ALTERNERGY HOLDINGS CORPORATION
MANAGEMENT REPORT

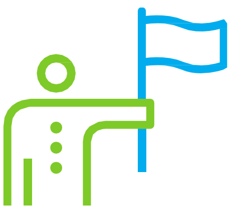
ITEM 1. BUSINESS

Alternergy Holdings Corporation, ("AHC", "Alternergy", 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 S. Pérez, Jr. (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 S. Pérez, Jr. (2007), and Gerry P. 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 James 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 24.8 MW$_P$ Apex Solar Project, the 25.0 MW$_P$ Vega Solar Project, and the 38.5 MW$_P$ 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 1,369 MW.

The Three P's of Alternergy



Pioneering

Alternergy is a company of 'firsts', driven to establish new precedents that drive the development of clean energy in the Philippines. Our early experience has given us an edge in navigating the complex permitting process.

Proven

We demonstrate proven capability to deliver well-planned and cost-effective projects. From securing power supply agreements with local utilities and private commercial customers, to working with permitting agencies, lenders and equity partners find comfort with our track record.

Partnerships

We see our work through the lens of partnerships: We find the people and organizations who will complement our efforts and support our vision to make the Philippines a leader in clean energy. As a trusted partner, we have developed long term partnerships.

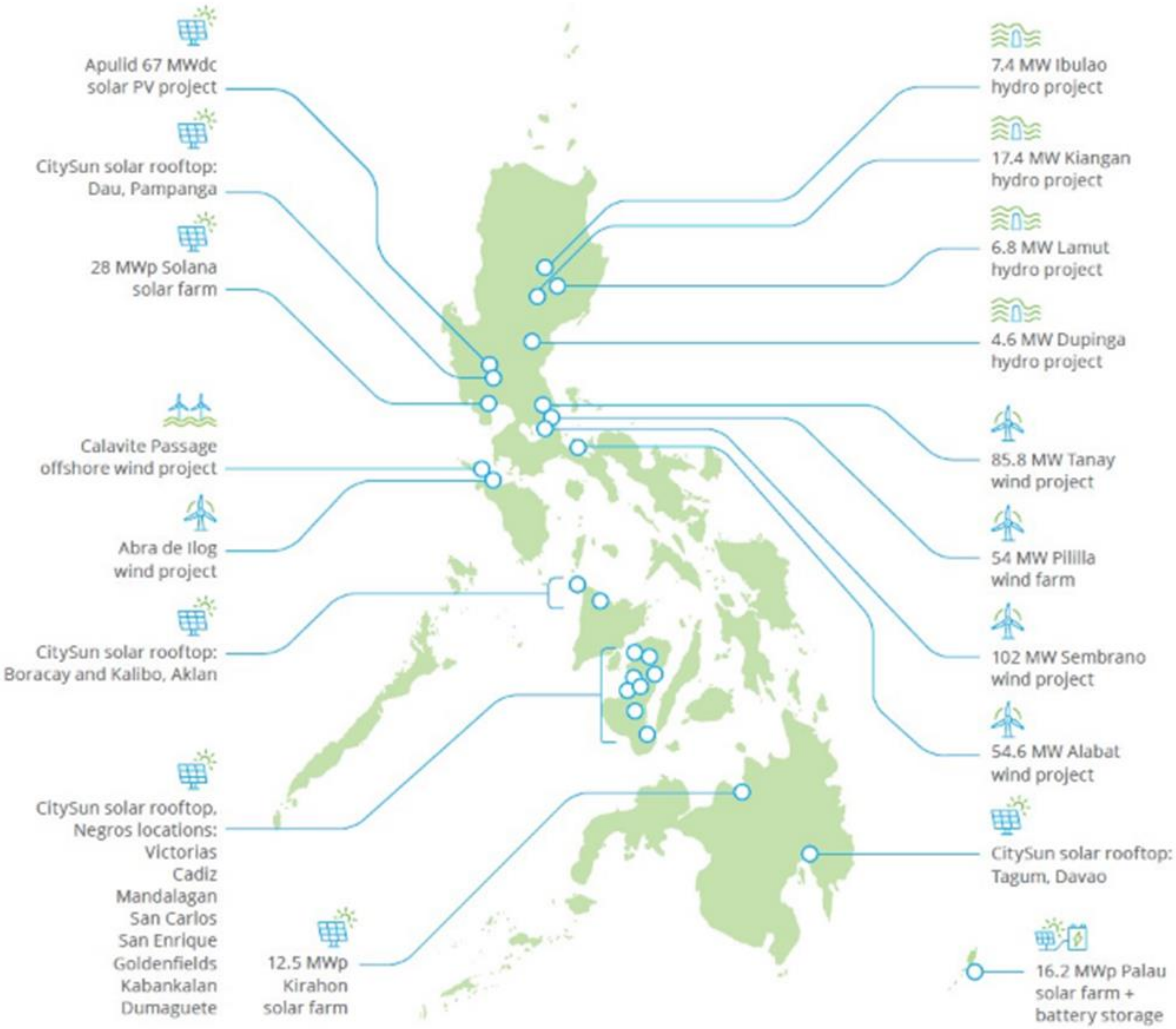
Alternergy is a company of 'firsts', driven to establish new precedents that drive the development of clean energy in the Philippines. Alternergy's history includes an extensive list of 'Firsts'. Select examples include:

- 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.

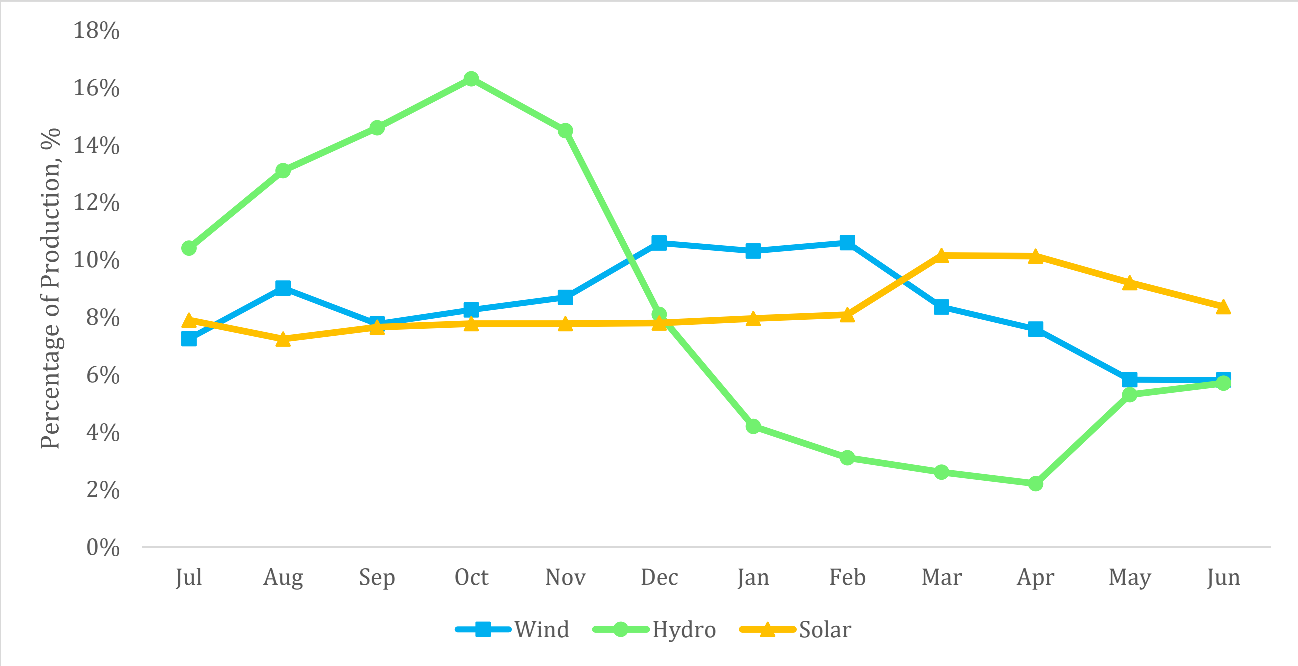
Locations of Renewable Energy Projects of Alternergy



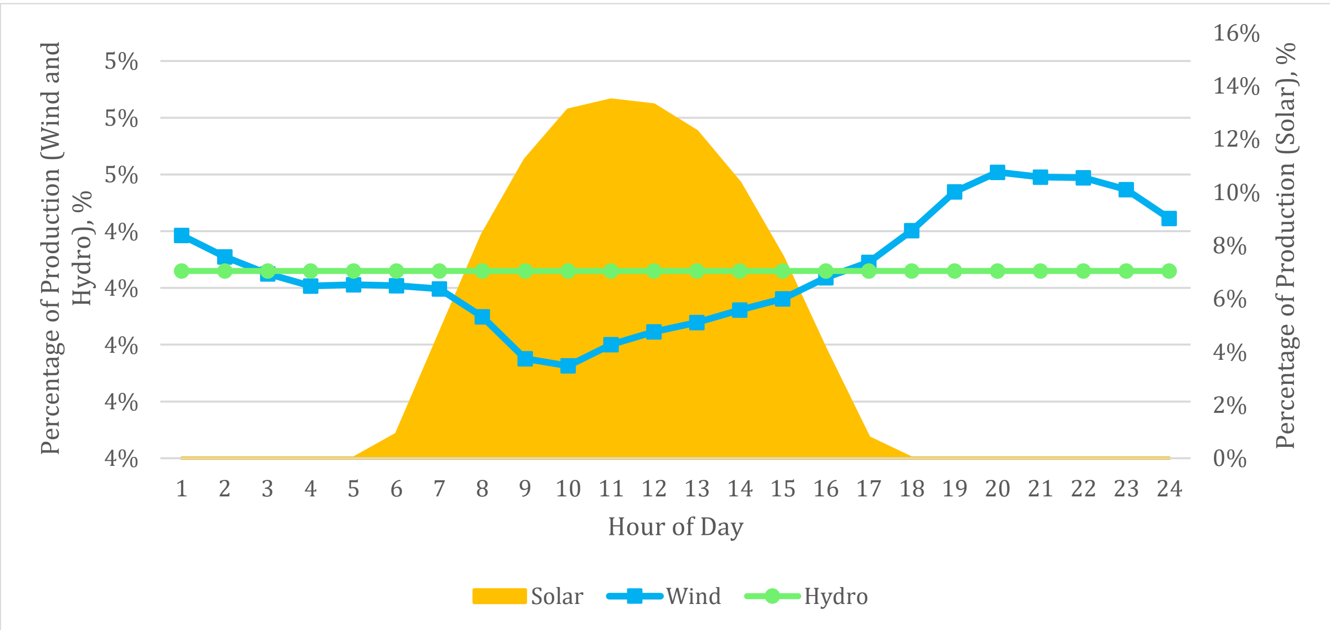
Diversified "Triple Play" Portfolio of Hydro, Wind and Solar

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:



Solar Energy Portfolio

SolarPacific Energy Corporation ("SPEC")

SolarPacific Energy Corporation is AHC's solar energy sub-holding company that develops, builds, owns, and operates solar power plants on islands throughout the Philippines and the Pacific. AHC 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 James Lichtenfeld. Michael James 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 24.8MW_P Apex Solar Project, the 25.0 MW_P Vega Solar Project, and the 38.5 MW_P Spectrum Solar Project.

The DOE has awarded SPEC's various subsidiaries a total of 36 MW_{AC} 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 30 June 2023, 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") – AHC's subsidiary

In July 2013, SPEC entered into a MOU with Mindanao Energy Systems ("MINERGY") for the development of Kirahon Solar Power Project Phase I ("Kirahon Solar Plant") of KSEC. Kirahon Solar Plant is a 12.53 MW_{AC} solar Photovoltaic ("PV") plant that is under a 25-year Power Supply Agreement ("PSA") with local private distribution utility, Cagayan Electric Power and Light company ("CEPALCO"). The Kirahon Solar Plant was the first large-scale solar PV project in the Philippines built under a bilateral PSA agreement with a local utility and the first to secure approval from the ERC.

The Kirahon Solar Plant is located in Minergy Business Park, PHIVIDEC 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 construction of the Kirahon Solar Plant commenced in March 2015. JUWI Renewable Energies Pte. Ltd. was the EPC contractor. The Kirahon Solar Plant interconnects directly to CEPALCO's distribution network at a voltage of 34.5kV. All equipment is tested to 200kmph wind loading, and 30-year flood event standards for drainage and flood protections.

The plant was first commissioned in November 2015 and received its COC with a validity period of five (5) years from the ERC. To date, KSEC is awaiting the ERC's approval of Kirahon Solar Plant's application for renewal of the COC.

Since the start of operations, 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, the plant can offset 18 million kWh per year of diesel power plant output.

In 2015, KSEC secured the first non-recourse project financing facility for a utility-scale solar PV project in the Philippines with Rizal Commercial Banking Corporation ("RCBC").

AHC 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 AHC from NCP Advisors Philippines, Inc. in August 2022. In addition, AHC 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 AHC in SPEC. Thus, AHC 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") – AHC's subsidiary

Solana Solar Alpha Inc. is developing the up to 28 MW_{AC} Solana Solar power project ("Solana Solar Plant") in Hermosa, Bataan. Solana Solar Plant is a near-construction ready project.

The project has obtained major permits, completed critical technical feasibility studies, and secured an off-take agreement. SSAI has received the Solar Energy Operating Contract from DOE, Land Use Conversion Order from the Department of Agrarian Reform ("DAR"), Environment Compliance Certificate from the Department of Environment Natural Resources ("DENR"), and Certificate of Non-Overlap from the National Commission on Indigenous Peoples ("NCIP"), is registered with the Board of Investments ("BOI"), and has obtained approval for its point-to-point Transmission Facilities from the ERC and endorsements from the Sangguniang Barangay of Balsik and the Sangguniang Bayan of Hermosa.

The site, covering an area of 30 hectares, is fully titled to and owned by SSAI. The project will interconnect to the National Grid Corporation of the Philippines ("NGCP") grid network at 69kV located only 350 meters from the project site. SSAI has executed a Connection Agreement ("CA") with NGCP and has secured all necessary rights of way ("ROW") for the transmission line.

The project has signed a 10 MW_{AC} PSA with Kratos Energy on July 4, 2023 for a 20-year Power Purchase Agreement ("PPA").

SSAI has also signed a term sheet with a leading global Engineering, Procurement and Construction ("EPC") provider, in December 2022, for the supply and construction of the Solana Solar Project facilities on a fixed-price turn-key basis. Binding long-form agreements are currently under discussion.

SSAI and RCBC have signed a mandate letter and a non-binding term sheet, in May 2022, for the non-recourse project financing of the Solana Solar Project for up to ₱1.0 billion along with competitive commercial terms.

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

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

SPEC is developing 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 project, a solar photovoltaic electric energy generating and battery storage facility with a solar PV total AC output capacity of 13.2 MW_{AC}, a battery energy storage system (“BESS”) total output capacity of up to 10.2 MW_{AC}, and a BESS total energy storage capacity of up to 15.3 MWh beginning of life, is designed to deliver 23,000 MWh per year. SPPPI is the first Independent Power Producer in Palau.

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

In April 2021, SPEC signed a 20-year PPA with PPUC for 100% of the project energy output at a fixed tariff in U.S. dollars, extendable for another 5 years, which SPEC assigned to SPPPI. Notice to Proceed (“NTP”) was issued in April 2022 and construction commenced in April 2022, with target completion by December 2023. JUWI Renewable Energies Pte. Ltd. was selected as the EPC contractor.

The project will interconnect to PPUC’s grid network at 34.5kV located 400 meters from the point of interconnection with PPUC’s grid. A Grid Connection Agreement (“GCA”) was approved by the Palau Energy Administration (“PEA”) in May 2021 and executed between SPEC and PPUC in June 2021.

In January 2021, SPPPI signed a Lease Agreement for the project site in Ngatpang State, with a lease term of 27 years, extendable for an additional 23 years. The land is privately-owned and is largely clear of forest cover. The 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.

AHC 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.

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

Alternergy, under its 60%-owned subsidiary LSEC, is developing the ground-mounted Apulid Solar Power Project in Paniqui, Tarlac, Luzon, Philippines, with installed capacity of up to 80.0 MW_{DC}. This project will sell power to the grid or as an embedded generator. This project 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.

On 17 May 2023, LSEC submitted its Letter of Intent to participate in the Green Energy Auction 2 (GEA 2) Program conducted by the DOE for the Apulid Solar Project. Under the GEA 2, the DOE sets a prescribed installation target for new renewable energy capacity to be delivered within a set period. The RE installation target will be auctioned through an open and competitive bidding. Bidders can offer supply equal to or lower than the approved ceiling price known as the Green Energy Auction Reserve Price (GEAR Price). On 1 June 2023, the DOE issued the List of Qualified Bidders under GEA 2. LSEC and its Apulid Solar Project is one of the qualified bidders under GEA 2. The DOE set the actual conduct of the GEA 2 on 3 July 2023. LSEC successfully placed a bid in the GEA 2 held on 3 July 2023 for 49.9 MW. However, LSEC may opt to enter into a bilateral offtake agreement with a higher tariff compared to the tariff under GEA 2.

Solar Pacific CitySun Corporation ("SPCC") – AHC's affiliate

Solar Pacific CitySun Corporation has signed 13 rooftop solar PSAs for 25 years with CityMall Commercial Centers Inc. ("CMCCI"), a joint venture between Double Dragon Properties Corp. and SM Investment Corporation. SPCC also entered into several project lease agreements with CMCCI for each CityMall location.

The 13 solar rooftop projects on CityMalls throughout the country with 13 Solar Energy Service Contracts have a combined capacity of up to 5.64 MW_{AC}.

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 25 September 2018, while two (2) are included in the Phase I - Batch 2 which started operations on 20 May 2019, for a total capacity of 3.24 MW_{AC}. 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 2.40 MW_{AC}.

The construction of the solar rooftop Phase I projects commenced in 2018. JUWI Renewable Energies Pte. Ltd. was the EPC contractor. The 8 SPCC rooftop power plants were issued five-year COCs between October 2018 and October 2020. SPCC is expected to submit the application for renewal of the COC for Phase 1 – Batch 1 by early 2024.

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

Wind Energy Portfolio

Pililla AVPC Corporation ("PACO")

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

AHC owns 100% economic and voting interest in PACO.

Onshore Wind Projects

Alternergy Wind One Corporation ("AWOC") – AHC's affiliate

Alternergy Wind One 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 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.

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

Alternergy Sembrano Wind Corporation ("ASWC") – AHC's affiliate

The proposed Sembrano Wind Project located in Pililla, Rizal and Pakil, Laguna is being developed by Alternergy Sembrano Wind Corporation and has 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 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.

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

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

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

AHC has 100% economic and voting interest in ATWC.

Tanay Wind Power Project by ATWC

The Tanay Wind Power Project in Tanay, Rizal Province has a potential installed capacity of up to 101.4 MW. Wind resource assessment has been conducted with a met mast and LiDAR.

The Wind Energy Service Contract was awarded by the DOE in March 2017, granting the company 25-year concession rights to develop wind resources in Barangays San Andres and Cuyambay in Tanay, Rizal. Since the award of the service contract, various permits have been obtained 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 for the met mast and the 13 turbine towers. Endorsements for the Tanay Wind Project were given by the Sangguniang Barangays of San Andres and Cuyambang and by the Sangguniang Bayan of Tanay. A Sangguniang Panlalawigan Resolution by the Rizal Provincial Government allowed ATWC to conduct wind resource assessment on their Tanay properties.

The project is situated in Barangays San Andres and Cuyambay, Tanay, Rizal, about 60 kilometers (two hours) from Manila, the country’s major load center. Interconnection will be through the existing 500 kV substation of the National Grid Corporation located 2 kilometers from the project site.

On 9 October 2023, the “Lease Contract with Revenue-Sharing Agreement” was executed between the RPG and ATWC

Construction is targeted to commence in the first quarter of 2024 with target COD in the fourth quarter of 2025.

On 17 May 2023, ATWC submitted its Letter of Intent to participate in the Green Energy Auction 2 (GEA 2) Program conducted by the DOE for the Tanay Wind Power Project. Under the GEA 2, the DOE sets a prescribed installation target for new renewable energy capacity to be delivered within a set period. The RE installation target will be auctioned through an open and competitive bidding. Bidders can offer supply equal to or lower than the approved ceiling price known as the Green Energy Auction Reserve Price (GEAR Price). On 1 June 2023, the DOE issued the List of Qualified Bidders under GEA 2. ATWC and its Tanay Wind Power Project is one of the qualified bidders under GEA 2. The DOE set the actual conduct of the GEA 2 on 3 July 2023. ATWC successfully placed a bid in the GEA 2 held on 3 July 2023 for 85.6 MW. Under GEA 2 rules, ATWC can increase its GEA offtake by at most an additional 50% MW capacity. The estimated installed capacity of the Tanay Wind Power Project is up to 101.4MW.

Alabat Wind Power Project by ATWC

Located on the eastern seaboard of Luzon Island, the Alabat Island Wind Project, with potentially up to 62.4 MW installed capacity, in Quezon Province is a project of ATWC in the early stage. After securing the Wind Energy Service Contract from the DOE in December 2019, ATWC received the endorsements of the three Alabat Island municipalities of Quezon, Alabat, and Perez, endorsements from host barangays within Alabat municipality and the endorsement of the Quezon Provincial Development Council. ATWC has installed an 80-meter met mast in October 2022 after obtaining clearances from the DENR, the CAAP, and from NCIP.

Technical studies are likewise planned for in 2023 on Third Party Data Monitoring and Management and installation of LIDAR equipment.

As of 30 June 2023, ATWC is negotiating the interconnection agreement for the Alabat Island Wind Power Project with a distribution utility cooperative which is located approximately eight (8) kilometers from the project site.

On 17 May 2023, ATWC submitted its Letter of Intent to participate in the Green Energy Auction 2 (GEA 2) Program conducted by the DOE for the Alabat Wind Power Project. Under the GEA 2, the DOE sets a prescribed installation target for new renewable energy capacity to be delivered within a set period. The RE installation target will be auctioned through an open and competitive bidding. Bidders can offer supply equal to or lower than the approved ceiling price known as the Green Energy Auction Reserve Price (GEAR Price). On 1 June 2023, the DOE issued the List of Qualified Bidders under GEA 2. ATWC and its Alabat Wind Power Project is one of the qualified bidders under GEA 2. The DOE set the actual conduct of the GEA 2 on 3 July 2023. ATWC successfully placed a bid in the GEA 2 held on 3 July 2023 for 54.6 MW for the Alabat Wind Power Project. Under GEA 2 rules, ATWC can increase its GEA offtake by at most an additional 50% MW capacity. The estimated installed capacity of the Alabat Wind Power Project is up to 62.4 MW.

Abra de Ilog Wind Project

In December 2008, APHC was awarded by the DOE the Wind Energy Service Contract for the Abra de Ilog Wind Project in Occidental Mindoro. As of 30 June 2023, it is the Company’s intent to cause the assignment of the WESC from APHC to a new special purpose vehicle 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. Alternergy 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. Endorsements were received from the Sangguniang Barangay of Wawa, Sangguniang Bayan of Abra de Ilog, and Sangguniang Panlalawigan of Occidental Mindoro.

The project site is within Zone II which has 200 kph minimum load requirement. The wind turbines and other equipment that will be erected on the Project Site must be able to withstand wind speeds of at least 200 kph. ATWC obtained the PHIVOLCS Certification of the nearby fault in the project site. The proposed Abra de Ilog project site will avoid the fault line in positioning the wind turbines to mitigate the risk of any fault hazard.

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 is currently on hold until the BMIP is completed.

Offshore Wind Projects

PACO is developing four (4) 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.

Calavite Passage Wind Power Corporation ("CPWPC") – AHC's subsidiary

The Calavite Offshore Wind Power Project is one of the first offshore wind projects in the Philippines. The DOE awarded the Offshore Wind Contract ("OSWC") to PACO in March 2022 for the exclusive rights to develop the offshore wind potential, covering 78,408 hectares, within the Calavite Passage, a wind-blown marine strait between Lubang Island and Calavite Point in Paluan, Occidental Mindoro.

On 26 October 2022, the DOE approved the assignment of the Calavite Passage OSWC to Calavite Passage Wind Power Corporation ("CPWPC") as the corporate vehicle to develop the project. PACO entered into a joint venture agreement with Shell Overseas Investments B.V. to jointly develop the Calavite Passage Offshore Wind Project.

Tablas Strait Offshore Wind Power Corporation ("TSOWPC") – AHC'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. under corporate vehicle Tablas Strait Offshore Wind Power Corporation. As of 30 June 2023, it is the Company's intent to cause the assignment of the OSWC from PACO to TSOWPC for the purpose of undertaking the Abra de Ilog Wind Project

AHC has 100% economic and voting interest in PACO, which in turn has 60.98% economic and 60% voting interest in TSOWPC.

Mini Hydro Energy Portfolio

Alternergy Mini Hydro Holdings Corporation ("AMHHC")

Alternergy Mini Hydro Holdings Corporation is the primary hydro energy sub-holding company and wholly owned subsidiary of AHC. 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 Kiangan 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, 15.00% economic and 30% voting interest of Kiangan Mini Hydro Corporation, and 4.00% (representing economic and voting interest) of Dupinga Mini Hydro Corporation.

Lamut Asipulo Mini Hydro Corporation ("LAMHC") – AHC'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 and has secured key government permits and studies including the Hydro Service Energy Contract ("HESC") 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 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 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 15 March 2022, AHC, AMHHC, Exeter Portofino (Export) Holdings Inc. ("EXETER") and Lamut-Asipulo Mini Hydro Corporation ("LAMHC") entered into an Investment Framework Agreement for a potential 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.

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

Ibulao Mini Hydro Corporation ("IMHC") – AHC's subsidiary

The 7.42 MW Ibulao 2 run-of-river mini-hydropower project is an early development project being developed by Ibulao Mini Hydro Corporation. To be located in Brgy. Bolog in the

Municipality of Kiangan and Brgy. Caba in the Municipality of Lagawe in the province of Ifugao, the Ibulao 2 Project will harness the flow of water from the Ibulao River.

The DOE awarded the HESC and Confirmation of Commerciality for the proposed Ibulao 2 Project in September 2013 and May 2016, respectively. IMHC has completed extensive technical studies to confirm the viability of the Ibulao 2 project. Permitting activities continue to be pursued. The site is within a 12-kilometer-distance from the nearest transmission substation. IMHC targets to make Ibulao 2 Project construction-ready by the second quarter of 2024.

AHC has 100% economic and voting interest in AMHHC, which in turn has 100% economic and voting interest in IMHC. Thus, AHC has an indirect economic and voting interest of 100% in IMHC.

Kiangan Mini Hydro Corporation ("KMHC") – AHC's affiliate

The 17.4 MW Kiangan run-of-river mini-hydropower project in Ifugao of Kiangan Mini Hydro Corporation combines three hydro developments along the Asin, Hungduan, and Ibulao Rivers. AMHHC took over project development of Kiangan 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 Kiangan. Kiangan Hydro project is currently under construction since April 2021 with complete comprehensive feasibility study and detailed engineering design and government permits and approvals. The NCIP Certification Precondition, a certificate of compliance to the FPIC process and certifying that Tuwali Indigenous Peoples of Kiangan 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 7.6 MW. The nearest transmission line is located approximately 1.5 kilometers from the project site. The DOE awarded the HESC and issued the Confirmation of Commerciality for the Ibulao project in September 2013 and June 2016, respectively, and an amended Service Contract in August 2020.

- Asin: The Asin run-of-river mini-hydropower project has a potential capacity of 7.04 MW. There is a 3.6 kilometer distance between the proposed project and the nearest transmission line. The DOE has awarded the HESC and issued the Confirmation of Commerciality for the Asin project last September 2013 and June 2016, respectively.

- Hungduan: The Hungduan run-of-river mini-hydropower project has a potential installed capacity of up to 4.04 MW. The project has good access to transmission facilities. The site is located approximately 3.6 kilometers away from the nearest transmission lines. The DOE awarded the HESC and issued the Confirmation of Commerciality for the Hungduan project in September 2013 and September 2016, respectively.

AHC has 100% economic and voting interest in AMHHC, which in turn has 15% economic and 30% voting interest in KMHC. Thus, AHC has an indirect economic of 15% and voting interest of 30% in KMHC.

Dupinga Mini Hydro Corporation ("DMHC") – AHC'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 has complete comprehensive feasibility study and detailed engineering design and government permits and approvals, including the MOA signing with the NCIP and the Dumagat indigenous peoples on January 15, 2015. The NCIP Certification Precondition, a certificate of compliance to the Free Prior Informed Consent ("FPIC") process and certifying that Katutubong Dumagat IP Community has given its consent to the project, was granted in March 2017. The DOE has awarded a Certificate of Confirmation of Commerciality to the proposed Dupinga project in June 2013.

DMHC completed a Detailed Engineering Design ("DED") in the fourth quarter of 2014 and a Value Engineering Design in July 2017. Early Construction Works commenced in July 2020. Full NTP for construction works was issued in January 2021. 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.

In September 2016, AMHHC and Markham Resources Corporation signed an Investment and Shareholder Agreement for the Dupinga project. Under the Investment and Shareholders Agreement, NEECO 2- Area 2 was given an option as shareholder in the Dupinga Project through subscription of shares in DMHC. In February 2023, NEECO II Area 2 exercised its subscription option by executing a Subscription Agreement. Upon consummation of this subscription, NEECO II Area 2 will hold and own 11.04% of the outstanding capital stock of DMHC.

AHC has 100% economic and voting interest in AMHHC, which in turn has 4% economic and voting interest in DMHC. Thus, AHC has an indirect economic and voting interest of 4% DMHC.

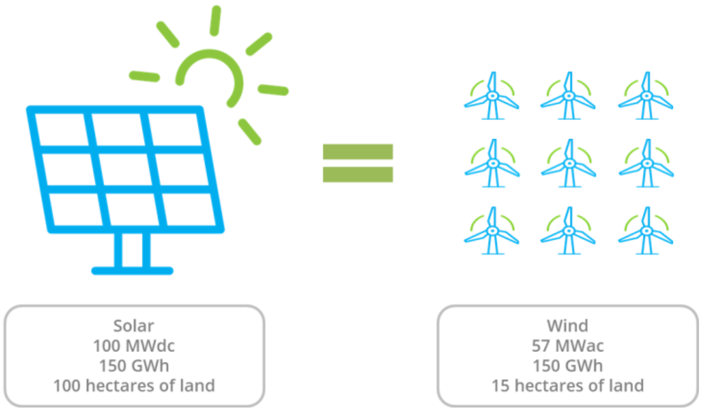
<u>*Strategic Focus on Renewable Energy in the Philippines*</u>

Within Asia, the Philippines presents a bright spot for renewable energy investors. The country's GDP grew 7.6% in 2022 reflecting pent-up consumer demand supported by increasing household consumption. For the first quarter 2023, the Philippines recorded a robust 6.4% GDP growth way within the International Monetary Fund's full-year forecast of 6% and outpacing the projected regional GDP increase of 4.6%.

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.

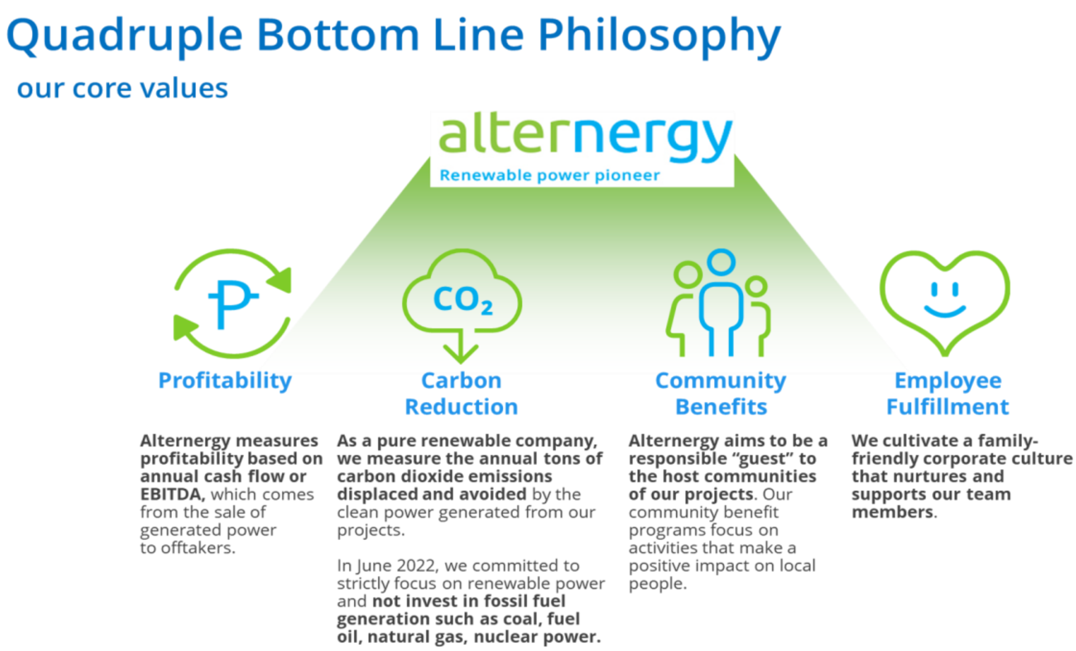
Additional positive factors include the aforementioned rise in electricity demand, significant renewable energy resources, attractive tariffs, and a comprehensive Renewable Energy Law that provides tax privileges, feed-in tariffs and other market mechanisms to attract investors. For these strategic reasons, 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 managed as a quadruple bottom line company in terms of cash flow profitability, carbon emission reduction, host community benefits, and employee satisfaction.



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

The second priority 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 priority 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 and final priority 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 12 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.

   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 2023, the public ownership of AHC stood at 29.27%.

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 7 November 2023, there were no other events which may trigger a direct or contingent financial obligation that is material to the Group aside from the performance bonds obtained by the Group for the Green Energy Auction 2 ("GEA 2") projects awarded. However, the likelihood that such performance bonds will trigger an event to recognizing a direct or contingent liability is unlikely.

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 September 2023.

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 September 2023, the Group has a commitment of US$1.6 million for the completion of its solar project in Palau. This is funded through debt obtained for the project.

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 September 2023, 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.

   As of 30 September 2023, there were no significant elements of income or loss that did arise from the issuer's continuing 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 September 2023, there were no seasonal aspects that had a material effect on the financial condition or results of operations.

FY2024 vs FY2023 Highlights
As at September 30, 2023 vs June 30, 2023 and for the three-month periods ended September 30, 2023 vs 2022

Corporate and Operations

In July 2022, the Parent Company applied for the listing and trading of all its issued and outstanding common shares. On 10 February 2023 and 14 February 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 24 March 2023, the Parent Company completed its 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 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 LSEC, also won the bid for its solar ground-mounted power project, with up to 80.0 MW_{DC} of installed capacity, located in the Tarlac province. AHC owns 60% economic interest in LSEC as of 30 June 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.
- SSAI, a subsidiary of 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 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.
- On 4 August 2023, the Board approved the reclassification of the Corporation's 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 is preparatory to a future funding exercise. These Preferred Shares shall not be listed or registered with the PSE.
- On 9 October 2023, ATWC entered into a 25-year Lease Contract with Revenue-Sharing Agreement ("LCRSA") with the Rizal Provincial Government for its Tanay Wind Farm.
- On 7 November 2023, AHC entered into and signed a Subscription Agreement with GSIS for the latter's subscription to One Hundred Million (100,000,000) Perpetual Preferred Shares 2 – Series A shares of the Corporation for a total subscription price of ₱1.45 billion.

Financials

The Group posted a consolidated net income of ₱97.0 million for the three-month period ended 30 September 2023, which improved from the ₱1.7 million for the same period in 2022. This was mainly driven by: (1) decrease in cost of sales, and (2) project cost recovery from the Palau solar farm and battery project.

The Group's cash decreased by 9% to ₱1.1 billion as of 30 September 2023 compared to ₱1.2 billion as of 30 June 2023. The decrease was attributable to the ongoing construction of Palau solar farm and battery project and capital expenditures of the Group's various developmental projects. The decrease was partially offset by cash dividends received from AWOC and KSEC.

Consolidated assets of the Group saw a modest increase of 2% to ₱5.0 billion as of 30 September 2023, up from ₱4.9 billion as of 30 June 2023, as continued investments were injected into the Group's projects under construction, along with the Tanay and Alabat wind farm projects.

Liabilities declined slightly due to payments of income taxes due and dividends payable.

Key Performance Indicators

Total equity increased by 3% or ₱94.3 million, with the Group's consolidated debt-to equity ratio for the quarter improving to 0.64:1 as of 30 September 2023 from 0.66:1 as of 30 June 2023.

The Group's earnings before interest, taxes, depreciation and amortization ("EBITDA") for the three-month period ended 30 September 2023 was ₱120.5 million, which improved from ₱73.3 million for the same period in 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 slightly lower at ₱43.3 million for the three-month period ended 30 September 2023 as compared to ₱43.5 million for the period in 2022.

Cost of sale of electricity decreased from ₱12.8 million for the three-month period ended 30 September 2022 to ₱11.0 million for the same period ended 30 September 2023.

Equity in net losses of associates has decreased by ₱3.1 million, or 92%, to ₱0.3 million for the three-month period ended 30 September 2023 compared to the equity in net losses of associates for three-month period ended 30 September 2022 of ₱3.3 million due to better performance and improved net income from its associates, most notably Alternergy Wind One Corporation and Solar Pacific CitySun Corporation.

General and administrative expenses was higher for the three-month period ended 30 September 2023 by ₱7.6 million, or 72%, from ₱10.6 million for the three-month period ended 30 September 2022 mainly due to the ₱3.6 million amortization of the Customer Off-take Agreement, which was recognized as part of the finalization of the purchase price allocation from the acquisition of KSEC in 10 June 2022. DST payments in 2023 and increase in professional fees and salaries also contributed to the overall increase in expenses.

Other income – net turned around by ₱99.2 million in 2023 from ₱15.3 million loss for the three-month period ended 30 September 2022, which is mainly composed of finance costs. For the three month-period ended 30 September 2023, it is primarily composed of project cost recovery from the Palau solar farm project.

<u>Consolidated Statements of Financial Position as at 30 September 2023 vs 30 June 2023</u>

Current assets decreased by ₱60.7 million from ₱1.6 billion as of 30 June 2023, to ₱1.5 billion as of 30 September 2023, mainly attributable to decrease in cash and cash equivalents, which were used in payments of the ongoing construction of several projects. This was slightly offset by the recognition of receivables from the project cost recovery from the Palau solar farm project.

Noncurrent asset increased from ₱3.3 billion as of 30 June 2023 to ₱3.5 billion as of 30 September 2023 mostly due to net additions to project development costs and contract assets (representing the costs incurred in the on-going construction activities of the Palau solar and BESS project). These additions were partially offset by dividends received from AWOC.

Current liabilities decreased by ₱3.7 million from ₱634.7 million as of 30 June 2023 to ₱631.1 million as of 30 September 2023. This was mostly due to the payment of dividends and current income tax payable.

Noncurrent liabilities was slightly lower as at 30 September 2023 at ₱1.5 billion by ₱4.4 million from ₱1.5 billion as at 30 June 2023 due to the amortization of deferred financing charges for the quarter.

Equity was slightly better at ₱2.8 billion as at 30 September 2023 by ₱94.3 million from ₱2.7 billion as at 30 June 2023 and was mainly attributable to the operations of the Group.

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 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 June 2023, the public ownership of AHC stood at 29.27%.

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 5 October 2023, there were no other events which may trigger a direct or contingent financial obligation that is material to the Group aside from the performance bonds obtained by the Group for the Green Energy Auction 2 (“GEA 2”) projects awarded. However, the likelihood that such performance bonds will trigger an event to recognizing a direct or contingent liability is unlikely.

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 2023.

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

As of year ending 30 June 2023, the Group has a commitment of US$1.6 million for the completion of its solar project in Palau. This is funded through debt obtained for the project.

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 Company’s net sales/revenues/income from continuing operations.

As of 30 June 2023, there were no known trends, demands, commitments, events, or uncertainties that will have a material impact on the Company’s net sales/revenues/income from continuing operations.

f) Any significant elements of income or loss that did arise from the Company’s continuing operations.

As of 30 June 2023, there were no significant elements of income or loss that did arise from the Company’s continuing 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 2023, there were no seasonal aspects that had a material effect on the financial condition or results of operations.

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 4^{th} 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 2023 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.

<u>Consolidated Statements of Financial Position as at 30 June 2023 vs 30 June 2022</u>

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 availment 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.

FY2022 vs CY2021 Highlights
As at 30 June 2022 vs 31 December 2021 and for the six-month period 30 June 2022 vs the year ended 31 December 2021

Financials

The Group posted a consolidated net loss of ₱145.2 million for the six-month period ended 30 June 2022, from its net income of ₱112.8 million for the year ended 31 December 2021. This was largely due to other charges of ₱120.3 million for the six-month period ended 30 June 2022 compared to ₱136.0 million other income for the year ended 31 December 2021.

The Group's cash was significantly higher by ₱488.0 million at ₱581.6 million as of 30 June 2022, from ₱93.6 million. This could be broken down into the following major inflows: 1) US$6.7 million representing the equity infusion into SPPP from its existing and new shareholders, 2) proceeds from the loan drawdown by SPPP from EFA amounting to US$9.0 million, 3) ₱37.7 million representing the equity infusion of Vespers Holdings Corporation booked as deposit for future subscription in AHC, 4) proceeds of US$1.5 million from a loan drawdown by AHC from OCBC and lastly, 5) ₱214.0 million from EXETER representing its equity infusion in LAMHC and booked as deposit for future subscription. These inflows are vital in funding the Group's various project development and construction activities.

On 10 June 2022, the Parent Company acquired 50% direct interest in KSEC from the latter's shareholders for a total consideration of ₱522.2 million, which resulted to control over KSEC. Prior to the acquisition, KSEC was an associate of the Group through SPEC. Goodwill was also recognized due to the acquisition but will be finalized within 12 months from acquisition date. In accordance with Philippine Interpretation IFRIC 12, Service Concession Arrangements, the Group recognized contract asset amounting to ₱574.9 million representing cost incurred in the ongoing construction activities of the Palau Solar Hybrid Project.

Current liabilities swelled to ₱969.4 million as of 30 June 2022 from ₱159.6 million as of 31 December 2021 due to payables to KSEC's former shareholders and advances from a third party.

Consolidated Statements of Comprehensive Income

Revenue from sale of electricity of ₱9.3 million for the six-month period ended 30 June 2022 is directly attributable to KSEC. Revenues recognized in 2022 covered operations from KSEC only from 11 – 30 June 2022. Prior to KSEC's acquisition, KSEC was an associate of the Parent Company.

Cost of sale of electricity of ₱3.3 million for the six-month period ended 30 June 2022 is also directly attributable to KSEC's operations.

Equity in net earnings of associates significantly decreased by ₱19.5 million, or 54%, to ₱16.4 million for the six-month period ended 30 June 2022 compared to the year ended 31 December 2021. As a result of the acquisition of 65% direct and indirect stake in KSEC in 2022, the income from KSEC was no longer accounted for as earnings from associates.

General and administrative expenses was slightly lower in the six-month period ended June 30, 2023 by ₱0.9 million from ₱54.1 million for the year ended 31 December 2021. For the six-month period ended 30 June 2022, taxes and licenses and professional fees were significantly higher due to restructuring activities and acquisition of KSEC as compared to the year ended 31 December 2021. Outside services and salaries and wages for the year ended 31 December 2021 were also higher compared to the six-month period ended 30 June 2022.

Other charges – net for the six-month period amounting to ₱120.3 million was a significant turnaround from ₱136.0 million other income position for the year ended 31 December 2021. Other charges for the six-month period ended was 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 income – net for the year ended 31 December 2021 is mostly from project cost recovery of ₱133.6 million.

<u>Consolidated Statements of Financial Position as at 30 June 2023 vs 30 June 2022</u>

Current assets increased by ₱603.7 million from ₱209.8 million as of 31 December 2021 to ₱813.5 million as of 30 June 2022, mainly attributable to a significantly higher cash position, amounting ₱581.6 million, as of 30 June 2022 due to the following major inflows: 1) US$6.7 million representing the equity infusion into SPPP from its existing and new shareholders, 2) proceeds from the loan drawdown by SPPP from EFA amounting to US$9.0 million, 3) ₱37.7 million representing the equity infusion of Vespers Holdings Corporation booked as deposit for future subscription in AHC, 4) proceeds of US$1.5 million from a loan drawdown by AHC from OCBC and lastly, 5) ₱214.0 million from EXETER representing its equity infusion in LAMHC and booked as deposit for future subscription. Trade and other receivables also increase by ₱18.3 million as of 30 June 2022 from ₱1.0 million as of 31 December 2021 was largely due to the trade receivable from the sale of electricity to CEPALCO, the client of KSEC.

Noncurrent asset increased from ₱516.3 million as of December 31, 2021 to ₱2.6 billion as of 30 June 2022, significant increase was due to the following: 1) the acquisition of KSEC which allowed AHC to recognize the book value of the Kirahon Solar Plant amounting to ₱685.9 million, and 2) the capitalization of the construction costs of the Palau Solar Hybrid Project amounting to ₱574.9 million. Additionally, the Group recognized goodwill, amounting to ₱238.4 million, customer off-take agreement, amounting to ₱282.3 million, net fair value adjustment of KSEC's property, plant and equipment, amounting to ₱151.0 million, from the Parent Company's acquisition of KSEC, and right-of-use asset, amounting to ₱59.3 million for the six-month period ended 30 June 2022.

Current liabilities was higher by ₱809.8 million from ₱159.6 million as of 31 December 2021 to ₱969.4 million as of 30 June 2022. This was due to liabilities owed to the former shareholders of KSEC from the acquisition of its shares, amounting to ₱467.4 million. The Group also received advances from a third-party, signifying the latter's interest to invest in one of the Group's hydro projects, amounting to ₱214.0 million, which represented a 40%

economic ownership stake in one of the Group's subsidiaries, Lamut-Asipulo Mini Hydro Corporation.

Noncurrent liabilities was significantly higher as at 30 June 2022 at ₱1.3 billion by ₱1.2 billion from ₱157.3 million as at 31 December 2021 due to additional loans from several banks to finance the Group's projects in Misamis Oriental and Palau and for working capital, investments, and general corporate funding purposes.

Equity increased to ₱1.1 billion as at 30 June 2022 by ₱731.7 million from ₱409.2 million as at 31 December 2021 and is mainly attributable to additional investments in the Parent Company, which was lodged under deposit for future stock subscription amounting to ₱297.9 million. Non-controlling interests also rose to ₱613.1 million from ₱51.9 million due to additional investments made by third parties to the Parent Company's subsidiaries, as well as adjustments from the acquisition of KSEC. Deficit of the Group amounted to ₱227.2 million as at 30 June 2022, which is higher than the deficit as of 31 December 2021 of ₱82.9 million due to restructuring expenses and lower share in net earnings of associates for the six-month period ended 30 June 2022, as compared to the year ended 31 December 2021 which had higher share in net earnings in associates and project cost recovery.

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 is the Philippine Stock Exchange ("PSE").

   The high, low and closing prices for each quarter since the listing date of the Company's shares on 24 March 2023 are as follows:

	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			
First Quarter	0.84	0.80	0.81

   As of 29 September 2023, the latest practicable trading date, the Company's shares were traded at ₱0.81 per share.

2. Holders

   As of 30 September 2023, the Company has 2,612 shareholders owning 3,933,840,480 Common Shares and 370,398,637 Preferred Shares. The top 20 stockholders as of 30 September 2023 are as follows:

	Name of Stockholder	No. of Shares	% of Total Shares Outstanding Held
1.	PCD Nominee Corporation – Filipino[1]	3,734,632,470 Common Shares	86.8%
2.	Vespers Holdings Corporation[2]	370,398,637 Preferred Shares[3]	8.6%
3.	PCD Nominee Corporation – Non-Filipino[1]	199,108,010 Common Shares	4.6%
4.	Myra P. Villanueva	100,000 Common Shares	nil

[1]*PCD 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. Except for One Hundred Thousand (100,000) Common Shares, all other Common Shares of the Corporation are lodged with the PDTC and registered under the name of PCD.*
[2]*The Common Shares of Vespers Holdings Corporation (VHC) are lodged with the PDTC and under the name of PCD.*
[3]*Inclusive 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*

3. Dividends

   a. Cash Dividends Declared

      The Company did not declare any cash dividends during the past 2 years due to the unavailability of surplus profit.

      In accordance with 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 Preferred Shares 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 Preferred Shares, before any dividends shall be set apart and paid to holders of the Common Shares. Holders of the Preferred Shares 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).

   There was no recorded sale of unregistered securities since the listing of the Corporation's Common Shares on 24 March 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 1 June 2022 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.	26	26
Gerry P. Magbanua	26	26
Knud Hedeager	26	26
Eduardo Martinez Miranda	26	26
Michael James Lichtenfeld*	10	26
Gregory L. Domingo**	15	26
Maria Theresa dela Peña Marcial**	14	26
Annette M. Rafael***	12	26
AUDIT COMMITTEE MEETINGS		
Name	**Meetings Attended**	**Meetings Held**
Maria Theresa dela Peña Marcial	4	5
Gregory L. Domingo	5	5

Eduardo Martinez Miranda	5	5
RISK MANAGEMENT COMMITTEE		
Name	**Meetings Attended**	**Meetings Held**
Gregory L. Domingo	-	-
Maria Theresa dela Peña Marcial	-	-
Knud Hedeager	-	-
CORPORATE GOVERNANCE COMMITTEE		
Name	**Meetings Attended**	**Meetings Held**
Maria Theresa dela Peña Marcial	1	1
Gregory L. Domingo	1	1
Michael James Lichtenfeld	1	1
RELATED PARTIES TRANSACTION COMMITTEE		
Name	**Meetings Attended**	**Meetings Held**
Gregory L. Domingo	-	-
Maria Theresa dela Peña Marcial	-	-
Gerry P. Magbanua	-	-
EXECUTIVE COMMITTEE		
Name	**Meetings Attended**	**Meetings Held**
Vicente S. Pérez, Jr	2	2
Gerry P. Magbanua	2	2
Knud Hedeager	2	2
Eduardo Martinez Miranda	2	2
Michael James Lichtenfeld	2	2
STOCKHOLDERS' MEETING		
Name	**Meetings Attended**	**Meetings Held**
Vicente S. Pérez, Jr.	7	7
Gerry P. Magbanua	7	7
Knud Hedeager	7	7
Eduardo Martinez Miranda	7	7
Michael James Lichtenfeld*	7	7
Gregory L. Domingo**	4	7
Maria Theresa dela Peña Marcial***	4	7
Annette M. Rafael	7	7

*Elected on 6 March 2022
**Elected on 10 June 2022 but assumed office on 16 November 2022, the date of approval by the SEC of the increase in the number of directors from five (5) to seven (7)
***Elected on 10 June 2022 and resigned on 6 March 2023

The Chairman respectfully requests, at this time, for the deferment of the appraisal and performance report for the Board and the criteria and procedure for assessment as set forth under Section 49 of the Revised Corporation Code considering that this is the first Annual Stockholders' Meeting of the Corporation since its public listing in March 2023.

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

The Company's Manual on Corporate Governance conforms to best practices in corporate governance. Further, the Company has established the following corporate policies which were approved by the Board of Directors in its meeting last 19 January 2023:

1. Policy on Business Conduct and Ethics;
2. Policy on Whistleblowing;
3. Policy on Insider Trading;
4. Policy on Conflict of Interest;
5. Policy on Material Related Party Transactions;
6. Policy on Sexual Harassment; and
7. Policy on Enterprise Risk Management.

(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.*

As the Company is a newly listed company, it is still in the process of re-organizing to be fully compliant with the its Manual on Corporate Governance. Nonetheless, the Company is substantially compliant with its Manual on Corporate Governance which was adopted on 21 June 2022.

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

The election of a third independent director out of nine (9) board directors is a major initiative to improve the corporate governance of the Company. Further, the timely submission of the Company's 2023 Sustainability Report last 13 October 2023 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.