issued in November 2019, pursuant to the terms and conditions of the securities. The redemption price is equal to the principal amount of the SPCS. Any accrued but unpaid distributions up to (but excluding) the redemption date was also settled.

- On July 24, 2025, San Miguel Global Power completed the issuance of US\$400 million SPCS (equivalent to P22,329 million, net of directly attributable transaction costs), at an issue price of 100%, with an initial rate of distribution of 8.95% per annum. The US\$400 million SPCS consists of US\$223 million in aggregate principal amount of SPCS (the “Exchange Offers”) issued in exchange for the 7.00% SPCS issued on October 21 and December 15, 2020, and 5.70% SPCS issued on January 21, 2020 (collectively, the “Existing Securities”) with a carrying value equivalent to P11,143 million, and US\$177 million in aggregate principal amount of new securities (the “Additional New Securities”).

The net proceeds from the issuance of the Additional New Securities were applied to the following: (i) costs and expenses related to the Exchange Offers, including payment of accrued distribution amount in respect of the Existing Securities accepted for exchange pursuant and subject to the terms and conditions of the Exchange Offers; (ii) costs and expenses related to the issuance of the Additional New Securities; (iii) purchase, repurchase and/or redemption of all remaining outstanding Existing Securities following the Exchange Offers; and (iv) for pre-development costs of solar and hydropower energy projects, and capital expenditures related to BESS projects.

The US\$400 million SPCS were listed on the SGX-ST on July 25, 2025.

- On August 11, 2025, San Miguel Global Power completed the issuance of US\$115 million SPCS (equivalent to P6,457 million, net of directly attributable transaction costs), at an issue price of 100% plus an amount corresponding to accrued distribution from (and including) July 24, 2025 to (but excluding) August 11, 2025.

The US\$115 million SPCS were consolidated into and formed a single series with the US\$400 million SPCS issued on July 24, 2025, bringing the total securities to US\$515 million. The US\$400 million SPCS and US\$115 million SPCS are identical in all respects, other than with respect to the date of issuance.

San Miguel Global Power used the net proceeds towards (i) the partial purchase, repurchase and/or redemption of the remaining outstanding SPCS issued in October and December 2020 and in January 2020, and (ii) for pre-development costs of solar and hydropower energy projects and capital expenditures related to BESS projects.

The US\$115,000 million SPCS were listed on the SGX-ST on August 12, 2025.

- On October 17, 2025, San Miguel Global Power completed the redemption of its US\$163 million remaining SPCS (with a carrying value of P8,171 million), out of the US\$750 million SPCS issued in October and December 2020, pursuant to the terms and conditions of the securities. The redemption price is equal to the principal amount of the SPCS. Any accrued but unpaid distributions up to (but excluding) the redemption date was also settled.

Redemption of Redeemable Perpetual Capital Securities (RPCS)

In April 2025, San Miguel Global Power redeemed a portion of its outstanding RPCS issued to SMC with total carrying amount equivalent to P57,300 million and paid distributions amounting to P1,528 million.

B. MAJOR DEVELOPMENTS IN 2024

TURNOVER OF THE SUAL POWER PLANT

On October 11, 2024, SPI executed a Land Lease Agreement with PSALM for the parcels of land where the Sual Power Plant is located. On October 24, 2024, SPI and PSALM executed a Deed of Sale for the transfer of control and ownership of the Sual Power Plant to SPI following the end of its IPPA Agreement. The Sual Power Plant was turned over by PSALM to SPI on October 25, 2024.

LONG-TERM DEBTS

Availment of Term Loans

- SMGP BESS

On March 25, 2024, SMGP BESS drew the second tranche amounting to P12,000 million from its P40,000 million OLSA executed on October 23, 2023 with various local banks. The loan is subject to a fixed interest rate and will mature in October 2033.

The proceeds were used (i) for the purchase of outstanding perpetual securities issued to SMC and repayment of reimbursable advances from San Miguel Global Power, (ii) to fund the initial amount required to be deposited into the Debt Service Reserve Account, (iii) to fund the cost and expenses in relation to the design, construction, and operation of the BESS project, and (iv) for payment of transaction costs.

- San Miguel Global Power

On July 19, 2024, San Miguel Global Power availed of a P10,000 million term loan from a facility agreement executed on July 17, 2024, with a local bank. The loan is subject to a fixed interest rate and will mature in June 2029.

The proceeds of the loan, net of transaction-related fees and costs of the facility, were used for refinancing of an existing loan.

On September 9, 2024, San Miguel Global Power availed of a US\$200 million term loan (equivalent to P11,010 million, net of transaction costs) from a US\$200 million loan facility, with option to increase up to US\$300 million, executed on August 30, 2024 with a foreign bank. The loan is subject to a floating interest rate based on Secured Overnight Financing Rate plus margin and will mature in August 2027.

On October 9, 2024, San Miguel Global Power availed of an additional US\$100 million (equivalent to P5,558 million, net of transaction costs) from the facility agreement executed on August 30, 2024.

The proceeds of the loans were used to refinance the US\$200 million and US\$100 million term loans which matured on September 9, 2024 and October 10, 2024, respectively.

- **MPGC**

On December 27, 2024, MPGC availed of Tranches A and B, amounting to P20,000 million and P12,500 million, respectively, from its OLSA executed on December 17, 2024, with various local banks. The loan is subject to a fixed interest rate and payable quarterly up to December 2034.

The proceeds from the loan were used to finance the Mariveles Greenfield Power Plant project.

Payments of Maturing Long-term Debts

In 2024, LPI, MPI, MPCL, SMGP BESS and San Miguel Global Power paid a total of P8,765 million of their scheduled long-term debt principal amortizations pursuant to the terms and conditions of their respective facility agreements.

On April 26, 2024, San Miguel Global Power fully paid the P14,100 million balance of its P15,000 million fixed rate 7-year term loan availed in April 2017 from a local bank upon its maturity pursuant to the terms and conditions of the credit facility.

On September 9 and October 10, 2024, San Miguel Global Power settled its US\$200 million and US\$100 million term loans drawn on January 21, 2022 and March 16, 2023, respectively, from facility agreements executed with foreign banks.

Redemption of Series I and Series E Bonds by San Miguel Global Power

On April 24 and December 23, 2024, San Miguel Global Power redeemed upon maturity its Series I and Series E Bonds, amounting to P9,232 million and P6,478 million, respectively. The Series I Bonds formed part of the P30,000 million Series H-I-J fixed rate bonds issued in April 2019, while Series E Bonds formed part of the P20,000 million Series D-E-F fixed rate bonds issued in December 2017.

The redemptions were funded through a short-term loan availed by San Miguel Global Power in April 2024 and cash generated from operations.

PERPETUAL CAPITAL SECURITIES

Issuance of US\$800 Million RPCS

On April 19, 2024, San Miguel Global Power issued US\$800 million RPCS (equivalent to P43,432 million, net of directly attributable transaction costs) to a third party at an issue price of 100%, with a prescribed initial distribution rate per annum, payable pursuant to the terms of the agreement.

Issuances of SPCS, Partly Applied for Exchange and Tender Offers

On September 12, 2024, San Miguel Global Power issued US\$800 million SPCS (equivalent to P44,300 million, net of transaction costs, the "Securities"), at an issue price of 100%, with an initial distribution rate of 8.75% per annum, payable pursuant to the terms of the agreement. On the same day, the Securities were used in part for the exchange of certain existing SPCS amounting to US\$531.94 million (with a carrying value of P25,801 million) and the repurchase of certain existing SPCS amounting to US\$157.38 million (with a carrying value of P7,679 million) (the "Tender Offers") pursuant to the Exchange Offers and Tender Offers that were announced on the SGX-ST website on August 27, 2024.

On September 30, 2024, San Miguel Global Power issued another US\$100 million SPCS (equivalent to P5,549 million, net of transaction costs, the "Additional Securities"), at an issue price of 100% plus an amount corresponding to accrued distribution from and including September 12, 2024 to, but excluding, September 30, 2024. The Additional Securities were consolidated into and formed a single series with the Securities issued on September 12, 2024, bringing the total securities to US\$900 million. The Additional Securities are identical in all respects with the Securities, other than with respect to the date of issuance and issue price.

On December 2, 2024, San Miguel Global Power issued US\$500 million SPCS (equivalent to P28,882 million, net of transaction costs), at an issue price of 100%, with an initial distribution rate of 8.125% per annum, payable pursuant to the terms of the agreement. On the same day, the US\$500 million SPCS were used in part for the exchange of certain existing SPCS amounting to US\$273.93 million (with a carrying value of P13,402 million) and the repurchase of certain existing SPCS amounting to US\$46.10 million (with a carrying value of P2,236 million) pursuant to the Exchange Offers and Tender Offers that were announced on the SGX-ST website on November 26, 2024.

The US\$800 million, US\$100 million and US\$500 million SPCS (collectively, the "New Securities") were listed on the SGX-ST on September 13, October 1 and December 3, 2024, respectively.

The remaining proceeds from the New Securities were used for the payment of: (i) costs and expenses related to the issuances of the New Securities, (ii) accrued distributions in respect of the existing securities that were accepted for exchange and repurchase, and (iii) for pre-development costs of solar energy projects and BESS projects.

Redemption of SPCS

On April 23, 2024, San Miguel Global Power completed the redemption of its US\$783 million remaining securities (with a carrying value of P40,187 million) out of the US\$800 million SPCS issued in April and July 2019, pursuant to the terms and conditions of the securities. The redemption price includes the principal amount and any accrued but unpaid distributions up to (but excluding) the step-up date.

The US\$783 million SPCS was redeemed using in part the proceeds from the issuance of RPCS and cash generated from operations.

EVENTS AFTER THE REPORTING DATE

Issuance of US\$300 Million SPCS by San Miguel Global Power

On January 20, 2026, San Miguel Global Power completed the issuance of US\$300 million SPCS at an issue price of 100.00%, with an initial rate of distribution of 8.375% per annum and step-up date of January 20, 2031.

San Miguel Global Power applied the net proceeds from the issuance towards the redemption of its US\$300 million remaining securities (with a carrying value of P15,107 million), out of the US\$600 million SPCS issued in January 2020.

The US\$300 million SPCS were listed on the SGX-ST on January 21, 2026.

C. MATERIAL CHANGES PER LINE OF ACCOUNT

2025 vs. 2024

<i>In Millions</i>	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	%	2025	2024
Cash and cash equivalents	P101,498	P67,867	P33,631	50%	12%	8%
Trade and other receivables - net	90,816	115,884	(25,068)	-22%	10%	13%
Inventories	11,696	14,326	(2,630)	-18%	1%	2%
Prepaid expenses and other current assets	36,243	51,562	(15,319)	-30%	4%	6%
Total Current Assets	240,253	249,639	(9,386)	-4%	27%	29%
Investments and advances - net	115,825	19,896	95,929	482%	13%	2%
Property, plant and equipment - net	375,268	459,506	(84,238)	-18%	42%	52%
Right-of-use assets - net	47,279	42,123	5,156	12%	5%	5%
Goodwill and other intangible assets - net	70,215	71,736	(1,521)	-2%	8%	8%
Deferred income tax assets	1,584	1,354	230	17%	0%	0%
Other noncurrent assets	41,197	37,619	3,578	10%	5%	4%
Total Noncurrent Assets	651,368	632,234	19,134	3%	73%	71%
Total Assets	P891,621	P881,873	P9,748	1%	100%	100%
Loans payable	P33,000	P41,350	(P8,350)	-20%	4%	5%
Accounts payable and accrued expenses	101,070	144,102	(43,032)	-30%	11%	16%
Lease liabilities - current portion	5,820	10,049	(4,229)	-42%	1%	1%
Income tax payable	140	80	60	75%	0%	0%
Current maturities of long- term debt - net of debt issue costs	43,427	28,477	14,950	52%	5%	3%
Total Current Liabilities	183,457	224,058	(40,601)	-18%	21%	25%
Long-term debt - net of current maturities and debt issue costs	241,709	249,461	(7,752)	-3%	27%	28%
Deferred income tax liabilities	17,223	23,978	(6,755)	-28%	2%	3%
Lease liabilities - net of current portion	23,881	21,357	2,524	12%	2%	2%
Other noncurrent liabilities	4,617	3,994	623	16%	1%	1%
Total Noncurrent Liabilities	287,430	298,790	(11,360)	-4%	32%	34%
Total Liabilities	470,887	522,848	(51,961)	-10%	53%	59%

Forward

<i>In Millions</i>	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2025	2024	Amount	%	2025	2024
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	P4,785	P2,824	P1,961	69%	0%	0%
Additional paid-in capital	104,896	48,082	56,814	118%	12%	5%
Senior perpetual capital securities	160,790	151,195	9,595	6%	18%	17%
Redeemable perpetual capital securities	88,680	145,979	(57,299)	-39%	10%	17%
Equity reserves	929	(16,385)	17,314	-106%	0%	(1%)
Retained earnings	59,596	26,387	33,209	126%	7%	3%
	419,676	358,082	61,594	17%	47%	41%
Non-controlling Interests	1,058	943	115	12%	0%	0%
Total Equity	420,734	359,025	61,709	17%	47%	41%
Total Liabilities and Equity	P891,621	P881,873	P9,748	1%	100%	100%

The Group's consolidated total assets as at December 31, 2025, amounted to P891,621 million, slightly higher by 1% or P9,748 million than the December 31, 2024 balance of P881,873 million. The increase was attributable to the following factors:

- a. Increase in investment and advances by P95,929 million was mainly attributable to the: (i) recognition at fair value of the 33% investments retained in SPPC, EERI, IPIEC; (ii) acquisition of 33% equity interest in LFC; (iii) recognition of share in net earnings of the said entities from February to December 2025; and (iv) acquisition of Meralco shares and its subsequent revaluation.
- b. Increase in cash and cash equivalents by P33,631 million was mainly due to the following: (i) net proceeds from the redemption by the deconsolidated entities of its redeemable preferred shares issued to San Miguel Global Power; (ii) proceeds from SMC's capital infusion in San Miguel Global Power; (iii) cash generated from operations; (iv) proceeds from various Peso and US Dollar-denominated long-term loans drawn by San Miguel Global Power and by MPGC; (v) proceeds from various short-term loans availed by SPI and by San Miguel Global Power; (vi) net proceeds from various issuances of SPCS; and (vii) cash dividends from Meralco and other affiliates. These were partly offset by the: (i) distributions paid to the holders of perpetual capital securities; (ii) capital expenditures for the Group's ongoing projects; (iii) settlement of short-term borrowings of the Group; (iv) payments of maturing term loans of the Group and redemption of Series K Bonds by San Miguel Global Power; (v) payments for acquisitions of equity interest in LFC, Meralco shares and investment advances for hydro-projects and land-holding companies; (vi) redemptions of various perpetual capital securities in April, May and October 2025; (vii) lease payments of SPI and SRHI to PSALM; and (viii) cash of deconsolidated subsidiaries.
- c. Increase in right-of-use assets - net by P5,156 million was mainly attributable to lease agreements executed during the year for Mariveles Greenfield Power Plant and related facilities. This was partially offset by amortizations during the year and reclassification to investment property account of certain land that are subleased for the Group's solar projects.
- d. Increase in other noncurrent assets by P3,578 million was mainly attributable to additional investment properties and advances to suppliers and contractors for ongoing construction projects of the Group.

- e. Increase in deferred income tax assets by P230 million was primarily due to deferred income tax benefit recognized by the Group on unrealized foreign exchange losses from the revaluation of its US Dollar-denominated net monetary liabilities.
- f. Decrease in property, plant and equipment by P84,238 million as a result of the deconsolidation of SPPC and EERI's property, plant and equipment, partially offset by additional capital expenditures for the Group's ongoing projects.
- g. Decrease in trade and other receivables by P25,068 million was mainly attributable to the deconsolidation of SPPC and EERI's receivables, partially offset by higher trade receivables of MPGC from revenues generated by its 4 units and of SMGP BESS and SMGP Kabankalan from ancillary and reserve market revenues during the year.
- h. Decrease in prepaid expenses and other current assets by P15,319 million was mainly attributable to the deconsolidation of SPPC and EERI's prepaid taxes, input value-added tax and advance payments for LNG procurements. This was partially offset by additional restricted cash set aside for debt servicing requirements of the Group.
- i. Decrease in inventories by P2,630 million was mainly attributable to the deconsolidation of SPPC and EERI's LNG and spare parts inventories and lower inventory levels of fuel and spare parts.

The Group's consolidated total liabilities as at December 31, 2025, amounted to P470,887 million, 10% or P51,961 million lower than the December 31, 2024 balance of P522,848 million. The major items accounting for the decrease are as follows:

- a. Decrease in accounts payable and accrued expenses by P43,032 million was mainly attributable to the deconsolidation of SPPC and EERI, payments made to suppliers and contractors and partially offset by additional payables to contractors relating to the Group's ongoing construction projects.
- b. Decrease in loans payable by P8,350 million was due to settlements by San Miguel Global Power, SPI and MPGC during the year and the deconsolidation of SPPC's P5,000 million short-term loan. This was partially offset by various short-term loans drawn by SPI and San Miguel Global Power during the year.
- c. Decrease in deferred income tax liabilities by P6,755 million was mainly attributable to the deconsolidation of SPPC, partially offset by additional deferred income tax expense recognized on temporary differences relating to lease liabilities during the year.
- d. Decrease in lease liabilities (including current and noncurrent portions) by P1,705 million was mainly on account of lease payments to PSALM by SPI, pursuant to its land lease agreement executed in October 2024, and by SRHI, pursuant to its IPPA Agreement, partially offset by additional lease liabilities recognized on new lease agreements executed during the year for Mariveles Greenfield Power Plant and related facilities.
- e. Increase in long-term debt - net of debt issue costs (including current and noncurrent portions) by P7,198 million was attributable to the following: (i) additional loan drawn in March 2025 by MPGC from its credit facility executed in December 2024; (ii) various USD and Peso-denominated term loans availed by San Miguel Global Power in 2025; (iii) amortization of debt issue costs during the year; (iv) unrealized foreign exchange loss recognized on the revaluation of US Dollar-denominated loans; partially offset by (v) payments of maturing long-term loans of San Miguel Global Power, LPI, MPI, MPCL and SMGP BESS, and (vi) redemption of Series K Bonds in July 2025.

- f. Increase in other noncurrent liabilities by P623 million was mainly due to additional retirement benefits liabilities, asset retirement obligations and customers' deposits.
- g. Increase in income tax payable by P60 million was mainly attributable to higher taxable income for the year.

The Group's consolidated total equity as at December 31, 2025, amounted to P420,734 million, higher by 17% or P61,709 million than the December 31, 2024 balance of P359,025 million. The increase is accounted for as follows:

- a. Increase in total paid-in capital by P58,775 million (consisting of capital stock and additional paid-in capital) was due to additional capital infusions from SMC during the year.
- b. Increase in retained earnings by P33,209 million was mainly attributable to the net income for the year, and net gain from redemptions by SPPC, EERI and IPIEC of their respective preferred shares issued to San Miguel Global Power. These were partially offset by the distributions to perpetual capital security holders.
- c. Increase in equity reserves by P17,314 million was mainly attributable to the cumulative gain on fair valuation of investments in equity instruments (Meralco shares) and partially offset by the difference between the price paid and carrying value of redeemed and exchanged perpetual capital securities during the year.
- d. Increase in SPCS by P9,595 million as a result of various issuances, net of exchange offers, in February, July, and August 2025, partially offset by redemptions completed in May and October 2025.
- e. Increase in non-controlling interests by P115 million pertains to the non-controlling interest's share in the net income of MPGC from the full-year operations of the Mariveles Greenfield Power Plant in 2025.
- f. Decrease in RPCS by P57,299 million was due to San Miguel Global Power's redemption in April 2025 of RPCS issued to SMC.

2024 vs. 2023

<i>In Millions</i>	December 31		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	2024	2023	Amount	%	2024	2023
Cash and cash equivalents	P67,867	P31,659	P36,208	114%	8%	4%
Trade and other receivables - net	115,884	116,976	(1,092)	(1%)	13%	15%
Inventories	14,326	16,841	(2,515)	(15%)	2%	2%
Prepaid expenses and other current assets	51,562	48,522	3,040	6%	6%	6%
Total Current Assets	249,639	213,998	35,641	17%	29%	27%
Investments and advances - net	19,896	10,953	8,943	82%	2%	1%
Property, plant and equipment - net	459,506	339,225	120,281	35%	52%	44%
Right-of-use assets - net	42,123	104,975	(62,852)	(60%)	5%	13%
Goodwill and other intangible assets - net	71,736	71,712	24	0%	8%	9%
Deferred income tax assets	1,354	974	380	39%	0%	0%
Other noncurrent assets	37,619	43,098	(5,479)	(13%)	4%	6%
Total Noncurrent Assets	632,234	570,937	61,297	11%	71%	73%
Total Assets	P881,873	P784,935	P96,938	12%	100%	100%
Loans payable	P41,350	P13,736	P27,614	201%	5%	2%
Accounts payable and accrued expenses	144,102	97,633	46,469	48%	16%	12%
Lease liabilities - current portion	10,049	17,645	(7,596)	(43%)	1%	2%
Income tax payable	80	222	(142)	(64%)	0%	0%
Current maturities of long- term debt - net of debt issue costs	28,477	54,125	(25,648)	(47%)	3%	7%
Total Current Liabilities	224,058	183,361	40,697	22%	25%	23%
Long-term debt - net of current maturities and debt issue costs	249,461	204,644	44,817	22%	28%	26%
Deferred income tax liabilities	23,978	21,285	2,693	13%	3%	3%
Lease liabilities - net of current portion	21,357	25,142	(3,785)	(15%)	2%	3%
Other noncurrent liabilities	3,994	7,030	(3,036)	(43%)	1%	1%
Total Noncurrent Liabilities	298,790	258,101	40,689	16%	34%	33%
Total Liabilities	522,848	441,462	81,386	18%	59%	56%

Forward

<i>In Millions</i>	December 31		Horizontal Analysis		Vertical Analysis	
	2024	2023	Amount	%	2024	2023
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	P2,824	P2,824	P -	0%	0%	0%
Additional paid-in capital	48,082	48,082	-	0%	5%	6%
Senior perpetual capital securities	151,195	161,768	(10,573)	(7%)	17%	21%
Redeemable perpetual capital securities	145,979	102,547	43,432	42%	17%	13%
Equity reserves	(16,385)	(3,020)	(13,365)	(443%)	(1%)	0%
Retained earnings	26,387	30,367	(3,980)	(13%)	3%	4%
	358,082	342,568	15,514	5%	41%	44%
Non-controlling Interests	943	905	38	4%	0%	0%
Total Equity	359,025	343,473	15,552	5%	41%	44%
Total Liabilities and Equity	P881,873	P784,935	P96,938	12%	100%	100%

The Group's consolidated total assets as at December 31, 2024, amounted to P881,873 million, higher by 12% or P96,938 million than the December 31, 2023 balance of P784,935 million. The increase was attributable to the following factors:

- a. Increase in property, plant and equipment by P120,281 million as a result of the ongoing construction of the Masinloc Power Plant Units 4 and 5, BESS projects, Mariveles Greenfield Power Plant, BCCPP project, additional construction works and improvements for Limay and Davao Greenfield Power Plants, and rehabilitation of the Ilijan Power Plant.
- b. Increase in cash and cash equivalents by P36,208 million was due mainly to (i) P32,500 million and P12,000 million term loans drawn by MPGC and SMGP BESS, respectively, from their OLSA and P10,000 million drawn by San Miguel Global Power, (ii) short-term loans availed by San Miguel Global Power, SPPC, and MPGC, (iii) issuances of perpetual capital securities by San Miguel Global Power and (v) cash generated from operations. These were partly offset by the (i) capital expenditures for Masinloc Power Plant Units 4 and 5, BESS projects, Mariveles Greenfield Power Plant, BCCPP project, major repair and additional construction works for Limay and Davao Greenfield Power Plants, solar projects, and rehabilitation of the Ilijan Power Plant, (ii) payments of maturing long-term borrowings of LPI, MPI, MPCL, SMGP BESS and San Miguel Global Power, (iii) finance lease payments of SPI and SRHI to PSALM, and (iv) distributions paid to the holders of perpetual capital securities.
- c. Increase in investment and advances by P8,943 million was mainly attributable to the additional deposits which will be applied against future stock subscriptions by San Miguel Global Power to certain companies and share in the net earnings of AHC.
- d. Increase in prepaid expenses and other current assets by P3,040 million was mainly attributable to the (i) the additional advances paid to suppliers for the procurement of coal and LNG; and (ii) higher restricted cash set aside by SMGP BESS, LPI and MPI for its debt servicing requirements.
- e. Increase in deferred income tax assets by P380 million was primarily due to the deferred income tax benefit recognized by the Group on unrealized foreign exchange losses from the revaluation of its US Dollar-denominated net monetary liabilities.

- f. Decrease in right-of-use assets - net by P62,852 million was mainly due to the (i) reclassifications to property, plant and equipment account following the turnover of the Sual Power Plant to SPI and portion of land previously leased from PSALM and subsequently acquired by SPPC in 2024, and (ii) amortization in 2024. These were partly offset by the recognition of additional right-of-use assets for the leased land, where the Sual Power Plant is situated, from PSALM.
- g. Decrease in other noncurrent assets by P5,479 million was mainly attributable to the reclassification to property, plant and equipment account of advances to suppliers and contractors that were applied to progress billings for the Group's ongoing construction projects.
- h. Decrease in inventories by P2,515 million was primarily attributable to higher consumption of LNG and coal inventories for the Ilijan and coal-fired power plants which exceeded purchases in 2024.

The Group's consolidated total liabilities as at December 31, 2024, amounted to P522,848 million, 18% or P81,386 million higher than the December 31, 2023 balance of P441,462 million. The major items accounting for the increase are as follows:

- a. Increase in accounts payable and accrued expenses by P46,469 million was mainly attributable to higher trade payables mainly for the acquisition of LNG, coal and fuel inventories and power purchases, and additional payables to contractors relating to the Group's ongoing construction projects.
- b. Increase in loans payable by P27,614 million was mainly attributable to the short-term loans availed by San Miguel Global Power, SPPC, and MPGC from various local financial institutions in 2024.
- c. Increase in long-term debt - net of debt issue costs (including current and noncurrent portions) by P19,169 million was attributable to the: (i) P32,500 million and P12,000 million term loans drawn by MPGC and SMGP BESS, respectively (ii) San Miguel Global Power's availment of P10,000 million term loan in July 2024, (iii) unrealized foreign exchange losses recognized on the revaluation of the Group's US Dollar-denominated loans, (iv) amortization of debt issue costs, partly offset by the (v) redemption by San Miguel Global Power of its Series I and Series E bonds in April and December 2024, respectively, and (vi) settlement of maturing loans of San Miguel Global Power, LPI, MPI, MPCL and SMGP BESS.
- d. Increase in deferred income tax liabilities by P2,693 million was due to (i) the additional provision for deferred income tax expense on temporary differences arising mainly from lease-related expenses of SPI, and (ii) SPPC's application of its available net operating loss carry over benefits to its income tax due.
- e. Decrease in lease liabilities (including current and noncurrent portions) by P11,381 million was mainly on account of (i) finance lease payments made by SPI and SRHI to PSALM, partly offset by the (ii) unrealized foreign exchange losses recognized on the revaluation of US Dollar-denominated lease liabilities.
- f. Decrease in other noncurrent liabilities by P3,036 million was attributable mainly to the settlement of US Dollar-denominated payables to contractors relating to the Group's ongoing construction projects.
- g. Decrease in income tax payable by P142 million was mainly attributable to lower taxable income in 2024.

The Group's consolidated total equity as at December 31, 2024, amounted to P359,025 million, higher by 5% or P15,552 million than the December 31, 2023 balance of P343,473 million. The increase is accounted for as follows:

- a. Increase in RPCS by P43,432 million was mainly attributable to the issuance of the US\$800 million RPCS in April 2024.
- b. Decrease in equity reserves by P13,365 million was mainly attributable to the difference between the price paid and carrying value of the redeemed, exchanged and repurchased SPCS in 2024.
- c. Decrease in SPCS by P10,573 million was mainly attributable to the redemption of the US\$783 million SPCS in April 2024, partly offset by various issuances of SPCS, net of exchange offers and tender offers, in September and December 2024.
- d. Decrease in retained earnings by P3,980 million was mainly attributable to the distributions to SPCS and RPCS holders and partly offset by the net income recognized in 2024.

III. CASH FLOW

SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

<i>(in Millions)</i>	December 31		
	2025	2024	2023
Net cash flows provided by operating activities	P48,363	P54,333	P16,252
Net cash flows provided by (used in) investing activities	23,597	(46,252)	(49,955)
Net cash flows provided by (used in) financing activities	(39,659)	28,335	42,302

Net cash flows from operations basically consists of income for the year and changes in certain liabilities and others.

Net cash flows provided by (used in) investing activities are as follows:

<i>(in Millions)</i>	December 31		
	2025	2024	2023
Proceeds from redemption of preferred shares	P78,717	P -	P -
Proceeds from installment sale of properties	2,854	1,233	1,233
Dividends received	856	-	-
Cash from newly acquired subsidiaries, net	-	-	121
Additions to investment property	(4)	(427)	(37)
Additions to intangible assets	(29)	(140)	(57)
Increase in other noncurrent assets	(1,058)	(1,703)	(3,547)
Return of proceeds from investment property sale	(2,852)	-	-
Advances paid to suppliers and contractors	(4,308)	(1,689)	(7,307)
Cash of deconsolidated subsidiaries	(5,678)	-	-
Additions to property, plant and equipment	(21,638)	(35,093)	(36,179)
Additions to investments and advances	(23,263)	(8,433)	(4,182)

Net cash flows provided by (used in) financing activities are as follows:

<i>(in Millions)</i>	December 31		
	2025	2024	2023
Proceeds from:			
Short-term borrowings	P186,000	P165,147	P95,322
Long-term debts	33,086	71,506	51,978
Proceeds from issuances of:			
Capital Stock	58,776	-	47,165
SPCS, net of exchange and tender offers	21,892	21,040	-
RPCS	-	43,432	70,833
Payments of:			
Share issuance costs	(12)	(388)	(29)
Lease liabilities	(9,536)	(18,298)	(19,315)
Long-term debts	(28,554)	(55,615)	(64,362)
Short-term borrowings	(189,412)	(137,512)	(102,586)
Distribution paid to holders of:			
SPCS	(15,904)	(13,385)	(15,035)
RPCS	(21,363)	(2,552)	-
Redemptions of:			
SPCS	(15,775)	(45,040)	-
RPCS	(58,857)	-	-
Purchase of RPCS	-	-	(21,669)

The effect of exchange rate changes on cash and cash equivalents amounted to P1,330 million, (P208 million) and P334 million in 2025, 2024 and 2023, respectively.

IV. ADDITIONAL INFORMATION ON UNAPPROPRIATED RETAINED EARNINGS

The consolidated unappropriated retained earnings of the Group include the accumulated earnings in subsidiaries and equity in net earnings of associates and joint ventures not available for declaration as dividends until declared by the respective investees.

V. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year. Please refer to Item I “Financial Performance” and Item II “Financial Position” of the Management’s Discussion and Analysis for the discussion of certain Key Performance Indicators.

LIQUIDITY RATIO

Current Ratio	=	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
<i>(in Millions Peso)</i>		
		December 31, 2025 December 31, 2024
(A) Current Assets		240,253 249,639
(B) Current Liabilities		183,457 224,058
Current Ratio (A) / (B)		1.31 1.11

SOLVENCY RATIO

Net Debt-to-Equity* Ratio	=	$\frac{\text{Net Debt}}{\text{Total Equity}}$
<i>Per relevant Loan Covenants of San Miguel Global Power</i>		
<i>(in Millions Peso)</i>		December 31, 2025 December 31, 2024
(A) Net Debt ⁽¹⁾		142,739 219,596
(B) Total Equity ⁽²⁾		401,744 354,566
Net Debt-to-Equity Ratio (A) / (B)		0.36 0.62

*All items are net of amounts attributable to ring-fenced subsidiaries.

(1) Consolidated net total debt plus total PSALM lease liabilities.

(2) Consolidated total equity.

$$\text{Asset-to-Equity Ratio} = \frac{\text{Total Assets}}{\text{Total Equity}}$$

<i>(in Millions Peso)</i>	<i>Conventional</i>		<i>Adjusted</i> ⁽³⁾	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
(A) Total Assets	891,621	881,873	864,184	853,432
(B) Total Equity	420,734	359,025	420,734	359,025
Asset-to-Equity Ratio (A) / (B)	2.12	2.46	2.05	2.38

⁽³⁾ Net carrying amount of the IPPA power plant, in relation to the IPPA Agreement of SRHI with PSALM, was omitted in total assets as this power plant asset was capitalized with corresponding lease liabilities. As at December 31, 2025 and 2024, the net carrying amount of the IPPA power plant asset amounted to P27,437 million and P28,441 million, respectively.

PROFITABILITY RATIO

$$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Total Equity}}$$

<i>(in Millions Peso)</i>	December 31, 2025	December 31, 2025
(A) Net Income	48,306	12,384
(B) Total Equity	420,734	359,025
Return on Equity (A) / (B)	11.5%	3.4%

$$\text{Interest Coverage Ratio} = \frac{\text{Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)}}{\text{Interest Expense}}$$

Per relevant Loan Covenants of San Miguel Global Power

<i>(in Millions Peso)</i>	December 31, 2025	December 31, 2025
(A) EBITDA ⁽⁴⁾	39,229	37,897
(B) Interest Expense ⁽⁵⁾	15,232	14,761
Interest Coverage Ratio (A) / (B)	2.58	2.57

⁽⁴⁾ Full-year consolidated EBITDA (gross of PSALM payments and excluding amounts attributable to ring-fenced subsidiaries).

⁽⁵⁾ Full-year consolidated interest expense (excluding amounts attributable to ring-fenced subsidiaries).

OPERATING EFFICIENCY

$$\text{Volume Growth (Decline)} = \frac{\text{Current Period Offtake Volume}}{\text{Prior Period Offtake Volume}} - 1$$

<i>(in GWh)</i>	Years Ended December 31	
	2025	2024
(A) Current Period Offtake Volume	29,222	36,564
(B) Prior Period Offtake Volume	36,564	25,205
Volume Growth (Decline) [(A / B) – 1]	(20.1%)	45.1%

$$\text{Revenue Growth (Decline)} = \frac{\text{Current Period Revenues}}{\text{Prior Period Revenues}} - 1$$

<i>(in Millions Peso)</i>	Years Ended December 31	
	2025	2024
(A) Current Period Revenues	157,208	205,091
(B) Prior Period Revenues	205,091	169,590
Revenue Growth (Decline) [(A / B) – 1]	(23.3%)	20.9%

$$\text{Operating Margin} = \frac{\text{Income from Operations}}{\text{Revenues}}$$

<i>(in Millions Peso)</i>	Years Ended December 31	
	2025	2024
(A) Income from Operations	43,770	40,457
(B) Revenues	157,208	205,091
Operating Margin (A) / (B)	27.8%	19.7%

VI. OTHER MATTERS

a. Impact of the United States of America-Israel-Iran Conflict

The escalation of geopolitical tensions in the Middle East, following the joint attack of the United States of America (US) and Israel on Iran on February 28, 2026, has resulted in significant volatility in global oil and gas markets. This market instability has been driven primarily by concerns over potential supply chain disruptions arising from the closure of the Strait of Hormuz - a critical transit route through which a substantial portion of the world's oil and gas supply passes. In light of these developments, management continues to closely monitor the situation and assess its potential and unmitigated implications, if any, on the Group's operations and financial position.

As of the reporting date, the Group's power generation costs from its coal and hydroelectric power plants remain largely unaffected by the surge in global oil and gas prices. This resilience is attributable to the Group's diversified fuel sourcing strategy, with coal procured from Indonesian as well as local suppliers of indigenous coal resources, mostly under long-term contracts that provide supply and price security. More importantly, most of the Group's PSAs include fuel price and foreign exchange movement passthrough provisions, which further mitigate exposure to market volatility on a physical basis. The Group also engages in short-term plain vanilla derivatives such as non-deliverable forwards to hedge a significant portion of its foreign exchange exposure for supplier payments denominated in US Dollars.

SPPC and EERI, which operates power plants that run primarily on LNG, have PSAs for a total of 2,400 MW in contracted capacities with Meralco that contain similar provisions that hedge the exposure of these companies from adverse movements in LNG prices and foreign exchange rates, as well as take-or-pay provisions in case of derations in their nominated capacities below contemplated load factors.

In view of the foregoing, the Group, with its diversified portfolio and fuel sourcing, believes that the ongoing US-Israel-Iran conflict has no adverse net financial impact to its financial condition and results of operations. It shall nevertheless continue to monitor ensuing developments in the global commodity and financial markets and shall evaluate and take corrective action as necessary

b. Commitments

The outstanding purchase commitments of the Group amounted to P69,418 million and P109,085 as at December 31, 2025 and 2024, respectively.

The Group's material commitments for capital expenditure consist mainly of construction of power plants, mostly utilizing high efficiency low emission technologies, in line with the Group's expansion projects, and acquisition, upgrade or repair of property, plant and equipment needed for normal operations of the business. These will be funded by available cash and proceeds from short-term loans, long-term debt and issued capital securities.

c. There are no unusual items as to nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in Management's Discussion and Analysis of Financial Position and Financial Performance.

d. There were no material changes in estimates of amounts reported in prior interim periods of the current year or changes in estimates of amounts reported in prior financial years.

- e. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate within the next 12 months any cash flow or liquidity problems. The Group was not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring payments. There were no significant amounts of the Group's trade payables that have not been paid within the stated trade terms.
- f. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operation.
- g. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets since the last annual reporting date. No material contingencies and any other events or transactions exist that are material to an understanding of the current reporting period.
- h. There are no significant elements of income or loss that did not arise from continuing operations.
- i. The effects of seasonality or cyclicity on the operations of the Group's businesses are not material.
- j. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.



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MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE

INTRODUCTION

The following discussion should be read in conjunction with the attached unaudited consolidated financial statements of San Miguel Global Power Holdings Corp. (“San Miguel Global Power” or “Parent Company”) and its subsidiaries (collectively referred to as the “Group”) as at and for the period ended March 31, 2026 (with comparative figures as at December 31, 2025 and for the period ended March 31, 2025). All necessary adjustments have been made to present fairly the consolidated financial position, financial performance and cash flows of the Group as at March 31, 2026, and for all the other periods presented. Certain information and footnote disclosure normally included in the audited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards have been omitted.

I. 2026 SIGNIFICANT TRANSACTIONS AND MAJOR DEVELOPMENTS

SAN MIGUEL GLOBAL POWER

- ISSUANCE AND REDEMPTION OF SENIOR PERPETUAL CAPITAL SECURITIES (SPCS)

On January 20, 2026, San Miguel Global Power completed the issuance of US\$300 million SPCS, at an issue price of 100.00% of principal amount, with an initial rate of distribution of 8.375% per annum and step-up date of January 20, 2031.

The US\$300 million SPCS was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on January 21, 2026.

The net proceeds were used for the redemption of the remaining securities out of the US\$600 million SPCS issued in January 2020, amounting to US\$300.42 million, pursuant to the terms and conditions of the securities. The redemption price is equal to the principal amount of the SPCS. Any accrued but unpaid distributions up to (but excluding) the redemption date were also settled.

- AVAILMENT OF LONG-TERM DEBT

On March 31, 2026, San Miguel Global Power availed a P20,000 million term loan with a local bank. The loan is subject to fixed interest rate and payable in March 2033.

Net proceeds of the loan shall be used to partially finance capital expenditures and for general corporate requirements pertaining to renewable energy projects awarded to the Group under the Department of Energy’s Green Energy Auction Program (GEAP).

- SETTLEMENT OF US\$300 MILLION TERM LOAN

On March 9, 2026, San Miguel Global Power fully settled its US\$300 million term loan drawn in tranches in March 2021 and June 2021 from a foreign bank. The payment was funded by cash generated from operations.

PAYMENT OF MATURING LONG-TERM DEBTS

In the first quarter of 2026, Limay Power Inc. (LPI), SMGP BESS Power Inc. (SMGP BESS), Malita Power Inc. (MPI), Masinloc Power Co. Ltd. (MPCL), and San Miguel Global Power paid a total of P2,115 million of their scheduled long-term debt principal amortizations pursuant to the terms and conditions of their respective facility agreements. The payments were funded by cash generated from operations.

UPDATE ON CLAIMS FOR CONTRACT PRICE ADJUSTMENTS ON CERTAIN “FIXED PRICE” POWER SALES AGREEMENTS (PSAs)

On January 27, 2026, South Premiere Power Corp. (SPPC) and Sual Power Inc. (SPI) received copies of the Energy Regulatory Commission (ERC) Orders dated January 26, 2026, which granted their respective 2nd Change in Circumstance (CIC) Claims, allowing SPPC and SPI to recover from Manila Electric Company (Meralco) the aggregate amount of P15,850 million and P13,362 million, respectively, over a period of 36 months commencing from the March 2026 billing period.

As at February 25, 2026, Meralco has completed the remittances of its payments of the 1st CIC Claims to SPI and to San Miguel Global Power for SPPC’s claim in accordance with the ERC Orders promulgated on August 22, 2025.

In view of the dilution of San Miguel Global Power’s equity interest in SPPC from 100% to 33%, following the Chromite transaction in January 2025 but prior to the final resolution of the pertinent case by the Supreme Court and the ERC, the parties to the Chromite Transaction acknowledged and agreed that San Miguel Global Power shall be entitled, pursuant to relevant Chromite transaction documents and forming part of the agreed consideration thereunder, to the economic benefits, rights of recovery, and corresponding potential equivalent exposure arising from the above claims for price adjustments from Meralco.

To consolidate all receivables arising from such changes in circumstances, SPI also assigned in favor of San Miguel Global Power all its rights and interests in the aforesaid claims in March 2026.

EVENTS AFTER REPORTING DATE

▪ Issuance of Fixed Rate Bonds Series N-O-P

On April 17, 2026, San Miguel Global Power issued and listed with the Philippine Dealing & Exchange Corp. a total of P30,000 million fixed rate bonds, approved by the Philippine Securities and Exchange Commission on March 17, 2026.

The bonds are comprised of P14,607 million Series N Bonds due 2031, P5,505 million Series O Bonds due 2033 and P9,888 million Series P Bonds due 2036, with interest rates per annum of 7.6264%, 7.8682% and 8.1761%, respectively.

The proceeds from the issuance of the bonds will be used: (i) for refinancing debt obligations; and (ii) partial funding of the pipeline of renewable energy projects.

- Availment of Term Loan
On April 8, 2026, San Miguel Global Power availed of a US\$400 million term loan from a facility agreement executed on March 26, 2026. The proceeds of the loan shall be used for financing and/or refinancing the design, development, construction, installation, and operation of renewable energy projects, including hydro, wind, and solar power plants awarded to the Group pursuant to the GEAP.
- Redemption of Series J Bonds
On April 24, 2026, San Miguel Global Power redeemed its Series J Bonds, amounting to P6,923 million, upon its maturity, pursuant to the terms and conditions of the bonds. The Series J Bonds formed part of the P30,000 million Series H-I-J fixed rate bonds issued in April 2019.
- Issuance of Redeemable Perpetual Capital Securities (RPCS) by SMC Global Light and Power Corp. (SGLPC)
On April 20, 2026, SGLPC issued a US\$500 million RPCS, with a prescribed initial distribution rate per annum, payable pursuant to the terms of the agreement.

II. FINANCIAL PERFORMANCE

2026 vs. 2025

<i>In Millions</i>	For the Periods Ended		Horizontal Analysis		Vertical Analysis	
	March 31		Increase (Decrease)			
	2026	2025	Amount	%	2026	2025
Revenues	P53,617	P42,497	P11,120	26%	100%	100%
Cost of power sold	23,322	29,451	(6,129)	(21%)	43%	69%
Gross profit	30,295	13,046	17,249	132%	57%	31%
Selling and administrative expenses	2,186	2,358	(172)	(7%)	4%	6%
Income from operations	28,109	10,688	17,421	163%	53%	25%
Interest expense and other financing charges	(5,863)	(5,777)	86	1%	(11%)	(14%)
Interest income	1,068	808	260	32%	2%	2%
Equity in net earnings of associates and joint ventures - net	3,081	1,563	1,518	97%	6%	4%
Other income (charges) - net	(1,953)	21,140	(23,093)	(109%)	(4%)	50%
Income before income tax	24,442	28,422	(3,980)	(14%)	46%	67%
Income tax expense	563	2,036	(1,473)	(72%)	1%	5%
Net income	P23,879	P26,386	(P2,507)	(10%)	45%	62%

Revenues

The Group's consolidated revenues for the first quarter of 2026 amounted to P53,617 million, higher by 26% from same period in 2025. The increase in revenues primarily represents the following: (i) full-quarter contributions from new PSAs with a combined contracted capacity of 1,140 megawatts (MW) of Mariveles, Masinloc and San Roque Hydroelectric Power Plants that took effect in June, August and September 2025, respectively; (ii) full-quarter revenues from sales to the reserve market of its 5 battery energy storage system (BESS) facilities which commenced operations in 2025; and (iii) previously unrecognized revenues for the recovery of incremental power supply costs incurred in 2022. This was partially offset by lower revenues from spot sales and from the Ilijan and Batangas Power Plants which contributed a month's worth of revenues in 2025 prior to its deconsolidation in January 2025.

Costs of Power Sold

Costs of power sold decreased to P23,322 million for the first quarter of 2026, which is 21% lower compared to the same period in 2025. This reduction was attributable to the following: (i) deconsolidation of SPPC and Excellent Energy Resources Inc. (EERI), owners of the gas power plants, which contributed a combined net decrease in cost of power sold by P5,333 million; and (ii) lower volume of power purchases resulting mainly from the improved net generation of the Sual, Malita and Limay Power Plants.

Selling and Administrative Expenses

Selling and administrative expenses decreased by 7% or P172 million, from P2,358 million for the first quarter of 2025 to P2,186 million in 2026 for the same period. The decrease was primarily due the deconsolidation of SPPC and EERI on January 27, 2025, partly offset by higher selling and administrative expenses from the full-quarter operations of 5 additional BESS facilities of the Group.

Income from Operations

Consolidated income from operations of P28,109 million for the first quarter of 2026 increased by 163% from the same period in 2025, driven by improved margins on contracted capacities, higher contributions from BESS facilities mainly through sales in the reserve market, as well as the revenues from the aforesaid recoveries of previously incurred power supply costs.

Interest Income

Interest income amounted to P1,068 million for the first quarter of 2026. The higher number was due primarily to the increase in outstanding short-term placements of the Group compared to last year.

Equity in Net Earnings of Associates and Joint Ventures - net

Equity in net earnings of associates and joint ventures reached P3,081 million in the first quarter of 2026 from the P1,563 million recorded in the same period in 2025. This improvement was mainly due to the full-quarter share in the net earnings of SPPC and EERI following the dilution of the Group's equity interests thereon from 100% to 33% on January 27, 2025.

Other Income (Charges) - net

Other charges - net amounted to P1,953 million for the first quarter of 2026, a significant turnaround from the P21,140 million other income - net registered for the same in 2025. The turnaround was mainly attributable to the P21,933 million revaluation gain recognized in January 2025 on account of the fair valuation of the 33% equity interest retained in SPPC, EERI, and Ilijan Primeline Industrial Estate Corp. (IPIEC), as well as higher foreign exchange losses recognized during the quarter from the revaluation of the Group's US Dollar-denominated net monetary liabilities due to the continued depreciation of the Philippine Peso against the US Dollar in 2026.

Income Tax Expense

Income tax expense amounted to P563 million for the first quarter of 2026. The lower number was primarily due to the recognition of higher deferred tax benefits on unrealized foreign exchange losses during the period.

Net Income

Consequently, the consolidated net income of the Group for the first quarter of 2026 decreased to P23,879 million or by 10%, from P26,386 million reported for the same period last year.

The following are the highlights of the performance of the individual operating business segments:

1. POWER GENERATION

a. SPI, owner of Sual Power Plant

For the first quarter of 2026, Sual Power Plant recorded net generation of 1,149 gigawatt hours (GWh), corresponding to a 48% net capacity factor, which was 11% higher than the same period in 2025. The increase was primarily driven by improved plant availability.

Despite higher generation output, revenues decreased by 8% to P8,272 million from P9,018 million in the first quarter of 2025. The decrease was mainly attributable to the expiration of the 200 MW emergency power supply agreement (EPSA) with Meralco in January 2026, lower spot sales volume and reduced average spot selling prices.

However, improved plant availability led to lower power purchases, resulting in improved margins. Consequently, operating income increased to P1,469 million in the first quarter of 2026 from P1,015 million in the same period in 2025.

b. LPI, owner of Limay Greenfield Power Plant

For the first quarter of 2026, the Limay Greenfield Power plant recorded net generation of 761 GWh, at 66% net capacity factor, representing an 8% increase from the 707 GWh generated during the same period in 2025. The improvement was primarily due to the plant's lower combined scheduled and forced outages. Of the total net generation, 217 GWh was dispatched to LPI's power generation customers, while the remaining output was allocated to its retail electricity supply (RES) business serving its contestable customers.

On the other hand, total offtake volume was down to 342 GWh, a 65% decrease from same period in 2025. The was mainly attributable to the expiration of its EPSA with Meralco and lower spot sales volume. As a result, revenues decreased from P4,868 million in the first quarter of 2025 to P1,979 million in the corresponding period in 2026.

Consequently, operating income of P420 million for the first quarter of 2026 was 38% below the P679 million posted in the same period in 2025.

c. MPI, owner of Davao Greenfield Power Plant

For the first quarter of 2026, Davao Greenfield Power plant's net generation registered at 412 GWh, at net capacity factor of 71%. This was 6% higher compared to the same period in 2025. The improvement was driven by enhanced load limit and higher overall customer nominations. Consequently, total offtake volume increased by 6% to 431 GWh.

Likewise, revenues grew by 14% to P2,666 million from the same period in 2025, mainly due to higher offtake volumes and increased in average realization price. As a result, operating income rose by 25% to P675 million.

d. MPCL, owner of Masinloc Power Plant

For the first quarter of 2026, the Masinloc Power Plant's operating Units 1, 2, and 3 contributed a total net generation of 1,303 GWh. Of this output, 1,265 GWh or 97% was supplied to power generation customers while the rest was discharged to contestable customers and for its BESS requirements. Total net generation was 3% lower than the 1,349 GWh generated during the same period in 2025.

Total offtake volume, however, went up to 1,719 GWh, primarily driven by higher customer nominations. As a result, revenues increased to P8,662 million, while operating income declined by 49% to P957 million for the first quarter of 2026 compared to the same period in 2025. The decrease in operating income was mainly due to higher power purchases required to supply both existing and newly contracted customers.

e. Mariveles Power Generation Corporation (MPGC), owner of Mariveles Greenfield Power Plant

For the first quarter of 2026, the Mariveles Greenfield Power Plant registered net generation of 876 GWh, equivalent to a 75% net capacity factor. This was 2% lower than the same period in 2025, primarily due to higher outages and preventive maintenance activities. Total offtake volume likewise declined by 2% to 891 GWh, reflecting lower net generation available for dispatch to the spot market, affiliate generators, and bilateral customers, including Meralco under the 300 MW PSA which took effect on June 2, 2025.

Despite the lower volumes, revenues increased by 10% to P5,288 million from P4,807 million in the same period in 2025, while operating income rose to P1,703 million from P985 million posted in 2025 for the same period.

f. San Roque Hydropower Inc. (SRHI), Independent Power Producer Administrator of San Roque Hydroelectric Power Plant

For the first quarter of 2026, the San Roque Hydroelectric Power Plant's net generation of 209 GWh, at 28% net capacity factor, decreased by 8% from the same period in 2025. The decline was primarily due to shorter operating hours resulting from lower water reservoir levels. Despite lower generation output, total offtake volume increased by 25% to 523 GWh compared to the same period in 2025. The increase was mainly driven by the implementation of the 340 MW Meralco contract that commenced in September 2025.

As a result, revenues rose to P3,091 million from P2,116 million for the same period in 2025, on account of higher sales volume and improved average realization price. Consequently, operating income increased to P914 million from P534 million recorded in the first quarter of 2025.

2. RETAIL AND OTHER POWER-RELATED SERVICES

a. LPI - RES

For the first quarter of 2026, total offtake volume declined by 7% to 579 GWh, from 620 GWh recorded in the same period in 2025, mainly due to lower customer demands. Consequently, revenues decreased by 3% to P3,829 million from P3,952 million in the first quarter of 2025, primarily due to lower offtake volumes.

Despite the decline in revenues, operating income rose by 13% to P464 million from P411 million reported in the same period in 2025. The increase was driven by improved margins resulting from lower cost to supply.

b. **MPI - RES**

For the first quarter of 2026, MPI's RES segment, following ERC's approval of its RES license in August 2025, recorded total offtake volume of 124 megawatt hours (MWh), revenues of P0.56 million and an operating loss of P0.26. The operating loss was primarily due to high operating expenses.

c. **MPCL - RES and BESS**

For the first quarter of 2026, revenues (consisting of revenues from RES contracts and revenues earned from ancillary services contracts and reserves market sales generated from the 30 MWh Masinloc BESS) reached P3,023 million. This represents a 33% increase from the same period in 2025, primarily driven by higher offtake volumes. Despite the increase in revenues, operating income declined by 15% from the previous period to P424 million, as a result of higher operating expenses.

d. **SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan, owner of Kabankalan BESS Phase I and II)**

For the first quarter of 2026, revenues and operating income both recorded significant growth, increasing by 143% and 156% to P354 million and P242 million, respectively, compared to the same period in 2025. The improvement was primarily driven by the commencement of operations of the 10 MWh Kabankalan BESS Phase II in 2025 that was offered to the reserve market during the period.

e. **SMGP BESS, owner of 13 BESS Facilities with combined installed capacity of 440 MWh**

For the first quarter of 2026, SMGP BESS generated revenues of P6,274 million, reflecting a 107% increase compared to the same period in 2025. This growth was primarily driven by higher realization prices. Operating income also rose to P5,083 million, up from P2,157 million in 2025 for the same period.

2025 vs. 2024

<i>In Millions</i>	For the Periods Ended		Horizontal Analysis		Vertical Analysis	
	March 31		Increase (Decrease)			
	2025	2024	Amount	%	2025	2024
Revenues	P42,497	P44,123	(P1,626)	(4%)	100%	100%
Cost of power sold	29,451	33,541	(4,090)	(12%)	69%	76%
Gross profit	13,046	10,582	2,464	23%	31%	24%
Selling and administrative expenses	2,358	1,742	616	35%	6%	4%
Income from operations	10,688	8,840	1,848	21%	25%	20%
Interest expense and other financing charges	(5,777)	(5,017)	760	15%	(14%)	(11%)
Interest income	808	221	587	266%	2%	0%
Equity in net earnings (losses) of associates and joint ventures - net	1,563	(23)	1,586	6,896%	4%	0%
Other income (charges) - net	21,140	(1,329)	22,469	1,691%	50%	(3%)
Income before income tax	28,422	2,692	25,730	956%	67%	6%
Income tax expense	2,036	1,145	891	78%	5%	3%
Net income	P26,386	P1,547	P24,839	1,606%	62%	3%

Revenues

The Group's consolidated revenues for the first quarter of 2025 amounted to P42,497 million, lower by 4% from the P44,123 million recognized in the same period in 2024. The decline was due primarily to the deconsolidation of SPPC, owner of the 1,278 MW Ilijan Power Plant, following the completion of the Chromite Transaction on January 27, 2025. In addition, the decline in revenues reflects a downward adjustment in fuel tariffs to customers as coal fuel prices went down by 17% with GC Newcastle prices declining from an average of US\$126 per metric ton (MT) for the first quarter of 2024 to US\$105/MT for the same period in 2025. The effect of the deconsolidation was compensated by the revenue contributions from: (a) Units 1 and 2 of EERI's new gas power plant (with a net capacity of 425 MW each) which were declared operational on December 29, 2024 and January 7, 2025, respectively, thereby contributing a month's worth of revenues prior to its deconsolidation as part of the Chromite Transaction; (b) the full quarter operations of the 4x150 MW Mariveles Greenfield Power Plant Units 1, 2, 3 and 4 (with Unit 4 commencing commercial operations on January 9, 2025) and the additional 3 BESS facilities with a combined capacity of 110 MWh which started commercial operations in March 2024; (c) improved average realization price for Masinloc Power Plant's new and renewed bilateral contracts; and (d) the 400 MW EPSA of Limay Power Plant with Meralco which took effect in August 2024 up to February 2025.

Costs of Power Sold

Costs of power sold decreased to P29,451 million for the first quarter of 2025, 12% lower than the P33,541 million incurred for the same period in 2024. This reduction was on account of the following: (i) deconsolidation of SPPC which contributed a net decrease in cost of power sold by P8,347 million; and (ii) lower generation costs, as coal global prices averaged at US\$105/MT during the period – down from the US\$126/MT (in GC Newcastle terms) for the same period in 2024. This is despite the additional cost of power sold from the full-quarter operations of the 600 MW Mariveles Greenfield Power Plant, incremental depreciation expense from the additional 3 BESS facilities, and the one-month operation of EERI's new gas power prior to its deconsolidation.

Selling and Administrative Expenses

Selling and administrative expenses increased by 35% or P616 million, from P1,742 million for the first quarter of 2024 to P2,358 million in 2025 for the same period. The increase was mainly due to incremental operating expenses from the: (i) full-quarter operations of the 600 MW Mariveles Greenfield Power Plant and from the additional 3 BESS facilities; and (ii) one-month operation of EERI's Units 1 & 2 new gas power plant prior its deconsolidation.

Income from Operations

Consolidated income from operations of P10,688 million for the first quarter of 2025 grew by 21% from the same period in 2024. The increase was driven by improved margins from contracted capacities with fuel passthrough arrangements for most of its bilateral customers, including the PSAs with Meralco, as well as the additional margin contributions from ancillary services rendered for the National Grid Corporation of the Philippines and offered to the reserve market through the BESS facilities.

Interest Expense and Other Financing Charges

Interest expense and other financing charges went up by 15% to P5,777 million for the first quarter of 2025. This was mainly attributable to the P32,500 million and P9,400 million term loans drawn in tranches by MPGC in December 2024 and March 2025, respectively. This increase was partially mitigated by lower interest expense on the declining principal balances of the Group's finance lease liabilities owed to the Power Sector Assets and Liabilities Management Corporation (PSALM), with only the Independent Power Producer Administration (IPPA) Agreement of SRHI outstanding, as the finance lease liabilities arising from the Sual IPPA Agreement was fully settled in October 2024.

Interest Income

Interest income amounted to P808 million for the first quarter of 2025. The higher number was due primarily to the increase in outstanding short-term placements of the Group during the period.

Equity in Net Earnings (Losses) of Associates and Joint Ventures - net

Equity in net earnings of an associate and joint ventures reached P1,563 million in the first quarter of 2025, marking a significant turnaround from the P23 million loss recorded in the same period in 2024. This improvement was mainly due to the share in the net earnings of SPPC, EERI, and IPIEC - following the dilution of the Group's equity interests thereon from 100% to 33%, as well as the improved financial performance of AHC.

Other Income (Charges) - net

Other income-net amounted to P21,140 million for the first quarter of 2025, a significant turnaround from the P1,329 million other charges-net registered for the same period in 2024. This surge was mainly attributable to the P21,933 million revaluation gain recognized in January 2025 on account of the fair valuation of the 33% equity interest retained in SPPC, EERI, and IPIEC following the completion of the Chromite Transaction.

Income Tax Expense

Income tax expense amounted to P2,036 million for the first quarter of 2025, 78% higher compared to the same period in 2024. The increase was mainly due to the provisions for deferred tax expense recognized on lease-related liabilities and higher taxable income for the period.

Net Income

Consequently, the consolidated net income of the Group for the first quarter of 2025 increased to P26,386 million or by 1,606%, from P1,547 million reported for the same period in 2024.

The following are the highlights of the performance of the individual operating business segments:

1. POWER GENERATION

a. SPI, owner of Sual Power Plant

For the first quarter of 2025, net generation of 1,031 GWh, at 40% net capacity factor, was lower by 18% than the same period in 2024 mainly due to the plant's longer outages.

Revenues of P9,018 million fell by 24%, from P11,825 million in 2024. The decrease was mainly due to the decline in offtake volumes as contracts with certain distribution utilities expired in December 2024 but was partly replaced by new contracts that took effect only in February 2025 and new contracts that are still awaiting regulatory approvals. Moreover, lower average realization price, resulting from lower fuel tariff as global coal prices fell from an average of US\$126/MT in the first quarter of 2024 to US\$105/MT for the same period in 2025, contributed to the decline in revenues.

Consequently, operating income for the first quarter of 2025 fell to P1,015 million, down by 55% from P2,276 million in 2024.

b. LPI, owner of Limay Greenfield Power Plant

For the first quarter of 2025, the net generation of Limay Greenfield Power Plant of 707 GWh, at 61% net capacity factor, was lower by 25% than the 940 GWh registered for the same period in 2024. LPI dispatched 414 GWh of the plant's net generation to its power generation customers while the rest was dispatched to its RES customers.

On the other hand, total offtake volume has gone up to 970 GWh, a 248% increase from same period in 2024 attributable to the EPSA with Meralco that commenced in August 2024 up to February 2025. Likewise, revenues increased by 191% from P1,673 million in 2024 to P4,868 million in 2025 due to higher offtake volumes.

Consequently, operating income of P679 million for the first quarter of 2025 was 7.5% higher than the P632 million posted in the same period in 2024.

c. MPI, owner of Davao Greenfield Power Plant

For the first quarter of 2025, a total of 390 GWh was generated by the plant, at a net capacity factor rate of 68%. This was higher by 12% compared to the same period in 2024 owing to the increase in spot nominations. Consequently, total offtake volume increased by 15% to 405 GWh.

Similarly, revenues increased by 13% to P2,336 million during the quarter compared to 2024 due to higher offtake volumes. As a result, operating income for the first quarter of 2025 increased to P540 million from the P485 million posted for the same period in 2024.

d. MPCL, owner of Masinloc Power Plant

For the first quarter of 2025, the Masinloc Power Plant contributed a net generation of 1,349 GWh, with 1,245 GWh or 92% supplied to power generation customers while the rest was discharged to RES customers. This was 8% lower, compared to the 1,471 GWh generated from the same period in 2024, which was attributed to the annual preventive maintenance of Unit 1 during the current period.

Total offtake volume of 1,567 GWh went up from the same period in 2024 resulting primarily from higher customer nominations. Revenues grew by 18% to P8,620 million while operating income increased by 14% to P1,862 million for the first quarter of 2025 compared to the same period in 2024. The growth was driven by higher offtake volumes and improved average realization prices under new and renewed bilateral contracts.

e. MPGC, owner of Mariveles Greenfield Power Plant

For the first quarter of 2025, the net generation of Mariveles Greenfield Power Plant registered at 898 GWh, at 77% net capacity factor. This was a 65% increase from the same period in 2024 due primarily to higher plant dispatch with all 4 units declared operational on March 28, 2024, September 26, 2024, October 26, 2024, and January 9, 2025, respectively, following the completion of its testing and commissioning activities. Likewise, total offtake volume of 911 GWh increased by 67% compared to the same period in 2024 with higher net generation supplied to affiliate generators and the spot market.

As a result, revenues and operating income registered at P4,807 million and P985 million, respectively, an increase of 216% compared to revenues reported in 2024 of P1,523 million and a turnaround from the P28 million operating loss posted in 2024.

f. SRHI, IPPA of San Roque Hydroelectric Power Plant

For the first quarter of 2025, the net generation of the San Roque Hydroelectric Power Plant registered at 227 GWh, at 30% net capacity factor, 57% higher compared to same period in 2024. The increase was due to longer operating hours attributable mainly to higher water reservoir levels. Likewise, total offtake volume of 417 GWh increased by 23% compared to the same period in 2024 resulting from higher generation.

Revenues of P2,116 million increased by 32% compared to revenues reported in 2024 at P1,601 million mainly due to the increase in offtake volumes and higher average realization prices.

Operating income of P534 million for the first quarter of 2025 rose by 131% compared to the same period in 2024. The increase was due to higher margin, resulting from the aforesaid increase in offtake volumes and average realization prices.

g. SPPC, owner of Ilijan Power Plant

Upon completion of the Chromite Transaction on January 27, 2025, San Miguel Global Power's equity interest in SPPC was diluted from 100% to 33% resulting to a loss of control over SPPC. Accordingly, the assets and liabilities of SPPC were deconsolidated from the books of San Miguel Global Power and the recognition of share in SPPC's net earnings commenced following the deconsolidation.

For the month of January 2025, the Ilijan Power Plant contributed 424 GWh (at 47% net capacity factor), P4,346 million and P1,254 million to the Group's net generation, revenues and operating income, respectively. After the deconsolidation, share in net earnings recognized from the operations of SPPC amounted to P484 million during the period.

h. EERI, owner of the new Batangas Combined Cycle Power Plant (BCCPP)

Testing and commissioning activities of EERI's Units 1 and 2 started in November 2024 while Unit 3 started in January 2025. Subsequently, Units 1 and 2 were declared operational on December 29, 2024 and January 7, 2025, respectively.

As a result of the completion of the Chromite Transaction on January 27, 2025, San Miguel Global Power's equity interest in EERI was diluted from 100% to 33% thereby resulting to a loss of control over EERI. Accordingly, the assets and liabilities of EERI were deconsolidated from the books of San Miguel Global Power and the recognition of share in EERI's net earnings commenced following the deconsolidation.

For the month of January 2025, the BCCPP of EERI contributed 364 GWh (at 41% net capacity factor), P3,058 million and P731 million to the Group's net generation, revenues and operating income, respectively. After the deconsolidation, share in net earnings recognized from the operations of EERI amounted to P662 million during the period.

2. RETAIL AND OTHER POWER-RELATED SERVICES

a. LPI - RES

For the first quarter of 2025, total offtake volumes registered at 620 GWh, lower by 28% compared to the same period in 2024 at 859 GWh due mainly to lower customer nominations. Likewise, revenues decreased by 22% from P5,055 million in 2024 to P3,952 million for the first quarter of 2025 due to lower offtake volumes.

Consequently, operating income for the quarter was registered at P411 million, 49% lower compared to the P810 million posted for the same period in 2024.

b. MPCL - RES and BESS

For the first quarter of 2025, revenues (inclusive of revenues from RES contracts and ancillary revenues from the 10 MWh BESS) and operating income amounted to P2,275 million and P500 million, an increase of 83% and 76%, respectively, from the same period in 2024. The growth was primarily driven by the significant rise in offtake volumes, with a total of 340 GWh supplied under new contracts.

c. SMGP Kabankalan Power Co. Ltd. (SMGP Kabankalan; owner of Kabankalan BESS Phase I)

For the first quarter of 2025, revenues and operating income decreased by 37% to P146 million and P95 million, respectively, compared to the same period in 2024, mainly due to the preventive maintenance activities conducted during the current period resulting to lower offtake volumes.

d. **SMGP BESS (owner of 10 BESS Facilities with combined installed capacity of 330 MWh)**

For the first quarter of 2025, SMGP BESS reported revenues of P3,026 million, higher by 69% compared to the same period in 2024 primarily due to full-quarter operations of the additional 3 BESS sites with a combined capacity of 110 MWh. Likewise, operating income of P2,157 million rose by 72% from P1,251 million in 2024.

III. FINANCIAL POSITION

2026 vs. 2025

<i>In Millions</i>	March 31, 2026	December 31, 2025	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
			Amount	%	2026	2025
Cash and cash equivalents	P122,100	P101,498	P20,602	20%	13%	12%
Trade and other receivables - net	93,748	90,816	2,932	3%	10%	10%
Inventories	12,490	11,696	794	7%	2%	1%
Prepaid expenses and other current assets	38,251	36,243	2,008	6%	4%	4%
Total Current Assets	266,589	240,253	26,336	11%	29%	27%
Investments and advances - net	114,145	115,825	(1,680)	(1%)	12%	13%
Property, plant and equipment - net	376,676	375,268	1,408	0%	41%	42%
Right-of-use assets - net	46,913	47,279	(366)	(1%)	5%	5%
Goodwill and other intangible assets - net	70,206	70,215	(9)	0%	8%	8%
Deferred income tax assets	1,808	1,584	224	14%	0%	0%
Other noncurrent assets	46,441	41,197	5,244	13%	5%	5%
Total Noncurrent Assets	656,189	651,368	4,821	1%	71%	73%
Total Assets	P922,778	P891,621	P31,157	3%	100%	100%
Loans payable	P33,000	P33,000	P -	0%	4%	4%
Accounts payable and accrued expenses	97,629	101,070	(3,441)	(3%)	10%	11%
Lease liabilities - current portion	6,032	5,820	212	4%	1%	1%
Income tax payable	207	140	67	48%	0%	0%
Current maturities of long-term debt - net of debt issue costs	28,115	43,427	(15,312)	(35%)	3%	5%
Total Current Liabilities	164,983	183,457	(18,474)	(10%)	18%	21%
Long-term debt - net of current maturities and debt issue costs	259,697	241,709	17,988	7%	28%	27%
Deferred income tax liabilities	17,031	17,223	(192)	(1%)	2%	2%
Lease liabilities - net of current portion	22,555	23,881	(1,326)	(6%)	2%	2%
Other noncurrent liabilities	4,814	4,617	197	4%	1%	1%
Total Noncurrent Liabilities	304,097	287,430	16,667	6%	33%	32%
Total Liabilities	469,080	470,887	(1,807)	0%	51%	53%

Forward

<i>In Millions</i>	March 31, 2026	December 31, 2025	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
			Amount	%	2026	2025
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	P4,785	P4,785	P -	0%	0%	0%
Additional paid-in capital	104,896	104,896	-	0%	12%	12%
Senior perpetual capital securities	163,238	160,790	2,448	2%	17%	18%
Redeemable perpetual capital securities	88,680	88,680	-	0%	10%	10%
Equity reserves	(368)	929	(1,297)	(140%)	0%	0%
Retained earnings	76,512	59,596	16,916	28%	8%	7%
	437,743	419,676	18,067	4%	47%	47%
Non-controlling Interests	15,955	1,058	14,897	1408%	2%	0%
Total Equity	453,698	420,734	32,964	8%	49%	47%
Total Liabilities and Equity	P922,778	P891,621	P31,157	3%	100%	100%

The Group's consolidated total assets as at March 31, 2026, amounted to P922,778 million, higher by 3% or P31,157 million than the December 31, 2025 balance of P891,621 million. The increase was attributable to the following factors:

- a. Increase in cash and cash equivalents by 20% or P20,602 million was mainly attributable to the (i) cash generated from operations; (ii) San Miguel Global Power's P20,000 million term loan drawn in March 2026; (iii) proceeds from issuance of redeemable preferred shares by GP Renewable Power Corp (GP Renewable, a wholly-owned subsidiary) in March 2026; (iv) cash received from Chromite entities for distributions and return of advances; and (v) proceeds from sale of machinery and equipment of MPGC. The increase was partially offset by: (i) San Miguel Global Power's full settlement of its US\$300 million term loan in March 2026 and principal repayments of LPI, SMGP BESS, MPI, MPCL and San Miguel Global Power during the period; (ii) capital expenditures mainly for the Masinloc Unit 4 and 5, solar, and BESS projects; (iii) distributions to SPCS and RPCS holders; and (iv) payments of lease liability to PSALM by SRHI.
- b. Increase in other noncurrent assets by P5,244 million was mainly attributable to additional advances to suppliers and contractors for ongoing construction projects and higher restricted cash for debt servicing requirements of the Group.
- c. Increase in prepaid expenses and other current assets by P2,008 million was mainly attributable to additional restricted cash set aside for debt servicing requirements mainly by SMGP BESS and MPGC, partly offset by the application of input value-added tax and prepaid income taxes to outstanding tax payables of the Group.
- d. Increase in inventories by P794 million was mainly attributable to (i) higher coal purchases during the period, coupled with higher average cost of coal; and (ii) higher fuel inventory levels in preparation for the commencement of operations of Unit 4 of the Masinloc Power Plant. The increase was partly offset by higher coal consumption during the period.
- e. Increase in deferred income tax assets by P224 million was mainly attributable to temporary differences arising from unrealized forex losses recognized on US Dollar-denominated borrowings.

The Group's consolidated total liabilities as at March 31, 2026, amounted to P469,080 million, P1,807 million lower than the December 31, 2025 balance of P470,887 million. The major items accounting for the decrease are as follows:

- a. Increase in long-term debt - net of debt issue costs (including current and noncurrent portions) by P2,676 million was attributable to the following: (i) additional P20,000 million term loan drawn in March 2026 by San Miguel Global Power; (ii) foreign exchange loss recognized on US Dollar-denominated loans; and (iii) amortization of debt issue costs. The increase was partially offset by the settlements of maturing long-term loans of LPI, SMGP BESS, MPI, MPCL and San Miguel Global Power during the period.
- b. Increase in income tax payable by P67 million was mainly attributable to additional payable arising from income tax due recognized for the first quarter of 2026.
- c. Decrease in lease liabilities (including current and noncurrent portions) by P1,114 million was mainly on account of lease payments to PSALM by SRHI, pursuant to its IPPA Agreement.

The Group's consolidated total equity as at March 31, 2026, amounted to P453,698 million, higher by 8% or P32,964 million than the December 31, 2025 balance of P420,734 million. The increase is accounted for as follows:

- a. Increase in non-controlling interests by P14,897 million mainly pertains to the issuance of redeemable preferred shares of GP Renewable to SPPC in March 2026.
- b. Increase in retained earnings by P16,916 million was mainly attributable to the net income for the first quarter of 2026, partially offset by the distributions to perpetual capital security holders.
- c. Decrease in equity reserves by P1,297 million was mainly attributable to the difference between the price paid and net carrying value of SPCS redeemed in January 2026, partially offset by the additional net gain on fair valuation of investments in equity instruments (Meralco shares) recognized during the period.

2025 vs. 2024

<i>In Millions</i>	March 31, 2025	December 31, 2024	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
			Amount	%	2025	2024
Cash and cash equivalents	P80,155	P67,867	P12,288	18%	10%	8%
Trade and other receivables - net	105,482	115,884	(10,402)	(9%)	13%	13%
Inventories	11,115	14,326	(3,211)	(22%)	1%	2%
Prepaid expenses and other current assets	36,243	51,562	(15,319)	(30%)	4%	6%
Total Current Assets	232,995	249,639	(16,644)	(7%)	28%	29%
Investments and advances - net	70,476	19,896	50,580	254%	9%	2%
Property, plant and equipment - net	367,717	459,506	(91,789)	(20%)	45%	52%
Right-of-use assets - net	41,389	42,123	(734)	(2%)	5%	5%
Goodwill and other intangible assets - net	70,070	71,736	(1,666)	(2%)	8%	8%
Deferred income tax assets	1,279	1,354	(75)	(6%)	0%	0%
Other noncurrent assets	37,976	37,619	357	1%	5%	4%
Total Noncurrent Assets	588,907	632,234	(43,327)	(7%)	72%	71%
Total Assets	P821,902	P881,873	(P59,971)	(7%)	100%	100%
Loans payable	P10,000	P41,350	(P31,350)	(76%)	1%	5%
Accounts payable and accrued expenses	92,188	144,102	(51,914)	(36%)	11%	16%
Lease liabilities - current portion	4,164	10,049	(5,885)	(59%)	1%	1%
Income tax payable	112	80	32	40%	0%	0%
Current maturities of long-term debt - net of debt issue costs	42,678	28,477	14,201	50%	5%	3%
Total Current Liabilities	149,142	224,058	(74,916)	(33%)	18%	25%
Long-term debt - net of current maturities and debt issue costs	238,993	249,461	(10,468)	(4%)	29%	28%
Deferred income tax liabilities	16,521	23,978	(7,457)	(31%)	2%	3%
Lease liabilities - net of current portion	19,890	21,357	(1,467)	(7%)	2%	2%
Other noncurrent liabilities	4,287	3,994	293	7%	1%	1%
Total Noncurrent Liabilities	279,691	298,790	(19,099)	(6%)	34%	34%
Total Liabilities	428,833	522,848	(94,015)	(18%)	52%	59%

Forward

<i>In Millions</i>	March 31, 2025	December 31, 2024	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
			Amount	%	2025	2024
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	P2,824	P2,824	P -	0%	0%	0%
Additional paid-in capital	48,082	48,082	-	0%	6%	5%
Senior perpetual capital securities	156,945	151,195	5,750	4%	19%	17%
Redeemable perpetual capital securities	145,979	145,979	-	0%	18%	17%
Equity reserves	(16,390)	(16,385)	(5)	0%	(2%)	(1%)
Retained earnings	54,677	26,387	28,290	107%	7%	3%
	392,117	358,082	34,035	10%	48%	41%
Non-controlling Interests	952	943	9	1%	0%	0%
Total Equity	393,069	359,025	34,044	9%	48%	41%
Total Liabilities and Equity	P821,902	P881,873	(P59,971)	(7%)	100%	100%

The Group's consolidated total assets as at March 31, 2025, amounted to P821,902 million, lower by 7% or P59,971 million than the December 31, 2024 balance of P881,873 million. The decline was attributable to the following factors:

- a. Decrease in property, plant and equipment by P91,789 million as a result of the deconsolidation of SPPC and EERI's property, plant and equipment, partially offset by additional capital expenditures for BESS and Masinloc Units 4 and 5 projects.
- b. Decrease in prepaid expenses and other current assets by P15,319 million was mainly attributable to the deconsolidation of SPPC and EERI's prepaid taxes, input value-added tax and advance payments for LNG procurements. This was partially offset by additional restricted cash set aside for debt servicing requirements of the Group.
- c. Decrease in trade and other receivables by P10,402 million was mainly attributable to the deconsolidation of SPPC and EERI's receivables, partially offset by higher trade receivables of MPGC from revenues generated by its 4 units and higher revenues of SRHI and MPI during the period.
- d. Decrease in inventories by P3,211 million was mainly attributable to the deconsolidation of SPPC and EERI's LNG and spare parts. The decrease was partially offset by higher coal inventories of Sual Power Plant and Mariveles and Limay Greenfield Power Plants.
- e. Decrease in deferred income tax assets by P75 million was due primarily to the application of net operating loss carryover benefit to taxable income during the period.
- f. Increase in investment and advances by P50,580 million was attributable to the recognition of 33% equity interests retained in SPPC, EERI and IPIEC at fair value, the acquisition of the 33% equity interest in LFC and related costs, and the recognition of share in net earnings of the said entities during the period.

- g. Increase in cash and cash equivalents by P12,288 million was due mainly to the (i) net proceeds from the redemption by the deconsolidated entities of its redeemable preferred shares issued to San Miguel Global Power in January 2025; (ii) net proceeds from the additional term loan drawn by MPGC from its credit facility in March 2025, (iii) net proceeds from the issuance of US\$100 million SPCS in February 2025; and (iv) cash generated from operations. The increase was partially offset by: (i) payments of maturing short/long-term loans of San Miguel Global Power, LPI, MPI, MPCL and SMGP BESS; (ii) capital expenditures for Masinloc Power Plant's Units 4 and 5 and BESS sites and other power expansion projects; (iii) distributions paid to the holders of perpetual capital securities; and (iv) lease payments of SPI and SRHI to PSALM.

The Group's consolidated total liabilities as at March 31, 2025, amounted to P428,833 million, 18% or P94,015 million lower than the December 31, 2024 balance of P522,848 million. The major items accounting for the decrease are as follows:

- a. Decrease in accounts payable and accrued expenses by P51,914 million was mainly attributable to the deconsolidation of SPPC and EERI; partially offset by net additional payables to contractors relating to the Group's ongoing construction projects.
- b. Decrease in loans payable by P31,350 million was due to settlements by San Miguel Global Power and MPGC during the period and the deconsolidation of SPPC's P5,000 million short-term loan.
- c. Decrease in deferred income tax liabilities by P7,457 million was mainly attributable to the deconsolidation of SPPC, partially offset by additional deferred income tax expense recognized on temporary differences relating to lease liabilities and net unrealized foreign exchange gain on foreign currency-denominated borrowings during the period.
- d. Decrease in lease liabilities (including current and noncurrent portions) by P7,352 million was mainly on account of lease payments to PSALM by SPI, pursuant to its land lease agreement executed in October 2024, and by SRHI, pursuant to its IPPA Agreement.
- e. Increase in long-term debt - net of debt issue costs (including current and noncurrent portions) by P3,733 million was attributable to the: (i) P9,400 million term loan drawn by MPGC from its credit facility executed in December 2024, (ii) amortization of debt issue costs during the period, partially offset by (iii) payments of maturing long-term loans of San Miguel Global Power, LPI, MPI, MPCL and SMGP BESS, and (iv) unrealized foreign exchange gain recognized on the revaluation of US Dollar-denominated loans.
- f. Increase in other noncurrent liabilities by P293 million was mainly attributable to additional customer deposits received by MPCL for new RES customers and additional advance payments received in relation to the disposal of certain real estate properties.
- g. Increase in income tax payable by P32 million was mainly attributable to the additional payable arising from income tax due recognized for the first quarter of 2025.

The Group's consolidated total equity as at March 31, 2025 amounted to P393,069 million, higher by 9% or P34,044 million than the December 31, 2024 balance of P359,025 million. The increase is accounted for as follows:

- a. Increase in retained earnings by P28,290 million was mainly attributable to the net income for the first quarters of 2025, and net gain from the redemptions by SPPC, EERI and IPIEC of their respective preferred shares issued to San Miguel Global Power. This was partially offset by distributions to perpetual capital security holders.

IV. CASH FLOW

SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

<i>(in Millions)</i>	For the Periods Ended March 31	
	2026	2025
Net cash flows provided by operating activities	P19,890	P15,892
Net cash flows provided by (used in) investing activities	(5,791)	40,570
Net cash flows provided by (used in) financing activities	5,879	(43,493)

Net cash flows provided by operating activities primarily consist of operating income before working capital changes, changes in current assets, certain current liabilities and others, including interest received and payments of interest, other financing charges and income taxes.

Net cash flows provided by (used in) investing activities are as follows:

<i>(in Millions)</i>	For the Periods Ended March 31	
	2026	2025
Returns on (additions to) investments and advances	P5,170	(P7,780)
Proceeds from sale of machineries and equipment	3,303	-
Proceeds from redemption of preferred shares	-	78,717
Proceeds from installment sale of properties	-	462
Cash of deconsolidated subsidiaries	-	(5,668)
Additions to intangible assets	(10)	(1)
Increase in other noncurrent assets	(381)	(21,508)
Advances paid to suppliers and contractors	(3,636)	(292)
Additions to property, plant and equipment	(10,237)	(3,360)

Net cash flows provided by (used in) financing activities are as follows:

<i>(in Millions)</i>	For the Periods Ended March 31	
	2026	2025
Proceeds from:		
Long-term debts	P19,850	P9,400
Short-term borrowings	15,000	19,500
Proceeds from issuance of:		
SPCS	17,555	5,750
Redeemable preferred shares of a subsidiary	14,850	-
Payments of:		
Lease liabilities	(1,633)	(7,225)
Short-term borrowings	(15,000)	(45,912)
Long-term debts	(19,965)	(4,962)
Distributions paid to holders of:		
RPCS	(1,343)	(15,940)
SPCS	(5,573)	(4,104)
Redemption of SPCS	(17,862)	-

The effect of exchange rate changes on cash and cash equivalents amounted to P624 million and (P681 million) on March 31, 2026 and 2025, respectively.

V. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year. Please refer to Item II “Financial Performance” and Item III “Financial Position” for the discussion of certain Key Performance Indicators.

LIQUIDITY RATIO

Current Ratio	=	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
<i>(in Millions Peso)</i>		
		March 31, 2026 December 31, 2025
(A) Current Assets		266,589 240,253
(B) Current Liabilities		164,983 183,457
Current Ratio (A) / (B)		1.62 1.31

SOLVENCY RATIO

Net Debt-to-Equity* Ratio	=	$\frac{\text{Net Debt}}{\text{Total Equity}}$
<i>Per relevant Loan Covenants of San Miguel Global Power</i>		
<i>(in Millions Peso)</i>		
		March 31, 2026 December 31, 2025
(A) Net Debt ⁽¹⁾		130,434 142,739
(B) Total Equity ⁽²⁾		428,494 401,744
Net Debt-to-Equity Ratio (A) / (B)		0.30 0.36

**All items are net of amounts attributable to ring-fenced subsidiaries*

⁽¹⁾ Consolidated net total debt plus total PSALM lease liabilities.

⁽²⁾ Consolidated total equity.

Asset-to-Equity Ratio	Total Assets			

	Total Equity			
	Conventional		Adjusted ⁽³⁾	
<i>(in Millions Peso)</i>	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025
(A) Total Assets ⁽³⁾	922,778	891,621	895,592	864,184
(B) Total Equity	453,698	420,734	453,698	420,734
Asset-to-Equity Ratio (A) / (B)	2.03	2.12	1.97	2.05

⁽³⁾ Net carrying amount of the IPPA power plant, in relation to the IPPA Agreement of SRHI with PSALM, was omitted in total assets as this power plant asset was capitalized with corresponding lease liabilities. As at March 31, 2026 and December 31, 2025, the carrying amount of the IPPA power plant asset amounted to P27,186 million and P27,437 million, respectively.

PROFITABILITY RATIO

Return on Equity	Net Income	

	Total Equity	
<i>(in Millions Peso)</i>	March 31, 2026	December 31, 2025
(A) Net Income ⁽⁴⁾	45,800	48,306
(B) Total Equity	453,698	420,734
Return on Equity (A) / (B)	10.1%	11.5%

⁽⁴⁾ Annualized for quarterly reporting.

Interest Coverage Ratio	Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	

	Interest Expense	
<i>(in Millions Peso)</i>	March 31, 2026	December 31, 2025
(A) EBITDA ⁽⁵⁾	53,907	39,229
(B) Interest Expense ⁽⁶⁾	15,282	15,232
Interest Coverage Ratio (A) / (B)	3.53	2.58

⁽⁵⁾ Most recent four quarterly period consolidated EBITDA (gross of PSALM payments and excluding amounts attributable to ring-fenced subsidiaries).

⁽⁶⁾ Most recent four quarterly period consolidated interest expense (excluding amounts attributable to ring-fenced subsidiaries).

OPERATING EFFICIENCY

Volume Decline	=	$\frac{\text{Current Period Offtake Volume}}{\text{Prior Period Offtake Volume}} - 1$
		Periods Ended March 31
<i>(in GWh)</i>		<u>2026</u> <u>2025</u>
(A) Current Period Offtake Volume		6,513 7,496
(B) Prior Period Offtake Volume		7,496 7,956
Volume Decline [(A / B) – 1]		(13.1%) (5.8%)

Revenue Growth (Decline)	=	$\frac{\text{Current Period Revenue}}{\text{Prior Period Revenue}} - 1$
		Periods Ended March 31
<i>(in Millions Peso)</i>		<u>2026</u> <u>2025</u>
(A) Current Period Revenue		53,617 42,497
(B) Prior Period Revenue		42,497 44,123
Revenue Growth (Decline) [(A / B) – 1]		26.2% (3.7%)

Operating Margin	=	$\frac{\text{Income from Operations}}{\text{Revenues}}$
		Periods Ended March 31
<i>(in Millions Peso)</i>		<u>2026</u> <u>2025</u>
(A) Income from Operations		28,109 10,688
(B) Revenues		53,617 42,497
Operating Margin (A) / (B)		52.4% 25.2%

VI. OTHER MATTERS

a. Commitments

The outstanding purchase commitments of the Group amounted to P92,051 million and P69,418 million as at March 31, 2026 and December 31, 2025, respectively.

The Group's material commitments for capital expenditure consist mainly of construction of power plants, mostly utilizing high efficiency low emission technologies, in line with the Group's expansion projects, and acquisition, upgrade or repair of plant and equipment needed for normal operations of the business. These will be funded by available cash and proceeds from short-term loans, long-term debt and issued capital securities.

- b. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate within the next 12 months any cash flow or liquidity problems. The Group was not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring payments. There were no significant amounts of the Group's trade payables that have not been paid within the stated trade terms.
- c. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- d. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in the contingent liabilities and contingent assets since the last annual reporting date. No material contingencies and any other events or transactions exist that are material to an understanding of the current interim period.
- e. There are no significant elements of income or loss that did not arise from continuing operations.
- f. The effects of seasonality or cyclicity on the interim operations of the Group's businesses are not material.
- g. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
OF
SAN MIGUEL GLOBAL POWER HOLDINGS CORP.

Held on 03 June 2025, 2:00 p.m.
via remote communication (through Zoom weblink)
with the Chairman presiding at
40 San Miguel Avenue, Mandaluyong City

<u>PRESENT:</u>	No. of Common Shares <i>(as of record date of 06 May 2025)</i>
San Miguel Corporation <i>(By Proxy)</i>	3,774,396,500
Ramon S. Ang	500
John Paul L. Ang	500
Aurora T. Calderon	500
Virgilio S. Jacinto	500
Jack G. Arroyo, Jr.	500
Consuelo M. Ynares-Santiago	500
Josefina Guevara-Salonga	500
Total Number of Shares Present:	3,774,400,000
Total Number of Shares Issued and Outstanding:	3,774,400,000
Percentage of shares present and voting	100%

ALSO PRESENT:

Ferdinand K. Constantino
Elenita D. Go
Paul Bernard D. Causon
Ramon U. Agay
Jeciel B. Campos
Gonzalo B. Julian, Jr.
Danilo T. Tolarba
Jose Ferlino P. Raymundo
Dennis I. Ilan
Joyce Jimsie G. Aguinaldo
Julie Ann B. Domino-Pablo
Beatriz Irina Denise A. Garcia
Harold M. Abrenica
Jose Mari R. Valte
Irene M. Cipriano

I. CALL TO ORDER

Mr. Ramon S. Ang, the Chairman of the Board and the Chairman of the meeting, called the meeting of the stockholders to order and presided over the same. Atty. Virgilio S. Jacinto, the Corporate Secretary, recorded the minutes of the proceedings.

II. CERTIFICATION OF QUORUM AND VOTING PROCEDURE

Stockholders owning or representing 100% of the outstanding capital stock of the Corporation being present, in person, by ballot or by proxy, the Corporate Secretary certified that a quorum existed for the valid transaction of business.

For each Agenda Item, taking into consideration the ballots casts, a motion shall be made by any stockholder and when duly seconded by another shareholder (there being no objections from any stockholder) shall be declared as duly approved and carried by all the stockholders present in the

meeting. Should there be any objection from a stockholder, such objection shall be registered as a dissent to and a vote against the passage of the subject resolution.

For purposes of election of the members of the Board of Directors, a stockholder may vote the number of common shares held in his name in the stock and transfer book of the Corporation and may vote such number of common shares for as many persons as there are directors to be elected or he may cumulate said common shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his common shares shall equal, or he may distribute them on the same principle as among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of common shares owned by him as shown in the books of the Corporation multiplied by the total number of directors to be elected.

For the record, stockholders owning and/or representing 100% of the total outstanding capital stock of the Corporation have submitted their ballots for the election of the Board of Directors and the approval all corporate acts which require the conformity of the stockholders as provided in the Agenda for the meeting.

III. APPROVAL OF THE PREVIOUS MEETING MINUTES

The Minutes of the Annual Stockholders' Meeting held on 04 June 2024 and the Minutes of the Special Stockholders' Meeting held on 14 April 2025 were presented to the stockholders for approval.

Upon motion duly made and seconded, there being no objections, the stockholders unanimously approved the following resolution:

Stockholders' Resolution No. 2025-06-03-01
Approval of the Minutes of the Previous Meetings

"RESOLVED, as it is hereby resolved, that the stockholders approve the Minutes of the Annual Stockholders' Meeting held on 04 June 2024 and the Minutes of the Special Stockholders' Meeting held on 14 April 2025."

IV. APPROVAL OF THE 2024 AUDITED FINANCIAL STATEMENTS

Mr. Paul D. Causon, the Chief Finance Officer of the Corporation, presented to the Board the 2024 Audited Financial Statements, as reported to and approved by the Board of Directors during its meeting held on 06 March 2025, which covered the financial results and financial position of the Corporation on a consolidated basis for the year ended 31 December 2025.

The Corporation's external auditors, R.G. Manabat & Co., a member firm of KPMG International, rendered an Unqualified Opinion on the 2024 Audited Financial Statements of the Corporation and subsidiaries, as presented.

The 2024 Audited Financial Statements of the Corporation are included in the Definitive Information Statement provided to the stockholders.

After giving opportunity for any of the stockholders to ask questions, none of the stockholders asked any questions. As such, the Chairman proceeded to entertain a motion to approve the 2024 Audited Financial Statements of the Corporation as presented.

Upon motion duly made and seconded, there being no objections, the following resolution was unanimously approved by the stockholders:

Stockholders' Resolution No. 2025-06-03-02
Approval of 2024 Audited Financial Statements

“RESOLVED, as it is hereby resolved, that the stockholders approve the Annual Report and the Audited Financial Statements of the Corporation for the year ended 31 December 2024.”

V. RATIFICATION OF ALL ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS AND CORPORATE OFFICERS

The Chairman presented to the stockholders for its approval the acts and proceedings of the Board of Directors and corporate officers since its Annual Stockholders' Meeting held on 06 June 2023, as set out in the minutes of meetings of the Board of Directors and as disclosed in the Definitive Information Statement of the Corporation.

Upon motion duly made and seconded, there being no objections, the following resolution was unanimously approved by the stockholders:

Stockholders' Resolution No. 2025-06-03-03
Ratification of All Acts and Proceedings of the Board of Directors and Corporate Officers

“RESOLVED, as it is resolved, that all acts, proceedings and resolutions of the Board of Directors and the Corporate Officers of the Corporation since the date of the Annual Stockholders' Meeting held on 04 June 2024 up to the date of this meeting, as set out in the minutes of the meetings of the Board of Directors, be approved, confirmed and ratified.”

VI. APPOINTMENT OF EXTERNAL AUDITORS

As endorsed by the Audit and Risk Oversight Committee and the Board of Directors, upon motion duly made and seconded, there being no objections, the following resolution was unanimously approved by the stockholders:

Stockholders' Resolution No. 2025-06-03-04
Appointment of External Auditors

“RESOLVED, as it is resolved, that the accounting firm of R.G. Manabat & Co., be designated as external auditors of the Corporation for fiscal year 2025.”

VII. ELECTION OF THE BOARD OF DIRECTORS

Atty. Jacinto presented to the stockholders the names of the nominees for election to the Board of Directors of the Corporation:

Ramon S. Ang	
John Paul L. Ang	
Aurora T. Calderon	
Virgilio S. Jacinto	
Jack G. Arroyo, Jr.	<i>(Independent Director)</i>
Consuelo M. Ynares-Santiago	<i>(Independent Director)</i>
Josefina Guevara-Salonga	<i>(Independent Director)</i>

On behalf of the Board, Atty. Jacinto reported that each of Jack G. Arroyo, Jr. and Consuelo M. Ynares-Santiago has served the Company as independent directors for more than nine (9) years. Their retention as Independent Directors beyond the nine (9) year term-limit is justified by their meritorious contributions to the Corporation. They have both brought high standards of corporate governance to the Corporation and objectively contributed insights to the Board Committees and to the Board. Their years of experience and expertise in their fields have enhanced the corporate values of the Company by their sustained advisory relationship with the Corporation.

Atty. Jacinto further explained that the Information Statement circulated to the stockholders provided the names of the nominees for election as independent directors of the Board of Directors and they are Jack G. Arroyo, Jr., Consuelo M. Ynares-Santiago and Josefina Guevara-Salonga. He likewise informed the stockholders that all the named independent directors comply with the mandatory requirements imposed by the Securities and Exchange Commission.

A motion was made for the above-named nominees be unanimously elected as directors, including the re-election of Jack G. Arroyo, Jr. and Consuelo M. Ynares-Santiago as Independent Directors beyond their cumulative term of nine (9) years, until their successors are elected and qualified, and that the votes of the stockholders present by ballot and represented by proxies be distributed and recorded accordingly.

Upon said motion being duly seconded, and there being no objections, stockholders unanimously approved the following resolutions:

Stockholders' Resolution No. 2025-06-03-05
Election of the Board of Directors

"RESOLVED, as it is resolved, that the following be, as they are hereby are, elected as members of the Board of Directors of the Corporation, to serve as such for the ensuing year, until their successors are duly elected and qualified:

1. Ramon S. Ang
2. John Paul L. Ang
3. Aurora T. Calderon
4. Virgilio S. Jacinto
5. Jack G. Arroyo, Jr. *(Independent Director)*
6. Consuelo M. Ynares-Santiago *(Independent Director)*
7. Josefina Guevara-Salonga *(Independent Director)*.

"RESOLVED, FURTHER, that the re-election of Jack G. Arroyo, Jr. and Consuelo M. Ynares-Santiago, as Independent Directors of the Corporation, beyond their cumulative term of nine (9) years, taking into consideration the meritorious justifications presented by the Board for their retention as Independent Directors of the Corporation, is hereby likewise approved."

VIII. APPROVAL OF DIRECTORS' FEE

Atty. Jacinto reported to the stockholders that the Corporation provides its Independent Directors the following per diem allowance for meetings attended, as approved during the 2024 Annual Stockholders' Meeting, which is likewise presented for approval by the stockholders for meetings attended in 2025:

Regular Board Meeting and Stockholders Meeting	P40,000
Special Board Meeting	P45,000
Board Committee Meeting	P20,000

Upon motion duly made and seconded, there being no objections, the following resolution was unanimously approved by the stockholders:

Stockholders' Resolution No. 2025-06-03-06
Approval of Directors' Fees

"RESOLVED, as it is resolved, that the directors' fee provided to the Independent Directors of the Corporation, representing per diem allowance for meetings attended, as presented, be approved, confirmed and ratified."

IX. ADJOURNMENT

There being no other matters to be discussed, the meeting was adjourned.

X. VOTING RESULTS

The voting results for each Agenda Item is set out in the attached Annex "A" hereof.

ATTESTED BY:



VIRGILIO S. JACINTO
Corporate Secretary

Voting Results of each Agenda Item of the
Annual Meeting of the Stockholders of
San Miguel Global Power Holdings Corp. held on 03 June 2025

No. of shares present/represented: 3,774,400,000 votes

<u>Agenda Item</u>	<u>Percentage of Outstanding Shares Voted For the Approval of the Agenda Item and No. of Votes Received</u>
Approval of the Minutes of the Annual Stockholders' Meeting held on 04 June 2024 and Minutes of the Special Stockholders' Meeting held on 14 April 2025	100% (3,774,400,000 votes)
Approval of the 2024 Audited Financial Statements	100% (3,774,400,000 votes)
Ratification of All Acts and Proceedings of the Board of Directors and Corporate Officers since 2024 Annual Stockholders' Meeting	100% (3,774,400,000 votes)
Appointment of R.G. Manabat & Co. as External Auditors for fiscal year 2025	100% (3,774,400,000 votes)
Election of the Board of Directors	
Ramon S. Ang	100% (3,774,400,000 votes)
John Paul L. Ang	100% (3,774,400,000 votes)
Aurora T. Calderon	100% (3,774,400,000 votes)
Virgilio S. Jacinto	100% (3,774,400,000 votes)
Jack G. Arroyo, Jr.*	100% (3,774,400,000 votes)
Consuelo M. Ynares-Santiago*	100% (3,774,400,000 votes)
Josefina Guevara-Salonga	100% (3,774,400,000 votes)
*re-election of Jack G. Arroyo, Jr. and Consuelo M. Ynares-Santiago as Independent Directors beyond their cumulative term of nine (9) years, taking into consideration the meritorious justifications presented by the Board	
Approval of Directors' Fees	100% (3,774,400,000 votes)

**RESULTS OF THE 2025 PERFORMANCE ASSESSMENTS OF THE
BOARD OF DIRECTORS,
BOARD COMMITTEES, AND MANAGEMENT¹**
(Rating: 5 – Highest; 1 – Lowest)

A. RESULTS OF THE BOARD OF DIRECTORS' PERFORMANCE ASSESSMENT	
4.7	Fulfillment of Board's Key Responsibilities
4.8	Board-Management Relationship
4.8	Effectiveness of Board Processes and Meetings
4.8	Individual Performance of Board Members
B. RESULTS OF THE AUDIT & RISK OVERSIGHT COMMITTEE'S PERFORMANCE ASSESSMENT	
4.8	Quality and integrity of Company's Financial Statements and Financial Reporting
4.8	Effectiveness of the Company's Internal Control System
4.8	Independence & Performance of Company's Internal and External Auditor
4.8	Compliance with Accounting Standards, Legal and Regulatory Requirements, including the Company's Disclosure Policies and Procedures
4.7	Evaluation of Management's Process to Assess and Manage the Company's Enterprise Risk Issues
C. RESULTS OF THE CORPORATE GOVERNANCE COMMITTEE'S PERFORMANCE ASSESSMENT	
4.8	Oversight Responsibilities in Corporate Governance Development and Implementation
4.6	Recommendation of Continuous Education and Training
4.8	Effectiveness of the Nomination, Election and Employment Process of the Company
4.8	Transparency of Executive Remuneration
4.8	Reporting Process
4.8	Performance of Other Activities
D. RESULTS OF THE RELATED PARTY TRANSACTION COMMITTEE' PERFORMANCE ASSESSMENT	
4.7	Identification and Review of Related Party Transactions ("RPTs")
4.8	Periodic Disclosure and Review of RPTs
4.6	Performance of Other Activities
E. RESULTS OF THE MANAGEMENT'S PERFORMANCE ASSESSMENT	
4.7	Confidence of the Board in the Qualifications of the Management
4.7	Provision of Accurate Information by the Management to the Board
4.7	Ability of the Management to Execute of Approved Corporate Plans
4.7	Establishment and Maintenance of Internal Control Framework and Risk Management System
4.7	Promptness of the Response of the Management to Findings of the Internal Auditor
4.7	Formulation by the Management of Rules on Financial Reporting and Internal Control
4.6	Ability of the Management to Report, Communicate and Address Risk Exposures of the Company

¹ As validated by the Compliance Officer and the Corporate Governance Committee, and approved during the Meetings of the Corporate Governance Committee and the Board of Directors both held on 11 May 2026.

F. RESULTS OF THE CEO'S SELF ASSESSMENT	
5.00	The President and Chief Executive Officer is a person of integrity who inspires respect and sets high personal standards in pursuing goals with an excellent level of personal drive and energy.
5.00	The President and Chief Executive Officer clearly defines, communicates, and implements the Corporation's vision, mission, values, and overall strategy, promoting any organizational or stakeholder change in relation to the same.
5.00	The President and Chief Executive Officer has been efficient and effective in his general supervision, administration and management of the business of the Corporation.
5.00	The President and Chief Executive Officer has integrated the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.
5.00	The President and Chief Executive Officer has established general administrative and operating policies, and initiated and developed programs for management training and development, as well as executive compensation plans, serving as the interface between the Board and the employees providing timely information and also acts as a builder of corporate culture and motivator of the employees of the Corporation
	The CEO has performed the following functions:
5.00	a. determination of the Corporation's strategic direction and formulation and implementation of its strategic plan on the direction of the business;
5.00	b. oversight of the operations of the Corporation and management of human and financial resources in accordance with the strategic plan;
5.00	c. possession of a good working knowledge of the Corporation's industry and market, including updates with regard to its core business purpose;
5.00	d. direction, evaluation and guidance of work of the key officers of the Corporation;
5.00	e. prudent management of the Corporation's resources and maintenance of a proper balance of the same; and
5.00	f. functioning as the link between internal operations and external stakeholders.
5.00	The President and Chief Executive Officer has been accountable for the Corporation's organization and procedural controls.

INDEPENDENT DIRECTORS' PER DIEM FROM MEETINGS ATTENDED IN 2025

	No. of Meetings Held	No. of Meetings Attended by Independent Directors		
		Jack G. Arroyo, Jr.	Consuelo M. Ynares-Santiago	Josefina Guevara-Salonga
Stockholders' Meeting Per Diem: ₱40,000.00 per meeting	2	2	2	2
Board Meeting Per Diem: ₱40,000.00 per meeting	5	5	5	5
Special Board Meeting Per Diem: ₱45,000.00 per meeting	5	5	5	5
Committee Meeting Per Diem: ₱20,000.00 per meeting	10	10	10	10
Total Per Diem Received		₱ 705,000.00	₱ 705,000.00	₱ 705,000.00

Note: The Amended By-Laws of the Company provides that the directors, as such, shall not receive any stated salary for their services, but by resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. The Company provides its independent directors a per diem allowance of ₱40,000.00, ₱45,000.00, and ₱20,000.00, for their attendance to each regular board and stockholders' meeting, special board meeting, and board committee meetings, respectively.

Other than the aforesaid per diem allowance for the independent directors of the Company, all the directors of the Company have not received any salary or compensation for their services as directors and for their committee participations for the periods indicated.