

ALTERNERGY HOLDINGS CORPORATION

MANAGEMENT REPORT

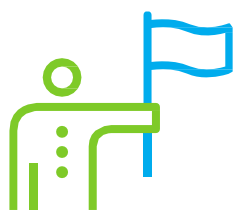
ITEM 1. BUSINESS

Alternergy Holdings Corporation, (“Alternergy”, “ALTER”, or the “Company”) is a renewable energy holding company that has a portfolio of investee companies which own, construct, install, operate, and maintain different renewable energy projects such as wind, solar, run-of-river hydro, and battery storage power projects. Its vision is to be a leading renewable energy firm in the Philippines and strive to create a more sustainable future for the next generation. Alternergy is listed in the Philippine Stock Exchange, Inc. (“PSE”) under the stock symbol “ALTER”.

Alternergy was founded by a management team led by former Philippine Energy Secretary Vicente Pérez (2001–2005), key members of which were involved in the 33 MW Bangui Bay wind farm in North Luzon, the first commercial wind farm in Southeast Asia. Three of Alternergy’s founding partners were involved in the development of Bangui Bay wind farm. After the project’s completion, these partners, Knud Hedeager (2005), Vicente Pérez (2007), and Gerry Magbanua (2008) came together to create Alternergy, applying what they learned from Bangui Bay to break new ground on more renewable energy projects. Knud Hedeager likewise developed the Commonal-Uddiawan 1.8 MW run-of-the-river Mini-Hydro Project in Solano, Nueva Vizcaya in December 2010, before the creation of Alternergy’s mini hydro portfolio. Michael Lichtenfeld is a former Director of Utility Project Development at SunEdison in San Francisco, responsible for the entire western US, focused on Nevada and California solar markets. He led the development of the 24.8MWp Apex Solar Project, the 25.0 MWP Vega Solar Project, and the 38.5 MWp Spectrum Solar Project. Janina C. Arriola, a member of Alternergy’s senior management team, co-founded Winnergy Holdings Corporation, the renewable energy company that built the first-ever pilot floating solar farm in the Philippines.

Alternergy’s management team has extensive background in power development, energy policy, and emerging markets and has pioneering experience in wind power in Southeast Asia. Since 2008, Alternergy has served as a clean energy pioneer in the Philippines and has developed 67.24 MW of operating assets in wind and solar. Alternergy is anticipating rapid growth with a pipeline of assets in hydro, wind, and solar under development, with potential installed capacity of up to 500 MW by the end of 2026, almost 500% increase in 3 years.

The Three P's of Alternergy



Pioneering

The co-founders of Alternergy have impeccable knowledge on energy policy, extensive experience in power development and pioneering capability in wind power. In June 2005, the 25 MW Bangui Bay wind farm, the first wind farm in Southeast Asia, started its commercial operations. The success of the project can be attributed to the technical expertise of four of Bangui Bay's project partners who became the co-founders of Alternergy. This flagship paved the way for future renewables growth. We pride ourselves with fundamental achievements with extensive list of "firsts" in clean energy development in the country which will be expounded in this report.



Proven

As a trusted partner, we have cultivated a long period of successful partnerships to bring our RE projects into reality. Our policy to create a more sustainable future for the next generation is anchored on our Triple Play Portfolio. Alternergy covers most of the key RE resources in solar, wind, run-of-river hydro, and battery storage plants. The ingenuity of Triple Play allows for a diversified mix of complementary power generation revenues. The different seasonality of solar, wind and hydro power energy resources, produce a steady cash flow for Alternergy. In addition, Triple Play can provide a 24-hour clean energy supply to green option customers.



Partnerships

Our well-planned and cost-effective RE projects are a true testament of our capabilities. From securing power supply agreements, to working with permitting government agencies, lenders, and local and international equity partners, all are secure with our track record. Since 2008, Alternergy has developed 86 MW of operating assets in wind and solar and a potential installed capacity of up to 500 MW of renewable energy in 2026.

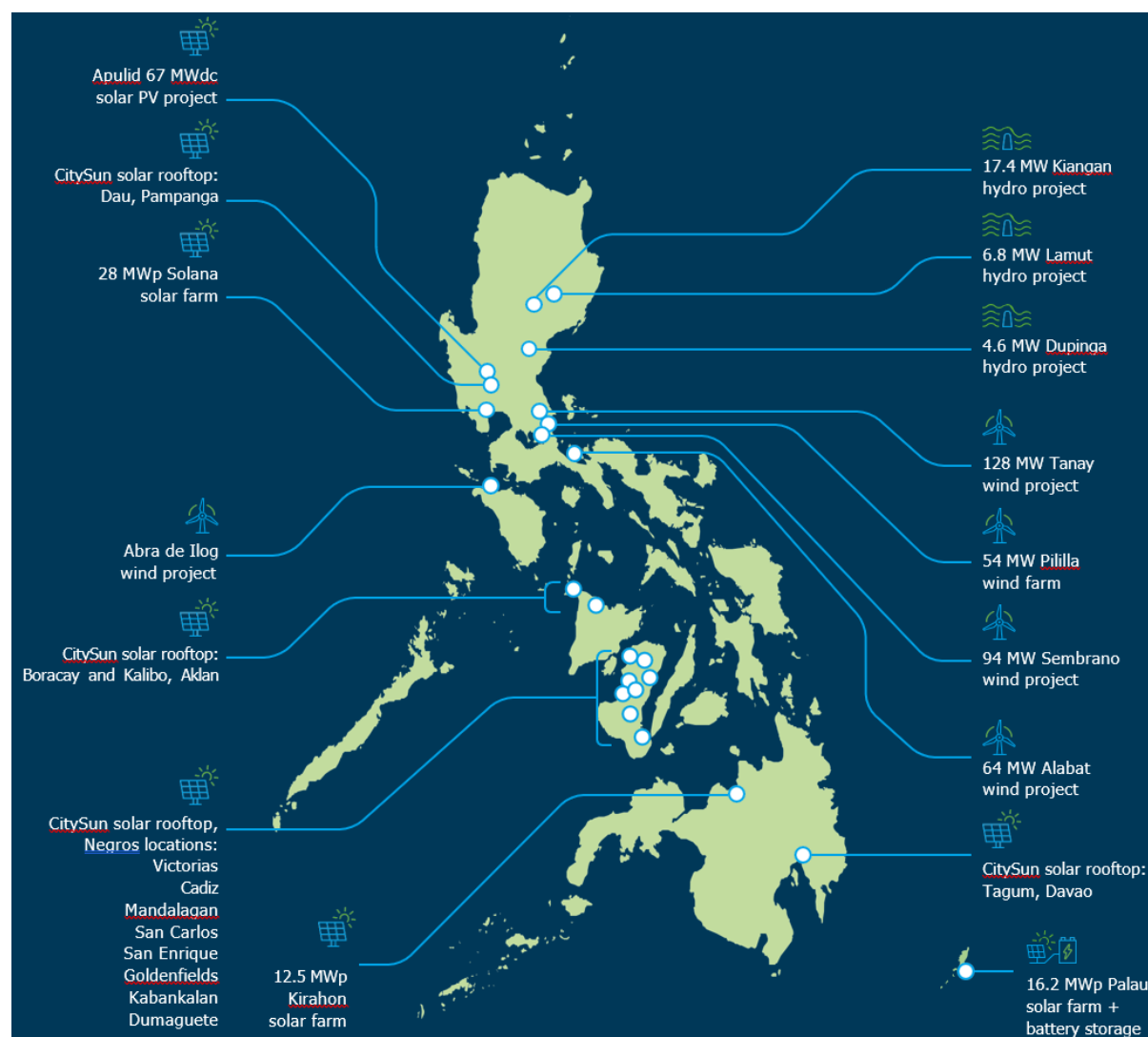
Alternergy is a company of 'firsts', driven to establish new precedents that drive the development of clean energy in the Philippines. Alternergy's history includes an extensive list of 'Firsts'. Select examples include:

- Recipient of some of the first contracts from the Philippines Department of Energy ("DOE") for wind power: The first of Alternergy's DOE service contracts was awarded in 2008 and allowed Alternergy to start conducting wind resource assessment studies in six potential sites.
- First non-recourse project financing for a wind project without corporate guarantee: For Alternergy Wind One Corporation's Pililla Rizal wind farm, three domestic banks extended an innovative non-recourse financing without a corporate guarantee, which was recognized with a Sustainable Finance award by International Finance Corporation.
- First bilateral solar contract approved by ERC: For the Kirahon Solar project, Alternergy actively engaged in familiarizing the regulators on the unique attributes of solar power, thus paving the way for an appropriate approval process for future bilateral solar contracts, as solar projects become more prevalent.
- First multi-site solar rooftop portfolio under one project financing facility: For Solar Pacific CitySun Corporation, a commercial bank extended financing for eight commercial mall solar rooftops under a single facility.
- First battery energy storage in western Pacific: Alternergy is developing the first solar PV and battery energy storage hybrid project in the Republic of Palau, the largest solar hybrid project in the western Pacific.

With a proven track record of developing, building, and operating ground-breaking renewable energy projects in the country, Alternergy's vision is to be a leading renewable energy firm in the Philippines and to create a more sustainable future for the next generation. Developing projects across the country, AHC is focused on helping the Philippines achieve its renewable energy potential through the development of wind, solar, and run-of-river hydro power projects.

Alternergy's policy to create a more sustainable future for the next generation is anchored on its Triple Play Portfolio. Alternergy covers most of the key renewable energy resources in solar, wind, run-of-river hydro and battery storage plants. The ingenuity of Triple Play allows for a diversified mix of complementary power generation revenues. The different seasonalities of solar, wind and hydro power energy resources, produce a steady cash flow year-round for the Company. In addition, Triple Play can provide a 24-hour clean energy supply to green option customers.

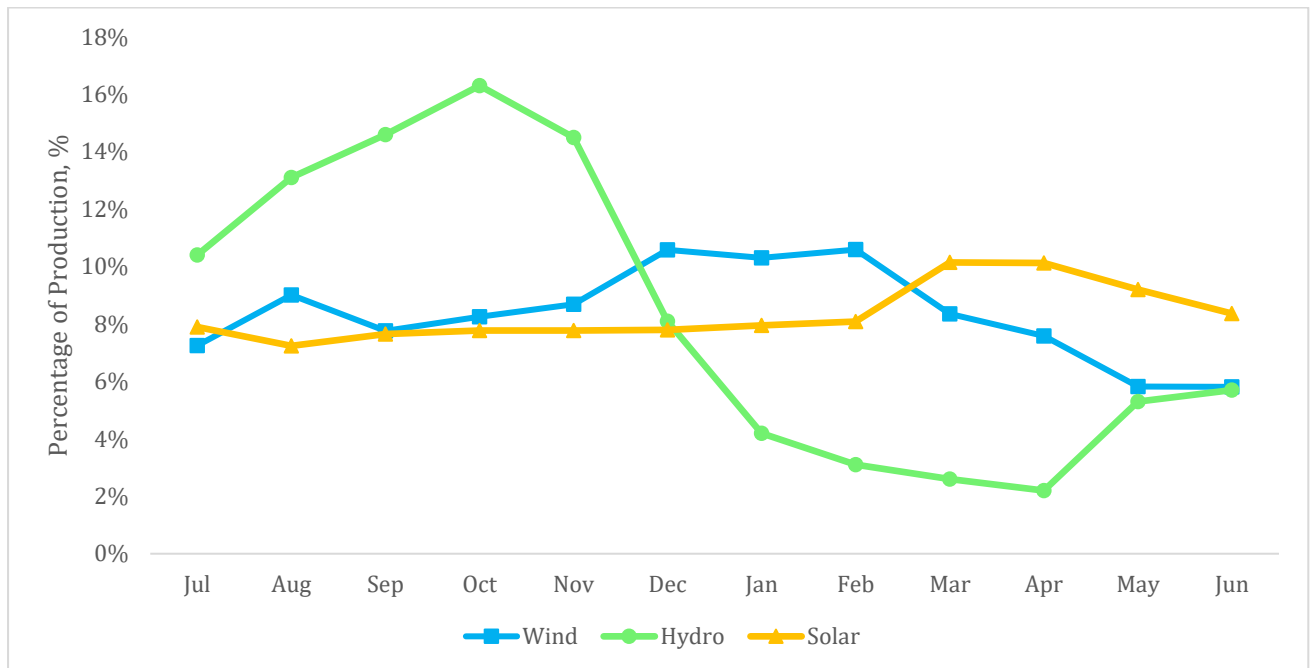
Locations of Renewable Energy Projects of Alternergy



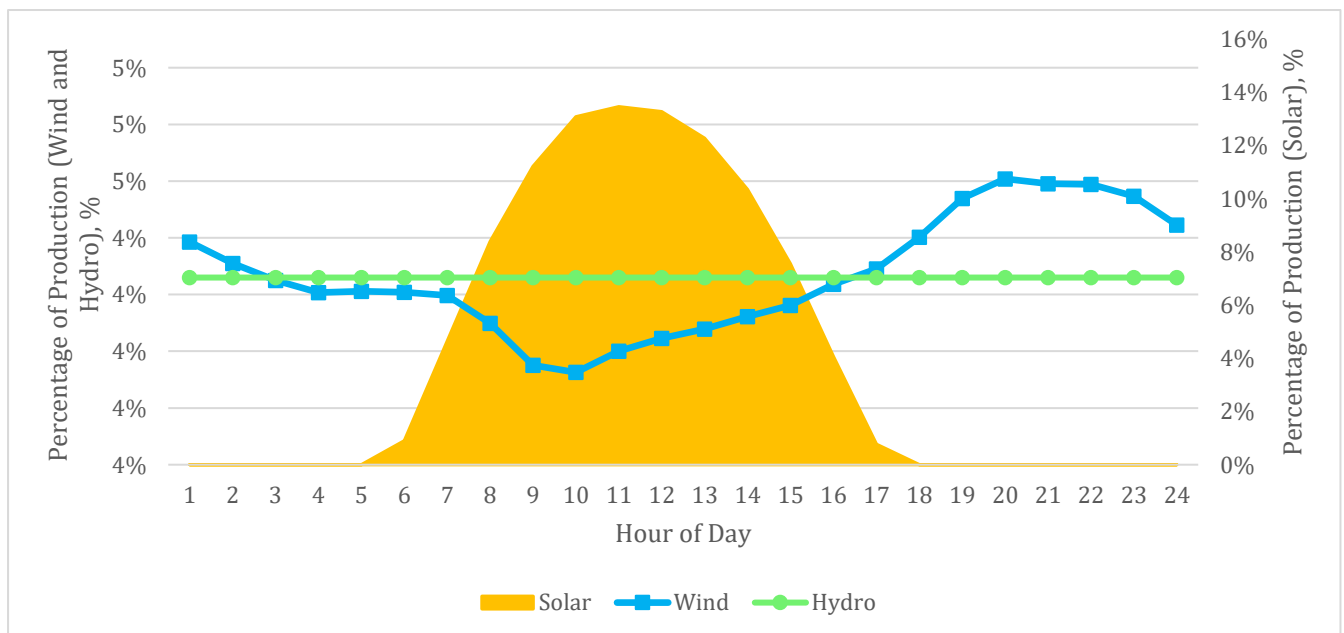
Diversified “Triple Play” Portfolio of Hydro, Wind and Solar

Alternergy is one of only a few RE developers with a diversified “Triple Play” renewable energy portfolio that covers key RE resources, particularly in solar, wind, and run-of-river hydro and battery storage plants. This allows for a diversified mix of complementary power generation revenues.

The following chart presents the complementary seasonal generation of the “Triple Play” renewable energy portfolio of Alternergy.



The chart below shows a comparison of each of the three renewable energy resources' daily production:

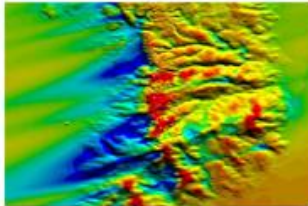


The figure below depicts the development timeline of Alternergy's renewable energy portfolio.



1 Early Stage

- Identification of Market Opportunity
- Project Site Selection
- Point of Interconnection Selection
- Resource Assessment
- DOE Service Contract
- Initial Financial Model



2 Developing

- Site Control Agreements
- Access & Rights of Way
- Feasibility Study
- Major Permits
- Geotechnical Study
- Flood Study
- Logistics & Transport Study
- System Impact Study
- Detailed Engineering Design
- Offtake Bidding & Negotiation
- EPC Selection & Negotiation
- Community Engagement



3 Financial Close

- Final Financial Model
- EPC Contract Execution
- Offtake Agreement Execution
- Interconnection Agreement Execution
- Equity Financing Agreements
- Lenders Due Diligence
- Debt Financing Agreements
- Insurances



4 Constructing

- Early Works
- Civil Works
- Equipment Procurement
- Transportation & Logistics
- Construction Management
- Electromechanical Installation
- Testing & Commissioning
- Community Engagement



5 Operating

- Operations & Maintenance
- Spare Parts Management
- Business Permits
- Revenue & Accounts Management
- Regulatory Compliance
- Investor Reporting
- Project Site Security
- Community Engagement

Solar Energy Portfolio

Solar Pacific Energy Corporation (“SPEC”) – ALTER’s subsidiary

Solar Pacific Energy Corporation is ALTER’s solar energy sub-holding company that develops, builds, owns, and operates solar power plants on islands throughout the Philippines and the Pacific. ALTER owns 60.00% economic interest and 77.76% voting interest in SPEC.

SPEC was co-founded in January 2013 by Vicente S. Pérez, Jr., and Michael Lichtenfeld. Michael Lichtenfeld is a former Director of Utility Project Development at SunEdison in San Francisco, responsible for the entire western US focused on Nevada and California solar markets. He led the development the 24.8 MWP Apex Solar Project, the 25.0 MWP Vega Solar Project, and the 38.5 MWP Spectrum Solar Project.

The DOE has awarded SPEC’s various subsidiaries a total of 36 MWAC of Solar Energy Service Contracts (“SESC”) for the development of solar power projects in Aklan, Bataan, Cavite, Cotabato, Davao del Norte, Misamis Oriental, Negros Oriental and Occidental, and Pampanga. SPEC has also signed bilateral Power Sale Agreements (“PSAs”) with distribution utilities and has signed multiple PSAs with commercial malls throughout the country. In addition, SPEC has submitted a binding offer to a leading public utility in the Pacific Islands region for a large solar PV plus battery storage project PPA, which is currently under review.

As of June 30, 2024, SPEC owns 25.00% (representing economic and voting interest) of Kirahon Solar Energy Corporation, 100.00% (representing economic and voting interest) of Solana Solar Alpha Inc., 12.67% economic interest and 51.01% voting interest in Solar Pacific Pristine Power Inc., and 25.00% (representing economic and voting interest) in Solar Pacific CitySun Corporation.

Kirahon Solar Energy Corporation (“KSEC”) – ALTER’s subsidiary

In July 2013, SPEC entered into a Memorandum of Understanding (“MOU”) with Mindanao Energy Systems (“MINERGY”) for the joint development of the Kirahon Solar Power Project Phase I (“Kirahon Solar Plant”). KSEC, in a partnership between SPEC and MINERGY, owns and operates the Kirahon Solar Project located in MINERGY Business Park, Philippine Veterans Investment Development Corporation (“PHIVIDEDEC”) Industrial Estate, Iligan-Cagayan de Oro-Butuan Road, Sitio Kirahon, Barangay San Martin, Villanueva, Misamis Oriental. KSEC owns full title to the project site.

The 12.53 MWDC Kirahon Solar Plant was the first and largest scale solar photovoltaic (“PV”) project in the Philippines at the time it was built in 2015. JUWI Renewable Energies Pte. Ltd. was the Engineering, Procurement and Construction (“EPC”) contractor and currently the operations and maintenance contractor.

The Kirahon Solar Plant is an embedded generation project within the franchise of the local private distribution utility Cagayan Electric Power and Light Company (“CEPALCO”). It

supplies renewable electricity to the CEPALCO customers under a 25-year Power Supply Agreement (“PSA”), the first bilateral PSA approved by the ERC.

The ERC issued Kirahon Solar Plant’s Certificate of Compliance (“COC”) to start commercial operations in November 2015 with a validity period of five (5) years. The latest Provisional Authority to Operate (“PAO”) is valid until November 2024. In August 2024, KSEC applied for the renewal of its COC.

Since the start of operations, the Kirahon Solar Plant has generated 110% of its expected annual generation targets. The plant supplies clean electricity for up to 23,500 local households each year. As a renewable resource, it offsets 18 million kWh per year of diesel power plant output.

The Kirahon Solar Plant was financed by Rizal Commercial Banking Corporation (“RCBC”) under a non-recourse project financing facility, the first of its kind for a utility-scale solar PV project in the Philippines.

ALTER has 60% economic interest and 77.76% voting interest in SPEC, which in turn owns a 25.03% economic and voting interest in KSEC. The effective additional 17.76% voting interest stems from the voting non-economic preferred shares acquired by ALTER from NCP Advisors Philippines, Inc. in August 2022. In addition, ALTER directly owns 49.97% economic and voting interest in KSEC. The difference in the direct and indirect economic and voting percentages in KSEC is due to the difference in the economic and voting percentages of ALTER in SPEC. Thus, ALTER has a direct and indirect economic interest of 64.99% and direct and indirect voting interest of 69.43% in KSEC.

Solana Solar Alpha Inc. (“SSAI”) – ALTER’s subsidiary

Solana Solar Alpha Inc. owns the 28 MWDC/20 MWAC Solana Solar power project (“Solana Solar Project”) in Hermosa, Bataan. The Solana Solar Project has obtained major development permits, completed critical technical feasibility studies, and secured off-take agreements necessary to start the development phase. The site area, covering 30 hectares, is fully titled to and owned by SSAI.

The EPC Contract with China Energy Engineering Group Guangdong Electric Power Design Institute Co., Ltd. (“GEDI”) was signed on August 21, 2024, for the engineering, design, procurement, installation, commissioning and construction of the Solana Solar Project on a fixed-price turn-key contract. SSAI has also executed a Connection Agreement with NGCP via its 69kV transmission line located 350 meters from the Project site and has secured all necessary rights of way (“ROWS”) for the transmission line.

SSAI has signed offtake agreements with Kratos RES Inc., a retail electricity supplier (“RES”). The PSA, signed on May 30, 2023, is for the supply of 10 MWAC renewable power for 20 years. Another PSA, signed on November 22, 2023, is for 10 MWAC supply for five (5) years.

The Solana Solar Project issued the Notice to Proceed to start construction on September 2, 2024. The target date of commercial operations is in June 2025.

SSAI and RCBC have signed a mandate letter and a non-binding term sheet, in May 2022, for the non-recourse project financing for up to ₱1.0 billion along with competitive commercial terms. As of to date, SSAI and RCBC are in the final negotiations to close financing.

SSAI and RCBC have signed a mandate letter and a non-binding term sheet for the non-recourse project financing of the Solana Solar Project for up to ₱1.0 billion along with competitive commercial terms.

ALTER has 60% economic interest and 77.76% voting interest in SPEC, which in turn has 100% economic and voting interest in SSAI. Thus, ALTER has an indirect economic interest of 60% and 77% indirect voting interest in SSAI.

Solar Pacific Pristine Power Inc. (“SPPPI”) – ALTER’s subsidiary

SPEC developed Alternergy’s first renewable energy project outside the Philippines and its first hybrid solar and battery energy storage project through its subsidiary, Solar Pacific Pristine Power Inc (“SPPPI”). SPPPI was selected through a competitive process conducted by Palau Public Utilities Corporation (“PPUC”), the state-owned utility of the Republic of Palau. The Palau Solar PV + Battery Energy Storage System (“BESS”) Project (the “Palau Project”) has a capacity of 13.2 MWAC and 15.3 MWh for BESS.

SPPPI is the first Independent Power Producer in Palau and sells its generation output to PPUC under a 20-year PPA at a fixed tariff in U.S. dollars. The PPA is extendable for another 5 years.

The Palau Project interconnects to PPUC’s grid network at 34.5kV located 400 meters from the point of interconnection with PPUC’s grid under a Grid Connection Agreement (“GCA”) in June 2021.

SPPPI acquired possessory rights over the project site under a Lease Agreement signed in January 2021. The land is privately-owned and is largely clear of forest cover. The Palau Project was carefully designed to be built on savannah land, to avoid any clearing of the adjacent forest areas and to minimize impact to the local environment.

SPPPI obtained project funding from the government of Australia through the Australian Infrastructure Financing for the Pacific. The Palau Project is intended to help achieve the Palau’s goal of 20% renewable energy share by 2025, as part of its commitment to the Paris Climate Treaty.

Construction of the Palau Project started in April 2022 with JUWI Renewable Energies Pte. Ltd. as the EPC contractor. The Commercial Operations Date (“COD”) of the project was achieved on December 31, 2023.

ALTER has 60% economic interest and 77.76% voting interest in SPEC, which in turn has 12.67% economic interest and a 51.01% voting interest by way of owning additional voting

non-economic preferred shares in SPPPI. Thus, ALTER has a direct and indirect economic interest of 17.6% and a direct and indirect voting interest of 45.27% in SPPPI.

Liberty Solar Energy Corporation (“LSEC”) – ALTER’s subsidiary

Alternergy, under its 60%-owned subsidiary LSEC, is developing the Liberty Aquavoltaic Solar Power Project (“Liberty Aquavoltaic Project”) in Paniqui, Tarlac with an installed capacity of up to 80.0 MWDC. This is an innovative integration and co-location of the solar PV farm with an active traditional aquaculture farm utilizing a total area of up to 80 hectares. The Project will sell its power to the grid, while the fishponds continue to breed aquatic products and income at the same time and same place. It will be the first of its kind in Luzon.

In June 2023, LSEC signed a Land Option Agreement with the landowners. On 27 October 2023, the DOE awarded the SEOC for the Liberty Aquavoltaic Project.

The Liberty Aquavoltaic Project has also completed the technical site studies and survey consisting of resource assessment, geotechnical, topographical, hydrology and relocation survey in May 2024 while the project’s permitting and clearances are ongoing to date.

As of September 25, 2024, LSEC is in discussions with the potential off-takers.

Solar Pacific CitySun Corporation (“SPCC”) – ALTER’s affiliate

Solar Pacific CitySun Corporation has signed 13 rooftop solar PSAs for 25 years with CityMall Commercial Centers Inc. (“CMCCI”). SPCC also entered into several project lease agreements with CMCCI for each CityMall location for the use of the rooftops.

The 13 solar rooftop projects on CityMalls throughout the country were each issued with solar service contracts by the DOE.

The solar rooftop projects are located in (1) Boracay, Aklan; (2) Kalibo, Aklan; (3) Kabankalan, Negros Occidental; (4) Victorias, Negros Occidental; (5) Dumaguete, Negros Oriental; (6) Tagum City, Davao del Norte (7) Dau, Pampanga; (8) Mandalagan, Negros Occidental; (9) Cadiz, Negros Occidental; (10) San Carlos, Negros Occidental; (11) Goldenfields, Bacolod City; (12) Imus, Cavite; (13) Cotabato City, Maguindanao.

Out of the 13 PSAs, six (6) are included in the Phase I - Batch 1 which commenced operations on September 25, 2018, while two (2) are included in the Phase I - Batch 2 which started operations on May 20, 2019, for a total capacity of 3.24 MWAC. It is the first multi-site solar rooftop portfolio under one project financing facility in the Philippines. Phase II is in advanced development stage, which consists of five (5) rooftop projects with an aggregate capacity of up to 3.80 MWAC.

Phase 1 – Batch 1 Rooftop Projects were issued COC by the ERC in October 2019 while Phase 1 – Batch 2 in June 2020. SPCC has submitted the application for renewal of the COC for Phase 1 – Batch 1 in August 2024.

Phase II is expected to release a second round of request for proposals (“RFPs”) in December 2024. Construction is expected to commence by 2025.

ALTER has 60% economic interest and 77.76% voting interest in SPEC, which in turn has 25% economic and voting interest in SPCC. Thus, ALTER has an indirect economic interest of 15% and 19.44% indirect voting interest in SPCC.

Wind Energy Portfolio

Alternergy Wind Holdings Corporation (“AWHC”, formerly Pililla AVPC Corporation)

Alternergy Wind Holdings Corporation, a wholly-owned subsidiary of ALTER, is the primary wind energy sub-holding company of Alternergy. ALTER through its wind companies aim to install onshore and offshore wind farms with an aggregate capacity of up to 1,238 MW.

In December 2008, Alternergy Philippine Holdings Corporation (“APHC”) was one of the first companies awarded by the DOE under the then newly-enacted Renewable Energy Act (“RE Act”) with the exclusive right to develop wind power projects in three locations in the Philippines. This includes Wind Energy Service Contract (“WESC”) No. 2009-09-018 for the development of the Pililla Wind Power Project in Pililla, Rizal in October 2009. Two additional wind service contracts were awarded to APHC in 2015 and 2019. APHC assigned all its rights and benefits over one contract to Pililla Wind Power Corporation (“PWPC”, formerly Alternergy Wind One Corporation) through a deed of assignment executed in June 2011. The DOE approved the assignment of the WESC No. 2009-09-018 to PWPC in July 2012.

ALTER owns 100% economic and voting interest in AWHC.

Onshore Wind Projects

Pililla Wind Power Corporation (“PWPC”), formerly Alternergy Wind One Corporation) – ALTER’s affiliate

Pililla Wind Power Corporation has been operating the 54.0 MW Pililla Rizal wind farm since June 2015, generating 133 GWh/year. Its generation is sold under a 20-year Renewable Energy Power Agreement (“REPA”) with the National Transmission Corporation (“TransCo”) under a Feed-in Tariff (“FIT”) awarded by the ERC for the delivery and payment of electricity produced by the Project.

In March 2012, AWOC signed an interconnection agreement with Manila Electric Company (“MERALCO”) for the evacuation of electricity from the project site through MERALCO’s Malaya-Teresa 115 kV Transmission Line, the nearest tapping point with a distance of approximately 10 kms from the Project’s substation.

ALTER has 100% economic and voting interest in AWHC, which in turn has 5% economic and voting interest in AWOC. Thus, ALTER has an indirect economic and voting interest of 5% in AWOC.

Sembrano Wind Power Corporation (“SWPC”), formerly Alternergy Sembrano Wind Corporation) – ALTER’s affiliate

The proposed Sembrano Wind Project located in Pililla, Rizal and Pakil, Laguna is being developed by Sembrano Wind Power Corporation and has a capacity of up to 93.75 MW. It is in advanced pre-development stage. Wind resource assessment, geotechnical and interconnection studies have been conducted confirming the feasibility of the Sembrano Wind Project. With elevation ranging from 250 masl to 650 masl, and given the site’s proximity to Manila, the project location is ideal for a wind farm project.

The Wind Energy Service Contract for the Sembrano Wind Project was awarded by the DOE to ASWC in October 2009. The project has already obtained endorsements from relevant barangays and municipalities, Confirmation of Commerciality from the DOE, height clearance from the Civil Aviation Authority of the Philippines (“CAAP”), Certificate of Non-Overlap from the NCIP, and Certificate of Non-Coverage from the DENR.

ALTER has 100% economic and voting interest in AWHC, which in turn has 5% economic and voting interest in ASWC. Thus, ALTER has an indirect economic and voting interest of 5% in ASWC.

Alternergy Tanay Wind Corporation (“ATWC”) – AWHC’s subsidiary

Alternergy Tanay Wind Corporation, a wholly-owned subsidiary of the AWHC, is developing the Tanay Wind Power Project in Tanay, Rizal Province.

The Tanay Wind Power Project has a potential installed capacity of up to 100.0 MW. Wind resource assessment has been conducted with a met mast and LiDAR. It has a high wind resource with a capacity factor of 28.3%. The project is connected to NGCP via a 2km transmission line.

The Wind Energy Service Contract was awarded by the DOE in March 2017. The Tanay Wind Power Project has obtained various permits and clearances including the DENR Environmental Compliance Certificate, Certificate of Non-Overlap by the NCIP for the proposed project site, Clearance from the Protected Area Management Board (“PAMB”) of the Kaliwa Watershed Forest Area, and Height Clearance from CAAP.

On July 3, 2023, the Tanay Wind Power Project successfully won the bid in the Green Energy Auction (“GEA”) 2, the Certificate of Award bearing the date November 10, 2023 for which was subsequently issued to the project by the DOE. On October 9, 2023, the “Lease Contract with Revenue-Sharing Agreement” was executed between the Rizal Provincial government and ATWC.

In December 2023, ATWC signed an agreement with the Danish firm K2 Management as Owner's Engineer ("OE") for the Tanay Wind Power Project. In February 2024, the contract for the supply of the wind turbine generators ("WTGs") was signed with Envision Energy. The contract for the Balance of Plant ("BOP") EPC was signed with GEDI and GEDI Construction Development Corporation ("GCDC") in March 2024.

On March 8, 2024, ATWC and NGCP signed an interconnection agreement for the Tanay Wind Power Project. Also in March 2024, the DOE confirmed the transition to the development phase of the Tanay Wind Power Project and awarded the Certificate of Confirmation of Commerciality ("COCOC").

In April 2024, ATWC and NGCP signed the Interconnection Agreement for the dispatch of the power to the grid via NGCP's existing 500 kV transmission line.

In May 2024, ATWC secured up to P8.0 billion financing facility with Bank of the Philippine Islands ("BPI") and the Security Bank Corporation ("SBC") to fund the construction of the Tanay Wind Power Project. ATWC broke ground on the Tanay Project on June 4, 2024 with target COD in the fourth quarter of 2025.

On June 4, 2024 was the start of construction and a ceremonial groundbreaking was held at Tanay on the same date.

On October 8, 2024, the Department of Energy has approved the amendment of the registered project capacity of ATWC from 112MW (ie 14 WTGs) to 128MW (ie 16 WTGs) without any modifications to its approved production area and work plan. ATWC aims to maximize the energy potential of the project from 261,000 MWh to 296,000 MWh.

ALTER has 100% economic and voting interest in AWHC, which in turn has 100% economic and voting interest in ATWC. Thus, ALTER has an indirect economic and voting interest of 100% in ATWC.

Alabat Wind Power Corporation ("AWPC") – AWHC's subsidiary

Alabat Wind Power Corporation, a wholly-owned subsidiary of the AWHC, is developing the Alabat Wind Power Project in the municipalities of Alabat and Quezon in the province of Quezon, after having been assigned the WESC to develop the same by ATWC, the assignment of which was approved by the DOE on December 10, 2023. The Alabat Wind Power Project has a potential capacity of up to 64.00 MW. Wind resource assessment has been conducted with a met mast and LiDAR. It has a high wind resource with a capacity factor of 38.5% significantly above the average range for wind projects in the Philippines. The project is facing northeast monsoon winds of the Pacific Ocean. Furthermore, the 8 WTGs are the largest wind turbine size in the Philippines.

On March 26, 2024, AWPC and NGCP, signed an interconnection agreement for the Alabat Island Wind Power Project. AWPC will develop and construct switching station and approximately thirty seven 37 km – 69 Kv transmission line from AWPC substation located in

Brgy. Villa Jesus Weste in Alabat to NGCP Hondagua Substation, in Lopez, Quezon. Due to grid limitation, the maximum dispatchable capacity is curtailed up to 49.9MW only.

In July 2023, the Alabat Wind Power Project participated and successfully won in the GEA 2 Program of the DOE. The Certificate of Award was issued in November 2023. The project will sell generation output to the grid under a Renewable Energy Payment Agreement (“REPA”) with the National Transmission Company (“TransCo”) at a fixed tariff for 20 years.

In December 2023, ATWC signed an agreement with the Danish firm K2 Management as Owner’s Engineer for the Alabat Wind Power Project. In February 2024, the contract for the supply of the WTGs was signed with Envision Energy. The contract for the BOP EPC was signed with GEDIGCDC in March 2024.

On March 26, 2024, AWPC and NGCP signed an interconnection agreement for the Alabat Wind Power Project. AWPC will develop and construct switching station and approximately 37 km – 69 kV transmission line from AWPC substation located in Brgy. Villa Jesus Weste in Alabat to NGCP Hondagua Substation, in Lopez, Quezon. Also in March 2024, the DOE confirmed the transition to the development phase of the Alabat Wind Power Project and awarded the COCOC.

In June 2024, AWPC secured ₱5.3 billion financing facility with Rizal Commercial Banking Corporation (“RCBC”) to fund the construction of the Alabat Wind Power Project. In May 2024, AWPC broke ground to start construction with target COD in the fourth quarter of 2025. A ceremonial groundbreaking was held on May 9, 2024 at Alabat.

ALTER has 100% economic and voting interest in AWHC, which in turn has 100% economic and voting interest in AWPC. Thus, ALTER has an indirect economic and voting interest of 100% in AWPC.

Abra de Ilog Wind Power Corporation (“ADIWPC”) – AWHC’s Subsidiary

In December 2008, APHC was awarded by the DOE a WESC for the Abra de Ilog Wind Project in Occidental Mindoro. On February 6, 2023, the WESC from APHC was assigned to a new special purpose vehicle, ADIWPC, which organized for the purpose of undertaking the Abra de Ilog Wind Project.

In 2010, the Asian Development Bank (“ADB”) partly financed the feasibility study of the Abra de Ilog Wind Project. Alternenergy conducted the feasibility study and a met mast was installed to measure the wind resource.

As part of ADB’s technical assistance to the Abra de Ilog Wind Project, an Environmental Impact Assessment, Geological Assessment, including a Migratory Bird Survey were conducted.

This project was conceptualized in anticipation of the proposed installation of a 25-kilometer long submarine cable across the Verde Passage known as the Batangas Mindoro

Interconnection Project (“BMIP”). Since the Abra de Ilog Wind Project is dependent on the completion of the BMIP, the project development is currently on hold and its WESC assignment from APHC to ADIWPC on hiatus until the BMIP is completed.

ALTER has 100% economic and voting interest in AWHC, which in turn has 100% economic and voting interest in ADIWPC. Thus, ALTER has an indirect economic and voting interest of 100% in ADIWPC.

Offshore Wind Projects

AWHC is developing three (3) offshore wind power projects with a combined potential capacity of up to 1,000 MW. The final capacity of each project will be determined upon the conduct of complete resource assessment and other technical studies.

Tablas Strait Offshore Wind Power Corporation (“TSOWPC”) – AWHC’s Subsidiary

In February 2023, the DOE awarded three (3) separate OSWCs to PACO for the exclusive rights to explore, develop and utilize wind resource in the wind-swept Tablas Strait separating Oriental Mindoro and Antique. The Tablas Strait Offshore Wind Projects 1, 2 and 3 span about 120,000 hectares of offshore wind potential and jointly being developed with Shell Overseas Investment B.V. (“SOI”) under corporate vehicle Tablas Strait Offshore Wind Power Corporation.

On November 10, 2023, the DOE has already approved the request for assignment of the OSWC of Tablas Strait Offshore Wind Projects 1, 2 and 3 from AWHC to TSOWPC for the purpose of undertaking the projects.

ALTER has 100% economic and voting interest in AWHC, which in turn, as of November 8, 2024, has 100% economic and voting interest in TSOWPC. Thus, ALTER has an indirect economic and voting interest of 100% in TSOWPC.

Mini Hydro Energy Portfolio

Alternergy Mini Hydro Holdings Corporation (“AMHHC”) – ALTER’s subsidiary

Alternergy Mini Hydro Holdings Corporation is the primary hydro energy sub-holding company and wholly owned subsidiary of ALTER. Through AMHHC, Alternergy’s vision is to become a developer of mini-hydro power projects in the Philippines. The run-of-river mini-hydropower projects will have an estimated installed capacity of about 36.0 MW and will be commissioned over a five-year period.

AMHHC is currently developing one run-of-river mini-hydropower project in Nueva Ecija and three (3) run-of-river hydropower projects in Ifugao with a total potential capacity of about 36 MW. Aside from the rich water resources, a distinct advantage of the Nueva Ecija and Ifugao projects is the accessibility of transmission facilities. The Ifugao projects are located less than 18 kilometers from the transmission lines, which should translate to faster project completion.

Of the three Ifugao projects, two are now in advanced stage of pre-development. These are Kiangnan and Lamut-Asipulo run-of-river mini-hydropower projects.

AMHHC owns 100.00% (representing economic and voting interest) of Lamut-Asipulo Mini Hydro Corporation, 100% (representing economic and voting interest) of Ibulao Mini Hydro Corporation, 30% economic and voting interest of Kiangnan Mini Hydro Corporation, and 7.80% (representing economic and voting interest) of Dupinga Mini Hydro Corporation.

Lamut-Asipulo Mini Hydro Corporation (“LAMHC”) – ALTER’s subsidiary

The 6.8 MW Lamut-Asipulo run-of-river mini-hydropower project of Lamut-Asipulo Mini Hydro Corporation is a near construction ready project along the Cawayan River and within the two municipalities of Asipulo and Lamut in the Ifugao Cordillera Administrative Region.

The project is part of a portfolio of run-of-river mini hydropower projects of AMHHC and thus benefits from synergies with other projects in Ifugao. The project has a potential annual generation of 33.3 GWh. Grid connection distance from the project site to the nearest 69 kV transmission line is 8 kilometers.

The project has completed critical technical feasibility studies and detailed engineering design (“DED”) and has secured key government permits and studies including the Hydropower Service Contract (“HSC”) and Confirmation of Commerciality from the DOE, Environmental Compliance Certificate from the DENR, Water Permit from the National Water Resources Board (“NWRB”), and approval of the System Impact Study by NGCP. It has received endorsements from the Sangguniang Bayan of Asipulo and Lamut, and it has obtained the consent of indigenous communities in the Lamut and Asipulo ancestral domain. The NCIP Certification Precondition, a certificate of compliance with the Free, Prior and Informed Consent (“FPIC”) process and certifying that the Kalaguya, Ayangan and Tuwali Indigenous Communities have given their consent to the project, was granted in August 2021.

On March 15, 2022, ALTER, AMHHC, Exeter Portofino (Export) Holdings Inc. (“EXETER”) and Lamut-Asipulo Mini Hydro Corporation (“LAMHC”) entered into an Investment Framework Agreement for the inclusion of EXETER as co-shareholder in LAMHC. LAMHC, a wholly-owned subsidiary of AMHHC, is the project company that owns and is undertaking the development, construction, and implementation of the Lamut-Asipulo run-of-river mini-hydropower project.

ALTER has 100% economic and voting interest in AMHHC, which in turn has 100% economic and voting interest in LAMHC. Thus, ALTER has an 100% indirect economic and voting interest in LAMHC.

Kiangnan Mini Hydro Corporation (“KMHC”) – ALTER’s affiliate

The 17.4 MW Kiangnan run-of-river mini-hydropower project in Ifugao of Kiangnan Mini Hydro Corporation combines three hydro developments along the Asin, Hungduan, and Ibulao Rivers. AMHHC took over project development of Kiangnan Hydro from the original developer

Enerhighlands Corporation in November 2013. In 2015, the DOE approved the assignment of the Hydro Service Contracts of Asin, Hungduan and Ibulao1 from Enerhighlands Corporation to KMHC.

The project site is located on the Island of Luzon in the landlocked Ifugao Province and in Barangays Bokiawan, Dalligan and Mongayang within the municipality of Kiangnan. Kiangnan Hydro project is currently under construction since April 2021 with complete comprehensive feasibility study and DED and government permits and approvals. The NCIP Certification Precondition, a certificate of compliance to the FPIC process and certifying that Tuwali Indigenous Peoples of Kiangnan and Lagawe have given their consent to the project, was granted in December 2018.

The projects are briefly described below:

Ibulao: The Ibulao run-of-river mini-hydropower project has a potential installed capacity of up to 8.0 MW. The generated power from the project will be conveyed through a 69kV transmission line with a distance of approximately 1.5 kilometers to the NGCP Cudog Substation.

Asin-Hungduan: In February 2021, the Asin HESC and the Hungduan HESC with potential capacities of 7.04 MW and 4.04 MW, respectively, were consolidated into one Hydro Service Contract (“HSC”) with reference number HSC No. 2020-03-854 and a combined capacity of 9.8 MW for reason that both HESCs share the same powerhouse facility. The generated power from the project will be transmitted using a 13.2kV line with a length of 3.6 kilometers to the step-up facility of the 69kV transmission line of the Ibulao Project.

ALTER has 100% economic and voting interest in AMHHC, which in turn has 30% economic and voting interest in KMHC. Thus, ALTER has a 30% indirect economic and voting interest in KMHC.

Dupinga Mini Hydro Corporation (“DMHC”) – ALTER’s affiliate

The 4.6 MW Dupinga run-of-river mini-hydropower project of Dupinga Mini Hydro Corporation is located along the Dupinga River in Gabaldon, Nueva Ecija. The project is currently under construction, and it is approximately 66% completed as of July 2024. The project is targeted to be operational within 2025. The Dupinga project will sell its full generation capacity to the Nueva Ecija II Electric Cooperative, Inc. Area 2 (“NEECO II – Area 2”) as an embedded generation facility; the PSA with NEECO II Area 2 was signed in May 2023.

ALTER has 100% economic and voting interest in AMHHC, which in turn has 7.80% economic and voting interest in DMHC. Thus, ALTER has a 7.80% indirect economic and voting interest in DMHC.

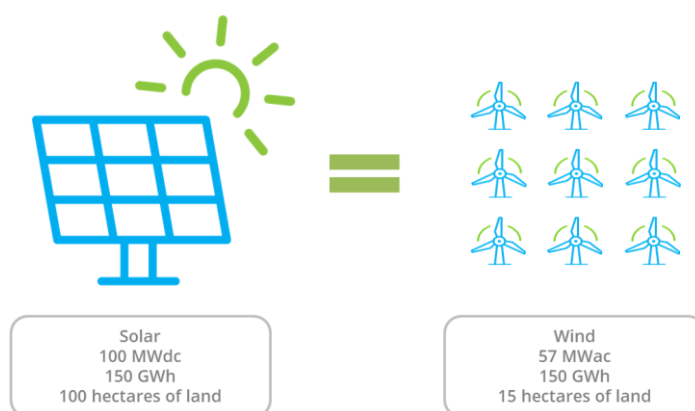
Strategic Focus on Renewable Energy in the Philippines

Within Asia, the Philippines presents a bright spot for renewable energy investors. The country's GDP grew 6.4% in 2023 reflecting pent-up consumer demand supported by increasing household consumption. For the first quarter 2024, the Philippines recorded a 5.7% GDP growth way within the International Monetary Fund's full-year forecast of 6.2% and outpacing the projected regional GDP increase of 5.0%.

Rising global demand for energy, particularly in the renewable space, is projected to continue driven mainly by higher fuel prices, energy security and environmental concerns, and increased policy momentum among countries. In the Philippines, the DOE has issued several policy and regulatory initiatives to accelerate the transition to sustainable energy future including the lifting of foreign ownership restrictions for renewable energy projects, increasing and speeding up renewable energy targets, adjusting the requirements on Renewable Portfolio Standards (RPS), and the regular conduct of auction for renewable energy capacity additions, among others. In particular, the DOE's Renewable Energy Roadmap aims to attain a generation mix of 35% renewable energy share by 2030 and 50% by 2040. Alternergy's rapidly expanding portfolio of wind, solar, and hydro power projects enable it to capitalize on this growing market demand.

Additional positive factors include the aforementioned rise in electricity demand, significant renewable energy resources, attractive tariffs, and a comprehensive Renewable Energy Law that provides tax privileges, feed-in tariffs and other market mechanisms to attract investors. For these strategic reasons, Alternergy has a focus on developing renewable energy projects in the Philippines.

In terms of energy production, solar farms generally require larger land area than wind farms at the same energy generation.



Quadruple Bottom Line Philosophy

Alternergy is guided by a Quadruple Bottom Line Philosophy, which is mainly the Company's sustainability framework. This dovetails with the three sustainability pillars: i) ensuring financial Profitability, ii) protecting the Planet through contribution to carbon mitigation and iii) taking care of People through community development and promoting employee satisfaction.



Profitability

Profit - Sustainability is our fundamental business strategy to provide meaningful returns to our stakeholders, both internal and external, by creating economic value, protecting the environment and balancing our social responsibility to the communities we serve.



Climate Change Mitigation

Climate Change Mitigation is measured in terms of annual tons of carbon dioxide emissions displaced or avoided. In June 2022, Alternergy committed to strictly focus on renewable power and not invest in fossil fuel generation such as coal, fuel oil, natural gas, nuclear power.



Host Community Benefits

Provide host community benefits, measured in terms of annual households energized each year. Alternergy considers the role of the community as a “social fence” in power projects in emerging countries. Every power asset will proactively engage in the rural electrification of rural villages in its host communities.



Employee Fulfillment

We aim to provide fulfillment by creating a work environment with a balanced work-life atmosphere that is both challenging and fun.

The first pillar is financial profitability, measured by annual cash flow generation in terms of per megawatt installed or invested capital.

The second pillar is climate change mitigation, measured in terms of annual tons of carbon dioxide emissions displaced or avoided. Alternergy will be strictly focused as a renewable power company and will not invest in fossil fuel generation such as coal, fuel oil, natural gas and nuclear power.

The third pillar is to provide host community benefits, measured in terms of annual households energized each year. Alternergy considers the role of the community as a ‘social fence’ in power projects in emerging countries. Every power asset will proactively engage in the rural electrification of villages in its host communities.

The fourth pillar is employee satisfaction. Alternergy aims to create a work environment with a balanced work-life atmosphere that is both challenging and fun. All employees will be involved in planning and organizing host community activities.

ITEM 2. DIRECTORS AND OFFICERS

Please refer to pages 6 through 20 of the Information Statement.

ITEM 3. MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

RESULTS OF OPERATIONS

The following discussion and analysis of Alternergy’s consolidated financial condition and results of operations should be read in conjunction with the consolidated financial statements and accompanying schedules and disclosures.

Key Variable and Other Qualitative or Quantitative Factors

- a) Trends, demands, commitments, events, or uncertainties that have a material impact on the issuer's liquidity.

There have been no material trends, demands, commitments, events, or uncertainties that have had a material impact on the Group's liquidity.

- b) Events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration or an obligation.

As of November 5, 2024, there were no other events which may trigger a direct or contingent financial obligation that is material to the Group.

- c) Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

There were no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created as of November 5, 2024.

- d) Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures

As of period ended September 30, 2024, the Group has entered into agreements with contractors for its Tanay Wind Project, Alabat Wind Project and Solana Solar Project totaling P14.2 billion as project costs to be funded from a combination of debt and equity which have been secured.

- e) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the issuer's net sales/revenues/income from continuing operations.

As of September 30, 2024, there were no known trends, demands, commitments, events, or uncertainties that will have a material impact on the issuer's net sales/revenues/income from continuing operations.

- f) Any significant elements of income or loss that did arise from the issuer's continuing operations.

On December 31, 2023, the Group's Palau Solar and BESS Project started commercial operations.

- g) Causes for material changes in the consolidated financial statements.

See section below.

- h) Seasonal aspects that had a material effect on the financial condition or results of operations.

As of September 30, 2024, there were no seasonal aspects that had a material effect on the financial condition or results of operations.

FY2025 vs FY2024 Q1 Highlights

As at September 30, 2024 vs June 30, 2024 and for the three-month periods ended September 30, 2024 vs 2023

Corporate and Operations

Significant developments of the Group:

- On July 31, 2024, the Group broke ground the 28 MWP Solana Solar Project in Hermosa, Bataan.
- Starting August 12, 2024, ALTER has been added to the Industrials Index of the Philippine Stock Exchange Sector Indices.
- On August 21, 2024, the Group entered into an EPC Agreement with GEDI for the construction of the Solana Solar Project.
- On September 2, 2024, the Group commenced the construction of the Solana Solar Project.
- On September 25, 2024, the BOD approved the consolidation of its land holdings through the recent acquisition of a newly established land holding company, Triple Play Land Corporation (“TPLC”). ALTER envisions TPLC as a means to consolidate ownership of land used as project sites for ALTER’s various RE projects, whether wind, solar or run-of-river hydro.
- On October 11, 2024, ALTER completed the acquisition of Alternergy Solar Holdings Corporation (“ASHCo”). The move is part of the ongoing re-alignment of the Group to organize its portfolio of renewable energy technologies under separate intermediate holding companies. ASHCo will hold ALTER’s solar projects similar to the currently existing Alternergy Wind Holdings Corporation (“AWHC”) for wind projects and Alternergy Mini Hydro Holdings Corporation (“AMHHC”) for run-of-river hydro projects.
- On October 29, 2024, ATWC successfully made its first drawdown from its long-term facility loan agreement with its lenders.
- On October 30, 2024, the DOE approved the increase in the registered capacity of the Tanay Wind Power Project from 112 MW to 128 MW.
- On November 5, 2024, the Board approved the declaration of dividends amounting to ₱40 million to be paid to holders of Perpetual Preferred Shares 1 and Perpetual Preferred Shares 2 – Series A.

Financials

The Group posted a consolidated net income of ₱17.45 million for the three-month period ended September 30, 2024, a decrease by 82% compared to the ₱97.0 million posted in the same period in 2024. The reduction is mainly because of the one-time project cost recovery from the Palau solar farm and battery project.

The Group’s cash decreased by 58% to ₱1.9 billion as of September 30, 2024 compared to ₱3.3 billion as of June 30, 2024. The decrease is primarily attributable to the payments made for project development costs and advances to related parties.

Consolidated assets of the Group stood at ₱8.70 billion as of September 30, 2024, down from ₱8.74 billion as of June 30, 2024. With a healthy cash position coming into the first quarter fiscal year 2025 allowed the Group to infuse funding to its subsidiaries and affiliates to accelerate the project development of the Tanay and Alabat Wind Projects, the Hermosa Solar Project, as well as continued support of the ongoing construction of the 4.6MW Dupinga and 7.6MW Ibulao 1 run-of-river power projects in Nueva Ecija and Kiangnan, respectively.

Key Performance Indicators

Total equity stood ₱4.29 billion, with the Group's consolidated debt-to equity ratio for the quarter improving to 0.86:1 as of September 30, 2024 from 1.21:1 as of June 30, 2024.

The Group's earnings before interest, taxes, depreciation and amortization ("EBITDA") for the three-month period ended September 30, 2024 was ₱77.38 million, lower from ₱120.5 million for the same period in 2023.

The 13.2 MWAC Palau Solar and BESS Project started commercial operations on December 31, 2023.

Consolidated Statements of Comprehensive Income

Revenue from sale of electricity was significantly higher by 126% at ₱97.68 million for the three-month period ended September 30, 2024 as compared to ₱43.31 million for the period in 2023. This increase was primarily due to revenues from the Group's Palau solar and BESS project.

Cost of sale of electricity increased from ₱10.97 million for the three-month period ended September 30, 2023 to ₱39.55 million for the same period ended in 2024.

Equity in net earnings of associates has turned around by ₱3.74 million to ₱3.47 million for the three-month period ended September 30, 2024 compared to the loss of ₱0.3 million loss in 2023.

General and administrative expenses was higher for the three-month period ended September 30, 2024 by ₱7.18 million, or 40%, from ₱18.12 million for the same period ended in 2023 mainly due to higher outside services, professional fees, subscription fees, and taxes and licenses.

Other loss – net is significantly lower at ₱17.74 million in 2024 from ₱114.5 million for the three-month period ended September 30, 2023, owing to higher finance costs. For the three-month period ended September 30, 2023, it is primarily composed of project cost recovery from the Palau solar farm project.

Consolidated Statements of Financial Position as at September 30, 2024 vs June 30, 2024

Current assets decreased by ₱1.6 billion from ₱3.7 billion as of June 30, 2024, to ₱2.1 billion as of September 30, 2024. The Group made significant investments to progress the construction of the Tanay and Alabat Wind Power Projects and the Hermosa Solar Power Project.

Noncurrent asset increased from ₱5.0 billion as of June 30, 2024 to ₱6.5 billion as of September 30, 2024 coming from capital infusions made by the Group for the ongoing construction of the Tanay and Alabat Wind Projects and the Hermosa Solar Power Project.

Current liabilities increased by ₱6.0 million from ₱745.4 million as of June 30, 2024 to ₱751.4 million as of September 30, 2024. This was mostly due to accrual of interest from long-term debt.

Noncurrent liabilities was lower as at September 30, 2024 at ₱3.7 billion by ₱41.7 million from ₱3.7 billion as at June 30, 2024.

Equity is healthier at ₱4.29 billion as at September 30, 2024 by ₱6.6 million from ₱4.3 billion as at June 30, 2024.

Key Variable and Other Qualitative or Quantitative Factors

- a) Trends, demands, commitments, events, or uncertainties that have a material impact on the issuer's liquidity.

On 24 March 2023, Alternergy Holdings Corporation ("AHC" or the "Parent Company") and its subsidiaries (collectively, the "Group") listed 1.265 million Common Shares in the Philippine Stock Market at ₱1.28/share. The Group was able to raise ₱1,619.2 million from its initial public offering. By end of September 2024, the public ownership of AHC stood at 33.91%.

On November 7, 2023, the Parent Company and the Government Service Insurance System ("GSIS") entered into and signed a Subscription Agreement for the former's Perpetual Preferred Shares 2 – Series A amounting to ₱1,450.00 million. On December 22, 2023, the Parent Company issued 100,000,000 Perpetual Preferred Shares 2 Series A to GSIS with an issue price of ₱14.50 per share, for a total subscription amount of ₱1,450.00 million.

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 under the stock symbol "ALTP2".

- b) Events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration or an obligation.

As of 30 June 2024, there were no other events which may trigger a direct or contingent financial obligation that is material to the Group.

- c) Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

There were no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created as of 30 June 2024.

- d) Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures

As of the period ended 30 June 2024, the Group has entered into agreements with contractors for its Tanay Wind Project, Alabat Wind Project and Solana Solar Project totaling ₱14.2 billion as project costs to be funded from a combination of debt and equity which have been secured.

- e) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the issuer's net sales/revenues/income from continuing operations.

As of 30 June 2024, there were no known trends, demands, commitments, events, or uncertainties that will have a material impact on the issuer's net sales/revenues/income from continuing operations.

- f) Any significant elements of income or loss that did arise from the issuer's continuing operations.

On December 31, 2023, the Group's Palau Solar and BESS Project started commercial operations.

- g) Causes for material changes in the consolidated financial statements.

See section below.

- h) Seasonal aspects that had a material effect on the financial condition or results of operations.

As of 30 June 2024, there were no seasonal aspects that had a material effect on the financial condition or results of operations.

FY2024 vs FY2023 Highlights

As at June 30, 2024 vs. June 30, 2023 and for the years ended June 30, 2024 vs the 2023

Corporate and Operations

In July 2022, the Parent Company applied for the listing and trading of all its issued and outstanding Common shares. On February 10, 2023 and February 14, 2023, the SEC and 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 IPO and was listed in the PSE under the stock symbol "ALTER".

In November 2023, the Parent Company and the GSIS entered into and signed a subscription agreement for the former's Perpetual Preferred Shares 2 - Series A amounting to ₱1.45 billion. On December 22, 2023, the Parent Company issued 100 million Perpetual Preferred Shares 2 - Series A to GSIS with an issue price of ₱14.50 per share and par value of ₱0.10 per share. On March 22, 2024, these shares were successfully listed in the PSE.

Significant developments of the Group:

- The Group won its bids for in the GEA 2 held last July 3, 2023.
- Within the next two years, the Group will be building seven projects with up to 416 MW of installed capacity, a jump from 86 MW to 502 MW in gross installed capacity in 2 years.
- Two of the Group's projects that won the GEA 2 are wind with a combined capacity of 192 MW. These are the ATWC Project, with installed capacity of up to 128 MW, located adjacent to its existing Pililla Rizal wind farm, and the Alabat Wind Power Corporation ("AWPC") Project, with potentially up to 64 MW, located in the province of Quezon.
- ALTER, through its recently acquired LSEC, also won the bid for its solar ground-mounted power project, with up to 80.0 MW_{DC} of installed capacity, located in Tarlac province. ALTER owns 60% economic interest in LSEC as of June 30, 2024.
- Once operational, these projects will contribute significant steady flow of revenues and accelerate achieving the Group's goal of 500 MW by end of 2026 for annual generation from renewable power. Under the GEA 2, winning bidders will sign a 20-year Renewable Energy Payment Agreement ("REPA") or equivalent agreement with the National Transmission Corporation ("TransCo")/ Independent Electricity Market Operator ("IEMOP") in the Philippines.
- Aside from the anticipated positive impact of the projects to the Group, new investments under the green energy auction will boost economic activities of its host communities and create hundreds of renewable energy jobs.
- SSAI, a subsidiary of SPEC, a 60%-owned subsidiary of ALTER, signed a power supply agreement with Villar Group's Kratos RES Inc. ("Kratos RES"), which is in the of selling power to qualified bulk end-users. SSAI will supply Kratos RES with 10 MW and up to 20 MW of renewable power from its soon-to-be built Solana Solar Power Project in Hermosa, Bataan. The Solana Solar Power Project has secured financing commitments from a leading Philippine commercial bank.
- ALTER and SPEC have recently launched the Republic of Palau's first solar and battery energy storage system ("BESS") project in Ngatpang state on Babeldaob island through Solar Pacific Pristine Power Inc. ("SPPP"). With a capacity of up to 15.3 MW_P solar PV and up to 12.9 MWh BESS, the project is claimed as the largest of its kind in the Western Pacific region, also making it one of the most significant foreign direct investments in the island nation. The project will meet more than 20% of Palau's energy needs. SPEC was awarded a long-term power supply agreement by the Palau Public Utilities Corporation to feed power to the central grid in Babeldaob.
- On August 4, 2023, the Board approved the reclassification of the Preferred Shares to Perpetual Preferred Shares 1 and Perpetual Preferred Shares 2 . The Perpetual Preferred Shares 2 are further sub-divided into Perpetual Preferred Shares 2 – Series A, Perpetual Preferred Shares 2 – Series B, and Perpetual Preferred Shares 2 – Series C. The reclassification of the preferred shares were preparatory to a future funding exercise.
- On October 9, 2023, ATWC entered into a 25-year Lease Contract with Revenue-Sharing Agreement ("LCRSA") with the Rizal Provincial Government for its Tanay Wind Farm.
- The Palau Solar and BESS project started commercial operations on December 31, 2023.
- On November 7, 2023, the Parent Company and GSIS entered into and signed a subscription agreement for ALTER's Perpetual Preferred Shares 2 – Series A amounting to ₱1.45 billion. On December 22, 2023, the Parent Company issued 100 million Perpetual Preferred Shares 2 – Series A to GSIS with an issue price of ₱14.50 per share and par value

of ₱0.10 per share, for a total subscription amount of ₱1.45 billion. On March 22, 2024, these shares were successfully listed with the PSE.

- As of June 30, 2024, the Group has entered into Turbine Supply and Full-Service Agreements with Envision Energy on February 1, 2024, and Civil and Electrical Works Contract with China Energy Engineering Group Guangdong Electric Power Design Institute Co. Ltd (“GEDI”) on March 8, 2024.
- On May 29, 2024, the Parent Company entered into a ₱2.0 billion Green Corporate Loan to fund its investments in renewable energy projects.
- On August 21, 2024, the Group entered into an EPC Agreement with GEDI for the construction of the Solana Solar Project.

Financials

The Group posted a consolidated net income of ₱129.6 million for the year ended June 30, 2024, improving from the ₱38.0 million in 2023. This is mainly driven by: 6-month period of operations by our Palau Solar and BESS Project, (2) project cost recovery from the Palau Solar and BESS Project, and (3) higher interest income.

The Group’s cash was also healthier at ₱3.3 billion as of June 30, 2024, boosted by the net proceeds from the private placement of the Parent Company’s Perpetual Preferred Shares 2 – Series A Shares and the availment of the Green Corporate Loan. The increase was partially offset by payments made for project development costs and advances to related parties.

As a result, consolidated assets of the Group surged by 79% to ₱8.7 billion as of June 30, 2024, up from ₱4.9 billion as of June 30, 2023. With a healthy cash position, the Group infused funding to its subsidiaries and affiliates to accelerate the project development of the Tanay and Alabat wind projects, the Solana solar project, the Liberty aquavoltaic solar project, as well as continued support of the ongoing construction of the 4.6MW Dupinga and 7.6MW Ibulao 1 run-of-river power projects in Nueva Ecija and Kiangan, respectively.

Liabilities increased mainly due to the Green Corporate loan of the Parent Company, as well as the recognition of lease liability from its Tanay land lease.

Key Performance Indicators

With total equity increased by 58% or ₱4.3 billion after the private placement of the Parent Company’s Perpetual Preferred Shares 2 – Series A Shares, the Group’s consolidated debt-to equity ratio for the year was at 1.12:1 as of June 30, 2024 from 0.79:1 as of June 30, 2023.

The Group’s earnings before interest, taxes, depreciation and amortization (“EBITDA”) for the year ended June 30, 2024 improved at ₱320.4 million, which improved from ₱180.0 million in 2023.

The 13.2 MW_{AC} Palau Solar and BESS Project started commercial operations on December 31, 2023.

Consolidated Statements of Comprehensive Income

Revenue from sale of electricity was higher by 60% at ₱274.9 million for the year ended June 30, 2024 as compared to ₱171.5 million in 2023. This increase was primarily due to revenues from the Group’s Palau Solar and BESS Project, which recognized revenues amounting to ₱87.3 million for its first 6 months of operations.

Cost of sale of electricity also increased alongside the revenues from ₱60.1 million for the year ended June 30, 2023 to ₱101.5 million for the year ended June 30, 2024.

Equity in net earnings of associates stands at a modest ₱5.3 million for the year ended June 30, 2024 compared to 2023 mainly due to losses incurred from the Kiangan Hydro Project.

General and administrative expenses was higher for the year ended June 30, 2024 at ₱119.5 million, an increase of 128%, from ₱52.5 million for the year ended June 30, 2023 mainly due to the impairment of the Ibulao Hydro Project's project development costs, as well as higher outside services, professional fees, and salaries.

Other income – net turned around by ₱121.3 million from a loss of ₱33.3 million for the year ended June 30, 2023, which is mainly composed of higher finance costs and lower interest income. For the year ended June 30, 2024, it is primarily composed of project cost recovery from the Palau Solar Farm Project, a significantly higher interest income and lower finance costs.

Consolidated Statements of Financial Position as at June 30, 2024 vs June 30, 2023

Current assets increased by ₱2.1 billion from ₱1.6 billion as of June 30, 2023, to ₱3.7 billion as of June 30, 2024, mainly attributable to ₱1.45 billion gross proceeds from the private placement of the Parent Company's Perpetual Preferred Shares 2 – Series A Shares and the availment of a ₱2.0 billion Green Corporate loan by the Parent Company. The increase was partially offset by advances to affiliates and additional project development costs for the ramp up of several projects. Due from related parties also increased by ₱445.6 million as of June 30, 2024 from ₱129.6 million as of June 30, 2023 from additional funding to the Group's hydro projects.

Noncurrent asset increased from ₱3.3 billion as of June 30, 2023 to ₱5.0 billion as of June 30, 2024 mostly due to net additions to investments in and advances to associates, property, plant and equipment, project development costs, and right-of-use assets. These additions were partially offset by dividends received from associates.

Current liabilities increased by ₱110.7 million from ₱634.7 million as of June 30, 2023 to ₱745.4 million as of June 30, 2024. This was mostly due to additional costs incurred as the Tanay and Alabat Wind Projects are ramping up.

Noncurrent liabilities was higher as at June 30, 2024 at ₱3.7 billion by ₱2.2 million from ₱1.5 billion as at June 30, 2023, due to additional drawdown of by the Parent Company for its Green Corporate loan, alongside the recognition of lease liability from the Tanay land lease.

Equity was healthier at ₱4.3 billion as at June 30, 2024 by ₱1.6 billion from ₱2.7 billion as at June 30, 2023 and is mainly attributable to the Parent Company's private placement of its preferred shares. Capital stock and additional paid-in capital ("APIC") increased to ₱440.4 million and ₱3.0 billion, respectively, as at June 30, 2024 from ₱430.4 million and ₱1.6 billion, respectively, as at June 30, 2023. Retained earnings of the Group turned around by ₱67.2 million to ₱66.6 million as at June 30, 2024, which is a significant improvement of the Group's operations from a deficit of ₱0.6 million as at June 30, 2023. The recovery of the Group's retained earnings was due to higher revenues and better cash management which resulted to lower finance costs and higher interest income in 2024.

FY2023 vs FY2022 Highlights

As at June 30, 2023 vs June 30, 2022 and for the year ended June 30, 2023 vs the six-month period ended June 30, 2022

Corporate and Operations

In July 2022, Alternergy Holdings Corporation applied for the listing and trading of all its issued and outstanding Common Shares. On 10 February 2023 and 14 February 2023, the Securities and Exchange Commission (“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 24 March 2023, the Parent Company completed its initial public offering (“IPO”) and was listed in the PSE under the stock symbol “ALTER”.

Significant developments of the Group:

- The Group won all three of the projects it bid for in the recent GEA 2 last 3 July 2023.
- Within the next three years, the Group will be building eight projects with up to 403 MW of installed capacity, a jump from 71 MW to 474 MW in gross installed capacity in 3 years.
- Two of the Group’s projects that won the GEA 2 are wind with a combined capacity of 164 MW. These are the Alternergy Tanay Wind Corporation (“ATWC”) Project, with installed capacity of up to 101.4 MW, located adjacent to its existing Pililla Rizal wind farm, and the Alabat Wind Power Corporation (“AWPC”) Project, with potentially up to 62.4 MW, located in the province of Quezon.
- AHC, through its recently acquired subsidiary, Liberty Solar Energy Corporation (“LSEC”), also won the bid for its solar ground-mounted power project, with up to 80.0 MW_{DC} of installed capacity, located in Tarlac province. AHC currently owns 60% economic interest in LSEC as of June 30, 2023.
- Once operational, these projects will contribute significant steady flow of revenues and accelerate achieving the Group’s goal of 1,096 GWh of annual generation from renewable power. Under the GEA 2, winning bidders will sign a 20-year Renewable Energy Payment Agreement (“REPA”) or equivalent agreement with the National Transmission Corporation (“TransCo”)/ Independent Electricity Market Operator (“IEMOP”) in the Philippines.
- Aside from the anticipated positive impact of the projects to the Group, new investments under the green energy auction will boost economic activities of its host communities and create hundreds of renewable energy jobs.
- Solana Solar Alpha Inc. (“SSAI”), a subsidiary of Solar Pacific Energy Corporation (“SPEC”, a 60%-owned subsidiary of AHC), signed a power supply agreement with Villar Group’s Kratos RES Inc. (“Kratos RES”), which is in the business of selling power to qualified bulk end-users. SSAI will supply Kratos RES with 10 MW and up to 20 MW of renewable power from its soon-to-be built Solana Solar Power Project in Hermosa, Bataan. The Solana Solar Power Project has secured financing commitments from a leading Philippine commercial bank.
- AHC and SPEC have recently launched the Republic of Palau’s first solar and battery energy storage system (“BESS”) project in Ngatpang state on Babeldaob island through Solar Pacific Pristine Power Inc. (“SPPP”). With a capacity of up to 15.3 MW_P solar PV and up to 12.9 MWh BESS, the project is claimed as the largest of its kind in the Western

Pacific region, also making it one of the most significant foreign direct investments in the island nation. The project will meet more than 20% of Palau's energy needs. SPEC was awarded a long-term power supply agreement by the Palau Public Utilities Corporation to feed power to the central grid in Babeldaob.

Financials

The Group posted a consolidated net income of ₱38.0 million for the year ended 30 June 2023, recovering from its net loss of ₱145.2 million for the 6-month period ended 30 June 2022. This was largely due to a ₱162.2 million increase in revenues as a result of consolidation activities brought about by the acquisition of Kirahon Solar Energy Corporation ("KSEC") on 10 June 2022.

The Group's cash ballooned by 110% to ₱1.2 billion as of 30 June 2023, boosted by the net IPO proceeds of ₱1,619.2 million. From the IPO proceeds, ₱720.0 million was allocated to the pre-development of six renewable projects totaling 183 MW under the Group's Triple Play pipeline of wind, solar, and hydro projects.

As a result, consolidated assets of the Group surged by 41% to ₱4.9 billion as of 30 June 2023, up from ₱3.4 billion as of 30 June 2022, as continued investments were injected into the Group's three projects under construction totaling 35 MW. These projects are the solar farm and battery project in Palau and two run-of-river hydro projects in Nueva Ecija and Ifugao.

An additional ₱522.0 million was allocated to settle liabilities from the purchase of majority control of the 12.5 MW_{AC} KSEC's Kirahon Solar Farm operating since 2015, and ₱157.0 million was set aside for general working capital requirements.

Liabilities declined due to repayment of payables to former shareholders of KSEC, repayment of a bank working capital facility, and a loan mortgaged against the SSAI property.

Key Performance Indicators

With total equity increased by 138% or ₱1.6 billion after the IPO, the Group's consolidated debt-to equity ratio for the quarter improved to 0.66:1 as of June 30, 2023 from 1.38:1 as of 30 June 2022.

The Group's earnings before interest, taxes, depreciation and amortization ("EBITDA") for the year ended 30 June 2023 was positive at ₱180.0 million, which improved from ₱23.3 million for the six-month period of 30 June 2022.

One of the Group's solar power projects is near the end of construction. The 13.2 MW_{AC} Palau solar farm and battery project is on schedule to achieve commercial operations in the 4th quarter of 2023.

Consolidated Statements of Comprehensive Income

Revenue from sale of electricity was ₱171.5 million for the full year ended 30 June 2023 as compared to ₱9.3 million for the six-month period ended 30 June 2022. Revenues recognized in 2022 covered operations from KSEC only from 11 – 30 June 2022. On 10 June 2022, AHC acquired 50% aggregated direct interest in KSEC from the latter's shareholders, which resulted

to control over KSEC. Prior to KSEC's acquisition, KSEC was an associate of the Parent Company.

Cost of sale of electricity also increased alongside the revenues from ₱3.3 million for the six-month period ended 30 June 2022 to ₱60.0 million for the year ended 30 June 2023.

Equity in net earnings of associates has grown by ₱5.5 million, or 33%, to ₱21.9 million for the year ended 30 June 2023 compared to the six-month period ended 30 June 2022 due to better performance and improved net income from its affiliates, most notably Alternergy Wind One Corporation and Solar Pacific CitySun Corporation.

General and administrative expenses was lower for the year ended 30 June 2023 by ₱0.7 million, or 1%, from ₱53.2 million for the six-month period ended 30 June 2022. This is mostly from IPO expenses and fund raising activities by the Group. In 2022, IPO-related expenses amounted to ₱12.1 million and taxes and licenses were higher than usual at ₱19.1 million due to DST payments and filing fees.

Other charges – net decreased by ₱87.0 million from ₱120.3 million for the six-month period ended 30 June 2022, which is mainly composed of one-off expenses for the Group's restructuring, amounting to ₱159.8 million, and slightly offset by project cost recovery amounting to ₱36.6 million. Other charges – net for the year ended 30 June 2023 is mostly from higher finance costs, amounting to ₱88.0 million, and offset by project cost recovery ₱40.9 million, respectively.

Consolidated Statements of Financial Position as at 30 June 2023 vs 30 June 2022

Current assets increased by ₱754.2 million from ₱813.5 million as of 30 June 2022, to ₱1.6 billion as of 30 June 2023, mainly attributable to ₱1.6 billion gross proceeds from the recently concluded IPO listing. The increase was partially offset by payment of accrued liabilities on the acquired KSEC shares, investments in SSAI, and repayment of working capital loan. Trade and other receivables also increased by ₱63.7 million as of 30 June 2023 from ₱19.3 million as of 30 June 2022 mainly due to recognition of receivables from cost recovery of its Palau solar and BESS project.

Noncurrent asset increased from ₱2.7 billion as of 30 June 2022 to ₱3.3 billion as of 30 June 2023 mostly due to net additions to contract assets, amounting ₱585.5 million, representing the costs incurred in the on-going construction activities of the Palau solar and BESS project. Other factors for the increase also pertain to increase in investments in and advances to associates and joint ventures amounting to ₱31.5 million, and additional project development costs amounting to ₱84.9 million.

Current liabilities decreased by ₱334.7 million from ₱969.4 million as of 30 June 2022 to 634.7 million as of 30 June 2023. This was due to the payment of the accrued liabilities on the acquired KSEC shares, amounting to ₱467.4 million, and partially offset by the availing of a short-term loan by the Parent Company, amounting to ₱250.0 million.

Noncurrent liabilities was slightly higher as at 30 June 2023 at ₱1.5 billion by ₱180.9 million from ₱1.3 billion as at 30 June 2022 due to additional loan drawdown of US\$9.0 million for the Palau solar and BESS project, and slightly offset by payments made for the early

termination of the Parent Company’s long-term bank loan and principal repayment, amounting to ₱232.5 million and ₱59.0 million, respectively.

Equity escalated to ₱2.7 billion as at 30 June 2023 by ₱1.6 billion from ₱1.1 billion as at 30 June 2022 and is mainly attributable to the Parent Company’s IPO. Capital stock and additional paid-in capital (“APIC”) increased by ₱430.4 million and ₱1.2 billion, respectively, to ₱430.4 million and ₱1.6 billion, respectively, as at 30 June 2023 mainly due to issuance of shares from the IPO. Deficit of the Group amounted to ₱1.0 million as at 30 June 2023, which significantly reduced from a deficit of ₱227.3 million as at 30 June 2022 due to lower overall expenditures by the Group and quasi-reorganization by the Parent Company. This was slightly offset by a decrease of the Parent Company’s deposit for future stock subscription.

ITEM 4. MARKET FOR REGISTRANT’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Price of, and Dividends on, Registrant’s Common Equity and Related Stockholder Matters

1. Market Information

The market for the Company’s Common Shares and Perpetual Preferred Shares 2 – Series A Shares is the Philippine Stock Exchange (“PSE”).

The high, low and closing prices for each quarter since the listing date of the Company’s Common Shares and Perpetual Preferred Shares 2 – Series A Shares on 24 March 2023 and 22 March 2024, respectively, are as follows:

a. Common Shares

	HIGH	LOW	CLOSE
	₱	₱	₱
For the Year Ending 30 June 2023			
Fourth Quarter	1.10	1.04	1.09
For the Year Ending 30 June 2024			
Fourth Quarter	0.75	0.72	0.72
Third Quarter	0.77	0.75	0.76
Second Quarter	0.79	0.74	0.77
First Quarter	0.85	0.81	0.82

As of 4 November 2024, the latest practicable trading date, the Company’s Common Shares were traded at ₱0.94 per share.

b. Perpetual Preferred Shares 2 – Series A Shares

	HIGH	LOW	CLOSE
	₱	₱	₱
For the Year Ending 30 June 2024			
Fourth Quarter	14.5	14.5	14.5

As of 4 November 2024, the latest practicable trading date, the Company's Perpetual Preferred Shares 2 – Series A Shares were traded at ₱14.5 per share.

2. Holders

As of 30 September 2024, the Company has 1,013 shareholders owning 3,933,840,480 Common Shares, 370,398,637 Perpetual Preferred Shares 1 and 100,000,000 Perpetual Preferred Shares 2 – Series A Shares. The top 20 stockholders as of 30 September 2024 are as follows:

	Name of Stockholder	No. of Shares	% of Total Shares Outstanding Held
1.	PCD Nominee Corporation – Filipino ¹	3,114,584,079 Common Shares 100,000,000 Perpetual Preferred Shares 2 – Series A	72.99%
2.	Vespers Holdings Corporation ²	370,398,637 Perpetual Preferred Shares 1 ³	8.41%
3.	Odin Holdings Corporation ⁴	273,678,581 Common Shares	6.21%
4.	Penhurst Kinetic Corporation ⁵	190,847,619 Common Shares	4.33%
5.	PCD Nominee Corporation – Non-Filipino ¹	153,828,336 Common Shares	3.49%
6.	Josan Farms, Inc. ⁶	96,742,191 Common Shares	2.20%
7.	Republic Glass Holdings Corp.	62,400,000 Common Shares	1.42%
8.	Michael James Lichtenfeld ⁷	35,901,674 Common Shares	0.82%
9.	Gervel, Inc.	3,568,000 Common Shares	0.08%
10.	Metropolitan Management Corporation	2,140,000 Common Shares	0.05%
11.	Myra P. Villanueva	100,000 Common Shares	nil
12.	Elvira M. Cruz or Bernardo A. Cruz	50,000 Common Shares	nil

¹PCD is the registered owner of shares held by participants in the Philippine Depository and Trust Co. ("PDTC"), which handles automated securities transactions in the Philippines.

²The Common Shares of Vespers Holdings Corporation (VHC) are lodged with the PDTC and under the name of PCD.

³Inclusive of 150,000 Preferred Shares (as a result of the decrease in par value of the Preferred Shares approved by the SEC on 16 November 2022) transferred to VHC and pending Certificate Authorizing Registration

⁴In addition to the 273,678,581 Common Shares of Odin Holdings Corporation ("OHC"), an additional 93,133,704 Common Shares of OHC are lodged with the PDTC

⁵ In addition to the 190,847,619 Common Shares of Penhurst Kinetic Corporation ("PKC"), an additional 67,572,061 Common Shares of PKC are lodged with the PDTC

⁶ In addition to the 96,742,191 Common Shares of Josan Farms, Inc. ("JFI"), an additional 32,921,680 Common Shares of JFI are lodged with the PDTC

⁷ In addition to the 35,901,674 Common Shares of Michael James Lichtenfeld ("MJL"), an additional 12,217,455 Common Shares of MJL are lodged with the PDTC

3. Dividends

a. Cash Dividends Declared

The Corporation declared cash dividends to the holders of the Perpetual Preferred Shares 1 and Perpetual Preferred Shares 2 – Series A Shares in the amount of Forty Million Pesos (PhP40,000,000.00) to be taken out of the unrestricted retained earnings of the Corporation as of 30 June 2024, broken down as follows:

Class of Share	Amount
Perpetual Preferred Shares 1	PhP5,418,072.83
Perpetual Preferred Shares 2 – Series A	PhP34,581,927.17

All holders of Perpetual Preferred Shares 1 and Perpetual Preferred Shares 2 – Series A as of 22 November 2024 shall be entitled to dividends payable on or before 18 December 2024.

In accordance with Article Seventh of the Corporation's Articles of Incorporation, holders of the Perpetual Preferred Shares 1 shall be entitled to receive out of the unrestricted retained earnings of the Corporation, when and as declared by the Corporation's Board, cumulative dividends at the rate of eight percent (8%) of the par value of the Perpetual Preferred Shares 1, accrued from the date of issuance of the Perpetual Preferred Shares 1 up to the date of issuance of the Perpetual Preferred Shares 2, before any dividends shall be set aside and paid to holders of the Perpetual Preferred Shares 2 and Common Shares. Any dividends remaining after such payment to the Perpetual Preferred Shares 1 shall be set aside and paid to the holders of the Perpetual Preferred Shares 1 and Perpetual Preferred Shares 2 on a pro rata basis before the holders of the Common Shares. Holders of the Perpetual Preferred Shares 1 shall not be entitled to participate with holders of the Common Shares in any further dividends payable to the Corporation. Further, Article VII, Section 3 of the Company's By-Laws, dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with law.

Further, in the Meeting of the Board of Directors held on 10 June 2022, the Company's Board of Directors approved a dividend policy of an annual cash dividend payment ratio for Common Shares of at least ten percent (10%) of the core net income after tax for the preceding fiscal year, subject to the requirements of applicable laws, rules and regulations; the availability of cash and unrestricted retained earnings; and other circumstances which may

restrict the payment of dividends.

The foregoing information addresses the requirement of Section 49 of the Revised Corporation Code to present to the stockholders the dividend policy of the Company and the reason for the non-payment of dividends.

b. Description of any Restriction that Limit the Payment of Dividend on Common Shares

Article Seventh of the Company's Articles of Incorporation provides that holders of Perpetual Preferred Shares 1 shall be entitled to receive out of the unrestricted retained earnings of the Company, when and as declared by the Company's Board, cumulative dividends at the rate of eight percent (8%) of the par value of the Perpetual Preferred Shares 1, accrued from the date of issuance of the Perpetual Preferred Shares 1 up to the date of issuance of the Perpetual Preferred Shares 2, before any dividends shall be set aside and paid to holders of the Perpetual Preferred Shares 2 and Common Shares. Any dividends remaining after such payment to the Perpetual Preferred Shares 1 shall be set aside and paid to the holders of the Perpetual Preferred Shares 1 and Perpetual Preferred Shares 2 on a pro rata basis before the holders of the Common Shares. Holders of the Perpetual Preferred Shares 1 shall not be entitled to participate with holders of Common Shares in any further dividends payable to the Company.

4. Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction (for the past 3 years).

The Corporation issued One Hundred Million (100,000,000) Perpetual Preferred Shares 2 – Series A Shares on 22 December 2023.

ITEM 5. INDEPENDENT PUBLIC ACCOUNTANTS AND EXTERNAL AUDIT FEES

Please refer to pages 22 through 23 of the Information Statement.

ITEM 6. CORPORATE GOVERNANCE REPORT

(a) The evaluation system established by the Company to measure or determine the level of compliance of the Board of Directors and top-level Management with its Manual of Corporate Governance.

The Company and its Directors, Executives and employees strive to comply with the best practices and principles of good corporate governance. The Board is primarily responsible for the governance of the Company, including setting the policies for the accomplishment of corporate objectives and doing an independent check on the Executives and Management.

An attendance report of the directors, from 13 December 2023 to date, indicating the attendance of each director at each of the Board and Committee meetings and

Stockholders' Meeting is shown below in compliance with Section 49 of the Revised Corporation Code:

BOARD OF DIRECTORS' MEETINGS		
Name	Meetings Attended	Meetings Held
Vicente S. Pérez, Jr.	10	10
Gerry P. Magbanua	10	10
Knud Hedeager	10	10
Eduardo Martinez Miranda	10	10
Michael James Lichtenfeld	10	10
Janina C. Arriola	10	10
Gregory L. Domingo	10	10
Maria Theresa dela Peña Marcial	10	10
Maria Victoria C. España	10	10
AUDIT COMMITTEE MEETINGS		
Name	Meetings Attended	Meetings Held
Maria Victoria C. España	4	4
Maria Theresa dela Peña Marcial	4	4
Eduardo Martinez Miranda	4	4
RISK MANAGEMENT COMMITTEE		
Name	Meetings Attended	Meetings Held
Maria Theresa dela Peña Marcial	2	2
Gregory L. Domingo	2	2
Gerry P. Magbanua	2	2
Knud Hedeager	2	2
CORPORATE GOVERNANCE COMMITTEE		
Name	Meetings Attended	Meetings Held
Gregory L. Domingo	2	2
Maria Victoria C. España	2	2
Janina C. Arriola	2	2
Michael James Lichtenfeld	2	2
RELATED PARTIES TRANSACTION COMMITTEE		
Name	Meetings Attended	Meetings Held
Maria Theresa dela Peña Marcial	2	2
Maria Victoria C. España	2	2
Janina C. Arriola	2	2
EXECUTIVE COMMITTEE		
Name	Meetings Attended	Meetings Held
Vicente S. Pérez, Jr	24	37
Gerry P. Magbanua	36	37
Knud Hedeager	31	37
Eduardo Martinez Miranda	30	37
Michael James Lichtenfeld	31	37
Janina C. Arriola	37	37

STOCKHOLDERS' MEETING		
Name	Meetings Attended	Meetings Held
Vicente S. Pérez, Jr.	1	1
Gerry P. Magbanua	1	1
Knud Hedeager	1	1
Eduardo Martinez Miranda	1	1
Michael James Lichtenfeld	1	1
Janina C. Arriola	1	1
Gregory L. Domingo	1	1
Maria Theresa dela Peña Marcial	1	1
Maria Victoria C. España	1	1

The appraisal and performance report for the Board and the criteria and procedure for assessment will be presented during the Annual Stockholders' Meeting in compliance with Section 49 of the Revised Corporation Code.

(b) Measures being undertaken by the Company to fully comply with the adopted leading practices on good corporate governance.

The Company and its Directors, Executives and employees strive to comply with the best practices and principles of good corporate governance. The Board is primarily responsible for the governance of the Company, including setting the policies for the accomplishment of corporate objectives and doing an independent check on the Executives and Management.

On 25 September 2024, the Company amended its Manual on Corporate Governance ("Revised Manual") to conform to best practices in corporate governance. The Revised Manual substantially conforms to best practices in corporate governance. Further, the following corporate policies of the Company were likewise updated:

1. Policy on Conflict of Interest;
2. Policy on Health and Wellness Training;
3. Policy on Material Related Party Transactions; and
4. Policy on Whistle-Blowing.

(c) Any deviation from the Company's Manual on Corporate Governance. It shall include a disclosure of the name and position of the person(s) involved, and the sanctions imposed on said individual.

The Company is substantially compliant with its Revised Manual on Corporate Governance.

(d) Any plan to improve corporate governance of the Company.

The Compliance Officer ensures that the Revised Manual is periodically reviewed by the Board of Directors in order that revisions can be promptly instituted to respond to the needs of the Company and its stakeholders. Further, the timely submission of the

Company's 2024 Sustainability Report last 25 September 2024 was another effort in corporate governance.

The Company undertakes to provide without charge to each stockholder, upon written request by the stockholder, a copy of the Company's Annual Report on SEC-Form 17-A. Please direct all such requests to the Corporate Secretary, Atty. Anna Melissa R. Lichaytoo, 19th Floor BDO Plaza, 8737 Paseo de Roxas, Makati City, Philippines.