SECURITIES AND EXCHANGE COMMISSION
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ALTERNERGY HOLDINGS CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Alternergy Holdings Corporation** (the Group) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as of June 30, 2025 and 2024, and for the fiscal years ended June 30, 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Gerry P. Magbanua
President

Maria Carmen DG Diaz
Chief Finance Officer

Luisito S. Pangilinan
Treasurer

Signed this _______ day of SEP 16 2025 2025

Level 3B, 111 Paseo de Roxas Bldg., Paseo de Roxas Ave., Makati City 1229, Philippines
+632 759 4327 contact@alternergy.com www.alternergy.com

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ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI)S.S

Before me a Notary Public for and in ________ this day of SEP 16 2025 personally appeared the following:

NAME	Passport No.	Date / Place of Issue
Gerry P. Magbanua	[redacted]	[redacted]DFA Manila
Maria Carmen DG Diaz		[redacted]DFA Manila
Luisito S. Pangilinan.		[redacted]/DFA Manila

Doc. No. 185 :
Page No. 38 :
Book No. 38 :
Series of 2025

SHERLUCK JUN C. VILLEGAS
NOTARY PUBLIC
ROLL NO. 70942
MAKATI CITY PHILIPPINES

ATTY. SHERLUCK JUN C. VILLEGAS
Notary Public for Makati City
Appt. No. M-118 until Dec 31, 2026
Unit 3C LTA Building, 118 Perea St.
Legaspi Village, Makati City
Roll No. 70942
IBP No. 470006 / 10-02-2024 / Pasig City
PTR No. 10466768 / 01-02-2025 / Makati City
MCLE Compliance No. VIII-0024929/April 14, 2022

SECRETARY'S CERTIFICATE

I, **SHERLEEN LOURDS R. MACATANGAY,** Filipino, of legal age, and with office address at the 19th Floor BDO Plaza, 8737 Paseo de Roxas, Makati City, after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the incumbent Assistant Corporate Secretary of **ALTERNERGY HOLDINGS CORPORATION** (hereinafter referred to as the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Level 3B, 111 Paseo de Roxas corner Legazpi St., Legaspi Village, Makati City 1229;

2. At the Special Meeting of the Board of Directors of the Corporation held on 16 September 2025, the Board of Directors approved, among others, the Consolidated Audited Financial Statements of the Corporation and its subsidiaries for the period ended 30 June 2025 and the Parent Company Audited Financial Statements of the Corporation for the period ended 30 June 2025 (hereinafter collectively referred to as the "2025 Consolidated and Parent Company Audited Financial Statements") and the filing and release thereof;

3. Under the relevant laws, rules and regulations including, but not limited to, Rule 68 of the Revised Securities Regulation Code, the Statement of Management's Responsibility (hereinafter referred to as the "SMR") attached to the 2025 Consolidated and Parent Company Audited Financial Statements should be signed by the Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer of the Corporation;

4. As the Corporation's Chairman, Mr. Vicente S. Perez, Jr., is out of the country and, as such, is unable to physically sign the SMR, the SEC Form 17-A and the associated documents and submittals related thereto, at the same Special Meeting of the Board of Directors of the Corporation held on 16 September 2025, the Board of Directors authorized the Corporation's President, Mr. Gerry P. Magbanua, to sign the relevant SMR for the 2025 Consolidated and Parent Company Audited Financial Statements, the SEC Form 17-A, and the associated documents and submittals related thereto, in lieu of the Corporation's Chairman;

5. The foregoing are in accordance with the records of the Corporation in my possession.

IN WITNESS WHEREOF, I have hereunto set my hand this 17th day of September 2025 in Makati City.

SHERLEEN LOURDS R. MACATANGAY
Assistant Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SUBSCRIBED AND SWORN to before me this 17th day of September 2025 in Makati City, affiant exhibited to me her Passport No. [redacted] issued on [redacted] at DFA Manila.

Doc. No. 120;
Page No. 25;
Book No. 1;
Series of 2025.

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ATTY. JAN MARGARET S. FRANCISCO
Notary Public until 31 December 2026
19th/F BDO Plaza, 8737 Paseo de Roxas, Makati City
PTR No. 10467807, Makati City, 03 January 2025
IBP No. 496555, Makati, 03 January 2025
Roll No. 90064, Appointment No. M-430
MCLE Compliance No. VIII-0018077, 19 December 2024

C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	9	0	9	2	3	3

C O M P A N Y N A M E

ALTERNERGY HOLDINGS CORPORATION

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

LEVEL 3B, 111 PASEO DE ROXAS BUILDING, PASEO DE ROXAS AVENUE CORNER LEGAZPI STREET, LEGASPI VILLAGE, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

C O M P A N Y I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
contact@alternergy.com	(632) 8813-4678	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
—	Second Wednesday of December	6/30

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Maria Carmen G. Diaz	carmen.diaz@alternergy.com	(632) 8813-4678	N/A

CONTACT PERSON's ADDRESS

Level 3B, 111 Paseo de Roxas Building, Paseo de Roxas corner Legazpi Street, Legazpi Village, Makati City

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

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

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Alternergy Holdings Corporation
Level 3B, 111 Paseo de Roxas Building
Paseo de Roxas Avenue corner Legazpi Street
Legaspi Village, Makati City

Opinion

We have audited the consolidated financial statements of Alternergy Holdings Corporation and its subsidiaries (collectively, the Group), which comprise the consolidated statements of financial position as at June 30, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended June 30, 2025, 2024, and 2023 and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years ended June 30, 2025, 2024, and 2023 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

<u>Impairment Testing of Goodwill and Intangible Assets Not Yet Available for Use</u>
Under Philippine Accounting Standards (PAS) 36, *Impairment of Assets*, the Group is required to annually perform impairment assessment of goodwill and intangible assets that are not yet available for use. As at June 30, 2025, the Group has goodwill amounting to ₱238.42 million arising from its various acquisitions in prior years and has intangible assets not yet available for use amounting to ₱281.95 million, which pertains to its capitalized project development costs. The goodwill and intangible assets not yet available for use, which relate to the subsidiaries acquired and the subsidiaries that own the renewable energy projects, and the related impairment testing are considered material to the consolidated financial statements. In addition, management's impairment assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically, the long-term growth rates, budgeted revenue, costs and expenses assumptions used to estimate the future cash flows and the discount rates applied to the forecasted cash flows.

The disclosures relating to the impairment testing of goodwill and project development costs are included in Note 11 to the consolidated financial statements.

Audit Response

We obtained an understanding of the management's process for evaluating the impairment of goodwill and project development costs. We involved our internal specialist in evaluating the significant assumptions and methodology used. These significant assumptions include budgeted revenue, costs and expenses, long-term growth rates and discount rates. We compared the forecasted cash flow assumptions used in the recoverability testing against the historical performance and market data. We also compared against historical information and market data, as applicable, the estimated volume and price of electricity to be sold to contracted customers and to the spot market. In addition, we compared the long-term growth rates used with those reflected in published economic forecasts, as well as relevant industry outlook. We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group's disclosures about those significant assumptions to which the outcome of the recoverability test is most sensitive, specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill and project development costs.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended June 30, 2025, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended June 30, 2025 are expected to be made available to us after the date of this auditor's report.

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

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

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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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis of forming an opinion on the consolidated 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Jhoanna Feliza C. Go.

SYCIP GORRES VELAYO & CO.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
Tax Identification No. 219-674-288
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10465309, January 2, 2025, Makati City

September 16, 2025

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱5,687,426,641**	₱2,559,074,243
Trade and other receivables (Note 8)	**64,544,113**	145,554,089
Restricted cash and placements (Note 7)	**449,988,635**	418,350,485
Due from related parties (Note 18)	**276,018,392**	575,160,491
Prepayments and other current assets	**48,957,838**	18,037,837
Total Current Assets	**6,526,935,619**	3,716,177,145
Noncurrent Assets		
Property, plant and equipment (Note 9)	**5,698,222,604**	1,739,749,071
Intangible assets (Notes 11 and 31)	**1,978,826,657**	2,057,554,451
Investments in and advances to associates and joint ventures (Note 10)	**1,033,739,285**	120,711,869
Right-of-use assets (Note 23)	**355,888,189**	347,967,212
Other noncurrent assets (Note 13)	**2,281,236,901**	762,605,131
Total Noncurrent Assets	**11,347,913,636**	5,028,587,734
TOTAL ASSETS	**₱17,874,849,255**	₱8,744,764,879
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loan (Note 15)	**₱1,738,500,056**	₱248,780,784
Current portions of:		
Long-term debt (Note 16)	**131,214,241**	118,602,987
Lease liabilities (Note 23)	**25,862,394**	28,082,850
Accounts payable and accrued expenses (Note 14)	**461,476,759**	319,170,263
Dividend payable (Note 12)	**7,096,193**	6,250,000
Due to related parties (Note 18)	**88,488**	9,688,488
Income tax payable	**23,725,931**	14,840,472
Total Current Liabilities	**2,387,964,062**	745,415,844
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 16)	**10,801,970,699**	3,352,360,239
Lease liabilities - net of current portion (Note 23)	**352,568,672**	322,279,131
Deferred tax liabilities - net (Note 24)	**30,172,626**	21,600,738
Asset retirement obligation	**5,751,549**	5,403,349
Retirement benefit obligation	**2,881,768**	1,080,874
Total Noncurrent Liabilities	**11,193,345,314**	3,702,724,331
Total Liabilities	**13,581,309,376**	4,448,140,175

(Forward)

	June 30	
	2025	2024
Equity		
Capital stock (Note 17)	**₱440,423,912**	₱440,423,912
Additional paid-in capital (Note 17)	**3,035,119,971**	3,035,119,971
Share in remeasurement loss on retirement benefit obligation of an associate (Note 10)	**(15,557)**	(15,557)
Cumulative translation adjustment (Note 2)	**(3,003,365)**	8,596,053
Equity reserve (Note 10)	**(832,958)**	3,435,427
Retained earnings	**155,650,127**	67,183,056
Equity Attributable to Equity Holders of the Parent Company	**3,627,342,130**	3,554,742,862
Non-controlling Interests	**666,197,749**	741,881,842
Total Equity	**4,293,539,879**	4,296,624,704
TOTAL LIABILITIES AND EQUITY	**₱17,874,849,255**	₱8,744,764,879

See accompanying Notes to Consolidated Financial Statements.

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023
REVENUE FROM SALE OF ELECTRICITY (Notes 19 and 31)	**₱359,930,984**	₱274,903,345	₱171,484,044
COST OF SALE OF ELECTRICITY (Note 20)	**170,321,888**	101,458,303	60,064,752
GROSS PROFIT	**189,609,096**	173,445,042	111,419,292
EQUITY IN NET EARNINGS OF ASSOCIATES (Note 10)	**1,524,171**	5,290,459	21,938,643
GENERAL AND ADMINISTRATIVE EXPENSES (Note 21)	**111,495,401**	119,529,529	52,534,709
OTHER INCOME (CHARGES)			
Interest income (Note 7)	**124,189,126**	53,636,807	8,594,377
Finance costs (Notes 15, 16 and 23)	**(92,646,685)**	(83,985,237)	(88,019,114)
Net foreign exchange gains	**(5,206,434)**	11,096,783	1,844,586
Construction revenue (Note 31)	**–**	204,672,932	782,674,637
Construction costs (Note 31)	**–**	(204,672,932)	(782,674,637)
Others (Notes 12 and 22)	**79,618,037**	107,182,684	44,246,784
	105,954,044	87,931,037	(33,333,367)
INCOME BEFORE INCOME TAX	**185,591,910**	147,137,009	47,489,859
PROVISION FOR INCOME TAX (Note 24)	**20,585,649**	17,572,183	9,468,683
NET INCOME	**165,006,261**	129,564,826	38,021,176
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustment (Note 2)	**(65,905,781)**	25,486,025	3,438,053
TOTAL COMPREHENSIVE INCOME	**₱99,100,480**	₱155,050,851	₱41,459,229
NET INCOME (LOSS) ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱128,467,071**	₱25,480,176	(₱18,679,294)
Non-controlling interests	**36,539,190**	104,084,650	56,700,470
	₱165,006,261	₱129,564,826	₱38,021,176
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱116,867,653**	₱29,965,716	(₱17,875,826)
Non-controlling interests	**(17,767,173)**	125,085,135	59,335,055
	₱99,100,480	₱155,050,851	₱41,459,229
Basic/Diluted Earnings (Loss) per Share (Note 25)	**₱0.03**	₱0.01	(₱0.01)

See accompanying Notes to Consolidated Financial Statements.

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED JUNE 30, 2025, 2024 AND 2023

	Capital Stock										
	Preferred	Common	Additional Paid-in Capital	Deposit for Future Stock Subscription	Share in Re-measurement Loss on Retirement Benefit Obligation of an Associate	Cumulative Translation Adjustment	Equity Reserve	Retained Earnings (Deficit)	Equity Attributable to Equity Holders of the Parent Company	Non-controlling Interests	Total
At July 1, 2024	**₱47,039,864**	**₱393,384,048**	**₱3,035,119,971**	**₱–**	**(₱15,557)**	**₱8,596,053**	**₱3,435,427**	**₱67,183,056**	**₱3,554,742,862**	**₱741,881,842**	**₱4,296,624,704**
Total comprehensive income (loss)	**–**	**–**	**–**	**–**	**–**	**(11,599,418)**	**–**	**128,467,071**	**116,867,653**	**(17,767,173)**	**99,100,480**
Dividends declared (Notes 12 and 17)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(40,000,000)**	**(40,000,000)**	**(57,916,920)**	**(97,916,920)**
Step acquisitions (Note 10)	**–**	**–**	**–**	**–**	**–**	**–**	**(4,268,385)**	**–**	**(4,268,385)**	**–**	**(4,268,385)**
At June 30, 2025	**₱47,039,864**	**₱393,384,048**	**₱3,035,119,971**	**₱–**	**(₱15,557)**	**(₱3,003,365)**	**(₱832,958)**	**₱155,650,127**	**₱3,627,342,130**	**₱666,197,749**	**₱4,293,539,879**
At July 1, 2023	₱37,039,864	₱393,384,048	₱1,643,742,189	₱–	(₱15,557)	₱4,110,513	₱3,435,427	(₱568,660)	₱2,081,127,824	₱643,046,707	₱2,724,174,531
Total comprehensive income	–	–	–	–	–	4,485,540	–	25,480,176	29,965,716	125,085,135	155,050,851
Issuance of new shares (Note 17)	10,000,000	–	1,440,000,000	–	–	–	–	–	1,450,000,000	–	1,450,000,000
Share-issuance costs (Note 17)	–	–	(6,350,678)	–	–	–	–	–	(6,350,678)	–	(6,350,678)
Quasi-reorganization (Note 17)	–	–	(42,271,540)	–	–	–	–	42,271,540	–	–	–
Dividend to non-controlling interests (Note 12)	–	–	–	–	–	–	–	–	–	(26,250,000)	(26,250,000)
At June 30, 2024	₱47,039,864	₱393,384,048	₱3,035,119,971	₱–	(₱15,557)	₱8,596,053	₱3,435,427	₱67,183,056	₱3,554,742,862	₱741,881,842	₱4,296,624,704

	Capital Stock										
	Preferred	Common	Additional Paid-in Capital	Deposit for Future Stock Subscription	Share in Re-measurement Loss on Retirement Benefit Obligation of an Associate	Cumulative Translation Adjustment	Equity Reserve	Retained Earnings (Deficit)	Equity Attributable to Equity Holders of the Parent Company	Non-controlling Interests	Total
At July 1, 2022	₱15,000	₱21,349	₱440,865,245	₱297,879,779	(₱15,557)	₱3,307,045	₱13,018,406	(₱227,209,427)	₱527,881,840	₱616,837,904	₱1,144,719,744
Total comprehensive income (loss)	–	–	–	–	–	803,468	–	(18,679,294)	(17,875,826)	59,335,055	41,459,229
Issuance of new shares (Note 17)	37,024,864	393,362,699	1,521,086,681	(297,172,143)	–	–	–	–	1,654,302,101	–	1,654,302,101
Share-issuance costs (Note 17)	–	–	(72,889,676)	–	–	–	–	–	(72,889,676)	–	(72,889,676)
Quasi-reorganization (Note 17)	–	–	(245,320,061)	–	–	–	–	245,320,061	–	–	–
Dividend to non-controlling interests (Note 12)	–	–	–	–	–	–	–	–	–	(8,750,000)	(8,750,000)
Return of deposit for future stock subscription	–	–	–	(707,636)	–	–	–	–	(707,636)	–	(707,636)
Changes in non-controlling interests (Note 12)	–	–	–	–	–	–	(9,582,979)	–	(9,582,979)	(24,376,252)	(33,959,231)
At June 30, 2023	₱37,039,864	₱393,384,048	₱1,643,742,189	₱–	(₱15,557)	₱4,110,513	₱3,435,427	(₱568,660)	₱2,081,127,824	₱643,046,707	₱2,724,174,531

See accompanying Notes to Consolidated Financial Statements.

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended June 30		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱185,591,910**	₱147,137,009	₱47,489,859
Adjustments for:			
Depreciation and amortization (Notes 9, 11, 20, 21 and 23)	**120,975,759**	80,152,221	44,367,279
Interest income (Note 7)	**(124,189,126)**	(53,636,807)	(8,594,377)
Finance costs (Notes 15, 16, and 23)	**92,646,685**	83,985,237	88,019,114
Donation income (Note 10)	**(75,294,523)**	–	–
Net unrealized foreign exchange losses (gains)	**(5,206,435)**	(21,149,358)	187,623
Provision for impairment losses (Note 21)	**3,172,171**	38,810,755	5,815,570
Retirement benefit expense	**1,800,894**	265,703	815,171
Equity in net earnings of associates (Note 10)	**(1,524,171)**	(5,290,459)	(21,938,643)
Restructuring related charges - net	**–**	–	229,400
Income before working capital changes	**197,973,164**	270,274,301	156,390,996
Decrease (increase) in:			
Trade and other receivables (Note 8)	**66,710,552**	(154,059,009)	(45,175,387)
Prepayments and other current assets	**(31,275,013)**	37,526,157	(55,711,800)
Other noncurrent assets (Note 13)	**(263,930,295)**	(9,177,432)	(19,002,856)
Increase (decrease) in accounts payable and accrued expenses (Note 14)	**121,819,731**	30,703,079	(52,060,024)
Cash generated from (used in) operations	**91,298,139**	175,267,096	(15,559,071)
Interest received	**124,314,494**	51,160,266	8,594,377
Income tax paid	**(3,176,434)**	(8,595,152)	(5,219,803)
Net cash flows from (used in) operating activities	**212,436,199**	217,832,210	(12,184,497)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property, plant and equipment (Note 9)	**(3,176,778,206)**	(71,870,349)	(2,005,194)
Investments in and advances to associates and joint ventures (Note 10)	**(535,889,327)**	(4,259,314)	(13,281,802)
Intangible assets (Note 11)	**(61,423,159)**	(588,487,965)	(84,857,209)
Contract asset (Notes 30 and 32)	**–**	(110,715,900)	(735,090,898)
Computer software	**–**	–	(1,643,765)
Payment for advances to contractors (Note 13)	**(1,672,369,748)**	(326,789,647)	–
Payments of advance rent (Note 23)	**(7,028,910)**	–	–
Net change in amounts due from related parties (Note 18)	**(85,634,173)**	(445,572,077)	21,371,526
Cash dividends received (Note 10)	**24,600,333**	50,900,692	3,750,000
Net cash inflow from acquisition of subsidiaries (Note 10)	**25,089,187**	–	396,791
Proceeds from redemption of shares of an associate (Note 10)	**–**	200,004	–
Payment to former shareholder of acquired subsidiary	**–**	–	(279,771,496)
Proceeds from government grant (Note 31)	**–**	–	194,347,628
Acquisition of non-controlling interest (Note 12)	**–**	–	(35,243,536)
Net cash flows used in investing activities	**(5,489,434,003)**	(1,496,594,556)	(932,027,955)

(Forward)

	Years Ended June 30		
	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Long-term debt (Note 16)	**₱7,748,755,000**	₱2,000,000,000	₱496,800,000
Short-term loan (Note 15)	**1,497,000,000**	–	250,000,000
Issuance of shares (Note 17)	**–**	1,450,000,000	1,654,302,101
Payments of:			
Interests (Notes 15, 16 and 31)	**(340,794,551)**	(12,915,312)	(103,014,882)
Deferred financing charges (Note 16)	**(233,662,550)**	(89,364,836)	(1,870,064)
Long-term debt (Note 16)	**(121,446,750)**	(30,797,354)	(291,420,625)
Advances from a third party (Note 14)	**(150,000,000)**	–	–
Dividends (Note 12)	**(97,070,727)**	(23,750,000)	(23,750,000)
Lease liabilities (Note 23)	**(25,263,158)**	(8,421,053)	(3,091,200)
Share issuance costs (Note 17)	**–**	(6,350,675)	(72,889,676)
Short-term loan (Note 15)	**–**	–	(94,250,000)
Movements of restricted cash and placements	**130,485,495**	(691,638,173)	(18,545,742)
Net change in amounts due to related parties (Note 18)	**(9,600,000)**	6,439,446	(191,246,296)
Net cash flows from financing activities	**8,398,402,759**	2,593,202,043	1,601,023,616
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**6,947,443**	5,647,694	577,083
NET INCREASE IN CASH AND CASH EQUIVALENTS	**3,128,352,398**	1,320,087,391	657,388,247
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 7)	**2,559,074,243**	1,238,986,852	581,598,605
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱5,687,426,641**	₱2,559,074,243	₱1,238,986,852

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Alternergy Holdings Corporation ("AHC"; or the "Parent Company") was incorporated in the Philippines and registered with the Securities and Exchange Commission ("SEC") on June 18, 2009 primarily to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose real and personal property of every kind and description in particular, shares of stocks, voting trust certificate, bonds, debentures, notes, evidence of indebtedness, associations, domestic or foreign, including those of Government of the Republic of the Philippines, or any of its instrumentalities, without being a stockholder or dealer, and to issue in exchange therefore shares of the capital stock, bonds, notes or other obligations of the Group and while the owner thereof, to exercise all the rights, powers and privileges of ownership, including the right to vote any shares of stock or voting trust certificates so owned, and to do every act and thing that may generally be performed by entities known as "holding companies" except as broker and dealer of securities.

The Parent Company's registered address and principal place of business is Level 3B 111 Paseo de Roxas Building, Paseo de Roxas corner Legazpi Street, Legaspi Village, Makati City.

The ultimate parent of the Parent Company is Vespers Holdings Corporation ("VHC"), a company incorporated in the Philippines.

On February 10, 2023 and February 14, 2023, the SEC and Philippine Stock Exchange, Inc. ("PSE"), respectively, approved the application of the Parent Company for the listing and trading of all its issued and outstanding common shares. On March 24, 2023, the Parent Company completed its initial public offering ("IPO") and was listed in the PSE under the stock symbol "ALTER".

The consolidated financial statements as at June 30, 2025 and 2024 and for the years ended June 30, 2025, 2024 and 2023 were approved and authorized for issuance by the BOD on September 16, 2025.

2. Group Information

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (collectively referred to as "the Group"). The following are the subsidiaries and the respective effective voting interests as of June 30, 2025 and 2024:

		2025		2024	
	Nature of Business	**Direct**	**Indirect**	Direct	Indirect
Alternergy Wind Holdings Corporation ("AWHC", formerly Pililla AVPC Corporation) (C)	Investment holding	**100**	**–**	100	–
Alternergy Tanay Wind Corporation ("ATWC") (A) (E)	Power generation	**–**	**100**	–	100
Abra De Ilog Wind Power Corporation ("ADIWPC") (A)	Power generation	**–**	**100**	–	100
Alabat Wind Power Corporation ("AWPC") (A)	Power generation	**–**	**100**	–	100
Calavite Passage Wind Power Corporation ("CPWPC") (A) (F)	Power generation	**–**	**100**	–	40
Tablas Strait Offshore Wind Power Corporation ("TSOWPC") (A) (F)	Power generation	**–**	**100**	–	39

(Forward)

	Nature of Business	2025		2024	
		Direct	**Indirect**	Direct	Indirect
Liberty Solar Energy Corporation ("LSEC") [(A)]	Power generation	**60**	**–**	60	–
Alternergy Hydro Partners Corporation ("AHPC")	Investment holding	**100**	**–**	100	–
Alternergy Mini Hydro Holdings Corporation ("AMHHC")	Investment holding	**–**	**100**	–	100
Ibulao Mini Hydro Corporation ("IMHC") [(A)]	Power generation	**–**	**100**	–	100
Lamut Mini Hydro Corporation ("LAMHC") [(A)]	Power generation	**–**	**100**	–	100
SolarPacific Energy Corp ("SPEC")	Investment holding	**60**	**–**	60	–
Kirahon Solar Energy Corporation ("KSEC")	Power generation	**50**	**15**	50	15
Liwanag Renewable Energy Corporation ("LREC") [(A)]	Power generation	**–**	**60**	–	60
Siena Solar Power Corporation ("SSPC") [(A)]	Power generation	**–**	**60**	–	60
Solar Pacific Pristine Power Inc. ("SPPP") [(B)]	Power generation	**6**	**31**	6	31
Solana Solar Alpha Incorporation ("SSAI") [(A)]	Power generation	**–**	**60**	–	60
Olympia Solar Power Corporation ("OSPC") [(A) (D)]	Power generation	**–**	**45**	–	45
Green Energy Supply Solutions Inc. ("GESSI") [(A)]	Energy retail supplier	**100**	**–**	100	–
Alternergy Solar Holdings Corporation ("ASHCo") [(G)]	Investment holding	**100**	**–**	–	–
Triple Play Land Corporation ("TPLC") [(G)]	Investment holding	**100**	**–**	–	–
AlterCore Management Services Inc. ("AMSI") [H)]	Shared services	**100**	**–**	–	–

(A) No commercial operations as of June 30, 2025
(B) Economic interest of AHC is 10.00% (direct) and 7.6% thru SPEC (indirect) as of June 30, 2025 and 2024
(C) On March 26, 2024, the SEC approved the change of name from Pililla AVPC Corporation to Alternergy Wind Holdings Corporation.
(D) On June 11, 2024, the Parent Company subscribed to 75% of OSPC's available common shares resulting to a control over OSPC. The impact of the business combination arising from the acquisition of OSPC is not significant.
(E) On March 14, 2024, the Parent Company sold 100% of its shares in ATWC to AWHC for a total consideration of ₱0.05 million. Since both ATWC and AWHC are wholly owned subsidiaries of the Parent Company, the transaction was accounted for as a common control business combination. Consequently, the Parent Company no longer directly owns ATWC.
(F) CPWPC and TSOWPC became subsidiaries of AWHC effective November 7, 2024 (see Note 10)
(G) Incorporated on May 16, 2024.
(H) Incorporated on January 17, 2024

All of the foregoing subsidiaries are incorporated and registered with the Philippine SEC and operate in the Philippines except for SPPP that is incorporated in the Republic of Palau. SPPP's functional currency is US Dollar.

3. Basis of Preparation, Basis of Consolidation and Statement of Compliance

<u>Basis of Preparation</u>
The consolidated financial statements of the Group have been prepared using the historical cost basis and are presented in Philippine Peso (₱), the Parent Company's functional currency. All amounts are rounded off to the nearest peso unless otherwise indicated.

The consolidated financial statements have been prepared under the going concern assumption.

<u>Basis of Consolidation</u>
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of June 30, 2025 and 2024 and for the years ended June 30, 2025, 2024 and 2023.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a 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(s) 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 Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets, liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss.

For purposes of consolidation, the financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company. The accounting policies of the subsidiaries are consistent with the Group's accounting policies.

Transactions with Non-controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity attributable to equity holders of the parent. Transactions with non-controlling interests are accounted for as equity transactions. On acquisitions of non-controlling interests, the difference between the consideration and the book value of the share of the net assets acquired is reflected as being a transaction between owners and recognized directly in equity. Gain or loss on disposals of non-controlling interest is also recognized directly in equity.

Statement of Compliance
The consolidated financial statements of the Group are prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards as issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the Philippine SEC.

4. **Changes in Material Accounting Policies and Disclosures**

New Standards, Interpretations and Amendments
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments to existing standards effective July 1, 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or noncurrent.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements.

Effective beginning on or after July 1, 2025
- Amendments to PAS 21*, Lack of exchangeability*

Effective beginning on or after July 1, 2026
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards - Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, Gain or Loss on Derecognition
  - Amendments to PFRS 9, *Lessee Derecognition on of Lease Liabilities and Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Effective beginning on or after July 1, 2027
- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

Deferred effectivity
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

5. **Summary of Material Accounting Policies**

Business Combination and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree pertaining to instruments that represent present ownership interests and entitle the holders to a proportionate share of the net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by PFRS Accounting Standards. Acquisition-related costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and 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 to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized as "bargain purchase gain" in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting date in which the business combination occurs, the provisional amounts of the items for which the accounting is incomplete are reported in the consolidated financial statements. During the measurement period, which shall be no longer than one (1) year from the acquisition date, the provisional amounts recognized at acquisition date are retrospectively adjusted to reflect new facts and circumstances obtained that existed as at the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, additional assets or liabilities are also recognized if new information is obtained about facts and circumstances that existed as at the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as at that date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Business combination of entities under common control is accounted for using a method similar to pooling of interest. Under the pooling of interest method, any excess of acquisition cost over the net asset value of the acquired entity is recorded in equity.

Impairment of Goodwill
Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, an impairment loss is recognized.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on the current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Financial Instruments
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.

Financial Assets

Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, at fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest ("SPPI")" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of holding to collect contractual cash flows and selling.

Subsequent Measurement. For purposes of subsequent measurement, financial assets are classified in four (4) categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial Assets at Amortized Cost (Debt Instruments). The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset 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 rate ("EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Impairment of Financial Assets. The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Derecognition. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) 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 the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition as financial liabilities at FVTPL, loans and borrowings and payables as appropriate.

All financial liabilities are recognized initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement - Loans and Borrowings. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

Derecognition. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Fair Value Measurement

Fair value is the estimated 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:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the 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 economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 Group's 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 (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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 categorization (based on the lowest level input that is significant to the fair value measurement as a whole) 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 as explained above.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to set-off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise of cash on hand and in banks, and short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value. They are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Restricted Cash and Placements

Restricted cash and placements represent cash in banks and money market placements earmarked for long-term debt principal and interest repayment maintained in compliance with loan agreements.

Property, Plant and Equipment

Property, plant and equipment, except for land, are carried at cost net accumulated depreciation and accumulated impairment losses, if any. Cost includes the present value expected for the decommissioning of the plant at the end of its useful life and capitalized borrowing costs incurred in connection with the construction of the plant. Capitalization of borrowing costs as part of the cost of property, plant and equipment ceases upon completion of the construction of the plant. The initial cost of computer software consists of its purchase price, including import duties and nonrefundable purchase taxes and any directly attributable cost of preparing the asset for its intended use. Land is carried at cost less any impairment in value.

The initial cost of property, plant and equipment consists of its purchase price, including import duties, nonrefundable taxes and any directly attributable costs of bringing the property, plant and equipment to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property, plant and equipment when that cost is incurred if the recognition criteria are met.

Depreciation of property, plant and equipment is computed using the straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

	Number of years
Leasehold improvements	Shorter of 5 or lease term
Office and other equipment	3
Furniture and fixtures	3
Transportation equipment	5

The components of the solar power plant and their respective estimated useful lives are as follows:

	Number of years
Solar module	25
Inverter	25
Mounting structure	25
Other equipment	7−25

Expenditures incurred after the property, plant and equipment have been put into operations, such as repairs and maintenance, are normally charged to expense in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment. The present value of the expected cost for decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The depreciation method and estimated useful lives are reviewed periodically. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment are accounted for by changing the depreciation method and useful lives, as appropriate, and treated as a change in accounting estimates. The depreciation expense on the items of property, plant and equipment is recognized in the consolidated statement of comprehensive income.

When property, plant and equipment are retired or otherwise disposed of, their cost, accumulated depreciation and any allowance for impairment in value are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of comprehensive income. Fully depreciated property, plant and equipment are retained in the accounts until these are no longer in use.

Construction in progress represents the power plant facility under construction and is stated at cost which includes costs of construction, capitalized borrowing costs, cost of testing and other directly attributable cost of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Construction in progress is not depreciated until such time when the relevant assets are completed and put into operational use.

Service Concession Arrangements
Public-to-private service concession arrangements where: (a) the grantor controls or regulates what services the Group must provide with the infrastructure to whom it must provide them, and at what price; and (b) the grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement are accounted for under the provisions of Philippine Interpretation IFRIC 12, *Service Concession Arrangements*.

Infrastructures used in a public-to-private service concession arrangement for its entire useful life (whole-of-life assets) are within the scope of this interpretation if the conditions in (a) and (b) are met. These infrastructures may be (a) constructed or acquired from a third party for the purpose of the service arrangement; and (b) existing infrastructure to which the grantor gives the Group access for the purpose of the service arrangement.

Where the operator receives the right (license) to charge users of public service, the Group accounts for such arrangement under the intangible asset model.

Construction Services. The Group recognizes revenue for construction in accordance with PFRS 15, *Revenue from Contracts with Customers*.

On-going construction services on concession arrangements under the scope of Philippine Interpretation IFRIC 12 are recorded as contract assets.

Contract Asset. The Group's contract asset also includes amounts related to its installation services. It is initially recognized for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognized as contract assets is reclassified to receivable.

Intangible Asset - Service Concession Right. After the construction phase of the arrangement, the operator's contract asset (representing its accumulating right to be paid for providing construction services) is presented as an intangible asset (license to charge users of the infrastructure).

Service concession right pertains mainly to its right to charge users of the public service in connection with the service concession and related arrangements. This is recognized initially at the fair value of the construction services. Following initial recognition, service concession right is carried at cost less accumulated amortization and any accumulated impairment losses.

Service concession right is amortized using the straight-line method over the estimated economic life of 20 years, which is the service concession period, and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method 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 is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the service concession.

Gains or losses arising from derecognition of the service concession right are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. Alternatively, it may choose to reduce the carrying amount of the asset.

The Group has elected to present the grant as a reduction in the carrying amount of the related asset. The grant is then recognized in profit or loss over the useful life of the depreciable asset by way of a reduced depreciation charge.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production 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 asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consists of interest and other costs that the Group incurs in connection with the borrowing of funds.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as of the date of acquisition. The intangible assets arising from the business combination are recognized initially at fair values.

Following initial recognition, intangible assets are carried at cost less accumulated amortization and any impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized using the straight-line method over the estimated useful economic life, and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization shall begin when the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortization period and method for an intangible asset with a finite useful life are reviewed at least each financial reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the said intangible asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash generating unit ("CGU") level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made prospectively.

Project Development Costs
Project development costs are expensed as incurred until management determines that the project is technically, commercially and financially viable, at which time, project development cost is capitalized. Project viability generally occurs in tandem with management's determination that a project should be classified as an advanced project, such as when resource assessment has been determined to be viable, favorable results of a system impact study are received and interconnected agreements are obtained, among other relevant factors for each project being assessed.

Following initial recognition of the project development cost as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. During the period in which the asset is not yet available for use, the project development cost is tested for impairment annually, irrespective of whether there is any indication of impairment.

Customer Off-take Agreement
The intangible asset arising from customer relationship in a business combination is recognized initially at fair value. Following initial recognition of the intangible asset from customer off-take agreement, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses, if any. Intangible asset from customer relations is amortized using the straight-line method over the remaining useful life of the off-take agreement, which is the remaining term of the Power Supply Agreement between the acquired entity and its customer.

Investments in Associates and Joint Ventures
An associate is an entity over 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 on when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share in the profit or loss of an associate is included in the balance shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associates or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss in the consolidated statement of comprehensive income.

Upon loss of significant influence or joint control over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

<u>Impairment of Nonfinancial Assets</u>
The Group assesses at each reporting date whether there is an indication that its nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates these nonfinancial assets' recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future

cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses from continuing operations are recognized in profit or loss.

An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. Any 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 statement of comprehensive income.

Capital Stock and Additional Paid-in Capital

Capital stock is measured at par value and is classified as equity for all shares issued. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

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 in the consolidated statement of financial position. 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 Group, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Share issuance costs are incremental costs directly attributable to the issuance or subscription of shares which are shown as a deduction from additional paid-in capital. If additional paid-in capital is not sufficient, the excess is charged against the "Equity reserve" account. Costs that are not incremental or directly attributable to the issuing new shares are recorded as expense in the consolidated statement of comprehensive income.

Retained Earnings

The amount included in the account includes cumulative profit or loss attributable to the Parent Company's stockholders and reduced by dividends. Dividends are recognized as a liability and deducted from equity when they are approved by the Parent Company's BOD. Dividends for the period that are approved after the end of the financial reporting date are dealt with as an event after the financial reporting period. The account may also include the effect of changes in accounting policy as may be required by the accounting standard's transitional provisions.

Equity Reserve

Equity reserve pertains to the difference between the consideration transferred and the book value of acquired interest without loss of control.

Deposit for Future Stock Subscription
Deposit for future stock subscriptions represents the additional capital invested by the stockholders that will be credited to capital stock upon approval by the SEC of the application for increase in authorized capital stock.

Deposit for future stock subscription is accounted for as a separate account under equity when all of the following elements are present as at end of reporting period:
- the unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract,
- there is BOD approval on the proposed increase in authorized capital stock (for which a deposit was received by the Parent Company),
- there is stockholders' approval of said proposed increase; and,
- the application for the approval of the proposed increase has been filed or presented for filing with SEC.

When one of the conditions above is not met, the amount is recorded as a liability.

Revenue Recognition

Revenue from Contracts with Customers
The Group has contracts with customers in the form of Power Supply Agreements ("PSA").

The Group recognizes revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered to be transferred when the customer obtains control. The Group determines, at contract inception, whether it will transfer control of a promised good or service over time. If the Group does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Revenue from contracts with customers is consummated whenever the electricity generated by the Group is transmitted through the transmission line designated by the buyer, for a consideration.

Revenue from sale of electricity is recognized monthly based on the actual energy delivered.

The revenues, which correspond to the amount billed monthly, are presented as "Revenue from sale of electricity" in the consolidated statement of comprehensive income.

The Group has concluded that it is acting as a principal in all its revenue arrangements since it is the primary obligor in all the revenue arrangements.

Interest Income
Revenue is recognized as interest accrues, using the EIR method that uses the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Commissioning Income
Commissioning income is recognized by the Group during the commissioning phase of the project. This phase occurs after construction has been completed but before the project is fully

operational. During commissioning, any testing of the project to ensure it meets certain specifications, performance, and reliability standards might be performed. This is presented under "Revenue from sale of electricity."

Income from Liquidated Damages
Income from liquidated damages is recognized by the Group from the contractor when the final completion has not been achieved by the guaranteed final completion date. Any revenue for generation or services under the power purchase agreement associated with the works which accrues during the time that the contractor is liable for any delay liquidated damages, such revenue shall be offset to any delay liquidated damages payable to the Group. This is presented as part of "Project costs recovery" in the consolidated statement of comprehensive income.

Costs and Expenses
Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are generally recognized when the services are used or the expenses arise.

General and Administrative Expenses
General and administrative expenses are incurred in the direction and general administration of day-to-day operations of the Group. General and administrative expenses are generally recognized when the services are used or the expenses arise.

Leases

Right-of-use Assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, it shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

Right-of-use assets is subject to impairment in accordance with the Group's policy on impairment of nonfinancial assets.

Lease Liabilities
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. The Group uses its incremental borrowing rate as the discount rate.

The Group determines the incremental borrowing rate representing 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 applied to the lease was determined taking into account the risk-free rate, adjusted for factors such as the credit rating of the Group and the terms and conditions of the lease.

Lease payments included in the measurement of the lease liability comprise the following:
1. fixed payments, including in-substance fixed payments less any lease incentives receivable;
2. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
3. 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.

Subsequent Measurement
The lease liability is measured at amortized cost using the EIR method. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. For remeasurements to lease liabilities, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term Leases and Leases of Low-value Assets
The Group applies the short-term lease recognition exemption to its short-term leases for its (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

<u>Foreign Currency Transactions</u>
The Group's consolidated financial statements are presented in Philippine Peso, which is the functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of the reporting period. All differences are taken to consolidated statement of comprehensive income.

On consolidation, the assets and liabilities of foreign operations are translated into Philippine Peso at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to consolidated statement of comprehensive income.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement.

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

Income Taxes

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.

Deferred Income Tax

Deferred income tax is provided using the balance sheet liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

- When the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination which, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when 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, the carry forward of unused tax credits and any unused tax losses. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When 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 which, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
- In respect of deductible temporary differences associated with investments in 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 re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply 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.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists 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.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but 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 when an inflow of economic benefits is probable.

Events after the Financial Reporting Date

Post year-end events that provide additional information about the Group’s financial position at the end of reporting date (adjusting event) 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.

6. **Significant Accounting Judgments, Estimates and Assumptions**

The Group's consolidated financial statements prepared in accordance with PFRS Accounting Standards require management to make judgments and estimates that affect amounts reported in the consolidated financial statements and related notes. The judgments and estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Group's consolidated financial statements. Actual results could differ from such estimates.

Judgments

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

Determination of Control over an Investee Company

Control is presumed to exist when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Management has determined that by virtue of its majority ownership in its subsidiaries as of June 30, 2025 and 2024, the Group has the ability to exercise control over these investees (see Notes 2 and 3).

While the Parent Company directly owns less than 50% of the voting rights in SPPP, the Group controls SPPP by virtue of SPEC who has 51% voting interest in SPPP. Both the Parent Company and SPEC have majority representation in SPPP's BOD as designated in the shareholder's agreement. Furthermore, the Parent Company's approval is required for all major operational decisions in SPPP through its control in SPEC.

Determination of Significant Influence over an Investee Company

As of June 30, 2025 and 2024, the Group considers its investments in Pilillia Wind Power Corporation ("PWPC"; formerly, Alternergy Wind One Corp), Sembrano Wind Power Corporation ("SWPC"; formerly, Alternergy Sembrano Wind Corp), Dupinga Mini Hydro Corporation ("DMHC"), Solar Pacific CitySun Corporation ("SPCC") and Kiangan Mini Hydro Corporation ("KMHC") as investments in associates. The Group owns less than 20% of the voting rights of SPCC, PWPC, SWPC and DMHC but concluded that it has significant influence over the operating and financial policies of the associates due to the following:

- representation in the BOD;
- participation in policy-making processes, including participation in decisions about dividends and other distributions;
- material transactions between the investor and investee;
- interchange of managerial personnel; and
- provision of essential technical information.

Determining Joint Arrangements

Judgment is required to determine when the Group has joint control, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, such as the acquisition, sale, assignment, lease, transfer or other disposition of any land or asset of the investee and the determination of the investee's funding structure. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, it considers:

- the structure of the joint arrangement - whether it is structured through a separate vehicle
- when the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
  - the legal form of the separate vehicle;
  - the terms of the contractual arrangement; and,
  - other facts and circumstances (when relevant).

This assessment often requires significant judgment as to whether the arrangement is a joint operation or a joint venture as this may materially impact the accounting. As of June 30, 2024, CPWPC and TSOWPC are considered as joint ventures since the Group has joint control and rights over CPWPC's and TSOWPC's net assets. Following the Group's transfer of the remaining interests in CPWPC and TSOWPC from its joint venture partner, CPWPC and TSOWPC became wholly owned subsidiaries of the Group effective November 7, 2024 (see Note 10).

Service Concession Arrangements
The Group has determined that the power purchase agreement of SPPP with PPUC is within the scope of IFRIC 12. This is accounted for under the intangible asset model because SPPP receives the right to charge the users of the public service.

Capitalization of Project Development Costs
Careful judgment of management is applied when deciding whether the recognition requirements for project development costs relating to the Group's service contracts have been met. Capitalization of these costs is based, to a certain extent, on management's judgment of the degree to which the underlying project is determined to be technically, commercially and financially viable. Project viability generally occurs in tandem with management's determination that a project should be classified as an advanced project, such as when resource assessment has been determined to be viable, favorable results of a system impact study are received and interconnected agreements are obtained, among other relevant factors for each project being assessed. This is necessary as the economic success of the projects is uncertain and may be subject to future technical problems at the time of recognition. Judgments are based on the information available at end of each reporting period.

<u>Estimates and Assumptions</u>
Estimates is continually evaluated and is based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following item is of those matters which the Group assess to have significant risks arising from estimation uncertainties:

Estimating Provision for Expected Credit Losses

- *General Approach for Cash and Cash Equivalents, Restricted Cash and Placements, Other Receivables, Time Deposits, and Due from Related Parties*. ECL on cash and cash equivalents, restricted cash and placements, other receivables, time deposits and due from related parties is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The Group considers the probability of its counterparty to default on its obligation and the expected loss at default after considering the effects of collateral, any potential value when realized and time value of money. The assumptions underlying the ECL calculation are monitored and reviewed at every reporting period.

  The Group incorporates a forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. To do this, management considered a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs.

- *Simplified Approach for Trade Receivables.* For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

  No provision for ECL on the Group's financial instruments was recognized in 2025, 2024 and 2023. The aggregate amount of the Group's financial assets amounted to ₱7,344.70 million and ₱4,032.84 million as of June 30, 2025 and 2024, respectively (see Note 27).

  The information about the ECLs on the Group's financial assets is disclosed in Note 27.

Estimating Impairment of Nonfinancial Assets
The Group assesses impairment on nonfinancial assets including property, plant and equipment, prepayments and other current assets (excluding time deposits), intangible assets (excluding goodwill and project development costs) and other noncurrent assets (excluding restricted cash and placements) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The estimated recoverable amount is the higher of an asset's 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 assets in an arm's length transaction while 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. For impairment loss on specific assets, the recoverable amount represents the fair value less costs to sell.

Total impairment losses recognized by the Group amounted to ₱3.17 million, ₱38.81 million and ₱5.82 million for the years ended June 30, 2025, 2024 and 2023 (see Note 21). The aggregate carrying amounts of the Group's nonfinancial assets amounted to ₱9,652.21 million and ₱3,889.46 million as of June 30, 2025 and 2024, respectively (see Notes 9,11, and 13).

Estimating Impairment of Intangible Asset not yet Available for Use
The Group's capitalized intangible asset not yet available for use as of June 30, 2025 and 2024 pertains to the various project development costs of its subsidiaries. The Group performs impairment review on this asset annually irrespective of whether there is any indication of impairment by comparing its carrying amount with its recoverable amount. This impairment review requires an estimation of the value-in-use of the CGUs to which the intangible asset would provide future cash flow. Estimating value-in-use requires the Group to estimate the expected future cash flows from the CGUs and discounts such cash flows using weighted average cost of capital to calculate the present value of those future cash flows. The discount rates applied to cash flow projections ranges from 10.50%−11.20% in 2025 and from 8.44%−10.26% in 2024, and revenues beyond the five-year period are extrapolated using a growth rate ranging from 2.49%−2.79% in 2025 and from 2.50%−3.00% in 2024.

In 2025 and 2023, no impairment of project development costs was recognized. The Group recognized impairment on project development costs amounting to ₱38.72 million in 2024 (see Notes 11 and 31). The carrying values of project development costs amounted to ₱281.95 million and ₱230.83 million as of June 30, 2025 and 2024, respectively (see Note 11).

Key assumptions used in estimating the recoverable amounts for the different CGUs, including sensitivity analysis, are disclosed in Note 11.

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

The recoverable amounts of goodwill have been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. The revenue assumptions are based on the expected electricity to be sold taking into consideration the capacity of the plant and the tariff rates. The discount rates applied to cash flow projections ranges from 10.50%−11.20% in 2025 and from 8.44%−10.26% in 2024, and revenues beyond the five-year period are extrapolated using a growth rate ranging from 2.49%−2.79% in 2025 and 2.5%−3.00% in 2024.

No impairment of goodwill was recognized in 2025, 2024 and 2023. The carrying amount of goodwill amounted to ₱238.42 million as of June 30, 2025 and 2024 (see Note 11).

Estimating Realizability of Deferred Tax Assets
Deferred income tax asset is recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable income will be available in the future against which the deductible temporary differences can be utilized. Significant management estimate is required to determine the amount of deferred income tax asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies. The Group did not recognize deferred income tax assets on deductible temporary differences on unrealized foreign exchange losses, carryforward benefits of unused NOLCO, and excess minimum corporate income tax ("MCIT") as management believes that sufficient future taxable income will not be available to allow all or part of the deferred income tax asset to be utilized (see Note 24).

Estimating the Incremental Borrowing Rate for Leases
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR 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 IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for companies that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Group's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Group's stand-alone credit rating).

As of June 30, 2025 and 2024, the carrying amount of lease liabilities amounted to ₱378.43 million and ₱350.36 million, respectively (see Note 23).

7. Cash and Cash Equivalents and Restricted Cash and Placements

a. Cash and Cash Equivalents

	2025	2024
Cash in banks and on hand	**₱4,945,766,931**	₱1,799,923,000
Cash equivalents	**741,659,710**	759,151,243
	₱5,687,426,641	₱2,559,074,243

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term investment rates including short-term time deposits.

b. Restricted Cash and Placements

Restricted cash and placements amounting to ₱449.99 million and ₱418.35 million as of June 30, 2025 and 2024, respectively, pertain to debt reserve accounts which are periodically maintained in the Group's project trust accounts set aside for principal and interest payments of long-term debts (see Note 16). Restricted cash and placements amounting to ₱173.03 million and ₱335.16 million as June 30, 2025 and 2024, respectively, is presented as part of noncurrent assets (see Note 13).

Total interest earned from cash and cash equivalents, and restricted cash and placements amounted to ₱124.19 million, ₱53.64 million and ₱8.59 million for the years ended June 30, 2025, 2024 and 2023, respectively.

8. Trade and Other Receivables

	2025	2024
Trade (see Note 31)	**₱56,771,733**	₱79,457,486
Advances to employees	**5,365,096**	4,380,286
Non-trade receivables from third parties	**–**	37,655,405
Dividend receivable (see Note 10)	**2,100,034**	21,250,301
Others	**307,250**	2,810,611
	₱64,544,113	₱145,554,089

Trade receivables represent receivables arising from sale of electricity and are within normal credit term of 30 days (see Note 31).

Non-trade receivables from third parties include receivable from contractor amounting to ₱37.66 million as of June 30, 2024 which pertains to the income from liquidated damages arising from the delay of the construction of the Palau Project, net of the related amounts due to the contractor amounting to ₱96.68 million as of June 30, 2024 (see Note 22). The net receivable was fully collected in July 2024.

Advances to employees represents cash advances used for expenditures in relation to the project development costs of certain subsidiaries. These are subject for liquidation within 30 days.

9. Property, Plant and Equipment

	Land	Solar Power Plant	Office and Other Equipment	Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Construction in Progress	2025 Total
Cost								
At July 1	**₱515,841,764**	**₱539,223,088**	**₱4,855,212**	**₱885,913**	**₱–**	**₱–**	**₱741,288,840**	**₱1,802,094,817**
Additions	**27,669,625**	**1,702,077**	**1,637,699**	**3,233,261**	**4,067,857**	**1,120,921**	**3,872,291,376**	**3,911,722,816**
Reclassification (see Note 11)	**–**	**–**	**–**	**–**	**–**	**–**	**80,851,683**	**80,851,683**
At June 30	**543,511,389**	**540,925,165**	**6,492,911**	**4,119,174**	**4,067,857**	**1,120,921**	**4,694,431,899**	**5,794,669,316**
Accumulated Depreciation								
At July 1	**–**	**60,310,138**	**1,912,606**	**123,002**	**–**	**–**	**–**	**62,345,746**
Depreciation (see Notes 20 and 21)	**–**	**29,929,392**	**1,884,440**	**1,395,908**	**733,548**	**157,678**	**–**	**34,100,966**
At June 30	**–**	**90,239,530**	**3,797,046**	**1,518,910**	**733,548**	**157,678**	**–**	**96,446,712**
Net Book Values	**₱543,511,389**	**₱450,685,635**	**₱2,695,865**	**₱2,600,264**	**₱3,334,309**	**₱963,243**	**₱4,694,431,899**	**₱5,698,222,604**

	Land	Solar Power Plant	Office and Other Equipment	Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Construction in Progress	2024 Total
Cost								
At July 1	₱512,241,765	₱539,223,088	₱1,920,394	₱31,759	₱–	₱–	₱–	₱1,053,417,006
Additions	3,599,999	–	2,934,818	854,154	–	–	73,634,479	81,023,450
Reclassification (see Note 11)	–	–	–	–	–	–	667,654,361	667,654,361
At June 30	515,841,764	539,223,088	4,855,212	885,913	–	–	741,288,840	1,802,094,817
Accumulated Depreciation								
At July 1	–	30,967,429	1,304,040	30,221	–	–	–	32,301,690
Depreciation (see Notes 20 and 21)	–	29,342,709	608,566	92,781	–	–	–	30,044,056
At June 30	–	60,310,138	1,912,606	123,002	–	–	–	62,345,746
Net Book Values	₱515,841,764	₱478,912,950	₱2,942,606	₱762,911	₱–	₱–	₱741,288,840	₱1,739,749,071

On April 26, 2024 and June 4, 2024, AWPC and ATWC issued their respective notices to proceed ("NTP") which signifies the start of construction of their respective wind projects. As such, project development costs amounting to ₱370.78 million and ₱296.88 million for AWPC and ATWC, respectively, were reclassified to construction in progress (see Note 11).

On August 28, 2024, SSAI issued its NTP to the contractors to commence the construction of its solar project on September 2, 2024. Accordingly, project development costs amounting to ₱80.85 million was reclassified to construction in progress (see Note 11).

As of June 30, 2025 and 2024, the cost of fully depreciated property, plant and equipment that are still being used in the Group's operations amounted to ₱0.79 million and ₱0.72 million, respectively.

Property, plant and equipment of certain subsidiaries with net book value of ₱573.01 million and ₱610.69 million as of June 30, 2025 and 2024, respectively, have been mortgaged as security for their respective loans (see Note 16).

10. Investments in and Advances to Associates and Joint Ventures

	2025	2024
Cost		
At July 1	**₱138,272,970**	₱94,203,880
Additions	**224,307,945**	44,269,094
Step acquisition to a subsidiary	**(32,267)**	–
Redemption	**–**	(200,004)
At June 30	**362,548,648**	138,272,970
Accumulated Equity in Net Earnings (Losses)		
At July 1	**(22,338,235)**	43,272,299
Equity in net earnings for the year	**1,524,171**	5,290,459
Dividends	**(3,350,032)**	(70,900,993)
At June 30	**(24,164,096)**	(22,338,235)
Share in remeasurement loss on retirement benefit obligation of an associate	**(15,577)**	(15,577)
	338,368,975	115,919,158
Advances to associates (Note 18)	**695,370,310**	4,792,711
	₱1,033,739,285	₱120,711,869

The Group's associates and joint ventures and the corresponding percentage of equity ownership as of June 30, 2025 and 2024 are as follows:

	Nature of Business	**2025**	2024
DMHC (A)	Power generation	**46.08**	7.80
KMHC (A)	Power generation	**30.00**	30.00
SPCC (A)	Power generation	**15.00**	15.00
PWPC (A)	Power generation	**5.00**	5.00
SWPC (A)	Power generation	**5.00**	5.00
CPWPC (B)	Power generation	**–**	60.00
TSOWPC (B)	Power generation	**–**	61.00

(A) Accounted for as investment in associate
(B) Accounted for as joint venture until November 6, 2024

The principal place of business and country of incorporation of the Group's associates are in the Philippines.

All ownership percentages presented in the table above are indirect ownership of the Group. The direct ownership of SPEC in SPCC is 25% while, the Group's direct ownership of SPEC is 60% (see Note 2) resulting to the Group's effective ownership in SPCC of 15%.

a. Associates

DMHC
DMHC owns, operates and manages the Dupinga Mini Hydro Project with a net sellable capacity of 4.86 MW located within Barangays Ligaya and Malanao, in the Municipality of Gabaldon, Province of Nueva Ecija. DMHC was incorporated on February 7, 2014.

In March 2023, AMHHC acquired additional shares in DMHC amounting to ₱8.49 million in proportion to the additional shares subscribed by the other shareholders.

On April 8, 2025, the BOD of DMHC approved the additional issuance of 143,686 Common A shares at ₱1,000.00 subscription price, 67,943 RPS A shares at ₱1,000.00 subscription price, 3,528 Common B shares at ₱1.00 subscription price, and 1,512 RPS B shares at ₱1.00 subscription price to AMHHC for a total consideration of ₱211.6 million effectively increasing the equity ownership of AMHHC in DMHC to 46.08%.

KMHC
KMHC owns, operates and manages the Kiangan Mini Hydro Project with a combined net sellable capacity of 18 megawatt ("MW") located in the Municipality of Kiangan, Province of Ifugao. KMHC was incorporated on November 14, 2014.

In March 2022, AMHHC made advances for future subscription of shares in KMHC amounting to ₱40.01 million and subsequently subscribed to various classes of shares in KMHC in December 2022 for a total subscription price of ₱40.01 million proportionate to the additional shares subscribed by the other shareholders. This was recorded as advances for future subscription of shares as of June 30, 2023. On August 24, 2023, the SEC approved KMHC's application of valuation of advances to be applied as payment for the additional shares. Consequently, the shares have been issued to AMHHC.

On December 22, 2023, AMHHC received the amount of ₱0.20 million from KMHC for the redemption of the 200,004 redeemable preferred F shares at ₱1.00 per share.

SPCC
SPCC owns, operates and manages the following projects with a combined sellable capacity of 4,069.68 kilowatt ("kW") direct current ("DC"). SPCC was incorporated on June 26, 2015.

Project	**Location**	**Capacity**	**Commercial Operations Date**
CM Kabankalan SPP	Kabankalan, Negros Occidental	604.80 kW DC	09/25/18
CM Tagum SPP	Tagum City, Davao del Norte	1,110.00 kW DC	09/25/18
CM Victorias SPP	Victorias City, Negros Occidental	634.88 kW DC	09/25/18
CM Dumaguete SPP	Dumaguete City, Negros Oriental	265.60 kW DC	09/25/18
CM Boracay SPP	Malay, Aklan	362.56 kW DC	09/25/18
CM Kalibo SPP	Kalibo, Aklan	218.84 kW DC	09/25/18
CM Mandalagan SPP	Bacolod City, Negros Occidental	635.00 kW DC	04/12/19
CM Dau SPP	Angeles City, Pampanga	238.00 kW DC	05/29/19

Dividends from SPCC amounted to ₱1.25 million, ₱5.00 million and ₱3.75 million for the years ended June 30, 2025, 2024 and 2023, respectively.

PWPC
PWPC owns, operates and manages the Pililla Rizal Wind Project wind power facility and related transmission line with a net sellable capacity of 54 MW located in the Municipality of Pililla, Province of Rizal. PWPC was incorporated on June 29, 2011. On March 15, 2024, the SEC approved the change of name from Alternergy Wind One Corp. to Pililia Wind Power Corporation.

The Pililla Rizal Wind Project has been commercially operating since June 9, 2015.

Dividends from PWPC amounted to ₱2.10 million, ₱65.90 million and nil for the years ended June 30, 2025, 2024 and 2023, respectively.

SWPC
SWPC owns, operates and manages the Sembrano Wind Project wind power facility and related transmission line with a net sellable capacity of 80.4 MW located in the Municipality of Pililla, Province of Rizal and Municipality of Mabitac, Province of Laguna. SWPC was incorporated on August 25, 2011. On April 4, 2024, the SEC approved the change of name from Alternergy Sembrano Wind Corp to Sembrano Wind Power Corporation.

In 2022, the BOD of SWPC authorized the issuance of 13,188,200 redeemable preferred shares to AWHC for a subscription price per share at ₱1.00 or a total subscription price of ₱13.19 million. On February 8, 2023, AWHC and SWPC executed a deed of assignment of credit for the payment of additional shares subscription. Under this agreement, AWHC transferred and assigned to SWPC all rights, title and interest over a portion of receivable from SWPC in total amount of ₱4.90 million or its equivalent in US dollar as of the date of execution of the deed, as partial payment for the subscription price. Out of the said subscription, ₱0.98 million remains unpaid as of June 30, 2025.

In 2024, AWHC subscribed to additional shares in SWPC proportionate to the additional shares subscribed by the other shareholders for a total consideration of ₱4.26 million.

b. Joint Ventures

CPWPC

As of June 30, 2024, CPWPC is a 60%-owned joint venture of the Group through AWHC, and 40%-owned by Shell Overseas Investments B.V. ("Shell"), which was organized in the Kingdom of Netherlands. CPWPC was incorporated in the Philippines on December 15, 2021 to engage in the business of developing renewable energy. CPWPC's principal office address is Level 3B, 111 Paseo de Roxas Building, Paseo de Roxas Legaspi Village San Lorenzo, Makati City.

TSOWPC

As of June 30, 2024, TSOWPC is a 61%-owned joint venture of the Group through AWHC, and 39%-owned by Shell. TSOWPC was incorporated in the Philippines on January 6, 2022 to engage in the business of developing renewable energy TSOWPC's principal office address is Level 3B, 111 Paseo de Roxas Building, Paseo de Roxas Legaspi Village San Lorenzo, Makati City.

On November 7, 2024, AWHC and Shell entered into a Share Purchase Agreement (SPA) to acquire Shell's 40% and 39% ownership interests and subscriptions in CPWPC and TSOWPC, respectively, for a consideration of $1 for each entity. Effective November 7, 2024, CPWPC and TSOWPC became wholly owned subsidiaries of AWHC. The transaction was accounted for as an asset acquisition.

Shell's deposits for future stock subscription amounting to ₱48.10 million and receivable from TSOWPC amounting to ₱27.12 million recognized in the books of TSOWPC as of November 7, 2024 were assigned to AWHC for no consideration. Under the SPA, AWHC shall assume and pay any transfer taxes related to the acquisition. AWHC paid donor's tax amounting to ₱1.07 million in November 2024.

As a result, the Group recognized donation income amounting to ₱75.29 million presented as part of "Others" under "Other income (charges)" account in the 2025 statement of comprehensive income, and equity reserve amounting to ₱4.27 million in the 2025 statement of changes of equity.

Furthermore, the Group recognized the following assets and liabilities as of November 7, 2024 in the consolidated financial statements:

Assets:	
Cash and cash equivalents	₱26,156,545
Prepayments	41,179
Project development costs	78,549,411
Other noncurrent assets	1,799,715
	106,546,850
Liabilities:	
Accounts payable and accrued expenses	30,333,908
Deferred tax liability	48,132
	30,382,040

Net cash flow on acquisition:	
Cash in bank from acquired subsidiaries	₱26,156,545
Purchase consideration transferred	(1,067,358)
	₱25,089,187

From the date of the acquisition, CPWPC and TSOWPC contributed nil to the consolidated revenue and ₱0.4 million loss to the consolidated net income of the Group for the year ended June 30, 2025.

If the combination had taken place at July 1, 2024, there would still be no impact on the consolidated revenue of the Group and consolidated net income would have been ₱166.78 million.

Summarized Financial Information

The summarized financial information of the material associates and joint ventures are as follows:

Statements of Financial Position

	2025	2024
SPCC		
Current assets	**₱47,006,014**	₱51,792,274
Noncurrent assets	**241,755,338**	253,900,661
Current liabilities	**15,176,610**	25,327,076
Noncurrent liabilities	**201,670,002**	214,185,497
Equity	**₱71,914,740**	₱66,180,362
PWPC		
Current assets	**₱1,400,254,452**	₱1,303,274,489
Noncurrent assets	**4,153,299,726**	4,271,599,872
Current liabilities	**823,624,739**	788,897,702
Noncurrent liabilities	**2,987,403,396**	3,291,231,490
Equity	**₱1,742,526,043**	₱1,494,745,169

	2025	2024
DMHC		
Current assets	**₱29,512,316**	₱25,451,139
Noncurrent assets	**1,384,796,365**	845,006,453
Current liabilities	**344,319,547**	176,043,908
Noncurrent liabilities	**653,048,709**	526,962,706
Equity	**₱416,940,425**	₱167,450,978

Statements of Comprehensive Income

	For the Years Ended June 30		
	2025	2024	2023
SPCC			
Revenue	**₱29,915,934**	₱55,549,331	₱16,824,048
Operating profit	**4,183,276**	18,802,034	1,372,313
Total comprehensive income	**7,672,475**	18,802,034	1,372,313
PWPC			
Revenue	**614,859,354**	663,899,442	643,248,974
Operating profit	**557,261,149**	300,888,460	313,554,540
Total comprehensive income	**434,645,145**	275,278,735	285,970,347
DMHC			
Revenue	**₱1,004,194**	₱572,176	₱16,593,316
Pre-operating loss	**2,161,785**	1,526,985	10,449,724
Total comprehensive loss	**2,161,785**	1,526,985	10,449,724

The associates and joint ventures have no contingent liabilities or capital commitments as of June 30, 2025 and 2024. As of June 30, 2025 and 2024, undistributed earnings of the associates and joint ventures in the Group's retained earnings are not available for distribution to shareholders unless declared by the associates and joint ventures.

Dividends receivable from PWPC and SPCC amounted to ₱2.10 million and ₱21.25 million as of June 30, 2025 and 2024, respectively (see Note 8).

11. Intangible Assets

	Service Concession Right	Project Development Costs	Goodwill	Customer Off-take Agreement	June 30, 2025 Total
Cost					
At July 1, 2024	**₱1,301,036,599**	**₱271,716,800**	**₱238,423,078**	**₱283,172,980**	**₱2,094,349,457**
Additions (see Notes 10 and 31)	**8,000,000**	**53,423,159**	**–**	**–**	**61,423,159**
Step acquisition to a subsidiary (see Note 10)	**–**	**78,549,411**	**–**	**–**	**78,549,411**
Reclassifications (see Note 31)	**–**	**(80,851,683)**	**–**	**–**	**(80,851,683)**
Write-off	**–**	**(38,723,610)**	**–**	**–**	**(38,723,610)**
At June 30, 2025	**1,309,036,599**	**284,114,077**	**238,423,078**	**283,172,980**	**2,114,746,734**
Accumulated Amortization					
At July 1, 2024	**34,245,464**	**–**	**–**	**30,444,167**	**64,689,631**
Amortization during the year (see Note 20)	**68,790,232**	**–**	**–**	**14,807,605**	**83,597,837**
At June 30, 2025	**103,035,696**	**–**	**–**	**45,251,772**	**148,287,468**
Allowance for Impairment Losses					
At July 1, 2024	**–**	**40,887,332**	**–**	**–**	**40,887,332**
Write-off	**–**	**(38,723,610)**	**–**	**–**	**(38,723,610)**
At June 30, 2025	**–**	**2,163,722**	**–**	**–**	**2,163,722**
Cumulative translation adjustment	**14,531,113**	**–**	**–**	**–**	**14,531,113**
	₱1,220,532,016	**₱281,950,355**	**₱238,423,078**	**₱237,921,208**	**₱1,978,826,657**

	Service Concession Right	Project Development Costs	Goodwill	Customer Off-take Agreement	June 30, 2024 Total
Cost					
At July 1, 2023	₱–	₱350,883,196	₱238,423,078	₱283,172,980	₱872,479,254
Additions (see Note 31)	–	588,487,965	–	–	588,487,965
Reclassifications (see Note 31)	1,301,036,599	(667,654,361)	–	–	633,382,238
At June 30, 2024	1,301,036,599	271,716,800	238,423,078	283,172,980	2,094,349,457
Accumulated Amortization					
At July 1, 2023	–	–	–	15,636,561	15,636,561
Amortization during the year (see Note 20)	34,245,464	–	–	14,807,606	49,053,070
At June 30, 2024	34,245,464	–	–	30,444,167	64,689,631
Allowance for Impairment Losses					
At July 1, 2023	–	2,163,722	–	–	2,163,722
Provision during the year (see Notes 21 and 31)	–	38,723,610	–	–	38,723,610
At June 30, 2024	–	40,887,332	–	–	40,887,332
Cumulative translation adjustment	68,781,957	–	–	–	68,781,957
	₱1,335,573,092	₱230,829,468	₱238,423,078	₱252,728,813	₱2,057,554,451

Service Concession Right

SPPP completed the construction of its Project and started its commercial operations on December 31, 2023. Accordingly, the contract asset amounting to ₱1,301.04 million as of December 30, 2023 was reclassified to intangible asset (see Note 31).

Project Development Costs

Project development cost pertains to the costs incurred to conduct the assessment and field verification for the financing, construction and operation of the Projects (see Note 31).

Goodwill
Goodwill arose from the acquisition of SSAI in 2019 and KSEC in 2022. Goodwill acquired through business combinations has been attributed to each business considered as cash-generating unit.

The Group acquired SSAI as its first major step into the Luzon utility scale solar market as it expands its investment portfolio in solar energy. It acquired KSEC to be an anchor as a third leg in its "triple play" renewable energy portfolio strategy. Goodwill is attributable to the expected synergies arising from the acquisitions of SSAI and KSEC.

Customer Off-take Agreement
Customer off-take agreement arose as part of the purchase price allocation from the acquisition of KSEC in 2022. The intangible asset is from contractual agreements and other legal rights from KSEC's relationship with its customer prior to its acquisition.

Impairment Assessment of Goodwill and Project Development Costs (see Note 6)
The recoverable amounts of the Group's goodwill and project development costs have been determined based on value-in-use calculation using cash flow projections based on financial budgets approved by management covering the expected useful lives of the related project assets. The pre-tax discount rates applied to the cash flow projections in 2025 and 2024 range from 10.50%−11.20% and 8.44%−10.26%, respectively. The revenue beyond the remaining term of the existing agreements were extrapolated using long-term growth rates of 2.49%−2.79% in 2025 and 2.5%−3.00% in 2024.

Following are the key assumptions used:

- *Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") Margin*
  The EBITDA margin represents the operating margin achieved in the period immediately before the budget period and is influenced by estimated future developments in the market. This is derived from budgeted revenues, costs and expenses, taking into consideration committed operational efficiency programs. Changes in the outcome of these initiatives may affect future estimated EBITDA margin.

- *Discount Rate*
  Discount rate reflects the current market assessment of the risk specific to each CGU. The discount rate is based on the average percentage of the Group's weighted average cost of capital. This rate is further adjusted to reflect the market assessment of any risk specific to the CGU for which future estimates of cash flows have not been adjusted.

- *Long-term Growth Rate*
  Average long-term growth rates in revenues are based on the Group's expectation of market developments and the changes in the environment in which it operates.

As of June 30, 2024, management has decided not to pursue further the Ibulao Hydro Project and subsequently surrendered the related service contract to the DOE in August 2024 (see Note 31). Consequently, an impairment of the related project development costs amounting to ₱38.72 million was recognized in June 2024 which was subsequently written off in

December 2024. No impairment of project development costs was recognized for the years ended June 30, 2025 and 2023.

No impairment of goodwill was recognized for the years ended June 30, 2025, 2024 and 2023.

12. Material Partly-Owned Subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of voting interest held by non-controlling interests as of June 30, 2025 and 2024

Company Name	Principal Place of Business	Voting Interest
KSEC	Minergy Business Park, PHIVIDEC Industrial Estate, Iligan-Cagayan de Oro-Butuan Road, Sitio Kirahon, Barangay San Martin, Villanueva, Misamis Oriental	35%
SPEC	Level 3B, 111 Paseo de Roxas Bldg., Paseo de Roxas Ave. cor. Legazpi St., Legaspi Village, Makati City	40%
SPPP	P.O. Box 1860, Idid Hamlet, Koror, Republic of Palau 96940	63%
LSEC	Level 3B, 111 Paseo de Roxas Bldg., Paseo de Roxas Ave. cor. Legazpi St., Legaspi Village, Makati City	40%

* *The proportion of economic interest held by non-controlling interests in KSEC, SPEC, SPPP and LSEC as of June 30, 2025 and 2024 is 35%, 40%, 82.4% and 40%, respectively,*

	2025	2024
Accumulated balances of material non-controlling interest:		
KSEC	**₱305,776,472**	₱280,154,952
SPEC	**32,901,923**	41,994,947
SPPP	**334,689,587**	426,212,408
Total comprehensive income allocated to material non-controlling interest:		
KSEC	**29,260,859**	30,359,436
SPEC	**(1,093,024)**	(145,557)
SPPP	**(44,640,338)**	98,261,796

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations.

	As of June 30, 2025		
	KSEC	**SPPP**	**SPEC**
Statements of Financial Position			
Current assets	**₱153,940,989**	**₱167,187,403**	**₱46,331,838**
Noncurrent assets	**696,922,664**	**1,271,001,160**	**90,506,197**
Current liabilities	**87,248,930**	**89,037,822**	**32,452,929**
Noncurrent liabilities	**357,075,557**	**913,525,795**	**2,881,770**
Total equity	**₱406,539,166**	**₱435,624,946**	**₱101,503,336**
Non-controlling interests*	**₱305,776,472**	**₱358,954,956**	**₱32,901,923**

* *Includes fair value and other adjustments*

	As of June 30, 2024		
	KSEC	SPPP	SPEC
Statements of Financial Position			
Current assets	₱154,168,961	₱228,923,313	₱63,377,137
Noncurrent assets	732,574,100	1,391,547,622	71,364,173
Current liabilities	123,586,485	66,710,661	9,424,540
Noncurrent liabilities	430,195,986	1,007,630,160	1,080,874
Total equity	₱332,960,590	₱546,130,114	₱124,235,896
Non-controlling interests*	₱280,154,952	₱450,011,214	₱41,994,947

** Includes fair value and other adjustments*

	For the Year Ended June 30, 2025		
	KSEC	**SPPP**	**SPEC**
Statements of Comprehensive Income			
Income	**₱189,706,147**	**₱181,789,426**	**₱50,244,592**
Costs and expenses	**(99,878,198)**	**(170,087,628)**	**(52,977,152)**
Income (loss) before income tax	**89,827,949**	**11,701,798**	**(2,732,560)**
Provision for income tax	**(6,249,373)**	**28,815**	**–**
Net income (loss)	**83,578,576**	**11,730,613**	**(2,732,560)**
Other comprehensive income	**–**	**(65,905,781)**	**–**
Total comprehensive income (loss)	**₱83,578,576**	**(₱54,175,168)**	**(₱2,732,560)**
Total comprehensive income (loss) attributable to non-controlling interests	**₱29,260,859**	**(₱44,640,338)**	**(₱1,093,024)**
Statements of Cash Flows			
Operating	**(₱40,199,024)**	**₱77,597,033**	**₱53,246,797**
Investing	**35,651,436**	**120,573,462**	**(19,142,024)**
Financing	**458,147**	**(204,636,533)**	**(20,931,664)**
Net increase (decrease) in cash and cash equivalents	**(₱4,089,441)**	**(₱6,466,038)**	**₱13,173,109**

	For the Year Ended June 30, 2024		
	KSEC	SPPP	SPEC
Statements of Comprehensive Income			
Income	₱192,107,572	₱181,968,316	₱54,476,925
Costs and expenses	(98,597,920)	(75,418,625)	(54,382,482)
Income (loss) before income tax	93,509,652	106,549,691	94,443
Provision for income tax	6,793,182	12,785,963	458,335
Net income (loss)	86,716,470	93,763,728	(363,892)
Other comprehensive income	–	25,486,025	–
Total comprehensive income (loss)	₱86,716,470	₱119,249,753	(₱363,892)
Total comprehensive income (loss) attributable to non-controlling interests	₱30,359,436	₱98,261,796	(₱145,557)
Statements of Cash Flows			
Operating	(₱46,657,292)	(₱107,529,688)	₱2,545,765
Investing	(449,638)	(1,434,176)	2,223,740
Financing	(2,143,776)	(5,657,809)	(2,001,786)
Net increase (decrease) in cash and cash equivalents	(₱49,250,706)	(₱114,621,673)	₱2,767,719

	For the Year Ended June 30, 2023		
	KSEC	SPPP	SPEC
Statements of Comprehensive Income			
Income	₱173,440,267	₱40,927,384	₱43,635,129
Costs and expenses	(103,896,367)	(4,873)	(28,720,429)
Income before income tax	69,543,900	40,922,511	14,914,700
Provision for income tax	4,098,320	–	200,204
Net income (loss)	₱65,445,580	40,922,511	14,714,496
Other comprehensive income	–	3,438,053	–
Total comprehensive income	₱65,445,580	₱44,360,564	₱14,714,496
Total comprehensive income attributable to non-controlling interests	₱22,913,820	₱36,553,105	₱5,885,665
Statements of Cash Flows			
Operating	(₱121,363,985)	₱40,922,511	(₱10,705,981)
Investing	(1,409,230)	(616,239,897)	(7,715,928)
Financing	(120,948,739)	471,308,861	(5,849,852)
Net decrease in cash and cash Equivalents	(₱243,721,954)	(₱104,008,525)	(₱24,271,761)

KSEC declared dividends to non-controlling interests amounting to ₱3.50 million, ₱26.25 million and ₱8.75 million in 2025, 2024 and 2023, respectively. SPPP declared dividends to non-controlling interests amounting to ₱46.42 million in 2025 and nil in 2024. SPEC declared dividends to non-controlling interests amounting to ₱8.00 million in 2025 and nil in 2024.

Change in Non-controlling Interests

a. In April 2022, SPPP issued 6,763,370 new shares at $1.00 per share to AHC, SPEC, SANT, QBL and Kea US Llc for a total consideration of $6.76 million (₱349.46 million) resulting to a change in the economic ownership of SPEC from 100% to 12.67%. The change in the ownership did not result to a loss of control as the Group still holds majority of the BOD seats and voting rights as agreed with the new shareholders as stipulated in the Shareholders' Agreement. Non-controlling interests comprise 43% of voting rights.

   Hence, the transaction was accounted for as an equity transaction resulting in the recognition of non-controlling interest amounting to ₱286.67 million and equity reserve amounting to ₱13.02 million.

b. In August 2022, certain shareholders sold a portion of their common shares in SPEC to the Parent Company resulting to the increase in the latter's ownership in SPEC to 60%. The transaction was accounted for as an equity transaction resulting in a reduction in equity reserve by ₱9.58 million.

13. **Other Noncurrent Assets**

	2025	2024
Restricted cash and placements (see Notes 7 and 16)	**₱173,033,689**	₱335,157,334
Advances to contractors (see Note 31)	**1,672,369,748**	326,789,647
Input VAT	**302,939,511**	44,783,458
Deferred debt issuance costs (see Note 16)	**135,272,190**	60,855,000
Creditable withholding tax	**11,845,281**	7,741,281
Security deposits (see Note 23)	**4,133,714**	3,282,160
Others	**4,557,003**	3,738,315
	2,304,151,136	782,347,195
Less allowance for impairment losses on input VAT	**22,914,235**	19,742,064
	₱2,281,236,901	₱762,605,131

Movements in allowance for impairment losses on input VAT are as follows:

	2025	2024
At July 1	**₱19,742,064**	₱19,654,919
Provision (see Note 21)	**3,172,171**	87,145
At June 30	**₱22,914,235**	₱19,742,064

Advances to contractors represent payments to contractors in relation to the Group's Engineering, Procurement and Constructions contracts. These payments are recouped through deduction from progress billings. These are carried at cost. In 2025, the Group reclassified advances to contractors amounting to ₱326.79 million to construction in progress (see Note 9).

14. **Accounts Payable and Accrued Expenses**

	2025	2024
Accounts payable	**₱205,969,174**	₱52,539,935
Advances from a third party	**64,000,000**	214,000,000
Accrued expenses:		
Interest (see Notes 17 and 18)	**137,704,476**	35,022,374
Professional fees	**2,500,000**	2,715,000
Other accrued expenses	**20,201,400**	–
Withholding tax	**23,173,681**	10,667,594
Others	**7,928,028**	4,225,360
	₱461,476,759	₱319,170,263

Accounts payable are noninterest-bearing and are normally settled on a 30-day credit term.

Other accrued expenses mainly consist of accruals for project development costs.

Advances from a Third Party
In March 2022, Exeter Portofino (Export) Holdings Inc. ("Exeter"), a third party, signified its intent to invest in LAMHC's hydro project. As part of the Investment Framework Agreement ("IFA") entered into by AHC and AMHHC with Exeter, LAMHC received ₱214.00 million from Exeter as deposit for future subscription in LAMHC's shares for a 40% economic ownership stake. On December 12, 2024, the LAMHC repaid ₱150.00 million to Exeter.

15. Short-term Loan

a. Rizal Commercial Banking Corporation ("RCBC")
On December 8, 2022, AHC signed a one-year promissory note with RCBC amounting to ₱250.00 million for bridge financing and general working capital requirements. The loan is unsecured and payable in full at the end of the term. This was renewed on February 23, 2025 for another one year. Interest is payable quarterly at a simple fixed interest rate per annum until the maturity of the loan.

On December 19, 2024, AHC signed another one-year interest-bearing promissory note with RCBC amounting to ₱500.00 million for bridge financing and general working capital requirements. The loan is unsecured and payable in full at the end of term.

In June 2025, AHC signed several 180-day interest-bearing promissory notes with RCBC totaling to ₱247.00 million for general working capital requirements. These loans are unsecured and payable in full at the end of their respective terms.

b. Security Bank Corporation
On June 27, 2025, AHC signed a one-year promissory note with Security Bank Corporation ("SBC") amounting to ₱750.00 million for general working capital requirements. The loan is unsecured and payable in full at the end of the term. Interest is payable quarterly at a simple fixed interest rate per annum until the maturity of the loan.

Interest expense recognized on short-term loans amounted to ₱40.09 million, ₱20.24 million and ₱15.42 million for the years ended June 30, 2025, 2024 and 2023, respectively.

16. Long-term Debts

	2025	2024
Rizal Commercial Banking Corporation ("RCBC")	**₱4,718,124,043**	₱499,178,793
Banco de Oro Unibank Inc. ("BDO")	**2,000,000,000**	2,000,000,000
Security Bank Corporation ("SBC")	**1,729,530,000**	–
Bank of the Philippine Island ("BPI")	**1,729,530,000**	–
Export Finance Australia ("EFA")	**941,189,126**	1,028,605,500
	11,118,373,169	3,527,784,293
Less deferred financing charges	**185,188,229**	56,821,067
	10,933,184,940	3,470,963,226
Less current portion	**131,214,241**	118,602,987
	₱10,801,970,699	₱3,352,360,239

a. <u>BDO</u>
On May 29, 2024, the Parent Company entered into a ₱2.0 billion Green Corporate Loan with BDO Unibank, Inc. to partially fund its investments in renewable energy projects including projects won in the Green Energy Auction Program and with off-take agreements. The loan is secured by shares of the Parent Company held by the Share Security Grantor (as defined under the loan agreement) which constitute 13.87% of the total issued and outstanding capital stock of the Parent Company and assignment by way of security of all the rights, title, interests and benefits of the Parent Company in and to certain cash accounts (Assigned Collateral) specified under the loan agreement. As of June 30, 2025 and 2024, the Assigned Collateral amounted to ₱374.45 million and ₱520.00 million, respectively (see Notes 7 and 13).

On May 31, 2024, the Parent Company availed the Green Corporate Loan in a single drawdown. The loan will mature on May 28, 2032, with the first principal installment due six months after the 4th anniversary from initial drawdown date. The loan is payable semi-annually. The interest rate is fixed based on the 4-year BVAL reference rate for the first 4-year period plus 200 basis points and subject to repricing for the remaining 4-year period prior to maturity date.

The Parent Company is required to comply with certain covenants such as maintaining a current ratio of at least 1.25x, a net debt-to-equity ratio of not more than 1.50x and a debt service coverage ratio of at least 1.20x, among others.

As of June 30, 2025 and 2024, the Parent Company is compliant with the financial loan covenants of the agreement.

b. <u>RCBC</u>

KSEC
On February 27, 2015, KSEC signed an Omnibus Agreement with RCBC for a project finance facility of up to ₱786.11 million to finance all project costs incurred in connection with the construction of the Project in the Municipality of Villanueva, Province of Misamis Oriental with gross installed capacity of up to 12.5 MWp.

On March 12, 2015 and August 26, 2015, KSEC received the first and second drawdown, respectively, of the loan facility amounting to ₱493.42 million and ₱265.68 million, respectively. On November 16, 2016, KSEC received the third drawdown of the loan facility amounting to ₱27.00 million. As of this date, the project loan facility has been fully drawn by KSEC. The interest rates on the drawdowns are fixed but are subject to repricing on March 12, 2022 and fixed for the period from the repricing date until maturity date.
On March 11, 2022, KSEC and RCBC signed the Second Amendment to the Omnibus Agreement fixing the interest rate for the period from March 12, 2022 until the second interest repricing date on March 12, 2026. The repayment period of the loan shall be every six months starting September 12, 2017 until March 12, 2030.

The loan is secured by the capital stock of KSEC amounting to ₱320.01 million and property, plant and equipment with net book value of ₱573.01 million and ₱610.69 million as of June 30, 2025 and 2024, respectively (see Note 9). KSEC is obligated to comply with certain covenants with respect to maintaining at least 72:28 debt-to-equity and 1.05:1.00 minimum debt service coverage ratios, as set forth in its agreement with RCBC. As of June 30, 2025 and 2024, KSEC is compliant with the financial loan covenants of the project finance facility.

AWPC
On June 11, 2024, AWPC signed an Omnibus Agreement with RCBC for a project finance facility of up to ₱5.33 billion to finance all project costs incurred in connection with the construction of the Project in the Municipality of Alabat, Province of Quezon with gross installed capacity of up to 64.0 MW. The loan is for a term of 15 years maturing on April 2040. The interest rate is fixed subject to repricing at repricing date. AWPC's loan is secured by a first-ranking mortgage over all current and future project assets, along with the assignment of contracts, receivables, and cash flow accounts, and a pledge of all shareholder equity in the borrower.

On April 10, 2025, AWPC received the first drawdown amounting to ₱3.26 billion. AWPC is required to comply with certain covenants with respect to maintaining at least 75:25 debt-to-equity and 1.05:1.00 minimum debt service coverage ratios, as set forth in its agreement with RCBC. As of June 30, 2025, AWPC is compliant with the financial loan covenants of the project finance facility.

SSAI
On December 26, 2024, SSAI signed an Omnibus Agreement with RCBC for a project finance facility of up to ₱1.03 billion to finance all project costs incurred in connection with the construction of the Project in the Municipality of Hermosa, Province of Bataan with gross installed capacity of up to 28.0 MW. The loan is for a term of 15 years maturing in March 2040. The interest rate is fixed per drawdown, subject to repricing at each repricing date. SSAI's loan is secured by a first-ranking mortgage over all current and future project assets, along with the assignment of contracts, receivables, and cash flow accounts, and a pledge of all shareholder equity in the borrower.

The first, second, and final drawdowns amounting to ₱516.5 million, ₱284 million, and ₱232.5 million, respectively, were made on March 5, 2025, March 28, 2025, and April 23, 2025. The interest rate is fixed but is subject to repricing on each repricing date. The repayment of the loan shall be every six months starting September 4, 2025 until March 4, 2039. SSAI is required to comply with certain covenants with respect to maintaining at least 75:25 debt-to-equity and 1.05:1.00 minimum debt service coverage ratios, as set forth in its agreement with RCBC. As of June 30, 2025, SSAI is compliant with the financial loan covenants of the project finance facility.

c. Export Finance Australia (“EFA”)
On January 31, 2022, SPPP entered into a Project Facility Agreement (“PFA”) wherein EFA, the Export Credit Agency of the Government of the Commonwealth of Australia, represented by the Department of Foreign Affairs and Trade (DFAT), agreed to provide funding to the Palau Project in the amount up to $18.00 million.

The first and second drawdowns amounting to $9.00 million each were made on April 14 and July 11, 2022. The loan will mature on October 14, 2038, with first installment payment due in April 2024. The loan is payable semi-annually.

From drawdown to July 30, 2023, interest is payable semi-annually at the sum of the Margin (as defined under the PFA) plus LIBOR for the relevant interest period every 14th day of April and October of each year of the covered period. From July 31, 2023 to maturity date, the loan is subject to a fixed interest rate per annum.

The loan is secured by the equity capital of SPPP amounting to $6.77 million, which is fully represented by the shares issued in respect of it. In addition, it is also secured by SPPP's major contracts, mortgage on assets owned at the time of execution of the agreement and thereafter, assignment of receivables and land lease as well as, security on SPPP's waterfall accounts. As of June 30, 2025 and 2024, total assets of SPPP amounted to ₱1,438.19 million and ₱1,620.47 million, respectively, while total liabilities amounted to ₱1,002.56 million and ₱1,074.34 million, respectively (see Notes 7, 8, 11, 14, 16 and 23).

SPPPI is obligated to comply with certain covenants with respect to maintaining at least 75% gearing ratio.

As of June 30, 2025 and 2024, SPPP is compliant with the covenants of the PFA.

d. BPI and SBC

On May 27, 2024, ATWC signed an Omnibus Agreement with BPI and SBC for a project finance facility of up to ₱8.0 billion to finance all project costs incurred in connection with the construction of the Project in the Municipality of Tanay, Province of Rizal.

On October 29, 2024 and December 18, 2024, ATWC received the first and second drawdowns, respectively, of the loan facility amounting to ₱1.49 billion and ₱1.97 billion, respectively. The long-term debt is secured by ATWC's present and future real assets, share certificates, transfer certificates of titles, and project accounts. The interest rate is fixed but is subject to repricing on each repricing date. The repayment of the loan shall be every six months starting June 29, 2026 until October 29, 2039. ATWC is required to comply with certain covenants with respect to maintaining at least 75:25 debt-to-equity and 1.05:1.00 minimum debt service coverage ratios, as set forth in its agreement with BPI and SBC. As of June 30, 2025, ATWC is compliant with the financial loan covenants of the project finance facility.

e. The rollforward analysis of the deferred financing charges is as follows:

	2025	2024
At July 1	**₱56,821,067**	₱34,367,853
Additions	**148,149,470**	26,660,521
Amortization during the period	**(20,533,689)**	(5,940,497)
Translation adjustment	**751,381**	1,733,190
At June 30	**₱185,188,229**	₱56,821,067

f. Total interest expense on these long-term debts, net of the capitalized borrowing costs, amounted to ₱52.56 million, ₱63.74 million and ₱84.96 million for the years ended June 30, 2025, 2024 and 2023, respectively. Capitalized borrowing costs amounted to ₱377.34 million, ₱59.11 million and ₱84.96 million for the years ended June 30, 2025, 2024 and 2023, respectively. The rates used to determine the amount of borrowing costs eligible for capitalization range from 7.25%–8.53% which is the EIR of the respective specific borrowings.

17. Equity

Capital Stock and Additional Paid-in Capital

Details on the movement of the Group's capital stock as of June 30, 2025 and 2024 are as follows:

	Number of Shares		Amount	
	2025	2024	**2025**	2024
Common stock - ₱0.10 par value				
Authorized	**10,406,291,160**	10,406,291,160		
Issued and outstanding	**3,933,840,480**	3,933,840,480	**₱393,384,048**	₱393,384,048
Perpetual preferred shares (PPS) 1 - ₱0.10 par value				
Authorized	**1,181,594,548**	1,181,594,548		
Issued and outstanding	**370,398,637**	370,398,637	**37,039,864**	37,039,864
PPS 2 Series A - ₱0.10 par value				
Authorized	**100,000,000**	100,000,000		
Issued and outstanding	**100,000,000**	100,000,000	**10,000,000**	10,000,000
PPS 2 Series B - ₱0.10 par value				
Authorized	**100,000,000**	100,000,000		
Issued and outstanding	**–**	–	**–**	–
PPS 2 Series C - ₱0.10 par value				
Authorized	**100,000,000**	100,000,000		
Issued and outstanding	**–**	–	**–**	–
			₱47,039,864	₱47,039,864

All common shares of AHC shall have full voting rights, with the holder of such shares being entitled to one vote per share on all matters upon which shareholders are entitled to vote.

Preferred Stock

On August 4, 2023, the BOD approved the creation of a new class of preferred shares by way of reclassifying a portion of the existing preferred shares such that the current 1,481,594,548 preferred shares shall be subdivided as: (1) 1,181,594,548 preferred shares known as Perpetual Preferred Shares 1 ("PPS 1") with a par value of ₱0.10 per share; and (2) 300,000,000 preferred shares are known as Perpetual Preferred Shares 2 ("RPPS 2") with a par value of ₱0.10 per share. The PPS 2 are further sub-divided into 100,000,000 RPS 2 – Series A shares, 100,000,000 RPS 2 – Series B, and 100,000,000 RPS 2 – Series C. On October 10, 2023, shareholders representing two-thirds of the issued and outstanding capital stock of the Parent Company approved the said reclassification. The Parent Company filed for the amendment of its Articles of Incorporation on November 20, 2023 which was approved by the SEC on December 6, 2023.

Subsequently, all issued and outstanding preferred shares prior to August 4, 2023 (370,398,637 preferred shares with ₱0.10 par value) were reclassified as PPS 1.

- *PPS 1*
  The new PPS 1 shall have the same rights as the preferred shares of the Parent Company prior to the reclassification wherein the dividend rate shall be cumulative from year to year as determined by the members of the BOD, and subject to the existence of retained earnings, which shall in no case be less than the minimum rate of eight percent (8%) of the par value of the preferred share. PPS 1 are nonparticipating in any residual dividends after the declaration of dividends to common shares. RPS 1 have full voting rights.

- *PPS 2*
  The new PPS 2 are perpetual, cumulative, nonvoting (except in matters mandatorily required by law) and nonparticipating with a dividend rate of not less than 8% subject to rate re-setting on the seventh anniversary from date of issuance. PPS 2 are non-convertible to common shares and are redeemable at the option of the Parent Company and re-issuable under such terms as the BOD may approve at the time of the re-issuance.

<u>Equity Transactions</u>
In 2009, the Parent Company issued 10,000 common shares and 15,000 preferred shares both with a par value of ₱1.00 for a total consideration of ₱25,000.

In June 2018, the Parent Company issued 9,203 common shares with a par value of ₱1.00 for a total consideration of ₱440.87 million. The excess of par value of the shares issued was recognized as additional paid-in capital amounting to ₱440.87 million.

In March 2022, the Parent Company issued 2,146 common shares with a par value of ₱1.00 for a total consideration of ₱2,146.

On April 26, 2022, the Parent Company's BOD and shareholders approved the decrease in the par value of the Parent Company's common shares from ₱1.00 per share to ₱0.10 per share, thereby increasing the authorized capital stock of the Parent Company from 100,000 shares divided into 40,000 common shares and 60,000 preferred shares to 460,000 shares divided into 400,000 common shares and 60,000 common shares. The SEC approved the decrease in par value of common shares on June 21, 2022.

On April 26, 2022, the Parent Company's BOD and shareholders approved the conversion of the Parent Company's outstanding debt from its shareholders amounting to ₱260.15 million into equity equivalent to 2,601,472,790 shares subject to SEC's approval of the increase in authorized common stock for the issuance of said shares.

On June 10, 2022, the BOD and shareholders approved the amendment of the Articles of Incorporation of the Parent Company to reflect the decrease in the par value of its preferred shares from ₱1.00 to ₱0.01 per share thereby increasing the authorized preferred shares of the Parent Company from 60,000 to 600,000 preferred shares.

On June 10, 2022, the Parent Company's BOD and shareholders approved the increase in the Parent's authorized capital stock from ₱100,000 divided into 400,000 common shares with par value of ₱0.10 per share and 600,000 preferred shares with par value of ₱0.10 per share to ₱1,188.79 million, divided into 10,406,291,160 common shares with par value of ₱0.10 per share and 1,481,594,548 preferred shares with par value of ₱0.10 per share.

Of the 1,040,589,116 increase in authorized common shares, 260,147,279 have been actually subscribed and paid by way of conversion of outstanding debt to equity in June 2022. Of the 148,099,455 increase in authorized preferred shares, 37,024,864 have been actually subscribed and paid in cash by VHC in June 2022. On November 16, 2022, the SEC approved the increase in the Parent Company's authorized capital stock, including the conversion of debt to equity amounting to ₱297.17 million, and the decrease in the par value of the Parent Company's preferred stock.

On August 26, 2022, the Parent Company issued 2 common shares with a par value of ₱0.10 for a total consideration of ₱2.00. The excess in par value of shares issued was recognized as additional paid-in capital.

On November 18, 2022, the Parent Company issued shares 266,862,697 common shares and 37,024,864 preferred shares for a total consideration amounting to ₱303.89 million and recognized additional paid-in capital amounting to ₱24.19 million, net of transaction costs amounting to ₱5.44 million. Consequently, deposit for future stock subscription amounting to ₱297.17 million was utilized while the remaining balance amounting to ₱0.71 million was reclassified under "Due to related parties" account.

On March 24, 2023, the Parent Company completed its IPO and was listed in the PSE. In connection with its IPO, the Parent Company issued 1,265,000,000 common shares with a par value of ₱0.10 per share for an offer price of ₱1.28 per share or a total consideration of ₱1,619.00 million. This resulted to additional paid-in capital amounting to ₱1,425.04 million, net of transaction costs amounting to ₱67.46 million.

On November 7, 2023, the Government Service Insurance System ("GSIS) subscribed 100,000,000 Perpetual Preferred Shares 2 Series A with an issue price of ₱14.50 per share, for a total subscription amount of ₱1,450.00 million. The said shares have a par value of ₱0.10 per share, thus resulting to additional paid-in capital amounting to ₱1,433.65 million, net of transaction costs amounting to ₱6.35 million.

In January 2024, the Parent Company applied for the listing of the Perpetual Preferred Shares 2 Series A shares at the PSE under the stock symbol "ALTP2" priced at ₱14.50 per share. On March 5, 2024, the PSE approved the application of the Parent Company for the listing and trading of the Perpetual Preferred Shares 2 Series A issued to GSIS. Subsequently, on March 22, 2024, these shares have been listed at the PSE.

Equity Restructuring

On June 10, 2022, the Parent Company's BOD approved the equity restructuring of the Parent Company by wiping out and eliminating its deficit amounting to ₱125.06 million as of December 31, 2021 by applying/ reclassifying/ offsetting the same against the Parent Company's additional paid-in capital. The SEC approved the Parent Company's equity restructuring on August 26, 2022.

On January 20, 2023, the Parent Company's BOD approved the equity restructuring of the Parent Company by wiping out and eliminating its deficit amounting to ₱120.26 million by applying/ reclassifying/ offsetting the same against the Parent Company's additional paid-in capital. The SEC approved the Parent Company's equity restructuring on May 15, 2023.

On October 5, 2023, the BOD approved the equity restructuring of the Parent Company to wipe out and eliminate its deficit amounting to ₱42.27 million by applying/reclassifying/offsetting the same against the Parent Company's additional paid-in capital. The SEC approved the Parent Company's equity restructuring on June 20, 2024.

Dividend Declaration

On November 5, 2024, the BOD approved the declaration of dividends to holders of Perpetual Preferred Shares 1 and Perpetual Preferred Shares 2 – Series A of the Parent Company at ₱0.1463 and ₱0.0238 per share, respectively, totaling ₱40.0 million to be taken out of the unrestricted retained earnings of the Parent Company as of June 30, 2024. This was paid on December 16, 2024.

On July 15, 2025, the BOD approved the declaration of dividends to holders of common shares of the Parent Company amounting to ₱0.01 per share totaling ₱39.34 million to be taken out of the unrestricted retained earnings of the Parent Company as of June 30, 2025. This was paid on September 11, 2025.

18. Related Party Transactions

The Group, in its regular conduct of business, has entered into transactions with related parties. Parties are considered to be related if, among others, 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, the parties are subject to common control or the party is an associate or a joint venture. Affiliates are related entities of the Group by virtue of common ownership and representation to management where significant influence is apparent.

The transactions of the Group with related parties are as follows:

	Transactions During the Year Ended June 30		**Outstanding Balance**			
	2025	2024	**2025**	2024	Terms	Conditions
Due from Related Parties						
Parent:						
VHC						
Cash advances	**₱–**	₱–	**₱3,328,000**	₱3,328,000	On demand; noninterest-bearing	Unimpaired; Unsecured
Entities under common ownership:						
ASWC						
Receivable for development costs	**10,268,420**	3,974,208	**58,423,562**	68,691,982	-do-	-do-
Cash advances	**320,427**	320,427	**4,792,710**	5,113,137	-do-	-do-
DMHC						
*Cash advances**	**–**	170,303,557	**–**	170,303,557	-do-	-do-
NAPI						
Cash advances	**7,593,178**	58,898,619	**72,491,797**	64,898,619	-do-	-do-
(Forward)						

	Transactions During the Year Ended June 30		Outstanding Balance			
	2025	2024	**2025**	2024	Terms	Conditions
CPWPC						
Cash advances	**₱631,658**	₱370,000	**₱–**	₱631,658	-do-	-do-
TSOWPC						
Cash advances	**49,812**	13,044	**–**	49,812	-do-	-do-
SPCC						
Cash advances	**1,395,306**	216,763	**–**	1,395,306	-do-	-do-
KMHC						
*Cash advances**	**–**	208,692,660	**–**	208,692,660	-do-	-do-
APIC						
Cash advances	**973,013**	590,000	**19,748,013**	18,775,000	-do-	-do-
Assigned receivables	**–**	–	**28,269,080**	28,269,080	-do-	-do-
APHC						
Cash advances	**517,474**	1,977,084	**2,985,498**	2,468,024	-do-	-do-
KTEC						
Cash advances	**300,000**	150,000	**2,628,326**	2,328,326	-do-	-do-
Triple Play Land Corporation						
Cash advances	**107,665**	107,665	**–**	107,665	-do-	-do-
Alternergy Solar Holding Corporation						
Cash advances	**107,665**	107,665	**–**	107,665	-do-	-do-
Shareholder						
Cash advances	**83,351,406**	–	**83,351,406**	–	-do-	-do-
			₱276,018,392	₱575,160,491		
Due to Related Parties						
Parent:						
VHC						
Return of deposit for future stock subscription	**₱–**	(₱707,636)	**₱–**	₱–	On demand; noninterest-bearing	Unsecured
Entities under common ownership:						
APHC						
Cash advances	**–**	–	**88,488**	88,488	-do-	-do-
SPCC						
Cash advances	**–**	9,600,000	**–**	9,600,000	-do-	-do-
			₱88,488	₱9,688,488		

**Reclassified to "Advances to associates"*

- Advances to associates and joint ventures as of June 30, 2025 and June 30, 2024 amounting to ₱695.37 million and ₱4.79 million, respectively, are presented under "Investments in and advances to associates and joint ventures" (see Note 10).

- SPEC entered into an advisory agreement with KSEC and SPCC. The advisory services rendered by SPEC for KSEC and SPCC for the years ended June 30, 2025, 2024 and 2023 consisting of administrative and support services, amounted to ₱3.87 million, ₱3.24 million, and ₱3.09 million, respectively.

- The Group entered into a lease agreement with NAPI for the office space of certain subsidiaries until December 31, 2025 (see Note 23).

- In 2025 and 2024, the Group enter into a Service Agreement with NAPI, an affiliate under common ownership of a major shareholder. NAPI performs management, project development, technical, administrative and finance functions on behalf of the Group.

- Management fees recognized under intangible assets in the consolidated statements of financial position amounted to ₱176.53 million and ₱95.98 million as of June 30, 2025 and 2024, respectively. Management fees recognized under outside services in the consolidated statements of comprehensive income amounted to ₱22.99 million, ₱22.96 million, and ₱8.70 million for the periods ended June 30, 2025, 2024, and 2023, respectively. As of June 30, 2025 and 2024, the Group has management fees payable to NAPI amounting to ₱4.30 million and ₱6.90 million, respectively.

- The outstanding accounts with related parties shall be generally settled in cash. The transactions are made at terms and prices agreed upon by the parties.

19. Disaggregated Revenue Information

The Group's disaggregation of revenue from sale of electricity by source, primary geographical market and timing of recognition is presented below:

	2025	2024	2023
Revenue from Contracts with Customers			
Power supply agreement ("PSA")	**₱183,768,617**	₱187,587,507	₱171,315,119
Power purchase agreement ("PPA")	**176,162,367**	75,119,981	–
Commissioning income (see Note 34)	**–**	12,191,108	–
Spot market sales	**–**	4,749	168,925
	₱359,930,984	₱274,903,345	₱171,484,044
Primary Geographical Markets			
Philippines	**₱183,768,617**	₱187,592,256	₱171,484,044
Palau	**176,162,367**	87,311,089	–
	₱359,930,984	₱274,903,345	₱171,484,044
Timing of Revenue Recognition			
Transferred over time	**₱359,930,984**	₱274,903,345	₱171,484,044

20. Cost of Sale of Electricity

	2025	2024	2023
Depreciation and amortization (see Notes 9, 11 and 23)	**₱112,785,133**	₱79,415,540	₱44,172,867
Operation and maintenance	**31,075,371**	11,716,790	9,697,915
Insurance	**21,799,650**	5,672,183	3,528,290
Others	**4,661,734**	4,653,790	2,665,680
	₱170,321,888	₱101,458,303	₱60,064,752

21. General and Administrative Expenses

	2025	2024	2023
Professional fees	**₱20,789,429**	₱23,930,900	₱9,632,838
Salaries and wages	**20,455,438**	11,954,954	8,478,368
Taxes and licenses	**18,820,694**	8,395,085	4,961,997
Outside services (see Note 18)	**12,014,147**	19,438,454	9,378,143
Depreciation and amortization (see Note 9)	**8,202,447**	736,681	194,412
Project development expenses	**6,328,635**	–	–
Subscription	**3,850,252**	1,822,918	375,282
Provision for impairment losses (see Notes 11 and 13)	**3,172,171**	38,810,755	5,815,570
Travel and transportation	**2,634,921**	1,508,647	1,650,430
Advertising and promotion	**2,462,338**	2,284,501	2,509,659
Office supplies	**2,278,569**	1,010,480	726,412
Staff meeting	**1,825,721**	695,140	169,346
Insurance	**1,681,547**	392,302	1,400,600
Corporate social responsibility	**1,345,934**	37,009	142,003
Rental (see Note 23)	**1,225,776**	1,323,774	2,345,694
Representation	**1,032,958**	478,140	868,116
Others	**3,374,424**	6,709,789	3,885,839
	₱111,495,401	₱119,529,529	₱52,534,709

Professional fees include legal, audit, consultancy and stock agent fees.

22. Project Costs Recovery

On March 18, 2022, SPPP entered in an installation, commissioning and construction services onshore agreement for the construction of its solar photovoltaic electric energy generating and battery storage facility that was expected to be completed on May 18, 2023. In the agreement, SPPP is entitled to receive liquidated damages for delays in the completion of the solar facility. On June 8, 2023, SPPP received a notice of delay from its contractor and recognized income from liquidating damages amounting to ₱103.94 million and ₱40.93 million in 2024 and 2023, respectively (see Note 8).

23. Leases

<u>SPPP</u>

On January 19, 2021, SPPP entered into a 27-year lease agreement with a third party for the lease of parcels of land (the leased property) for the development, construction and operation of a solar power plant. The lease shall be for a term of 27 years commencing on the later of: (1) the Lease Effective Date and (ii) the first day of the month following the signing of the Power Purchase Agreement between SPPP and Palau Public Utilities Corporation. The lease agreement commenced on March 22, 2022, which is the lease effective date. The lease term is subject to an extension for another 23 years or shorter on terms and conditions to be mutually agreed upon by the parties.

SPPP's annual rent shall be on a fixed rate per square meter per year, subject to an escalation every five years. SPPP paid security deposit upon issuance of Notice to Proceed to the contractor for the commencement of project construction. The security deposit may be applied by SPPP to pay rent arrearages and other sums due to the lessor to cure any default by SPPP under the lease agreement. Accordingly, the security deposit is presented as part of "Other noncurrent assets" in the consolidated statements of financial position (see Note 13). The security deposit shall be increased every five years to reflect the increase in rent.

On February 28, 2022, SPPP entered into a 27-year grant of right of way easement with third parties. The right of way (ROW) easement became effective on March 22, 2022 and shall continue for a period of 27 years. The term may be extended by mutual agreement of the parties. SPPP paid a one-time lump sum consideration for the total ROW area.

On March 4, 2022, SPPP entered into another 27-year grant of right of way easement with another third party. The ROW easement became effective on March 22, 2022 and shall continue for a period of 27 years. The term may be extended by mutual agreement of the parties. SPPP's annual rent shall be a fixed rate per sqm per year and the first three (3) years shall be due and payable at the start of the term. The rent shall also be adjusted for inflation every three years.

<u>ATWC</u>
On October 9, 2023, ATWC and the Provincial Government of Rizal (collectively "the Parties") entered into a Lease Contract with Revenue-Sharing Agreement in relation to the development, construction, and operation of the Tanay Wind Project. The land lease is effective on October 1, 2023 and will expire after 25 years from Commercial Operations Date ("COD"), subject to extension for another 25 years under such term and conditions as may be agreed between the parties, plus an additional aggregate period of five (5) years to allow for the construction and decommissioning of the Project.

The rental of the above land lease consists of a fixed monthly rate and all other imposable taxes required to be collected.

A share in the project revenues, termed as the "Revenue Share", is determined by multiplying the Actual Generation for the relevant Contract Year by the Tariff and the Percentage which is initially set at three percent (3%), subject to escalation every five (5) years if the Tariff is a fixed amount throughout the operating life of the Tanay Wind Project, with calculations occurring at the actual COD of the project. The Revenue Share, payable annually to the Local Government Unit starting from the year following the actual COD, is adjusted for the deduction of the annual lease payment. The expected COD is in the first quarter of 2026.

<u>AWPC</u>
On November 15, 2024, AWPC entered into Land Lease Contracts in relation to the development, construction, and operation of the Project. The land leases have a primary lease term of 25 years with an option to extend the contract for another 25-year or shorter period upon mutual agreement of both parties. The parties must agree on the extended lease terms at 1 year prior to the expiration of the primary lease term. The lease rates shall be subject to escalation every 5th year of the lease terms.

Set out below is the carrying amount of the right-of-use assets recognized and the movement for the years ended June 30, 2025 and 2024:

	2025	2024
Cost		
At July 1	**₱361,895,585**	₱51,139,072
Addition	**21,691,182**	310,756,513
At June 30	**383,586,767**	361,895,585
Accumulated Amortization		
At July 1	**12,700,353**	2,492,157
Amortization for the year	**10,372,222**	10,208,196
At June 30	**23,072,575**	12,700,353
	360,514,192	349,195,232
Cumulative translation adjustment	**(4,626,003)**	(1,228,020)
	₱355,888,189	₱347,967,212

Set out below is the carrying amount of the lease liability recognized and the movements for the years ended June 30, 2025 and 2024:

	2025	2024
At July 1	**₱350,361,981**	₱50,364,419
Addition	**13,344,455**	288,205,402
Interest expense accretion	**25,532,678**	19,661,020
Lease payments	**(25,263,158)**	(8,421,053)
Cumulative translation adjustment (see Note 2)	**14,455,110**	552,193
At June 30	**378,431,066**	350,361,981
Less current portion	**25,862,394**	28,082,850
Noncurrent portion	**₱352,568,672**	₱322,279,131

The following are the amounts recognized in the consolidated statements of comprehensive Income and consolidated statements of financial position:

	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023
Recognized as expense			
Amortization (see Note 20)	**₱3,276,956**	₱1,055,095	₱–
Interest expense accretion	**1,812,648**	1,693,058	–
Rent expense on short-term leases	**1,225,776**	1,323,774	2,345,694
	₱6,315,380	₱4,071,927	₱2,345,694
Capitalized			
Amortization	**₱7,095,266**	₱9,153,101	₱1,935,128
Interest expense accretion	**23,779,651**	17,967,962	3,331,602
	₱30,874,917	₱27,121,063	₱5,266,730

Shown below is the maturity analysis of the undiscounted lease payments as at June 30, 2025 and 2024:

	2025	2024
Within one year	**₱29,306,661**	₱12,687,579
More than one year to five years	**120,865,631**	76,093,474
More than five years to 10 years	**153,911,013**	126,723,789
More than 10 years to 15 years	**156,470,311**	126,771,789
More than 15 years to 20 years	**159,044,913**	126,819,789
More than 20 years to 25 years	**149,194,119**	126,771,789
More than 25 years	**4,210,526**	75,789,474
	₱773,003,174	₱671,657,683

The Group entered has lease agreement with NAPI for the office spaces of certain subsidiaries (see Note 18). On February 21, 2021, the Group renewed its lease agreement with NAPI for nine months starting April 1, 2021 to December 31, 2021 and on January 1, 2022, the lease is renewed for a term of one-year beginning January 1, 2022 to December 31, 2022. On December 28, 2022, the Group renewed for a term of one year beginning January 1, 2023 to December 31, 2023 (see Notes 18 and 21). In February 2024, the lease was renewed again for a term of one year beginning January 1, 2024 to December 31, 2024. This has been extended until December 31, 2025. The Group applies the 'short-term lease' recognition exemption for these leases.

24. Income Tax

The Group, other than KSEC and SPPP, is subject to regular corporate income tax of 20%/25% or MCIT, whichever is higher. KSEC is entitled to the 5% gross income tax to the extent of undertaking the establishment, operation and maintenance of its solar energy generation facility, while SPPP is subject to 4% gross revenue tax ("GRT") with deductions allowed for paid salaries subject to limitations as provided under the Palau National Code. Starting January 1, 2023, SPPP is subject to the 12% Business Profit Tax on net income (gross revenue less allowable deductions) which replaced GRT.

Provision for (benefit from) income tax consists of the following:

	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023
Current	**₱12,061,893**	₱19,703,653	₱9,836,530
Deferred	**8,523,756**	(2,131,470)	(367,847)
	₱20,585,649	₱17,572,183	₱9,468,683

The reconciliation of income tax at statutory income tax rate to the effective income tax is as follows:

	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023
Income tax at statutory income tax rates	**(₱13,128,849)**	₱33,621,534	(₱7,356,242)
Adjustments resulting from:			
Nontaxable income	**(8,376,483)**	(36,787,774)	(7,501,875)
Movement in unrecognized deferred tax assets and others	**64,229,471**	28,688,207	20,669,138
Interest income subjected to final tax	**(28,127,226)**	(11,778,878)	(1,757,350)
Nondeductible expenses	**5,988,736**	3,829,094	5,415,012
	₱20,585,649	₱17,572,183	₱9,468,683

The components of the Group's net deferred income tax liabilities as at June 30 are as follows:

	2025	2024
Deferred income tax liabilities on:		
Right-of-use assets	**₱65,180,345**	₱71,823,612
Fair value adjustments from acquisition of a subsidiary	**18,783,102**	20,465,468
Deferred financing cost	**11,713,710**	–
Net unrealized foreign exchange gains	**1,360,724**	4,946,833
	97,037,881	97,235,913
Deferred income tax assets on:		
Lease liabilities	**66,541,069**	73,085,277
Asset retirement obligation	**324,186**	117,407
NOLCO	**–**	2,397,981
MCIT	**–**	34,510
	66,865,255	75,635,175
	₱30,172,626	₱21,600,738

No deferred income tax assets were recognized on the following deductible temporary differences as it is not probable that sufficient taxable profit will be available to allow the benefit of the deferred income tax assets to be utilized in the future:

	2025	2024
NOLCO	**₱417,094,559**	₱302,396,797
Net unrealized foreign exchange losses	**14,584,449**	13,943,715
Retirement benefit obligation	**2,881,768**	1,080,874
MCIT	**5,840,512**	124,508

The Group did not recognize deferred income tax liability on its undistributed retained earnings of its subsidiaries on the basis that there are no income tax consequences to the Group attaching to the payment of dividends to its shareholders or that the reversal of the temporary differences are not expected to reverse in the foreseeable future (see Note 17).

25. Earnings (Loss) per Share

Earnings (Loss) per common share amounts were computed as follows:

	June 30, 2025	June 30, 2024	June 30, 2023
a. Net income (loss) attributable to equity holders of the parent	**₱128,467,071**	₱25,480,176	(₱18,679,294)
b. Weighted average number of common shares issued and outstanding	**3,933,840,480**	3,933,840,480	2,037,063,692
Earnings (loss) per common share (a/b)	**₱0.03**	₱0.01	(₱0.01)

There are no dilutive potential common shares for the years ended June 30, 2025 and 2024, 2023.

26. Operating Segment Information

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group to make decisions about how resources are to be allocated to the segment and assess their performances, and for which discrete financial information is available.

For purposes of management reporting, the Group's operating businesses are organized and managed separately according to services provided, with each segment representing a strategic business segment. The Group's identified operating segments, which are consistent with the segments reported to the BOD, which is the Group, are as follows:

Segment	Nature of transactions
Wind Energy	Generation and supply of wind power to various customers under power supply contracts
Hydro Energy	Generation and supply of hydro power to various customers under power supply contracts
Solar Energy	Generation and supply of solar power to various customers under power supply contracts
Others	Marketing and retail of electricity to various customers under power supply contracts , shared service and real estate

Financial information on the operations of the various business segments are summarized as follows:

June 30, 2025

	Parent	**Wind**	**Hydro**	**Solar**	**Others**	**Total**	**Adjustments**	**Consolidated**
Income (Expenses)								
Revenue from sale of electricity	**₱–**	**₱–**	**₱–**	**₱359,930,984**	**₱–**	**₱359,930,984**	**₱–**	**₱359,930,984**
Cost of sale of electricity	**–**	**–**	**–**	**(170,321,888)**	**–**	**(170,321,888)**	**–**	**(170,321,888)**
Equity in net earnings of associates	**–**	**–**	**–**	**–**	**–**	**–**	**1,524,171**	**1,524,171**
General and administrative expenses	**(39,484,252)**	**(11,399,447)**	**(5,729,335)**	**(85,991,410)**	**(4,522,437)**	**(147,126,881)**	**35,631,480**	**(111,495,401)**
Finance costs	**(216,413,966)**	**–**	**–**	**(83,725,108)**	**–**	**(300,139,074)**	**207,492,389**	**(92,646,685)**
Net foreign exchange gain (loss)	**(1,322,675)**	**(5,354,197)**	**2,915,009**	**(1,444,571)**	**–**	**(5,206,434)**	**–**	**(5,206,434)**
Advisory fees	**–**	**–**	**–**	**39,501,482**	**–**	**39,501,482**	**(35,631,482)**	**3,870,000**
Insurance claims	**–**	**453,516**	**–**	**–**	**–**	**453,516**	**–**	**453,516**
Interest income	**39,670,964**	**66,219,678**	**2,816,415**	**15,475,887**	**6,182**	**124,189,126**	**–**	**124,189,126**
Restructuring related charges - net	**289,817,289**	**(163,950,507)**	**(50,572,259)**	**(12,947,851)**	**–**	**62,346,672**	**12,947,849**	**75,294,521**
Dividend income	**22,681,807**	**2,100,032**	**–**	**10,824,127**	**–**	**35,605,966**	**(35,605,966)**	**–**
Segment Income (Loss)	**94,949,167**	**(111,930,925)**	**(50,570,170)**	**71,301,652**	**(4,516,255)**	**(766,531)**	**186,358,441**	**185,591,910**
Provision for (benefit from) income tax	**5,840,512**	**8,333,144**	**–**	**6,736,180**	**–**	**20,909,836**	**(324,187)**	**20,585,649**
Net income (Loss)	**₱89,108,655**	**(₱120,264,069)**	**(₱50,570,170)**	**₱64,565,472**	**(₱4,516,255)**	**(₱21,676,367)**	**₱186,682,628**	**₱165,006,261**
Other Information								
Investment in and advances to associates	**₱933,887,707**	**₱2,722,932,949**	**₱956,465,220**	**₱88,144,356**	**₱–**	**₱4,701,430,232**	**(₱3,667,690,947)**	**₱1,033,739,285**
Property, plant and equipment and intangible assets	**₱3,271,962**	**₱3,575,815,335**	**₱100,255,206**	**₱3,108,521,095**	**₱29,598,000**	**₱6,817,461,598**	**₱859,587,663**	**₱7,677,049,261**
Segment assets	**₱7,327,969,888**	**₱13,367,310,263**	**₱1,200,593,296**	**₱4,453,970,619**	**₱149,145,364**	**₱26,498,989,430**	**(₱8,624,140,175)**	**₱17,874,849,255**
Segment liabilities	**(₱3,759,232,071)**	**(₱10,658,669,797)**	**(₱1,342,025,722)**	**(₱3,554,214,531)**	**(₱129,492,027)**	**(₱19,443,634,148)**	**₱5,862,324,772**	**(₱13,581,309,376)**
Depreciation and amortization	**₱2,426,674**	**₱1,062,916**	**₱67,485**	**₱4,645,372**	**₱–**	**₱8,202,448**	**₱–**	**₱8,202,448**

June 30, 2024

	Parent	Wind	Hydro	Solar	Others	Total	Adjustments	Consolidated
Income (Expenses)								
Revenue from sale of electricity	₱–	₱–	₱–	₱274,903,345	₱–	₱274,903,345	₱–	₱274,903,345
Cost of sale of electricity	–	–	–	(101,458,303)	–	(101,458,303)	–	(101,458,303)
Equity in net earnings of associates	–	–	–	–	–	–	5,290,459	5,290,459
General and administrative expenses	(30,172,674)	(4,174,017)	(43,256,739)	(67,886,915)	(1,017,663)	(146,508,008)	26,978,479	(119,529,529)
Construction revenue	–	–	–	204,672,932	–	204,672,932	–	204,672,932
Construction costs	–	–	–	(204,672,932)	–	(204,672,932)	–	(204,672,932)
Project cost recovery	–	–	–	103,942,684	–	103,942,684	–	103,942,684
Finance costs	(34,701,718)	–	–	(63,502,206)	–	(98,203,924)	14,218,687	(83,985,237)
Net foreign exchange gain (loss)	12,450,784	(329,889)	(3,365,240)	(14,448)	–	8,741,207	2,355,576	11,096,783
Advisory fees	–	–	–	30,640,827	–	30,640,827	(27,400,827)	3,240,000
Interest income	36,916,178	396,778	6,548,345	9,775,119	387	53,636,807	–	53,636,807
Dividend income	57,477,500	65,900,993	–	23,772,500	–	147,150,993	(147,150,993)	–
Segment Income (Loss)	41,970,070	61,793,865	(40,073,634)	210,172,603	(1,017,276)	272,845,628	(125,708,619)	147,137,009
Provision for (benefit from) income tax	124,508	(2,106,841)	–	19,554,516	–	17,572,183	–	17,572,183
Net income (Loss)	₱41,845,562	₱63,900,706	(₱40,073,634)	₱190,618,087	(₱1,017,276)	₱255,273,445	(₱125,708,615)	₱129,564,830
Other Information								
Investment in and advances to associates and JV	₱–	₱82,892,189	₱48,990,194	₱46,406,295	₱–	₱178,288,678	(₱57,576,809)	₱120,711,869
Property, plant and equipment and intangible assets	₱3,013,075	₱1,442,606,739	₱95,114,093	₱2,295,529,908	₱–	₱3,836,263,816	(₱38,960,294)	₱3,797,303,522
Segment assets	₱5,769,994,494	₱5,301,440,537	₱785,539,884	₱2,878,270,211	₱9,433,486	₱14,744,678,612	(₱5,999,913,730)	₱8,744,764,882
Segment liabilities	(₱2,250,293,276)	(₱5,092,717,305)	(₱876,402,140)	(₱1,897,492,618)	(₱1,538,892)	(₱10,118,444,231)	₱5,670,304,058	(₱4,448,140,173)
Depreciation and amortization	₱492,575	₱2,520	₱32,153	₱209,433	₱–	₱736,681	₱–	₱736,681

June 30, 2023

	Parent	Wind	Hydro	Solar	Others	Total	Adjustments	Consolidated
Income (Expenses)								
Revenue from sale of electricity	₱–	₱–	₱–	₱171,484,044	₱–	₱171,484,044	₱–	₱171,484,044
Cost of sale of electricity	–	–	–	(60,064,752)	–	(60,064,752)	–	(60,064,752)
Equity in net earnings of associates	–	–	–	–	–	–	21,938,643	21,938,643
General and administrative expenses	(28,925,293)	(2,814,704)	(7,008,110)	(40,612,356)	(162,665)	(79,523,128)	26,988,419	(52,534,709)
Construction revenue	–	–	–	782,674,637	–	782,674,637	–	782,674,637
Construction costs	–	–	–	(782,674,637)	–	(782,674,637)	–	(782,674,637)
Project cost recovery	–	–	-	40,927,384	–	40,927,384	–	40,927,384
Finance costs	(40,922,068)	–	–	(47,097,046)	–	(88,019,114)	–	(88,019,114)
Net foreign exchange gain (loss)	4,109,641	347,349	(3,057,064)	444,660	–	1,844,586	–	1,844,586
Advisory fees	–	–	–	30,073,347	–	30,073,347	(26,983,347)	3,090,000
Interest income	5,976,689	1,145	650,944	1,965,561	38	8,594,377	–	8,594,377
Dividend income	17,489,500	–	–	12,518,000	–	30,007,500	(30,007,500)	–
Gain on remeasurement of previously held interest	–	–	–	–	–	–	229,400	229,400
Segment Income (Loss)	(42,271,531)	(2,466,210)	(9,414,230)	109,638,842	(162,627)	55,324,244	(7,834,385)	47,489,859
Provision for (benefit from) income tax	–	700	6,223,204	4,298,523	–	10,522,427	(1,053,744)	9,468,683
Net income (Loss)	(₱42,271,531)	(₱2,466,910)	(₱15,637,434)	₱ 105,340,319	(₱162,627)	₱44,801,817	(₱6,780,641)	₱38,021,176
Other Information								
Investment in and advances to associates and JV	₱–	₱82,571,762	₱40,009,761	₱35,083,195	₱–	₱157,664,718	₱24,598,375	₱182,263,093
Property, plant and equipment and intangible assets	₱1,643,765	₱198,962,588	₱115,307,918	₱896,390,466	₱–	₱1,212,304,737	₱663,489,550	₱1,875,794,287
Segment assets	₱2,304,128,049	₱400,979,387	₱451,070,736	₱2,621,548,327	₱ 1,454,709	₱5,779,181,208	(₱904,942,422)	₱4,874,238,786
Segment liabilities	(₱272,233,489)	(₱231,911,589)	(₱501,859,358)	(₱1,788,122,025)	(₱42,841)	(₱2,794,169,302)	₱644,105,037	(₱2,150,064,265)
Depreciation and amortization	₱–	₱–	₱772	₱193,640	₱–	₱194,412	₱–	₱194,412

Revenue and noncurrent operating assets by geographical locations are summarized below:

	Revenue			Property, Plant and Equipment		Intangible Assets	
	2025	2024	2023	**2025**	2024	**2025**	2024
Philippines	**₱183,768,617**	₱187,592,256	₱171,484,044	**₱5,697,145,762**	₱1,739,749,071	**₱761,998,751**	₱721,981,359
Palau	**176,162,367**	87,311,089	–	**1,076,842**	–	**1,216,827,906**	1,335,573,092
	₱359,930,984	₱274,903,345	₱171,484,044	**₱5,698,222,604**	₱1,739,749,071	**₱1,978,826,657**	₱2,057,554,451

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and segment expenses are measured in accordance with PFRS Accounting Standards. The presentation and classification of segment revenue and segment expenses are consistent with the consolidated statements of comprehensive income. Interest expense and financing charges, depreciation and amortization expense and income taxes are managed on a per segment basis.

27. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, trade and other receivables, due from related parties, accounts payable and accrued expenses, due to related parties, short-term loan, long-term debts, and lease liabilities. The main purpose of these financial instruments is to finance the Group's operations.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and manage the Group's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has exposure to liquidity risk, credit risk, interest risk, and foreign currency risk from the use of its financial instruments.

The BOD reviews and approves the policies for managing each of these risks and they are summarized below.

Liquidity Risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility. The Group maintains a level of cash deemed sufficient to finance its operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows.

The table below summarizes the maturity profile of the Group's financial assets used for liquidity management and liabilities based on remaining undiscounted contractual obligations:

	June 30, 2025			
	On demand	**Within one year**	**More than 1 year but less than 5 years**	**Total**
Financial Assets				
Cash and cash equivalents	**₱5,687,426,641**	**₱–**	**₱–**	**₱5,687,426,641**
Trade and other receivables	**–**	**64,544,113**	**–**	**64,544,113**
Restricted cash and placements[(A)]	**–**	**449,988,635**	**173,033,689**	**623,022,324**
Due from related parties	**276,018,392**	**–**	**–**	**276,018,392**
	₱5,963,445,033	**₱514,532,748**	**₱173,033,689**	**₱6,651,011,470**
Financial Liabilities				
Accounts payable and accrued expenses [(B)]	**₱–**	**₱439,103,078**	**₱–**	**₱439,103,078**
Dividend payable	**–**	**7,096,193**	**–**	**7,096,193**
Due to related parties	**88,488**	**–**	**–**	**88,488**
Short-term loan	**–**	**1,870,704,855**	**–**	**1,870,704,855**
Lease liabilities	**–**	**29,306,661**	**743,696,512**	**773,003,173**
Long-term debt [(C)]	**–**	**810,367,871**	**17,681,963,013**	**18,492,330,884**
	₱88,488	**₱3,156,578,658**	**₱18,425,659,525**	**₱21,582,326,671**

(A) The Security Trustee have the exclusive control over and the exclusive right of withdrawal from the Project Accounts.
(B) Excluding statutory liabilities
(C) Includes future interests

	June 30, 2024			
	On demand	Within one year	More than 1 year but less than 5 years	Total
Financial Assets				
Cash and cash equivalents	₱2,559,074,243	₱–	₱–	₱2,559,074,243
Trade and other receivables	–	145,554,089	–	145,554,089
Restricted cash and placements[(A)]	–	418,350,485	335,157,334	753,507,819
Due from related parties	575,160,491	–	–	575,160,491
	₱3,134,234,734	₱563,904,574	₱335,157,334	₱4,033,296,642

(Forward)

	June 30, 2024			
	On demand	Within one year	More than 1 year but less than 5 years	Total
Financial Liabilities				
Accounts payable and accrued expenses (B)	₱214,000,000	₱94,502,669	–	₱308,502,669
Dividend payable	–	6,250,000	–	6,250,000
Due to related parties	9,688,488	–	–	9,688,488
Short-term loan	–	262,313,194	–	262,313,194
Lease liabilities	–	12,687,579	658,970,104	671,657,683
Long-term debt (C)	–	346,724,422	4,543,234,617	4,889,959,039
	₱223,688,488	₱722,477,864	₱5,202,204,721	₱6,148,371,073

(A) The Security Trustee have the exclusive control over and the exclusive right of withdrawal from the Project Accounts.
(B) Excluding statutory liabilities
(C) Includes future interests

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities and from its financing activities. The Group's maximum credit risk is equal to the carrying amount of the Group's financial assets.

The table below show the credit quality by class of financial assets based on the Group's rating system as at June 30, 2025 and 2024:

	Neither Past Due nor Impaired		**Past Due**		**2025**
	High Grade	**Standard Grade**	**Unimpaired**	**Impaired**	**Total**
Cash and cash equivalents (A)	**₱5,685,745,889**	**₱–**	**₱–**	**₱–**	**₱5,685,745,889**
Trade and other receivables	–	**64,544,113**	–	–	**64,544,113**
Restricted cash and placements	**623,022,324**	–	–	–	**623,022,324**
Due from related parties	–	**276,018,392**	–	–	**276,018,392**
Advances to associates	–	**695,370,310**	–	–	**695,370,310**
	₱6,308,768,213	**₱1,035,932,815**	**₱–**	**₱–**	**₱7,344,701,028**

(A) Excluding cash on hand

	Neither Past Due nor Impaired		Past Due		2024
	High Grade	Standard Grade	Unimpaired	Impaired	Total
Cash and cash equivalents (A)	₱2,558,617,534	₱–	₱–	₱–	₱2,558,617,534
Trade and other receivables	–	145,554,089	–	–	145,554,089
Restricted cash and placements	753,507,819	–	–	–	753,507,819
Due from related parties	–	575,160,491	–	–	575,160,491
	₱3,312,125,353	₱720,714,580	₱–	₱–	₱4,032,839,933

(A) Excluding cash on hand

High Grade. This pertains to counterparty who is not expected by the Group to default in settling its obligation, thus, credit risk exposure is minimal. This normally includes large prime financial institutions. Credit quality was determined based on the credit standing of the counterparty.

Standard Grade. This pertains to accounts of debtors who have historically paid their accounts on time and who have the financial capacity to pay.

Aging analysis per class of financial assets that are past due but not impaired as of June 30, 2025 and 2024 are as follows:

	Neither past due nor impaired	Past due but not impaired Less than 30 days	31 to 60 Days	61 to 90 Days	More than 90 Days	Impaired	2025 Total
Cash and cash equivalents [(A)]	**₱5,685,745,889**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱5,685,745,889**
Trade and other receivables	**64,544,113**	**–**	**–**	**–**	**–**	**–**	**64,544,113**
Restricted cash and placements	**623,022,324**	**–**	**–**	**–**	**–**	**–**	**623,022,324**
Due from related parties	**276,018,392**	**–**	**–**	**–**	**–**	**–**	**276,018,392**
Advances to associates	**695,370,310**	**–**	**–**	**–**	**–**	**–**	**695,370,310**
	₱7,344,701,028	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱7,344,701,028**

(A) Excluding cash on hand

	Neither past due nor impaired	Past due but not impaired Less than 30 days	31 to 60 Days	61 to 90 days	More than 90 Days	Impaired	2024 Total
Cash and cash equivalents [(A)]	₱2,558,617,534	₱–	₱–	₱–	₱–	₱–	₱2,558,617,534
Trade and other receivables	145,554,089	–	–	–	–	–	145,554,089
Restricted cash and placements	753,507,819	–	–	–	–	–	753,507,819
Due from related parties	575,160,491	–	–	–	–	–	575,160,491
	₱4,032,839,933	₱–	₱–	₱–	₱–	₱–	₱4,032,839,933

(A) Excluding cash on hand

Simplified Approach

- *Trade receivables*
  The Group applied the simplified approach under PFRS 9, using a 'provision matrix', in measuring expected credit losses which uses a lifetime expected loss allowance for receivables. The expected loss rates are based on the payment profiles of revenues/sales over a period of at least 24 months before the relevant reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of its sole customer to settle the receivables. The Group has identified the core inflation rate to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

  Set out below is the information about the credit risk exposure of the Group's trade receivables using a provision matrix as at June 30, 2025 and 2024:

	Current	Past Due 0-30 days	31-60 days	61-90 days	Over 90 days	2025 Total
Expected loss rate	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	
Estimated total gross carrying amount at default	**₱56,771,733**	**₱–**	**₱–**	**₱–**	**₱–**	**₱56,771,733**
Expected credit loss	**–**	**–**	**–**	**–**	**–**	**–**

		Past Due				2024
	Current	0-30 days	31-60 days	61-90 days	Over 90 days	Total
Expected loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	
Estimated total gross carrying amount at default	₱79,457,486	₱–	₱–	₱–	₱–	₱79,457,486
Expected credit loss	–	–	–	–	–	–

The Group has the following financial assets that are subject to the expected credit loss model under the general approach:

- *Cash and cash equivalents, restricted cash and placements, and time deposits*. As of June 30, 2025 and 2024, the ECL relating to the cash and cash equivalents, restricted cash and placements, and time deposits of the Group are minimal as these are deposited in reputable entities which have good bank standing and are considered to have a low credit risk.

- *Due from related parties*. The Group did not recognize any allowance related to due from related parties as there was no history of default payments. This assessment is undertaken each financial year through examination of the financial position of the related party and the markets in which the related party operates.

  The table below summarizes the credit risk exposure to the Group's financial assets comprised of cash, cash equivalents, time deposits and due from related parties as at June 30, 2025 and 2024:

	2025			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
High grade*	**₱5,685,745,889**	**₱–**	**₱–**	**₱5,685,745,889**
Standard grade	**–**	**971,388,702**	**–**	**971,388,702**
Default	**–**	**–**	**–**	**–**
Gross carrying amount	**5,685,745,889**	**971,388,702**	**–**	**6,657,134,591**
Loss allowance	**–**	**–**	**–**	**–**
Carrying amount	**₱5,685,745,889**	**₱971,388,702**	**₱–**	**₱6,657,134,591**

** Excluding cash on hand*

	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade*	₱2,558,617,534	₱–	₱–	₱2,558,617,534
Standard grade	–	575,160,491	–	575,160,491
Default	–	–	–	–
Gross carrying amount	2,558,617,534	575,160,491	–	3,133,778,025
Loss allowance	–	–	–	–
Carrying amount	₱2,558,617,534	₱575,160,491	₱–	₱3,133,778,025

** Excluding cash on hand*

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligation with floating interest rate. There is no effect on the consolidated income before income tax related to the long-term debt obligation with floating interest rate as the related interest expenses are capitalized. There

is no further exposure to interest rate risk for the other interest-bearing borrowings as they contain fixed interest rates.

Foreign Currency Risk

The Group uses the Philippine Peso (₱) as its functional currency and is therefore exposed to foreign exchange movements, primarily in US dollar ($) currencies. The Group follows a policy to manage its currency risk by closely monitoring its cash flow position and by providing forecasts on all other exposures in currencies other than the Philippine Peso.

The table below summarizes the Group's exposure to foreign currency risk. Included in the table are the Group's foreign-currency-denominated financial assets and liabilities as of June 30, 2025 and 2024:

	2025		2024	
	Original Currency	**Peso Equivalent**	Original Currency	Peso Equivalent
Financial Assets				
Cash and cash equivalents	**$1,966,820**	**₱110,790,971**	$3,738,956	₱219,140,211
Due from related party	**1,122,238**	**63,215,667**	1,259,248	73,804,519
	$3,089,058	**₱174,006,638**	$4,998,204	₱292,944,730

As of June 30, 2025 and 2024, the exchange rates used were ₱56.33 and ₱58.61, per $1, respectively.

The following table demonstrates the sensitivity to a reasonable possible change in US Dollar exchange rate, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no other impact on the Group's equity other than those already affecting profit or loss.

	Change in ₱/$ exchange rate	
	5% appreciation of $ against ₱	5% depreciation of $ against ₱
Increase (decrease) in income before income tax		
June 30, 2025	**₱8,700,332**	**(₱8,700,332)**
June 30, 2024	14,647,237	(14,647,237)

28. Fair Value Measurement

Fair Value and Category of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash and Cash Equivalents, Restricted Cash and Placements, Due from/to Related Parties, Accounts Payable and Accrued Expenses, and Short-term Loan

The carrying amounts of these financial instruments approximate their fair values due to their short-term maturity.

Long-term Debts
The fair values of long-term debts were calculated based on the discounted value of future cash flows using the applicable risk-free rates for similar types of loans adjusted for credit risk (Level 3 of the fair value hierarchy). The applicable risk-free rates used for long-term debts ranges from 6.10%-6.60% and 6.49%-6.72% as of June 30, 2025 and 2024, respectively.

As of June 30, 2025 and 2024, the fair values of long-term debts fall under level 3 of the fair value hierarchy:

	Carrying Value		Fair Value	
	2025	2024	**2025**	2024
Long-term debts	**₱10,933,184,940**	₱3,470,963,226	**₱10,321,324,674**	₱3,437,461,551

There were no transfers between Level 1 and Level 2 fair value measurement, and there were no transfers into and out of Level 3 fair value measurement.

29. Capital Management

The Group ensures that the capital infused by the shareholders is properly managed. The Group manages its capital structure and makes adjustments to it in the light of changes in business and economic conditions.

As of June 30, 2025 and 2024, the Group's total equity amounted to ₱4,293.54 million and ₱4,296.62 million, respectively. In order to sustain its operations, the Group may obtain additional advances and/or capital infusion from its shareholders. Certain companies in the Group are required to maintain certain level of equity as required by their loan agreements (see Note 16).

The Group considers the following as its core capital:

	2025	2024
Short-term loan	**₱1,738,500,056**	₱248,780,784
Long-term debts	**10,933,184,940**	3,470,963,226
Due to related parties	**88,488**	9,688,488
Capital stock	**440,423,912**	440,423,912
Additional paid-in capital	**3,035,119,971**	3,035,119,971
Retained earnings	**155,650,127**	67,183,056
	₱16,302,967,494	₱7,272,159,437

30. Changes in Liabilities Arising from Financing Activities

June 30, 2025	Short-term loan (see Note 15)	Long-term debts - current portion (see Note 16)	Long-term debts - noncurrent portion (see Note 16)	Lease liabilities - current portion (see Note 23)	Lease liabilities- noncurrent portion (see Note 23)	Accrued interest (see Note 14)	Dividends payable (see Note 12)
Balances as of July 1, 2024	**₱248,780,784**	**₱118,602,987**	**₱3,352,360,239**	**₱28,082,850**	**₱322,279,131**	**₱35,022,374**	**₱6,250,000**
Cash flows:							
Proceeds from:							
Short-term debt	**1,497,000,000**	–	–	–	–	–	–
Long-term debt	–	–	**7,748,755,000**	–	–	–	–
Payments of:							
Long-term debt	–	**(121,446,750)**	–	–	–	–	–
Leases	–	–	–	**(25,263,158)**	–	–	
Interests	**(1,772,708)**	–	–	–	–	**(339,021,843)**	–
Dividends	–	–	–	–	–	–	**(97,070,727)**
Deferred financing charges	**(11,095,890)**	–	**(222,566,660)**	–	–	–	–
Other movements:							
Recognition of lease	–	–	–	–	**14,662,272**	–	
Accretion of interest expense	**3,815,162**	–	–	–	**25,532,678**	–	–
Amortization of deferred financing charges	–	–	**20,533,689**	–	–	–	–
Interest expense accrual	**1,772,708**	–	–	–	–	**441,703,945**	–
Dividend declaration	–	–	–	–	–	–	**97,916,920**
Translation adjustment	–	–	**36,946,435**	–	**13,137,293**	–	–
Reclassification to current	–	**134,058,004**	**(134,058,004)**	**23,042,702**	**(23,042,702)**	–	–
Balances as of June 30, 2025	**₱1,738,500,056**	**₱131,214,241**	**₱10,801,970,699**	**₱25,862,394**	**₱352,568,672**	**₱137,704,476**	**₱7,096,193**

June 30, 2024	Short-term loan (see Note 15)	Long-term debts - current portion (see Note 16)	Long-term debts - noncurrent portion (see Note 16)	Lease liabilities - current portion (see Note 23)	Lease liabilities- noncurrent portion (see Note 23)	Accrued interest (see Note 14)	Dividends payable (see Note 12)
Balances as of July 1, 2023	₱249,172,856	₱82,566,864	₱1,438,732,743	₱3,428,463	₱46,935,956	₱33,719,000	₱3,750,000
Cash flows:							
Proceeds from:							
Short-term debt	–	–	–	–	–	–	–
Long-term debt	–	–	1,480,000,000	–	–	–	–
Payments of:							
Short-term debt	–	–	–	–	–	–	–
Long-term debt	–	–	(30,797,354)	–	–	–	–
Interests	–	–	–	–	–	(12,915,312)	–
Leases	–	–	–	(8,421,053)	–	–	
Dividends	–	–	–	–	–	–	(23,750,000)
Deferred financing charges	(1,849,315)	–	(26,660,521)	–	–	–	–
Other movements:							
Cash restriction (see Note 7)	–	–	520,000,000	–	–	–	–
Recognition of lease	–	–	–	–	288,205,402	–	
Accretion of interest expense	1,457,243	–	–	–	19,661,020	–	–
Amortization of deferred financing charges	–	–	5,940,497	–	–	–	–
Interest expense accrual	–	–	–	–	–	14,218,686	–
Dividend declaration	–	–	–	–	–	–	26,250,000
Translation adjustment	–	–	1,180,997	–	552,193	–	–
Reclassification to current	–	36,036,123	(36,036,123)	33,075,440	(33,075,440)	–	–
Balances as of June 30, 2024	₱248,780,784	₱118,602,987	₱3,352,360,239	₱28,082,850	₱322,279,131	₱35,022,374	₱6,250,000

June 30, 2023	Short-term loan (see Note 15)	Long-term debts - current portion (see Note 16)	Long-term debts - noncurrent portion (see Note 16)	Lease liabilities - current portion (see Note 23)	Lease liabilities - noncurrent portion (see Note 23)	Accrued interest (see Note 14)	Dividends payable (see Note 12)
Balances as of July 1, 2022	₱92,650,373	₱57,810,359	₱1,248,824,823	₱2,883,913	₱47,035,794	₱17,464,239	₱18,750,000
Cash flows:							
Proceeds from:							
Short-term debt	250,000,000	–	–	–	–	–	–
Long-term debt	–	–	496,800,000	–	–	–	–
Payments of:							
Short-term debt	(94,250,000)	–	–	–	–	–	–
Long-term debt	–	–	(291,420,625)	–	–	–	–
Interests	–	–	–	–	–	(103,014,882)	–
Leases	–	–	–	(3,091,200)	–	–	
Dividends	–	–	–	–	–	–	(23,750,000)
Deferred financing charges	(1,870,064)	–	–	–	–	–	–
Other movements:							
Accretion of interest expense	1,599,627	–	–	–	–	–	–
Amortization of deferred financing charges	1,042,920	–	5,962,377	–	–	–	–
Interest expense accrual	–	–	–	–	–	80,597,920	–
Capitalized borrowing cost	–	–	388,142	–	3,331,602	37,699,469	–
Dividend declaration	–	–	–	–	–	–	8,750,000
Translation adjustment	–	1,548,950	1,385,581	11,803	192,507	972,254	–
Reclassification to current	–	23,207,555	(23,207,555)	3,623,947	(3,623,947)	–	–
Balances as of June 30, 2023	₱249,172,856	₱82,566,864	₱1,438,732,743	₱3,428,463	₱46,935,956	₱33,719,000	₱3,750,000

31. **Significant Contracts, Agreements and Commitments**

Solar Energy

SSAI

- *Service Contract of Hermosa Solar Power Project.* On December 23, 2015, SSAI was awarded SESC No. 2015-10-260 for the exclusive right to explore and develop the Hermosa Solar Power Project (the "Project"), wherein SSAI shall undertake exploration, assessment, harnessing, piloting, and other studies of the solar energy resources in Hermosa, Bataan.

- *Declaration and Confirmation of Commerciality*. On November 7, 2017, SSAI submitted to DOE a request to confirm DOC attaching the required documents. After a series of consultation with DOE, SSAI has been granted its Certificate of Confirmation of Commerciality ("COCOC") on September 30, 2019.

  On February 13, 2020, SSAI submitted to the DOE a request for amendment of the contract area to reflect the change in the technical design and a Revised 5-Year Work Plan to implement the proposed project. On April 8, 2021, DOE approved the contract area, revised 5-Year Work Plan, Solar Energy Operating Contract and the amended certificate of registration.

- *Power Supply Agreement ("PSA").* On May 30, 2023, SSAI signed a PSA with Kratos RES, Inc. ("Kratos") for the supply of 10 MW up to 20 MW for 20 years after commencement of operations. Kratos is a retail electricity supplier providing electricity to commercial and industrial customers.

- *Engineering, Procurement and Construction ("EPC") Offshore and Onshore Agreements.* On August 21, 2024, SSAI signed and entered into EPC Offshore and Onshore Agreements with China Energy Group Guandong Electric Power Design Institute Co. Ltd ("GEDI") and GEDI Construction Development Corporation ("GCDC") (collectively "the EPC Contractors"), respectively, for installation, commissioning and construction services. On September 2, 2024, SSAI issued the NTP to the EPC Contractors to commence construction of the Project. SSAI has recognized project development costs amounting to nil and ₱80.80 million as of June 30, 2025 and 2024, respectively. In September 2024, project development costs amounting to ₱80.85 million were reclassified to construction in progress (see Note 11).

KSEC

- *Service Contract of Kirahon Solar Power Project*. On May 3, 2012, the DOE awarded SESC No. 2012-003-004 to CEPALCO for the exclusive right to explore and develop the Kirahon Solar Power Project located in the Municipalities of Villanueva and Tagaloan, Misamis Oriental for a period of 25 years.

  On December 2, 2013, the SESC was assigned to KSEC and approved by the DOE on May 28, 2014, correspondingly the DOE Certificate of Registration as an RE Developer was issued, thereby KSEC is already the holder of the SESC of the Kirahon Solar Power Project and all materials, equipment, plant and other installations erected or placed on the contract area by KSEC shall remain the property of KSEC throughout the term of the contract and after its termination.

The SESC has a contract period of 25 years and will expire in 2037. Under the SESC, the DOE shall approve the extension of the SESC for another 25 years under the same terms and conditions, provided that KSEC is not in default in any material obligations under the contract and has submitted a written notice to the DOE for the extension of the contract not later than one (1) year prior to the expiration of the 25-year period.

- *PSA.* On November 21, 2013, KSEC entered into a PSA with CEPALCO where the former shall supply the electric power requirements of the latter with a gross installed capacity of 12.5 MWp and a net installed capacity of 10 MW AC for a cooperation period of 25 years beginning the date of commercial operations.

  On October 22, 2014, the Energy Regulatory Commission ("ERC") approved the PSA between KSEC and CEPALCO through ERC Case No. 2014-020 with modification on the generation rate to be used. Subsequently on January 21, 2015, CEPALCO filed a "Motion for Partial Reconsideration with Urgent Request for Recalculation" with the ERC for the adjustment on the generation rate to be used by KSEC. On May 4, 2015, the ERC granted the "Motion for Partial Reconsideration with Urgent Request for Recalculation" and approved the applicable generation rate, which shall be adjusted based on Feed-in Tariff Rules.

  Starting October 25, 2020, the applicable generation rate was based on the final ERC PSA approval which provided adjustments in accordance with the ERC Resolution No. 16 Series of 2010, Resolution Adopting the Feed-in Tariff Rules.

  KSEC's revenue from contracts with customers, which is presented as "Revenue from sale of electricity" in the consolidated statements of comprehensive income, pertain to sale of electricity to CEPALCO under the PSA. The Group recognized revenue from the PSA amounting to ₱183.77 million, ₱187.59 million and ₱171.32 million for the years ended June 30, 2025, 2024 and 2023, respectively (see Note 19).

- *Maintenance Agreement.* On August 28, 2020, KSEC renewed the maintenance agreement with Juwi Philippines, Inc for the provision of certain technical services and maintenance activities in respect of KSEC solar photovoltaic energy system with a net installed capacity of 10MWac (PV Plant). The term of the agreement shall be for a period of three (3) years from the effective date unless sooner terminated for a cause.

  On October 10, 2023, KSEC renewed the maintenance agreement with Juwi Philippines, Inc. for the provision of certain technical services and maintenance activities in respect of KSEC's solar photovoltaic energy system with a net installed capacity of 10MWac (PV Plant). The term of the agreement shall be for a period of three (3) years from the effective date unless sooner terminated for a cause. After the term, the maintenance agreement shall be renewed for successive one (I) year period, unless either party gives the other a written notice of discontinuance at least four and a half (4.5) months prior to the expiration.

SPPP

- *Power Purchase Agreement ("PPA").* On April 14, 2021, SPEC, the immediate parent company of SPPP, signed a PPA with Palau Public Utilities Corporation ("PPUC") for the off-take of all electrical energy to be produced from the solar photovoltaic electric energy generating and battery storage facility with a solar PV total AC output capacity of 13.2 MW, a battery energy storage system total output capacity of 10.2 MWAC, and a BESS total energy storage capacity of 12.9 MWh. The tariff is fixed for a period of 20 years.

On April 8, 2022, SPEC, SPPP and PPUC entered into a Novation Agreement whereby SPPP substituted for SPEC under the PPA and other related agreements ("Project Agreements") and SPEC ceased to be entitled to and bound by its rights and obligations under the Project Agreements. However, SPEC shall remain responsible to PPUC in respect of any claims, cost and/or liabilities under the Project Agreements during the period up to the financial close of the PFA whether or not such claims or liabilities are known at that date.

The project is located in Ngatpang State, Babeldaob Island, Palau. Starting July 2023 until December 30, 2023, SPPP started its testing and commissioning of the solar power plant, thus recognizing commissioning income amounting to ₱12.19 million. SPPP completed the testing and commissioning of the solar power plant on and started commercial operations on December 31, 2023. SPPP's revenue from sale of electricity amounted to ₱176.16 million and ₱75.12 million for the years ended June 30, 2025 and June 30, 2024, respectively (see Note 19).

Assets arising from the PPA amounting to ₱1,437.88 million and ₱1,411.37 million as at June 30, 2025 and 2024, respectively, had been mortgaged as security for SPPP's loan (see Note 16).

- *Funding Agreement*. On January 31, 2022, SPPP entered into a Funding Agreement ("Funding Agreement") with Commonwealth of Australia represented by DFAT in relation to funding under the Australian Infrastructure Financing Facility for the Pacific ("AIFFP") to grant an amount of $4.00 million for the purpose of funding of eligible project costs.

  The DFAT agreement requires SPPP not to use the funds to acquire any assets other than for the project without the prior approval of DFAT.

  On October 10, 2022 and March 3, 2023, SPPP made a drawdown from the Funding Agreement amounting to $3.50 million (₱193.2 million) and $0.49 million (₱27.05 million), respectively. SPPP has elected to present the grant as a reduction in the carrying amount of the contract assets.

  The DFAT agreement requires SPPP not to use the funds to acquire any assets other than for the project without the prior approval of DFAT.

SPEC

- *Standby Letter of Credit ("SBLC").* In June 2022, SPEC applied for and was granted a credit line or accommodation in the form of a SBL with RCBC in the amount of $1.00 million to be issued by RCBC as security for SPEC's obligations under the PPA that was executed between SPEC and PPUC for the Palau Project.

  RCBC agreed to issue the SBLC on the condition that SPPP, a subsidiary of SPEC, shall assign in favor of SPEC all the rights, title, participation, interests and claims over the assigned receivables.

The SBLC is secured by a $250,000 hold-out deposit and SPPP's rights, title, participation on the sums of money, receivables or proceeds now and/or hereafter due and receivable on the liquidated damages not exceeding $750,000 under its Installation, Commissioning and Construction Services Agreement with a third-party contractor.

Following the completion and fulfillment of SPEC's obligation under the PPA, the SBLC was terminated in February 2025.

LSEC

- On October 27, 2023, LSEC was awarded Solar Energy Operating Contract ("SEOC") No 2023-09-706 for the exclusive rights to explore and develop the 50MW Apulid Solar Project (the Project), wherein LSEC shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resource in Paniqui, Tarlac.

  The term of the SEOC shall be 25 years, which, at the option of LSEC, may be extended for another 25 years, subject to the approval of the DOE. LSEC shall request the DOE, in writing and not later than one (1) year prior to the expiration of the initial term, for an extension of the term.

  The SEOC further provides that the failure of LSEC to comply with its commitments under the Work Program shall constitute as sufficient ground for DOE to terminate the contract.

  As of June 30, 2025, LSEC has not commenced the construction of the Project and has not started commercial operations. Project development cost pertaining to cost that was incurred to conduct the assessment and field verification for the financing, construction and operation of the Project amounted to ₱76.66 million and ₱55.07 million as of June 30, 2025 and 2024, respectively (see Note 11).

OSPC

- On May 22, 2025, OSPC was awarded SEOC No 2025-05-948 for the exclusive rights to explore and develop the Kalandagan Solar Project (the Project), wherein LREC shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resource in Tacurong, Sultan Kudarat.

  The term of the SEOC shall be 25 years, which, at the option of OSPC, may be extended for another 25 years, subject to the approval of the DOE. OSPC shall request the DOE, in writing and not earlier than six (6 months) but not later than three (3) months prior to the expiration of the initial term, for an extension of the term.

  The SEOC further provides that the failure of OSPC to comply with its commitments under the Work Program shall constitute as sufficient ground for DOE to terminate the contract.

  As of June 30, 2025, OSPC has not commenced the construction of the Project and has not started commercial operations. Project development cost pertaining to cost that was incurred to conduct the assessment and field verification for the financing, construction and operation of the Project amounted to ₱26.0 million and ₱3.74 million as of June 30, 2025 and 2024, respectively (see Note 11).

Hydropower Energy

AMHHC

- *Assignment of Project Assets to AMHHC.* On November 7, 2013, AMHHC entered into a Deed of Assignment of Project Assets with Moorland Investment Philippines, Inc. ("MPII") whereby MPII absolutely and unconditionally assign, transfer and convey unto AMHHC any and all of its rights, interests and obligations in and under the following contracts which MPII obtained from Enerhighlands Corporation (ELC) by virtue of a "Deed of Assignment of Contracts" dated October 10, 2013.

Contract Number	Project	Resource Area
HSC 2013-06-258	Kiangan Mini Hydro Project	Asin, Kiangan Ifugao
HSC 2013-06-261	Kiangan Mini Hydro Project	Ibulao I, Kiangan, Ifugao
HSC 2013-06-262	Ibulao Mini Hydro Project	Ibulao II, Kiangan, Ifugao
HSC 2013-06-263	Kiangan Mini Hydro Project	Hungduan, Kiangan, Ifugao
HSC 2013-06-264	Lamut-Asipulo Mini Hydro Project	Lamut, Kiangan, Ifugao

- *Project Development Agreement ("PDA") with ELC.* On November 26, 2013, AMHHC entered into a PDA with ELC whereby AMHHC and ELC agreed to work together for the further exploration, development and/or commercialization for an exclusive contract aimed at further development and commercialization of the seven (7) hydropower projects located in areas of Kiangan and Lamut, Province of Ifugao and in San Mariano, Isabela Province.

  Included also in the PDA is the setting up of special purpose companies for the Projects, which shall possess all authority, rights and obligations for the development construction, financing and operations of relevant project assigned to it.

Under the Hydropower Service Contract ("HSC"), AMHHC is given a two-year non-extendible pre-development stage from the effective date of the contract to conduct preliminary hydropower resources data gathering activities, and if warranted by the results, conduct of a full hydropower resources assessment. The HSC further provides that if AMHHC failed to accomplish the first six months milestones indicated in the Work Program submitted to the DOE, the contract term shall be considered expired. However, the submission of AMHHC of a Declaration of Commerciality at any time during the pre-development stage and confirmation thereof by the DOE shall supersede the first six months milestone requirement of the DOE.

Upon submission of the Declaration of Commerciality by AMHHC and confirmation by the DOE through issuance of COCOC shall remain in force for a period of 25 years from the September 13, 2013, which is the effective date of the contract. One year before the expiration of the initial 25-year period, AMHHC may submit to the DOE an extension of the HSC for another 25 years under the same terms and conditions so long as AMHHC is not in default of any material obligations under the HSC.

IMHC
In accordance with the PDA between AMHHC and ELC, IMHC was established on April 19, 2016 to further develop and operate the Ibulao Mini Hydro Project under HSC 2013-06-262.

- *Assignment of Projects to IMHC.* On November 26, 2013, AMHHC entered into a Deed of Assignment of Project Assets with ELC whereby ELC transfers, conveys and assigns all its assets and liabilities in relation to HSC 2013-06-262. ELC shall ensure that all rights and benefits under existing contract in respect of the HSC shall redound to the benefit of the special purpose company to which the contract shall be designated.

  On November 16, 2016, the DOE approved the assignment and issued certificate of registration to IMHC for HSC 2013-06-262 pursuant to the Deed of Assignment mentioned above.

  As of June 30, 2024, management has decided not to pursue further the Ibulao Hydro Project and subsequently surrendered the related service contract to the DOE in August 2024.

- *Declaration and Confirmation of Commerciality.* On December 7, 2015, AMHHC and ELC declared the commerciality of HSC 2013-06-262 which was confirmed by the DOE on May 27, 2016 under the name of ELC.

IMHC has not commenced the construction of the Project and has not started commercial operations as of September 16, 2025.

IMHC has recognized project development costs amounting to ₱38.72 million as of June 30, 2024 which has been fully-impaired as of June 30, 2024 and subsequently written-off in June 2025.

LAMHC
In accordance with the PDA between AMHHC and ELC, LAMHC was established on December 12, 2016 to further develop and operate the Lamut-Asipulo Mini Hydro Project.

- *Assignment of Projects to LAMHC*. On November 26, 2013, AMHHC entered into a Deed of Assignment of Project Assets with ELC whereby ELC transfers, conveys and assigns all its assigns all its assets and liabilities in relation to certain HSCs. ELC shall ensure that all rights and benefits under existing contracts in respect of the HSC shall redound to the benefit of the special purpose company to which the contract shall be designated to.

- *Assignment of Project to LAMHC.* On June 28, 2017, AMHHC, ELC and LAMHC executed the Supplement to Deed of Assignment of Project Assets whereby LAMHC assumes all the rights and obligations, risks, liabilities, benefits, and interests of KMHC including all of the rights and obligations of AMHHC in respect to Lamut-Asipulo Mini Hydro Project under HSC 2013-06-264.

  On August 8, 2017, LAMHC filed the request for the assignment of HSC 2013-06-264 with the DOE. On October 19, 2018, the DOE approved the assignment for HSC 2013-06-264, pursuant to the Deed of Assignment to LAMHC.

LAMHC has recognized project development costs amounting to ₱100.17 million and ₱94.96 million as of June 30, 2025 and 2024, respectively. As of September 16, 2025, LAMHC has not yet started construction of the project.

Wind Energy

ATWC

The Wind Energy Service Contract ("WESC") is a two-year exclusive contract renewed for a period of one (1) year, to conduct preliminary wind energy resources data gathering activities, and if warranted by the results, conduct of a full wind energy resources assessment. The WESC provides that if ATWC failed to accomplish the first annual milestones indicated in the Work Program submitted to the DOE, the contract term shall be considered expired. However, the submission of ATWC of a Declaration of Commerciality at any time during the pre-development stage and confirmation thereof by the DOE shall supersede the first annual milestone requirement of the DOE.

- *Declaration and Confirmation of Commerciality*. Upon submission of the Declaration of Commerciality (DOC) and confirmation by the DOE through issuance of COCOC, the WESC shall remain in force for the balance of 25 years from the effective date of contract. One (1) year before the expiration of the initial 25-year period, ATWC may submit to the DOE an extension of the WESC for another 25 years under the same terms and conditions so long as ATWC is not in default of any material obligations under the WESC.

  ATWC has the following WESCs as follows:

Contract Number	Resource Area	Status
WESC 2009-10-020	Abra de Ilog, Occidental Mindoro	Under moratorium due to unavailable market
WESC 2017-01-017	Tanay, Rizal	Under pre-development stage

  On October 23, 2009, the DOE awarded the WESC 2009-10-020 to APHC, ATWC's affiliate, wherein, APHC shall provide the necessary technology for the wind energy exploration and conduct assessment, field verification, harnessing and feasibility studies for the financing, construction and operation of an appropriate wind power plant.

  In June 2011, APHC assigned the rights, title, interest, benefits and obligations of the WESC 2009-10-020 to ATWC. APHC guarantees the performance by ATWC of the obligation under the said WESC.

  On August 28, 2012, the DOE granted the request to temporarily suspend the development activities due to the pending completion of grid interconnection facilities linking Mindoro and Batangas. The development costs related to this WESC were impaired in 2016 since the grid interconnection facilities have not yet been established.

On January 17, 2017, the DOE awarded the WESC 2017-01-017 to ATWC, wherein ATWC shall provide the necessary technology for the wind energy exploration and conduct assessment, field verification, harnessing and feasibility studies for the financing, construction and operation of an appropriate wind power plant.

ATWC submitted to DOE a Declaration of Commerciality in March 2020, prior to the onset of the national health emergency. On February 11, 2022, ATWC filed a request with the DOE for the extension of the period for pre-development to be able to secure the remaining requirement of possessory rights over the Project site. ATWC, in the meantime, is currently in continuous and ongoing discussions with the Project site's registered owner to obtain possessory rights over the Project site.

On June 4, 2024, ATWC issued the NTP which signifies the start of construction of the Tanay Wind Project. As such, project development costs amounting to ₱296.88 million was reclassified to construction in progress (see Note 11).

- *Turbine Supply Agreement ("TSA") and Full-Service Agreement ("FSA").* On February 1, 2024, ATWC awarded and signed the TSA and FSA for the Tanay wind project to Envision Energy International Trading Limited ("Envision"). The TSA entails the design, engineering, manufacturing, delivery and installation supervision of the wind turbine generators and their wind turbine components. The FSA is a full-service scope which covers the service and maintenance of the wind turbine generators for the first 10 years of operations.

- *Balance of Plant ("BOP") EPC Contract.* On March 8, 2024, ATWC awarded the BOP EPC Contract to GEDI, along with its Philippine subsidiary, GCDC, which will cover the design, engineering, supply of civil and electrical works, transportation of equipment, construction and installation of the Tanay wind project.

AWPC

- *Transfer of WESC from ATWC.* On December 23, 2019, the DOE awarded WESC 2019-09-134 to ATWC, wherein ATWC shall provide the necessary technology for the wind energy exploration and conduct assessment, field verification, harnessing and feasibility studies for the financing, construction and operation of an appropriate wind power plant.

  The WESC is a two (2) year exclusive contract renewable for a period of one (1) year, to conduct preliminary wind energy resources data gathering activities, and if warranted by the results, conduct a full wind energy resources assessment. The WESC provides that if AWPC failed to accomplish the first annual milestones indicated in the Work Program submitted to the DOE, the contract term shall be considered expired. However, the submission of AWPC of a Declaration of Commerciality at any time during the pre-development stage and confirmation thereof by the DOE shall supersede the first annual milestone requirement of the DOE.

  Upon submission of the DOC and confirmation by the DOE through issuance of Certificate of Confirmation of Commerciality, the WESC shall remain in force for the balance of 25 years from the effective date of contract. One (1) year before the expiration of the initial 25-year period, AWPC may submit to the DOE an extension of the WESC for another 25 years under the same terms and conditions so long as AWPC is not in default of any material obligations under the WESC.

In December 2022, ATWC submitted a request to the DOE for an extension of the pre-development phase. On March 10, 2023, the DOE approved the request for extension covering the period December 23, 2022 to December 23, 2023.

On September 1, 2023, AWPC entered into a Deed of Assignment with ATWC whereby ATWC transfers, conveys and assigns all its rights, title, interest and benefits in WESC 2019-09-134.

On April 26, 2024, AWPC issued the NTP which signifies the start of construction of the Alabat wind project. As such, project development cost amounting to ₱370.78 million was reclassified to construction in progress (see Note 11).

- *TSA and FSA.* On February 1, 2024, AWPC awarded and signed the TSA and FSA for the Alabat wind project to Envision. The TSA entails the design, engineering, manufacturing, delivery and installation supervision of the wind turbine generators and their wind turbine components. The FSA is a full-service scope which covers the service and maintenance of the wind turbine generators for the first 10 years of operations.

- *BOP EPC Contract.* On March 8, 2024, AWPC awarded the BOP EPC Contract to GEDI, along with its Philippine subsidiary, GCDC, which will cover the design, engineering, supply of civil and electrical works, transportation of equipment, construction and installation of the Alabat Wind Project.

TSOWPC

- The WESC for offshore wind project is a 25-year contract with the DOE for the exclusive right to explore, develop and utilize wind energy resources within the approved contract area. The offshore WESC has a five (5) year pre-development period for the conduct of wind energy resource data gathering and assessment, initial technical studies, permitting activities and financial due diligence, among others. The offshore WESC further provides that the application for the Declaration of Commerciality (DOC), duly confirmed by the DOE, may be submitted at any time during the Pre-Development Stage. Failure to submit the said DOC application shall mean automatic expiration of the term of the WESC.

  Upon submission of the DOC and confirmation by the DOE through issuance of Certificate of Confirmation of Commerciality, the offshore WESC shall remain in force for the balance of 25 years from the effective date of contract. One (1) year before the expiration of the initial 25 year period, TSOWPC may submit to the DOE an extension of the WESC for another 25 years under the same terms and conditions so long as TSOWPC is not in default of any material obligations under the WESC.

  On September 14, 2022, TSOWPC and AWHC entered into an Assignment and Assumption Agreement where in AWHC assigns and transfer any and all rights it may have in the future under the WESC to be entered into by the AWHC with the DOE.

On February 2, 2023, the DOE issued a Certificate of Registration and WESC No. 2023-01-251 to AWHC, enabling AWHC to develop the Tablas Strait Offshore Wind Power Project 2 over a total marine area of 70,065 hectares. On February 8, 2023, the DOE issued another Certificate of Registration and WESC No. 2023-01-253 to AWHC for the development of the Tablas Strait Offshore Wind Power Project 3 over a total marine area of 29,565 hectares. On the same date, the DOE issued Certificate of Registration and WESC No. 2023-01-255 to AWHC for the development of the Tablas Strait Offshore Wind Power Project 1 over a total marine area of 20,088 hectares. On November 10, 2023, DOE approved the assignment of these WESCs to TSOWPC. As of September 16, 2025, TSOWPC has started pre-development activities, is yet applied for DOC, and has not yet started construction of its projects.

32. **Renewable Energy Act of 2008**

On January 30, 2009, Republic Act No. 9513, An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes, otherwise known as the “Renewable Energy Act of 2008” (the “Act”), became effective. The Act aims to:

a) accelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country’s dependence on fossil fuels and thereby minimize the country’s exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy;

b) increase the utilization of renewable energy by institutionalizing the development of national and local capabilities in the use of renewable energy systems, and promoting its efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives;

c) encourage the development and utilization of renewable energy resources as tools to effectively prevent or reduce harmful emissions and thereby balance the goals of economic growth and development with the protection of health and environment; and

d) establish the necessary infrastructure and mechanism to carry out mandates specified in the Act and other laws.

As provided in the Act, Renewable Energy (“RE”) developers of RE facilities, including hybrid systems, in proportion to and to the extent of the RE component, for both power and non-power applications, as duly certified by the DOE, in consultation with the Board of Investments (BOI), shall be entitled to the following incentives, among others:

i. Income Tax Holiday (“ITH”) - For the first seven (7) years of its commercial operations, the duly registered RE developer shall be exempt from income taxes levied by the National Government;

ii. Duty-free Importation of RE Machinery, Equipment and Materials - Within the first ten (10) years upon issuance of a certification of an RE developer, the importation of machinery and equipment, and materials and parts thereof, including control and communication equipment, shall not be subject to tariff duties;

iii. Special Realty Tax Rates on Equipment and Machinery - Any law to the contrary notwithstanding, realty and other taxes on civil works, equipment, machinery, and other improvements of a registered RE developer actually and exclusively used for RE facilities shall not exceed one and a half percent (1.5%) of their original cost less accumulated normal depreciation or net book value;

iv. NOLCO - the NOLCO of the RE developer during the first three (3) years from the start of commercial operation which had not been previously offset as deduction from gross income shall be carried over as deduction from gross income for the next seven (7) consecutive taxable years immediately following the year of such loss;

v. Corporate Tax Rate - After seven (7) years of ITH, all RE developers shall pay a corporate tax of ten percent (10%) on its net taxable income as defined in the National Internal Revenue Code of 1997, as amended by Republic Act No. 9337;

vi. Accelerated Depreciation - If, and only if, an RE project fails to receive an ITH before full operation, it may apply for accelerated depreciation in its tax books and be taxed based on such;

vii. Zero Percent VAT Rate - The sale of fuel or power generated from renewable sources of energy, the purchase of local goods, properties and services needed for the development, construction and installation of the plant facilities, as well as the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent (0%) VAT;

viii. Cash Incentive of RE Developers for Missionary Electrification - An RE developer, established after the effectivity of the Act, shall be entitled to a cash generation-based incentive per kilowatt-hour rate generated, equivalent to fifty percent (50%) of the universal charge for power needed to service missionary areas where it operates the same;

ix. Tax Exemption of Carbon Credits - All proceeds from the sale of carbon emission credits shall be exempt from any and all taxes; and

x. Tax Credit on Domestic Capital Equipment and Services - A tax credit equivalent to one hundred percent (100%) of the value of the VAT and custom duties that would have been paid on the RE machinery, equipment, materials and parts had these items been imported shall be given to an RE operating contract holder who purchases machinery, equipment, materials, and parts from a domestic manufacturer for purposes set forth in the Act. RE developers and local manufacturers, fabricators and suppliers of locally-produced RE equipment shall register with the DOE, through the Renewable Energy Management Bureau (REMB). Upon registration, a certification shall be issued to each RE developer and local manufacturer, fabricator and supplier of locally-produced renewable energy equipment to serve as the basis of their entitlement to the incentives provided for in the Act. All certifications required to qualify RE developers to avail of the incentives provided for under the Act shall be issued by the DOE through the REMB.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Alternergy Holdings Corporation
Level 3B, 111 Paseo de Roxas Building
Paseo de Roxas Avenue corner Legazpi Street
Legaspi Village, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Alternergy Holdings Corporation and Subsidiaries (collectively, the Group) as at June 30, 2025 and 2024 and for the years ended June 30, 2025, 2024, and 2023, and have issued our report thereon dated September 16, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jhoanna Feliza C. Go
Partner
CPA Certificate No. 0114122
Tax Identification No. 219-674-288
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10465309, January 2, 2025, Makati City

September 16, 2025

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

Schedule	Contents
Index to the Financial Statements	
I	Map Showing the Relationships Between and Among the Companies in the Group
II	Reconciliation of Retained Earnings Available for Dividend Declaration
III	Financial Soundness Indicators
Supplementary Schedules	
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Long-Term Debt
E	Indebtedness to Related Parties *(not applicable)*
F	Guarantees of Securities of Other Issuers *(not applicable)*
G	Capital Stock

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
June 30, 2025

Schedule A. Financial Assets

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount shown in the Statement of Financial Position	Income Received and Accrued
Cash and cash equivalents*	–	₱5,685,685,889	₱3,404,418
Restricted cash and placements	–	623,022,324	120,784,708
Due from related parties	–	971,388,702	–
Total	**–**	**₱7,280,096,915**	**₱124,189,126**

** Excluding cash on hand*

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68

June 30, 2025

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off*	Current	Not Current	Balance at the End of Period
SWPC	₱73,805,119	₱–	₱10,588,847	₱–	₱63,216,272	₱–	₱63,216,272
APIC	47,044,080	973,013	–	–	48,017,093	–	48,017,093
DMHC	170,303,557	–	–	170,303,557	–	–	–
KMHC	208,692,660	–	–	208,692,660	–	–	–
VHC	3,328,000	–	–	–	3,328,000	–	3,328,000
NAPI	64,898,619	7,593,178	–	–	72,491,797	–	72,491,797
KTEC	2,328,326	300,000	–	–	2,628,326	–	2,628,326
SPCC	1,395,306	–	1,395,306	–	–	–	–
APHC	2,468,024	517,474	–	–	2,985,498	–	2,985,498
CPWPC	631,658	–	631,658	–	–	–	–
TSOWPC	49,812	–	49,812	–	–	–	–
ASHC	107,665	–	107,665	–	–	–	–
TPLC	107,665	–	107,665	–	–	–	–
Shareholder	–	83,351,406	–	–	83,351,406	–	
Total	**₱575,160,491**	**₱92,735,071**	**₱12,880,953**	**₱378,996,217**	**₱276,018,392**	**₱–**	**₱276,018,392**

**Includes amounts converted to equity*

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68

June 30, 2025

Schedule C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements

			DEDUCTIONS				
Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not current	Balance at End of Period
AHC	₱–	₱13,432,500	₱–	₱–	₱13,432,500	₱–	₱13,432,500
AMHHC	532,270,997	–	–	178,707,840	353,563,157	–	353,563,157
AWHC	–	250,067,069	–	–	250,067,069	–	250,067,069
AHPC	41,285,604	192,444	–	–	41,478,048	–	41,478,048
LAMHC	42,650,444	–	–	63,827	42,586,617	–	42,586,617
IMHC	45,849,595	377,480	–	–	46,227,075	–	46,227,075
SSAI	179,695,326	219,543,356	–	–	399,238,682	–	399,238,682
SPEC	1,821,957	–	257,000	–	1,564,957	–	1,564,957
KSEC	886,413	–	886,413	–	–	–	–
AWPC	–	289,613,064	–	–	289,613,064	–	289,613,064
ADIWPC	236,522	249,238	–	–	485,760	–	485,760
SPPPI	885,175	–	885,175	–	–	–	–
SSPC	159,006	1,301,002	–	–	1,460,008	–	1,460,008
LSEC	61,234,407	–	–	44,282,342	16,952,065	–	16,952,065
LREC	185,357	1,284,895	–	–	1,470,252	–	1,470,252
OSPC	4,120,827	29,163,371	–	–	33,284,198	–	33,284,198
GESSI	1,502,115	–	1,481,483	–	20,632	–	20,632
CPWPC	–	1,031,658	–		1,031,658		1,031,658
TSOWPC	–	30,447,784	–		30,447,784		30,447,784
ASHC	–	19,586,740	–	–	19,586,740	–	19,586,740
TPLC	–	122,658,848	–	–	122,658,848	–	122,658,848
AMSI	–	26,847	–	–	26,847	–	26,847
Total	**₱912,783,745**	**₱978,976,296**	**₱3,510,071**	**₱223,054,009**	**₱1,665,195,961**	**₱–**	**₱1,665,195,961**

**Includes amounts converted to long-term debt*

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68

June 30, 2025

Schedule D. Long-term Debt

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown under Caption 'Current Position of Long-term Debt' in Related Statement of Financial Position	Amount Shown under Caption 'Long-Term Debt' in Related Statement of Financial Position			
			Amount	Interest Rate	Repayment	Maturity Date
Banco de Oro Unibank Inc. ("BDO")	₱2,000,000,000	₱–	₱2,000,000,000	8.5312%	Semi-annual	28-May-32
Rizal Commercial Banking Corporation ("RCBC") Loan 1	786,108,336	73,508,032	354,921,011	6.77%	Semi-annual	12-Mar-30
RCBC Loan 2	3,256,695,000	–	3,256,695,000	7.2504%	Semi-annual	10-Apr-40
RCBC Loan 3	1,033,000,000	–	1,033,000,000	7,5627%	Semi-annual	5-Mar-40
Security Bank Corporation ("SBC")	1,729,530,000	–	1,729,530,000	7.2389%	Semi-annual	29-Oct-39
Bank of the Philippine Island ("BPI")	1,729,530,000	–	1,729,530,000	7.2389%	Semi-annual	29-Oct-39
Export Finance Australia ("EFA")	1,013,940,000	57,706,209	883,482,917	4.55%	Semi-annual	14-Oct-38
Less: Deferred Financing Charges			185,188,229			
Total	**₱11,548,803,336**	**₱131,214,241**	**₱10,801,970,699**			

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68

June 30, 2025

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

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

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68

June 30, 2025

Schedule F. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the Group for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by a person for which statement is filed	Nature of guarantee
		- Not applicable -		

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
June 30, 2025

Schedule G. Capital Stock

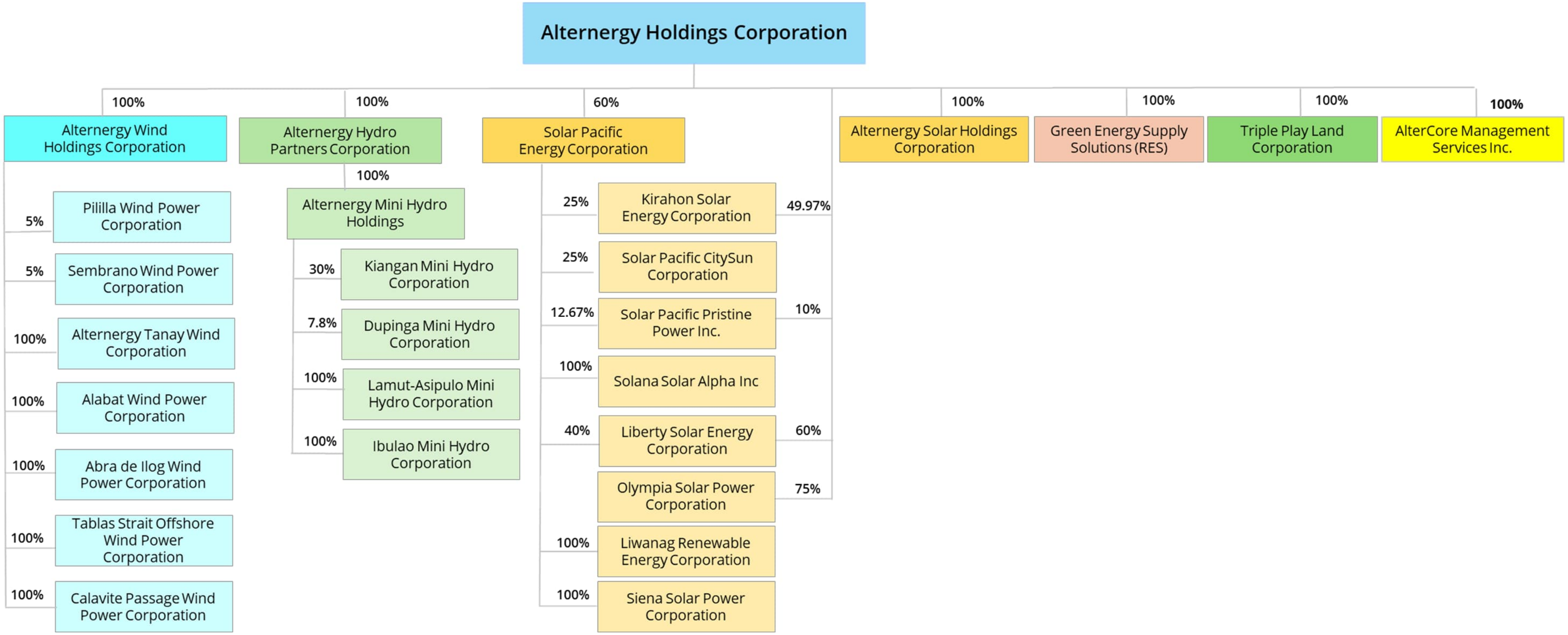
Title of issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown under Related Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by Related Parties	Number of Shares Held by Directors, Officers and Employees	Others
Redeemable Preferred Shares 1	1,181,594,548	370,398,637	–	370,398,637	–	–
Redeemable Preferred Shares 2 – Series A	100,000,000	100,000,000	–	–	–	100,000,000
Redeemable Preferred Shares 2 – Series B	100,000,000	–	–	–	–	–
Redeemable Preferred Shares 2 – Series C	100,000,000	–	–	–	–	–
Common Shares	10,406,291,160	3,933,840,480	–	1,700,386,338	96,280,765	2,137,173,377
Total	**11,887,885,708**	**4,404,239,117**	**–**	**2,070,784,975**	**96,280,765**	**2,237,173,377**

SCHEDULE I

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

CORPORATE STRUCTURE

JUNE 30, 2025



ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED JUNE 30, 2025

Items		Amount
Unappropriated Retained Earnings, Beginning		₱72,862,430
Adjustments:		
Movement in deferred income tax assets that reduced the amount of income tax expense and increased net income		–
Cumulative equity in income of joint ventures		–
Adjusted Unappropriated Retained Earnings, Beginning		72,862,430
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings appropriation/s	₱–	
Effect of restatements or prior-period adjustments	–	
Others	–	–
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	–	40,000,000
Retained Earnings appropriated during the reporting period	–	
Effect of restatements or prior-period adjustments	–	
Others	–	–
Unappropriated Retained Earnings, as adjusted		32,862,430
Add: Net Income for the current year		89,108,657
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	–	
Unrealized foreign exchange loss (gain), except those attributable to cash and cash equivalents	5,109,323	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Unrealized fair value gain of investment property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Subtotal		5,109,323

Items		Amount
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain (loss), except those attributable to cash and cash equivalents	806,813	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Realized fair value gain of investment property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Subtotal		806,813
Add: Category C.3: Unrealized income recognized in the 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	–	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Reversal of previously recorded fair value gain of investment property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	
Subtotal		–
Adjusted Net Income		117,668,577
Add: Category D: Non-actual loss recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Subtotal		–
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others	–	–
Subtotal		–
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	–	

Items		Amount
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	–	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
Others	–	
Subtotal		–
TOTAL RETAINED EARNINGS, END OF THE YEAR FOR DIVIDEND DECLARATION		**₱117,668,577**

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Ratio	Formula	June 30, 2025	June 30, 2024
Current ratio[1]	Dividing total current assets over total current liabilities	**2.73**	4.99
Acid test ratio	Dividing quick assets by the current liabilities	**2.60**	4.96
Solvency ratio	Dividing net income excluding depreciation over total debt obligations	**0.02**	0.06
Debt-to-equity ratio[2]	Dividing total interest-bearing debts over stockholders' equity	**2.95**	0.87
Asset-to-equity ratio[3]	Dividing total assets over total stockholders' equity	**4.16**	2.03
Interest rate coverage ratio	Dividing earnings before interest and taxes of one period over interest expense of the same period	**3.00**	2.75
Return on equity (%)[4]	Dividing the net income (annual basis) by total stockholders' equity (average)	**3.84%**	3.69%
Return on assets (%)[5]	Dividing the net income (annual basis) by the total assets (average)	**1.24%**	1.90%
Net profit margin (%)	Dividing net income by the total revenue	**45.84%**	47.13%
EBITDA margin (%)	Dividing the EBITDA by the total revenue	**110.91**	116.56

Notes:

(1) Current ratio measures the Group's ability to pay short-term obligations

(2) Debt to equity ratio measures the degree of the Group's financial leverage. The Group's total loans and borrowings includes interest-bearing bank loans and loans from third parties.

(3) Asset to equity measures the Group's financial leverage and long-term solvency.

(4) Average total shareholder's equity is calculated by taking the beginning and ending shareholder's equity then dividing by two.

(5) Average total assets is calculated by taking the beginning and ending total assets then dividing by two.

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
Total Audit Fees	**2,500,000**	**2,500,000**
Non-audit services fees:		
Other assurance services	–	–
Tax services	2,408,821	1,061,954
All other services	–	–
Total Non-audit Fees	2,408,821	1,061,954
Total Audit and Non-audit Fees	**4,908,821**	**3,561,954**

Audit and Non-audit Fees of other related entities

	2025	2024
Total Audit Fees	**5,945,349**	**5,307,013**
Non-audit services fees:		
Other assurance services	–	–
Tax services	2,131,941	720,000
All other services	–	–
Total Non-audit Fees	**2,131,941**	**720,000**
Total Audit and Non-audit Fees	**8,077,290**	**6,027,013**