

# COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

**MARIA CARMEN G. DIAZ**

Contact Person

**(+632) 8813 4678**

Company's Telephone Number

**0 6**

Month

**3 0**

Day

Fiscal Year

**1 7 - A**

Form Type

**1 2**

Month

**1 3**

Day

Annual Meeting

**Not applicable**

(Secondary License Type, If Applicable)

**MSRD**

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

**3,252**

Total No. of Stockholders

Total Amount of Borrowings

**x**

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended June 30, 2023
2. SEC Identification Number CS200909233 3. BIR Tax Identification No. 007-315-916
4. Exact name of issuer as specified in its charter ALTERNERGY HOLDINGS CORPORATION
5. Metro Manila, Philippines 6.  (SEC Use Only)  
Province, Country or other jurisdiction of Industry Classification Code:  
incorporation or organization
7. Level 3B 111 Paseo de Roxas Building, Paseo de Roxas  
Avenue corner Legazpi Street, Legaspi Village Makati City .....1229  
Address of principal office Postal Code
8. +632 8813-4678  
Issuer's telephone number, including area code
9. Not applicable  
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA
 

|               |                                                                                                                  |
|---------------|------------------------------------------------------------------------------------------------------------------|
| Common Shares | Number of Shares of Common Stock<br>3,933,840,480 Shares                                                         |
|               | Outstanding and Amount of Debt Outstanding<br>None registered in the Philippine SEC and<br>listed in PDEX/others |
11. Are any or all of these securities listed on a Stock Exchange.  
  
 Yes [X] No [ ]  
  
 If yes, state the name of such stock exchange and the classes of securities listed therein:  
Philippine Stock Exchange – Common Shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes ☒ No ☐

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes ☒ No ☐

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. **As at June 30, 2023, ₱1,254,857,050 equivalent to 1,151,245,000 shares, the total number of shares in the hands of the public based on the Company's Public Ownership Report, multiplied by the closing price on the last trading day of ₱1.09.**

**APPLICABLE ONLY TO ISSUERS INVOLVED IN  
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS  
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

**Not applicable**

**DOCUMENTS INCORPORATED BY REFERENCE**

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

- (a) Audited Parent Company Financial Statements of Alternergy Holdings Corporation as at June 30, 2023 and 2022, and for the year ended June 30, 2023 and for the six-month period ended June 30, 2022 (with BIR ITR Filing Reference)
- (b) Audited Consolidated Financial Statements as at June 30, 2023 and 2022, and for the year ended June 30, 2023, for the six-month period ended June 30, 2022 and for the year ended December 31, 2021, including Supplementary Schedules
- (c) 2023 Annual Sustainability Report

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| (c) Audited Consolidated and Parent Company Financial Statements as of June 30, 2023 and 2022, and for the year ended June 30, 2023, for the six-month period June 30, 2022, and for the year ended December 31, 2021 |          |

## SIGNATURES

## PART I. BUSINESS AND GENERAL INFORMATION

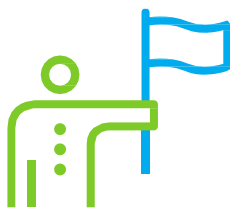
### Item 1. Business

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 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 the 24.8MWp Apex Solar Project, the 25.0 MW<sub>p</sub> Vega Solar Project, and the 38.5 MW<sub>p</sub> 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.

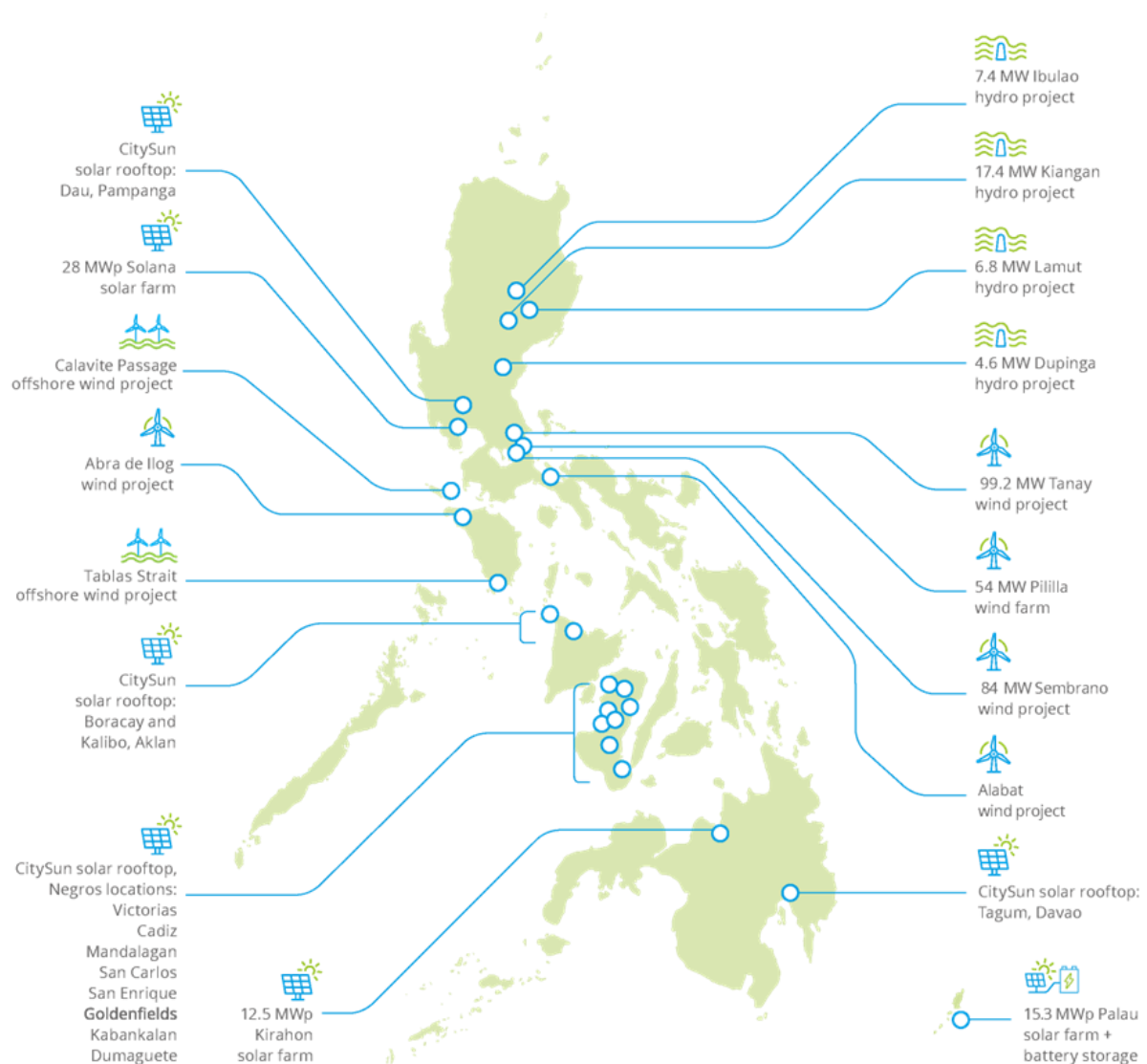
Alternergy is a company of 'firsts', driven to establish new precedents that drive the development of clean energy in the Philippines. Alternergy's history includes an extensive list of 'Firsts'. Select examples include:

- 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.

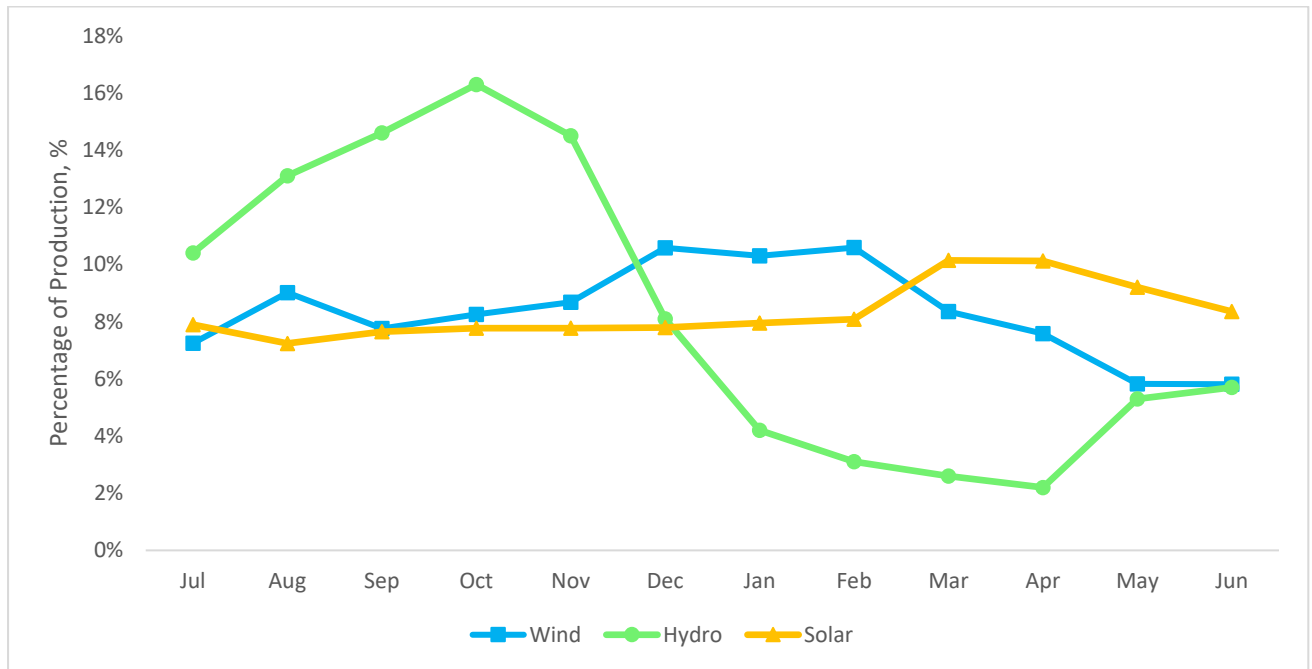
## Location of Renewable Energy Projects of Alternergy



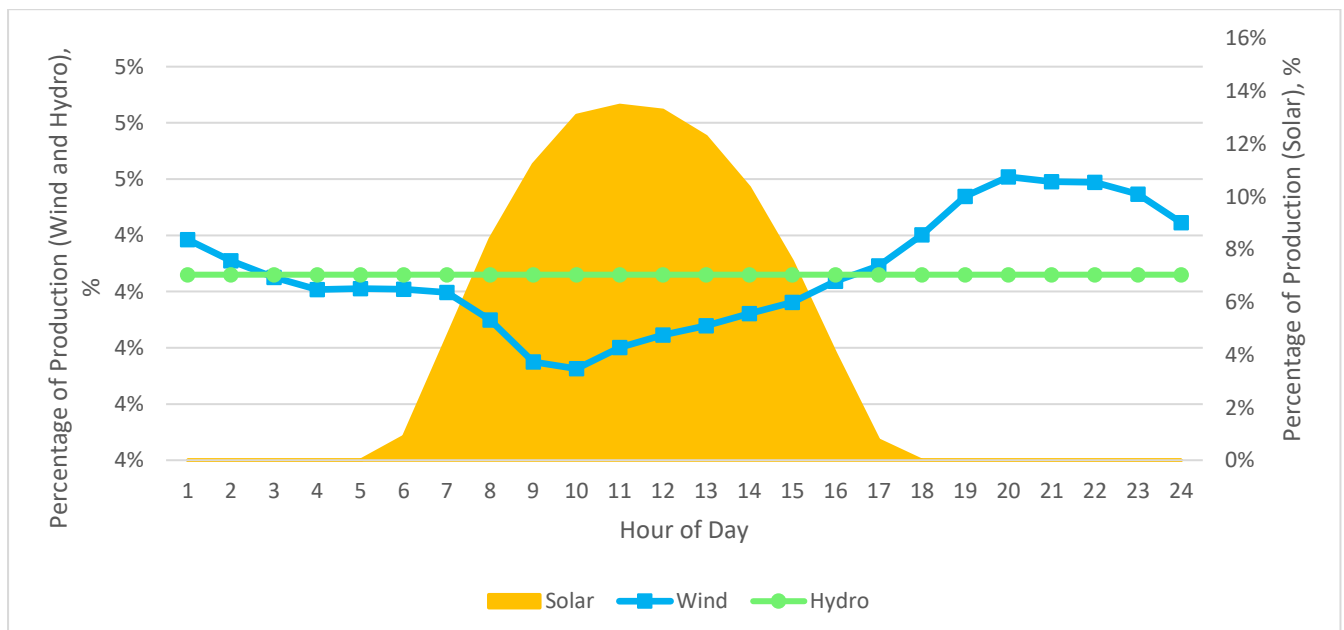
## Diversified “Triple Play” Portfolio of Hydro, Wind and Solar

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:

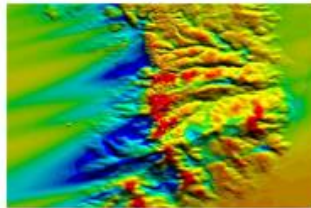


The figure below depicts the development timeline of Alternergy's renewable energy portfolio.



## 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”)*

Solar Pacific 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 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 24.8MW<sub>p</sub> Apex Solar Project, the 25.0 MW<sub>p</sub> Vega Solar Project, and the 38.5 MW<sub>p</sub> Spectrum Solar Project.

The DOE has awarded SPEC’s various subsidiaries a total of 36 MW<sub>AC</sub> 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, 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<sub>AC</sub> 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, PHIVIDE 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<sub>AC</sub> 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<sub>AC</sub> 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<sub>AC</sub>, a battery energy storage system ("BESS") total output capacity of up to 10.2 MW<sub>AC</sub>, 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. Thus, AHC 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") – 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<sub>DC</sub>. 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 GEAP, 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 July 3, 2023.

*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<sub>AC</sub>.

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 MW<sub>AC</sub>. 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<sub>AC</sub>.

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.

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 Alternergy Wind One Corporation ("AWOC") through a deed of assignment executed in June 2011. The DOE approved the assignment of the WESC No. 2009-09-018 to AWOC in July 2012.

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 August 19, 2022, ATWC filed an unsolicited proposal with the Rizal Provincial Government (“RPG”) proposing a revenue sharing arrangement between RPG and ATWC. The Unsolicited Proposal was formally accepted by the RPG through a letter dated February 17, 2023.

Discussions on the Lease/RSA began in earnest almost immediately afterwards, with detailed negotiations conducted on May 2, 5, 9 and then again on August 30, 2023.

On September 4, 2023, the Sangguniang Panlalawigan passed SP Resolution No. 664, Series of 2023, authorizing the Governor to execute, on behalf of the Province, the “Lease Contract with Revenue Sharing Agreement” (“LCRSA”) over portions of the RPG properties comprising the Project site as well as a portion of the transmission line rights-of-way route.

On September 22 and 26, 2023, the Sangguniang Panlalawigan published an “Invitation to submit Comparative Proposals” in a newspaper of general circulation in compliance with the RPG’s procurement process. Following completion of this process, specifically on October 9, 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 May 17, 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 GEAP, 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 July 3, 2023.

### *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 a 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 June 30, 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 May 17, 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 GEAP, 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 June 1, 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 July 3, 2023.

### *Abra de Ilog Wind Project*

In December 2008, APHC was awarded by the the DOE Wind Energy Service Contract for the Abra de Ilog Wind Project in Occidental Mindoro. As of June 30, 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.

(What is the ownership of AHC in Abra de Ilog Project, consistent with the flow of discussion above as the last sentence for this?)

#### 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 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 October 26, 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 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 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 June 30, 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. Thus, AHC has indirect 16.00% 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 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, 15.00% economic and 30% voting interest of Kiangnan 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 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 Tawali Indigenous Communities have given their consent to the project, was granted in August 2021.

On March 15, 2022, AHC, 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.

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 Kiangnan 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 Ibulao<sup>1</sup> 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-or-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 COCOC to the proposed Dupinga project in June 2013.

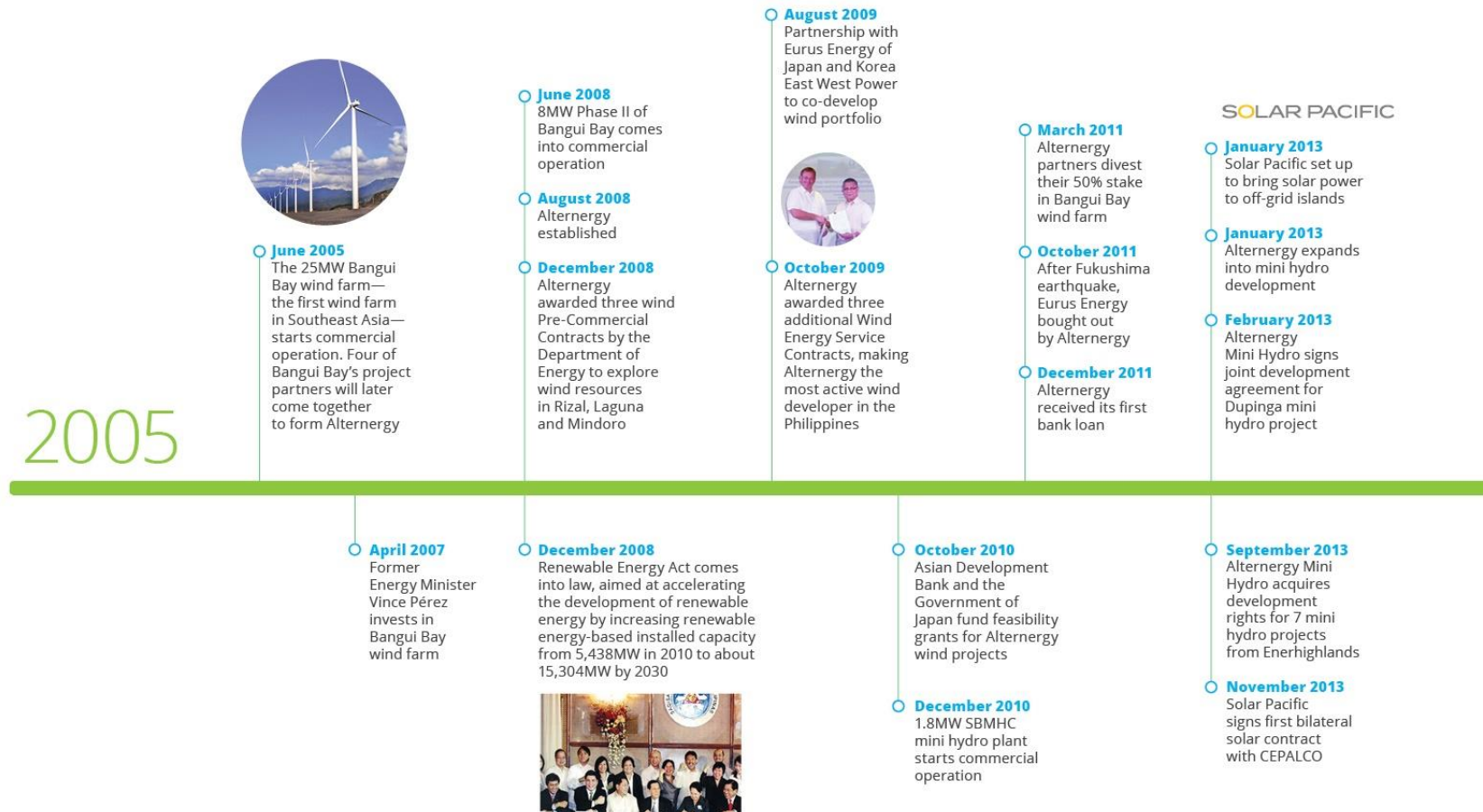
DMHC completed a Detailed Engineering Design (“DED”) in the fourth quarter of 2014 and a Value Engineering Design in July 2017. Early Construction Works commenced in July 2020. Full NTP for construction works was issued in January 2021. The Dupinga project will sell its full generation capacity to the 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.

## Alternergy Investment History

These milestones below have paved the path for Alternergy's success – past, present, and future. The following shows the Company's milestones from incorporation.





**May 2014**  
Partnership with Equis Funds for Pililla wind project to replace Korea East West Power

**July 2014**  
Pililla wind project receives first non-recourse local bank project financing for wind

**December 2014**  
Solar Pacific forms joint venture with Mindanao Energy Systems

**January 2015**  
AES founder Roger Sant's family foundation partners with Solar Pacific

**February 2015**  
12.5MWp Kirahon solar farm receives first non-recourse local bank project financing for solar

**May 2015**  
ERC approves the country's first-ever bilateral solar PPA for Kirahon



**June 2015**  
54MW Pililla wind farm comes into commercial operation on schedule and within budget

**October 2015**  
12.5MWp Kirahon solar farm comes into commercial operation on schedule and within budget



**April 2016**  
Partnership with Markham Resources for Dupinga hydro project

**April 2016**  
Singapore-based InfraCo Asia commits to co-developing Ifugao run-of-river hydro portfolio

**November 2016**  
Green Energy Supply Solutions (GESSI) created to give large power customers access to clean energy

**December 2017**  
Solar Pacific receives first non-recourse local bank financing for CitySun solar rooftop portfolio



**March 2018**  
Over 130,000 local tourists visit Pililla wind farm on Easter weekend

**June 2018**  
Partnership with Vena Energy for Sembrano wind project

**July 2018**  
Phase I of CitySun, first multi-rooftop solar portfolio in the Philippines, comes into commercial operation

**August 2018**  
Alternergy celebrates 10 years of pioneering clean power for the next generation

**October 2018**  
Lamut-Asipulo Mini Hydro Project obtained DOE Amended Hydro Service Contracts and Certificate of Confirmation of Commerciality

**November 2018**  
Rizal Provincial Government Resolution gave permission for Tanay Wind Resource Assessment

**February 2019**  
Kiangon Mini Hydro Project obtained ECC from DENR



**February 2019**  
Dupinga Mini Hydro Project secured Amended ECC from DENR

**April 2019**  
Met mast and Lidar on Tanay wind project site



**May 2019**  
Solar Pacific CitySun's solar rooftops began operations on two more CityMalls





## September 2022

Alternergy's 4.6 MW Dupinga Mini Hydro secured power supply deal with Nueva Ecija Electric Cooperative II - Area 2

## October 2022

Installs 10th meteorological mast on Alabat island in Quezon province to harness the northeast monsoon through its wind power project



## November 2022

Alternergy and Exeter Portofino Holdings partnered for the development of the Lamut-Asipulo hydro power project. Both partners share the same commitment to sustainability and local communities, improvement of cultural and preservation of the Ifugao Heritage Sites.

**November 2022**  
Alternergy via its subsidiary, Piliilia AVPC Corporation (PACO) and Shell Overseas Investment B.V. sealed partnership for offshore wind farm development at the Calavite Passage in Mindoro.



## February 2023

PACO bags three additional wind service contracts from the Department of Energy for the Tablas Strait offshore wind power project

## March 2023

Alternergy debuted at the Philippine Stock Exchange raising PHP1.6 billion from its initial public offering. It is the first IPO for the year.



## June 2023

Solar Pacific Energy Corporation, an Alternergy subsidiary, appoints DNV, a Norwegian construction company, as its Owners Engineer for the 15.3 MW solar power and 12.9 MWh battery in its solar project in Palau in Western Pacific.

SPEC launched the Republic of Palau's first solar and battery energy storage (BESS) project in Ngatpang state on Babeldaob Island. The largest of its kind in the Western Pacific region and one of the most significant foreign direct investments in the island nation at USD29 million total project cost.

## July 2023

Alternergy won all three RE projects with 200MW gross installed capacity which it bid at the Green Energy Auction 2 initiated by the DOE.

## August 2023

In commemoration of its 15 years in the RE business, Alternergy organized a team-building activity to create strong and cohesive unit who will work efficiently and harmoniously towards a common goal.



## July 2023

Solana Solar Alpha Inc. (SSAI), Alternergy's subsidiary, cement power supply agreement with Kratos RES, a subsidiary of Prime Asset Ventures Inc. (PAVI) of the Villar Group



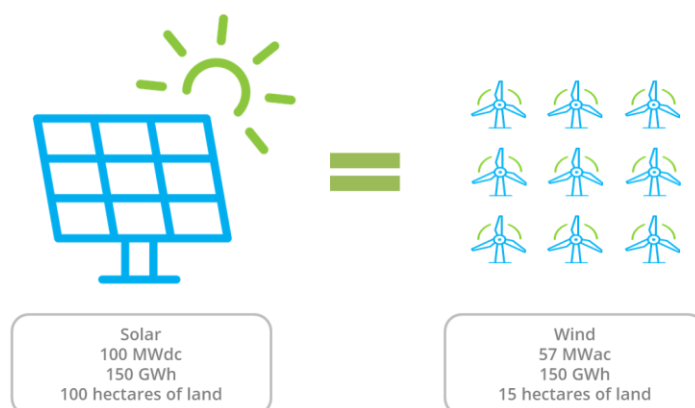
## Strategic Focus on Renewable Energy in the Philippines

Within Asia, the Philippines presents a bright spot for renewable energy investors. The country's GDP grew 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.

## Quadruple Bottom Line Philosophy

our core values



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.

## Competitive Strengths

Alternergy has established competitive strengths that should result in the success of the project development and execution, profitable operations, and acquire new opportunities for growth. These are as follows:

- Alternergy has a well-defined and committed strategic focus on renewable power generation as its core business given its robust renewable energy ("RE") project pipeline in the Philippines and the Pacific islands.
- One of the first movers in RE, particularly in wind renewable energy projects where it obtained service contracts and undertook feasibility and technical studies for wind farms back in 2008 when it was granted one of the earliest WESCs.
- Alternergy is one of only a few RE developers with a diversified "Triple Play" renewable energy portfolio that covers key RE resources, particularly solar, wind, and run-of-river hydro and battery storage plants. This allows for a diversified mix of complementary power generation revenues.
- Most of Alternergy's operating RE projects were able to avail long-term power sale agreements comparable to Feed-in-Tariff rates that have allowed them to be financially viable and attractive.
- Its key customers are high-quality off-take institutions like TransCo, high credit-rated private distribution utilities, credit-worthy electric cooperatives, and key commercial customers.
- Members of the Company's senior management have been involved in both the public and private sector relative to energy development as well as policy development and implementation.
- The Management team is comprised of professionals with a diverse but complementary background and expertise in policy, engineering and project management and implementation, finance, law, sustainability and regulatory compliance for RE projects.
- The Company's senior management remains active and engaged in working with public sector officials in the development, regulation, monitoring and promotion of renewable energy.
- The Company's senior management also maintains proactive engagement with energy policy and regulatory officials through active participation and leadership in private sector renewable industry associations.
- The Company's senior management has a wide network of contacts among domestic and foreign equity partners that has been key to funding its various projects.
- The Company's pioneering debt experience, particularly in project finance, has provided the Company access to competitive financing terms from a variety of domestic lenders and supranational lenders.
- The Company and its management have established working relationships with key senior and mid-level officials of relevant government agencies of the DOE, DAR, DENR, DILG, DPWH, BOI, CAAP, NCIP, NWRB and the respective LGUs where its projects are located.

As one of the pioneers in wind and solar energy development and with a strong track record of quickly executing and efficiently operating wind and solar power projects, Alternergy is well-positioned to take advantage of the expected massive growth in the renewable energy sector.

## Strategies

Alternergy's business plans and strategies include the following:

- Leverage Alternergy's solar, wind and run-of-river hydro development expertise. By maintaining a robust pipeline of projects under varying stages of development in each of Alternergy's three renewable sectors, its project completion cycle ensures steady growth.
- Pursue new RE projects, especially in the RE resources where Alternergy has established expertise in the technical, regulatory, project feasibility assessment, project management and financing aspects.
- Secure bankable off-take through bid participation and contracting on an opportunistic basis to maximize contracted revenues from credit-worthy off-takers.
- Focus on RE resource projects where FIT rates are available or are expected to be made available given developments in the DOE on the matter.
- Capitalize on off-take opportunities from open access by directly contracting with Contestable Customers through its licensed retail electricity subsidiary.
- Optimize operations and harness synergies across the platform to further improve margins.
- Over the years, Alternergy has cultivated a preferred cadre of technical, legal and financial service providers that shorten project development timelines and allow for smoother execution towards financial close.
- Tap innovative debt and capital market instruments in sustainable finance that complement Alternergy's sustainability focused business philosophy, such as green bonds, blue bonds, supranational entity loans.
- Explore, adopt, and deploy emerging technologies such as battery storage, floating solar, and offshore wind that enhance Alternergy's renewable power business.
- Cultivate relationships with stakeholders to ensure the success of its projects, particularly in reaching consents from indigenous peoples among its host communities.
- Ensure organization is able to bring in new talent to cover the growing number of projects under Alternergy.

## Competition

The Philippine renewable power industry has continued to see growth since the enactment of the RE Law in 2008. The DOE records that renewable energy capacity has accounted for 29 percent (7,914 MW) of the country's total installed capacity in 2021. In terms of the country's power mix, the share of renewable energy has reached 22 percent. The call of the government for additional generating capacity using renewable energy to support the economy has further invigorated the competition, with local and foreign power companies looking at new investments and expansion programs.

The Company expects the power industry to further grow, and the renewable energy landscape become more competitive. Competitors include Filipino conglomerates and its respective subsidiaries, particularly Aboitiz Power Corporation, First Gen Corporation, AC Energy, SMC Global Power Holdings, Meralco PowerGen, Solar Philippines, Raslag Corporation, Citicore Renewable Energy Corporation, PAVI Green Renewable Energy and Pure Energy Holdings Corporation.

While there is anticipated robust competition, the Company believes it is well-positioned to effectively meet this competition as set forth in the sections "Competitive Strengths" and "Strategies". The Company



has a distinctive value proposition through its management and portfolio of projects from diversified renewable energy sources (solar, wind, run-of-river hydro) and has signed several long-term power supply agreements as secure off-take markets. The Company also has a lean organization, with senior management actively engaged in the daily operations and project development.

## Item 2. Properties

### Property, Plant and Equipment

|                                                              | Land                | Solar<br>Power Plant | Office<br>Equipment | Furniture<br>and Fixtures | Computer<br>software | 2023<br>Total         |
|--------------------------------------------------------------|---------------------|----------------------|---------------------|---------------------------|----------------------|-----------------------|
| <b>Cost</b>                                                  |                     |                      |                     |                           |                      |                       |
| At July 1                                                    | ₱512,241,765        | ₱538,613,485         | ₱1,087,850          | ₱29,451                   | ₱249,331             | ₱1,052,221,882        |
| Additions                                                    | —                   | 1,419,673            | 583,213             | 2,308                     | —                    | 2,005,194             |
| Adjustment from remeasurement of asset retirement obligation | —                   | (810,070)            | —                   | —                         | —                    | (810,070)             |
| At June 30                                                   | 512,241,765         | 539,223,088          | 1,671,063           | 31,759                    | 249,331              | 1,053,417,006         |
| <b>Accumulated Depreciation</b>                              |                     |                      |                     |                           |                      |                       |
| At July 1, as restated                                       | —                   | 1,602,168            | 865,681             | 29,451                    | 244,717              | 2,742,017             |
| Depreciation                                                 | —                   | 29,365,261           | 192,526             | 770                       | 1,116                | 29,559,673            |
| At June 30                                                   | —                   | 30,967,429           | 1,058,207           | 30,221                    | 245,833              | 32,301,690            |
| <b>Net Book Values</b>                                       | <b>₱512,241,765</b> | <b>₱508,255,659</b>  | <b>₱612,856</b>     | <b>₱1,538</b>             | <b>₱ 3,498</b>       | <b>₱1,021,115,316</b> |

|                                                                 | Land                | Solar<br>Power Plant | Office<br>Equipment | Furniture<br>and Fixtures | Software      | 2022<br>Total         |
|-----------------------------------------------------------------|---------------------|----------------------|---------------------|---------------------------|---------------|-----------------------|
| <b>Cost</b>                                                     |                     |                      |                     |                           |               |                       |
| At January 1                                                    | ₱100,241,765        | ₱—                   | ₱866,843            | ₱29,451                   | ₱249,331      | ₱101,387,390          |
| <i>Step acquisition to a subsidiary, as previously reported</i> | 122,124,970         | 685,946,173          | —                   | —                         | —             | 808,071,143           |
| <i>Adjustments</i>                                              | 297,875,030         | (147,332,688)        | —                   | —                         | —             | 150,542,342           |
| Step acquisition to a subsidiary, as restated                   | 420,000,000         | 538,613,485          | —                   | —                         | —             | 958,613,485           |
| Additions                                                       | —                   | —                    | 221,007             | —                         | —             | 221,007               |
| Rescission of deed of sale                                      | (8,000,000)         | —                    | —                   | —                         | —             | (8,000,000)           |
| At June 30                                                      | 512,241,765         | 538,613,485          | 1,087,850           | 29,451                    | 249,331       | 1,052,221,882         |
| <b>Accumulated Depreciation</b>                                 |                     |                      |                     |                           |               |                       |
| At January 1                                                    | —                   | —                    | 828,538             | 29,451                    | 239,137       | 1,097,126             |
| <i>Depreciation, as previously reported</i>                     | —                   | 2,059,742            | 37,143              | —                         | 5,580         | 2,102,465             |
| <i>Adjustment</i>                                               | —                   | (457,574)            | —                   | —                         | —             | (457,574)             |
| Depreciation, as restated                                       | —                   | 1,602,168            | 37,143              | —                         | 5,580         | 1,644,891             |
| At June 30                                                      | —                   | 1,602,168            | 865,681             | 29,451                    | 244,717       | 2,742,017             |
| <b>Net Book Values, as restated</b>                             | <b>₱512,241,765</b> | <b>₱537,011,317</b>  | <b>₱222,169</b>     | <b>₱—</b>                 | <b>₱4,614</b> | <b>₱1,049,479,865</b> |

On February 22, 2022, SPEC and the original owner of the property located in Sitio Batbat, Barangay Villa Libertad, El Nido, Palawan signed a Deed of Cancellation of Absolute Waiver of Rights to cancel, rescind and render null and void the Land Purchase Agreement (LPA) both parties signed on August 30, 2014. The cancellation of the LPA effectively grants the original owner the right to freely dispose of the property to third parties. The said property was originally intended to be the site of SPEC's proposed solar power project. However, in 2022, SPEC decided to forego its plan of pursuing a solar power project in El Nido, Palawan, which led to the cancellation of the LPA.

As of June 30, 2023 and 2022, the cost of fully depreciated property, plant and equipment that are still being used in the Group's operations amounted to ₱1.36 million and ₱0.94 million, respectively.

Property, plant and equipment of certain subsidiaries with net book value of ₱647.76 million and ₱898.42 million as of June 30, 2023 and 2022, respectively, have been mortgaged as security for their respective loans.

### Item 3. Legal Proceedings

As of date of filing, the Company, its subsidiaries and affiliates, and their properties are not subject to any material or significant pending legal proceedings.

### Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to the vote of security holders during the fourth quarter of the fiscal year covered by this report.

## PART II. OPERATIONAL AND FINANCIAL INFORMATION

### Item 5. Market for Registrant's Common Equity and Related Stockholders Matters

On February 10, 2023 and February 14, 2023, the SEC and PSE, respectively, approved the application of the Company for the listing and trading of all its issued and outstanding common shares. On March 24, 2023, the Company completed its initial public offering ("IPO") and was listed in the PSE under the stock symbol "ALTER". Below is a summary of the trading prices of the Company's listed shares for the fiscal year ended June 30, 2023:

|      | 1 <sup>st</sup> Quarter | 2 <sup>nd</sup> Quarter | 3 <sup>rd</sup> Quarter | 4 <sup>th</sup> Quarter |
|------|-------------------------|-------------------------|-------------------------|-------------------------|
| High | N/A                     | N/A                     | 1.32                    | 1.10                    |
| Low  | N/A                     | N/A                     | 1.24                    | 1.04                    |

### Stockholders

AS of June 30, 2023, the Company has 3,252 shareholders. Listed below are the top twenty (20) shareholders of the Company, the number of shares held, and the percentage of ownership as of June 30, 2023:

|    | Name of Stockholder                           | No. of Shares Held | Percentage of Ownership |
|----|-----------------------------------------------|--------------------|-------------------------|
| 1  | Vespers Holdings Corporation                  | 1,700,386,338      | 43.22%                  |
| 2  | PCD Nominee Corporation – Filipino            | 1,056,445,000      | 26.86%                  |
| 3  | Odin Holdings Corporation                     | 366,812,285        | 9.32%                   |
| 4  | Penhurst Kinetic Corp.                        | 255,793,680        | 6.50%                   |
| 5  | Marie Antonette A. de Guzman                  | 172,438,338        | 4.38%                   |
| 6  | Josan Farms, Inc.                             | 129,663,871        | 3.30%                   |
| 7  | PCD Nominee Corporation – Non-Filipino        | 94,720,000         | 2.41%                   |
| 8  | Michael James Lichtenfeld                     | 48,119,129         | 1.22%                   |
| 9  | BDO Unibank, Inc. Trust and Investments Group | 45,083,179         | 1.15%                   |
| 10 | Julius Laszlo Strum                           | 39,727,847         | 1.01%                   |
| 11 | San Charitable Foundation                     | 16,117,024         | 0.41%                   |
| 12 | Annette M. Rafael                             | 7,433,737          | 0.19%                   |
| 13 | Janina C. Arriola                             | 1,000,000          | 0.03%                   |
| 14 | Myra P. Villanueva                            | 100,000            | 0.00%                   |
| 15 | Vicente S. Pérez, Jr.                         | 20                 | 0.00%                   |
| 16 | Gerry P. Magbanua                             | 10                 | 0.00%                   |
| 17 | Eduardo Martinez Miranda                      | 10                 | 0.00%                   |
| 18 | Knud Hedeager                                 | 10                 | 0.00%                   |
| 19 | Maria Theresa Dela Peña Marcial               | 1                  | 0.00%                   |
| 20 | Gregory L. Domingo                            | 1                  | 0.00%                   |

## **Item 6. Management’s Discussion and Analysis or Plan of Operation**

### MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND 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 March 24, 2023, the 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 October 5, 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 June 30, 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 June 30, 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 June 30, 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 June 30, 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.

June 30, 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 (“AHC” or 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 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 March 24, 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 July 3, 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 Liberty Solar Energy Corporation (“LSEC”), also won the bid for its solar ground-mounted power project, with up to 80.0 MW<sub>DC</sub> of installed capacity, located in Tarlac province. AHC 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 1,139 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 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<sub>P</sub> 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 June 30, 2023, recovering from its net loss of ₱145.2 million for the 6-month period ended June 30, 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 June 10, 2022.

The Group’s cash ballooned by 110% to ₱1.2 billion as of June 30, 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 June 30, 2023, up from ₱3.4 billion as of June 30, 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<sub>ac</sub> 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 0.79:1 as of June 30, 2023 from 1.38:1 as of June 30, 2022.

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

One of the Group’s solar power projects is near the end of construction. The 13.2 MW<sub>ac</sub> Palau solar farm and battery project is on schedule to achieve commercial operations in the 4<sup>th</sup> quarter of 2023.

## Consolidated Statements of Comprehensive Income

*Revenue from sale of electricity* was ₱171.5 million for the full year ended June 30, 2023 as compared to ₱9.3 million for the six-month period ended June 30, 2022. Revenues recognized in 2022 covered operations from KSEC only from June 11 to 30, 2022. On June 10, 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 June 30, 2022 to ₱60.0 million for the year ended June 30, 2023.

*Equity in net earnings of associates* has grown by ₱5.5 million, or 33%, to ₱21.9 million for the year ended June 30, 2023 compared to the six-month period ended June 30, 2022 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 lower for the year ended June 30, 2023 by ₱0.7 million, or 1%, from ₱53.2 million for the six-month period ended June 30, 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 June 30, 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 June 30, 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 June 30, 2023 vs June 30, 2022

*Current assets* increased by ₱754.2 million from ₱813.5 million as of June 30, 2022, to ₱1.6 billion as of June 30, 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 June 30, 2023 from ₱19.3 million as of June 30, 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 June 30, 2022 to ₱3.3 billion as of June 30, 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 June 30, 2022 to ₱634.7 million as of June 30, 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 June 30, 2023 at ₱1.5 billion by ₱180.9 million from ₱1.3 billion as at June 30, 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 June 30, 2023 by ₱1.6 billion from ₱1.1 billion as at June 30, 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 June 30, 2023 mainly due to issuance of shares from the IPO. Deficit of the Group amounted to ₱1.0 million as at June 30, 2023, which significantly reduced from a deficit of ₱227.3 million as at June 30, 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 June 30, 2022 vs December 31, 2021 and for the six-month period June 30, 2022 vs the year ended December 31, 2021*

### Financials

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

The Group's cash was significantly higher by ₱488.0 million at ₱581.6 million as of June 30, 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 June 10, 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 June 30, 2022 from ₱159.6 million as of December 31, 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 June 30, 2022 is directly attributable to KSEC. Revenues recognized in 2022 covered operations from KSEC only from June 11 to 30, 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 June 30, 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 June 30, 2022 compared to the year ended December 31, 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 December 31, 2021. For the six-month period ended June 30, 2022, taxes and licenses and professional fees were significantly higher due to restructuring activities and acquisition of KSEC as compared to the year ended December 31, 2021. Outside services and salaries and wages for the year ended December 31, 2021 were also higher compared to the six-month period ended June 30, 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 December 31, 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 December 31, 2021 is mostly from project cost recovery of ₱133.6 million.

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

*Current assets* increased by ₱603.7 million from ₱209.8 million as of December 31, 2021 to ₱813.5 million as of June 30, 2022, mainly attributable to a significantly higher cash position, amounting ₱581.6 million, as of June 30, 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 June 30, 2022 from ₱1.0 million as of December 31, 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 June 30, 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 June 30, 2022.

*Current liabilities* was higher by ₱809.8 million from ₱159.6 million as of December 31, 2021 to ₱969.4 million as of June 30, 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 June 30, 2022 at ₱1.3 billion by ₱1.2 billion from ₱157.3 million as at December 31, 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 June 30, 2022 by ₱731.7 million from ₱409.2 million as at December 31, 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 June 30, 2022, which is higher than the deficit as of

December 31, 2021 of ₱82.9 million due to restructuring expenses and lower share in net earnings of associates for the six-month period ended June 30, 2022, as compared to the year ended December 31, 2021 which had higher share in net earnings in associates and project cost recovery.

## **Item 7. Financial Statements**

The Company's Audited Consolidated and Parent Company Financial Statements as at June 30, 2023 and 2022, and for the year ended June 30, 2023, six-month period June 30, 2022 and year ended December 31, 2021 are attached as Exhibit C to this report.

## **Item 8. Changes and Disagreements with Accountants on Accounting and Financial Disclosure**

The Company's current auditor, SyCip, Gorres, Velayo & Co. ("SGV"), had been the Company's auditor since its incorporation. There have been no disagreements between management and the Company's auditor for any matter pertaining to accounting principles or practices, financial statement disclosures, or audit scope or procedures.

For the year ended June 30, 2023 and for the six-month period ended June 30, 2022, SGV has billed the Company ₱3.0 million and ₱0.9 million, respectively, in fees for the professional services rendered for the audit of the Company's annual financial statements, including any services that are normally provided by the external auditor in connection with any and all statutory and regulatory filings for 2023 and 2022. Non-audit services rendered by SGV for 2023 and 2022 amounted to ₱0.7 million and ₱4.9 million, respectively. Non-audit services in 2022 include services rendered for the eventual IPO in March 2023.

SGV discusses the nature and scope of the audit with the Company's Audit Committee before the audit commences, as well as during the closing of the audit. The Audit Committee also examines and evaluates non-audit services that SGV may provide to the Company, and pre-approves such services, after which, the Audit Committee delegates to the President, CFO and Comptroller any discussion or negotiation with regards to such non-audit services that the Group may enter into with SGV.

## PART III. CONTROL AND COMPENSATION INFORMATION

### Item 9. Directors and Executive Officers of the Registrant

#### Our Board of Directors and Executive Officers



**Vicente S. Pérez, Jr.**  
Chairman of the Board



**Gerry P. Magbanua**  
Director; President



**Knud Hedeager**  
Director; Technical Director



**Michael James Lichtenfeld**  
Director; CEO, Solar Pacific



**Eduardo Martinez Miranda**  
Director; CEO, Alternergy Mini Hydro Holdings



**Maria Theresa Dela Peña Marcial**  
Independent Director



**Gregory L. Domingo**  
Independent Director



**Ephyro Luis B. Amatong**  
Board Adviser



**Janina C. Arriola**  
VP and General Counsel



**Maria Carmen G. Diaz**  
CFO and CSO



**Annette M. Rafael**  
VP for Government Affairs



**Luisito S. Pangilinan**  
Treasurer



**Anna Melissa R. Lichaytoo**  
Corporate Secretary



**Sherleen Lourds R. Macatangay**  
Assistant Corporate Secretary

### Board of Directors

The following are the directors and executive officers of the Company:

| Name                            | Age | Position             |
|---------------------------------|-----|----------------------|
| Vicente S. Pérez, Jr.           | 65  | Chairman             |
| Knud Hedeager                   | 64  | Director             |
| Michael James Lichtenfeld       | 44  | Director             |
| Gerry P. Magbanua               | 49  | Director             |
| Eduardo Martinez Miranda        | 63  | Director             |
| Maria Theresa Dela Peña Marcial | 53  | Independent Director |
| Gregory L. Domingo.             | 69  | Independent Director |
| Ephyro Luis B. Amatong          | 51  | Board Adviser        |

*Vicente S. Pérez Jr. (Chairman)* is the Founder and Chairman of Alternergy Holdings Corporation. He was Philippine Energy Secretary from June 2001 to March 2005. He promoted clean indigenous energy and crafted a ten-year renewable energy policy framework. Vince played a key role in President Arroyo's economic diplomacy, by forging strategic energy partnerships with several Asian countries, the UK and USA. He served briefly in early 2001 as Undersecretary at the Department of Trade and Industry. Prior to his government service, Vince had 17 years' experience in debt restructuring, capital markets, and private equity in emerging markets. He joined Mellon Bank in Pittsburgh in 1983 as Latin American credit analyst and Mexico desk officer. In 1987, Vince joined Lazard Brothers' debt trading team in London. The following

year he moved to Lazard Frères in New York and formed its emerging markets team. At 35, he became the first Asian General Partner at Lazard Frères. He was Managing Director of Lazard Asia Singapore from 1995 to 1997. Vince founded Next Century Partners in 1997, a private equity firm, and launched the Philippine Discovery Fund and the Asian Conservation Company. He assisted several investee companies with their Singapore Stock Exchange listings. He was also Chairman of Merritt Partners, an energy advisory firm focused on Asia and was Vice Chairman of National Renewable Energy Board from 2009 to 2010. He has served as independent director of Energy Development Corporation and SM Investments and is currently an independent director of Banco de Oro Universal Bank, Double Dragon Properties, and non-executive director of ST Telemedia. He is on the advisory boards of Pictet Clean Energy Fund and Yale Center for Business in the Environment. He was Chairman of WWF-Philippines and trustee of WWF-International. Vince obtained an MBA from the Wharton Business School of the University of Pennsylvania and a Bachelor's Degree in Business Economics from the University of the Philippines. He was a World Fellow at Yale University, where he lectured an MBA class on renewable energy in emerging countries. He is currently Honorary Consul for the Kingdom of Bhutan.

*Gerry P. Magbanua (Director)* is a co-founder and President of Alternergy Holdings Corporation. Prior to joining Alternergy in June 2007, Gerry spent nine years with InterGen, a leading global green-field power developer with plants in Australia, Mexico, Netherlands, Philippines, Singapore and UK. Gerry worked as Commercial Manager for InterGen in the Philippines for four years, responsible for financial modeling and planning, asset management, and contracts management. He also served as Controller responsible for accounting, tax and treasury. Before joining InterGen, he spent 4 years with SGV, an affiliate company of Ernst & Young, as an auditor for the power, oil and gas industry. Gerry completed his degree in Bachelor of Science in Accountancy at the Philippine School of Business Administration and is a Certified Public Accountant. He served briefly as CFO of NorthWind in 2008 and 2009.

*Knud Hedeager (Director)* is a co-founder of Alternergy Holdings Corporation. Prior to joining Alternergy in January 2007, he gained extensive experience in management and has worked in the wind industry for 11 years initially as Senior Vice President in NEG Micon, one of the world's leading wind turbine manufacturers, with responsibility for its business in Southeast Asia and its worldwide hybrid power business (combining diesel and wind turbines in off-grid applications). In 2004, when he took up residence in Manila, Knud founded the Moorland Group investing in renewable energy projects primarily in Asia. Until March 2011, Moorland had a 28% equity stake in NorthWind Power which successfully developed, built and operates the first commercial wind farm in Southeast Asia in northern Philippines. He also developed a 1.8MW mini hydro project for Smith Bell Mini Hydro Corporation. Knud graduated with a degree in Mechanical Engineering from Aarhus Technical University in Denmark.

*Michael J. Lichtenfeld (Director)* is the Co-Founder of Solar Pacific and Alternergy's solar partner company. Since 2012, he has been responsible for growing Alternergy's solar power capabilities and capacity. His work at Solar Pacific has been defined by 'firsts', including conceptualizing and developing the 12.5MW Kirahon Solar Power Project – the first large-scale solar photovoltaic ("PV") project in the Philippines to be built under a bilateral power supply agreement with a local utility, and the first bilateral solar agreement to be approved by the country's Energy Regulatory Commission. Mr. Lichtenfeld has managed a portfolio of over 300MW of solar development assets, and has closed more than \$250 million in solar project financing. Prior to Alternergy, he served as Director of Utility Solar Development at SunEdison, LLC until 2012. He has also held leadership positions in U.S. solar company MMA Renewable Ventures and Spanish solar firm IPP Fotowatio SL ("FRV"). Mr. Lichtenfeld started out in the financial industries, working in investment banking at UBS, private equity investing at Blue Wolf Capital Management in New York, and

conservation finance at The Nature Conservancy - Indonesia. He holds an MBA and Master of Environment Management from Yale University. He has resided in the Philippines since 2013.

*Eduardo Martinez-Miranda (Director)* is the President of Alternergy Mini Hydro Holdings Corporation, responsible for bringing to life the company's hydro portfolio. Eduardo focuses his work at Alternergy on creating hydro power assets that are socially, environmentally, and economically sound, benefitting both local citizens and lenders for the long term. Eduardo is an experienced finance executive with a global career that spans almost every form of banking. His finance posts include serving as Director and Head of Corporate Finance for Merrill Lynch Securities Philippines, Managing Director and Head of Philippine Investment Banking operations at Macquarie Securities Philippines, and Senior Investment Officer and Hub Leader for IFC in the Philippines.

*Maria Theresa Dela Peña Marcial (Independent Director)* is a seasoned banker and has 27 years of experience in banking and finance. Ms. Marcial is President & CEO of BPI Asset Management & Trust Corporation, providing a wide range of investment, trust and wealth management solutions to corporate, institutional, high net worth, mass affluent and retail client segments. Ms. Marcial has held senior leadership positions in BPI. From April 2017 to May 2022, Ms. Marcial served as BPI's Chief Finance Officer, responsible for driving the bank's strategic planning and budget process, performance management, capital structure and sustainability agenda, and was concurrent Chief Sustainability Officer of the bank. She is currently a Board Director of BPI Europe Plc. Prior to her banking career, Ms. Marcial worked at the Agricultural Policy Credit Council and the National Economic and Development Authority. In 2014, Ms. Marcial was recognized as one of the Top 25 Most Influential Women in Asset Management in Asia by Asian Investor, Most Outstanding Alumnus of the University of the Philippines Los Baños in 2006, and received the CEM Centennial Outstanding Alumni Award from the University of the Philippines Los Baños in 2019. Ms Marcial is an advocate of marine conservation and renewable energy. She is a Trustee and Treasurer of WWF Philippines, a member of WWF Asia Pacific Council, a Board Director of Philippines Inter-Island Sailing Federation and a fellow of the Foundation for Economic Freedom. She obtained the Royal Yachting Association Skipper Certification in Sydney, Australia in 2015. In 2018, she participated in the Rolex Middle Sea Race, a 606-nautical mile Category 2 offshore yacht race around Sicily organized by the Royal Malta Yacht Club. She obtained her master's degree in economics from the University of the Philippines Diliman in 1994 and graduated cum laude with a Bachelor's Degree in Economics from the University of the Philippines Los Baños in 1990. She completed the Advanced Management Program at Harvard Business School in 2010 and the CFA Institute Investment Management Workshop at the Harvard Business School in 2006.

*Gregory L. Domingo (Independent Director)* He served as Department of Trade and Industry (DTI) Secretary from July 2010 to December 2015 and previously was the DTI Industry and Investments Group Undersecretary and Board of Investments Managing Head from May 2001 to April 2004. Mr. Domingo is currently Senior Adviser to SM Investments Corporation and is a director of BDO Private Bank and a few other companies. He has served as director of Belle Corporation, Pico de Loro Beach & Country Club, Pampanga Sugar Development Company, Carmelray JTCI Corp, and Manila Electric Company. He has a distinguished banking career for over 15 years, with Chase Manhattan Bank (Manila), Chemical Bank (New York), and other financial institutions in Philadelphia, Pittsburgh, and New York including First Boston, Drexel Burnham Lambert, and Mellon Bank. He finished his Bachelor of Science in Management Engineering at the Ateneo de Manila University, graduated with distinction at the Asian Institute of Management (AIM) with his Masters in Business Administration, and completed his diploma for Master

of Science in Operations Research at the Wharton School at the University of Pennsylvania. To better understand digitalization, in 2016 he took a 12-week data science bootcamp in New York.

*Ephyro Luis B. Amatong (Board Adviser)* is a corporate and securities lawyer, sustainable finance advocate, and former regulator. From May 2014 to March 2022, Mr. Amatong was Supervising Commissioner of the Markets and Securities Regulation Department and the Economic Research and Training Department of the Philippine Securities and Exchange Commission (SEC). He was also the Philippine SEC's representative to the ASEAN Capital Markets Forum (ACMF), the high-level grouping of capital market regulators of the Association of Southeast Asian Nations (ASEAN). Mr. Amatong also participated in the development of the Roadmap for ASEAN Sustainable Capital Markets (2020); and was part of the ASEAN Sustainable Finance Taxonomy project, which resulted in the creation of the ASEAN Taxonomy Board and the issuance of Version 1 of the ASEAN Taxonomy for Sustainable Finance in 2021. As Supervising Commissioner of the Markets and Securities Regulation Department, he led the finalization of 2015 Implementing Rules and Regulations (IRR) of the Securities Regulation Code (SRC), the development of the SEC's Sustainability Reporting Guidelines for Publicly Listed Companies, the revision of the Implementing Rules and Regulations (IRR) for Real Estate Investment Trusts (REITs) and the development of the SEC's Crowdfunding Rules to improve access to financing for SMEs. Currently, he is a consultant for the World Bank Group, particularly the Sustainable Banking and Finance Network (SBFN). He is also Advisor to the Chair of the ACMF, and a consultant for the Government Securities Roadmap project of the Bureau of Treasury (BTr). He is also a Professorial Lecturer with the LL.M. Program of the University of the Philippines College of Law; a Trustee of the Andres Bonifacio College; an Independent Director of Asialink Finance Corporation, Global Dominion Finance Corporation and the South Asialink Finance Corporation.

### Executives

The following are the Executives of the Company:

| Name                          | Age | Position                                                 |
|-------------------------------|-----|----------------------------------------------------------|
| Vicente S. Pérez, Jr.         | 65  | Chairman of the Board                                    |
| Gerry P. Magbanua             | 49  | President                                                |
| Knud Hedeager                 | 64  | Technical Director                                       |
| Michael James Lichtenfeld     | 44  | Chief Executive Officer, Solar Pacific                   |
| Eduardo Martinez Miranda      | 63  | Chief Executive Officer, Alternergy Mini Hydro Holdings  |
| Janina C. Arriola             | 53  | Vice President and General Counsel                       |
| Maria Carmen G. Diaz          | 48  | Chief Financial Officer and Chief Sustainability Officer |
| Annette M. Rafael             | 54  | Vice President for Government Affairs                    |
| Luisito S. Pangilinan         | 49  | Treasurer                                                |
| Anna Melissa R. Lichaytoo     | 58  | Corporate Secretary                                      |
| Sherleen Lourds R. Macatangay | 35  | Assistant Corporate Secretary                            |

*Janina C. Arriola* is Vice President and General Counsel of Alternergy and as such acts as internal legal, regulatory, and contractual advisor to the Company. Her experience and expertise span all stages of power plant project development, as well as energy and electric power industry regulation. Ms. Arriola started her career as an associate at Puno Law Offices and then went on to work as in-house counsel (Assistant Vice President) at First Gen Corporation and the First Gas Group of Companies, where she also served as Corporate Secretary. She was later seconded to Energy Development Corporation after its acquisition by

First Gen in 2007 and headed EDC's Contracts Management Division. Ms. Arriola established an independent consultancy after her stint at EDC, advising clients engaged in developing and operating natural gas, geothermal, hydro, wind, and solar power plants. Prior to joining Alternergy in May 2021, Ms. Arriola was Legal Group Head at Federal Land, Inc., one of the largest real estate developers in the country, and co-founded Winnergy Holdings Corporation, the renewable energy company that built and operated the first ever floating solar farm in the Philippines. Ms. Arriola obtained her Juris Doctor degree from the Ateneo de Manila University School of Law in 1996 and graduated with a Bachelor's Degree in Comparative Literature from the University of the Philippines Diliman in 1992.

*Maria Carmen G. Diaz*, an international commercial and development banker with 25 years of experience, was appointed CFO and Chief Sustainability Officer of Alternergy in June 2023. Ms. Diaz has vast hands-on experience in sustainable finance, risk management, development of sustainable finance banking products, risk assessment on Environment Social Governance (ESG), credit risk on debt and equity transactions, and investor relations. Ms Diaz started her banking career as a Trust Credit Officer at Equitable PCI Bank. She then held various positions as Credit Risk Department Head at the French investment bank Calyon, as AVP for Corporate Banking at Mizuho, the Japanese commercial bank, and as Senior Risk Management Officer at ADB. Ms. Diaz's last position was with RCBC as Vice President and Sustainable Finance Officer under RCBC's Risk Management Group.

*Annette Rafael* is Alternergy's Vice President for Government Affairs and Vice President for Hydro. In these roles, she views herself as a springboard for technical considerations, regulatory matters and contractual work, providing the insight and resources needed to empower her teammates with the tools they need to address the issues at hand. A beacon for the highest ethical standards, Annette is dedicated to showcasing Alternergy's unwavering commitment to the highest ethical standards. Before joining Alternergy in 2014, Annette served in the Philippine Government for 17 years. She worked at the National Economic and Development Authority (NEDA), and became a Director at the Department of National Defense (DND) and at the Department of Interior and Local Government (DILG). She was an Assistant Secretary of the Department of Environment and Natural Resources (DENR) and Assistant Secretary of the Department of Energy (DOE). After her civil service career, Annette had eight years of extensive experience in the renewable energy industry with Constellation Energy and Sunwest, where she focused on government permitting and regulatory compliance issues. Annette earned a Master of Science degree in Geo Information Systems for urban applications from the International Institute for Geo Information Systems and Earth Observation of the University of Twente in the Netherlands, and a Bachelor of Science in Information Technology, cum laude, from the Polytechnic University of the Philippines.

*Luisito S. Pangilinan* is the Treasurer of Alternergy Holdings Corporation. He is responsible for managing company finances and maintaining budget accounts. He ensures Alternergy is in compliance with reporting requirements and on time when it comes to billing and payments. Louie is responsible for supervising and training Alternergy's administrative and accounting staff, as well as developing new systems and processes that increase efficiency and accuracy. Louie has nearly two decades of experience in the accounting field, spanning industries including property development, energy, tourism, and renewable energy. He has honed his accounting expertise at firms including Rockwell Land Corporation, Caltex Asia, and Ten Knots Development Group, the developer for El Nido Resorts. Louie received his Bachelor of Science in Accountancy from San Sebastian College ± Recoletos. A marathoner and triathlete, he trades counting receivables for counting kilometers in his pre-dawn runs across Manila.

*Anna Melissa R. Lichaytoo* is the Corporate Secretary of AHC since 2021. She is the Founding Partner and Managing Partner of Roxas de los Reyes Laurel Rosario & Gonzales Law Offices, established in 1996. Ms. Rosario-Lichaytoo has been engaged for more than 30 years in the general practice of corporate law such as: corporate restructuring, securities registration, corporate governance, mergers and acquisitions, commercial and information technology contracts, proxy contests, and intra corporate disputes. She has acted as Counsel for various companies engaged in energy, information technology, manufacturing, real estate, insurance, pharmaceutical, banking and environment conservation. A member of the Philippine Bar Association, Integrated Bar of the Philippines, and Shareholders Association of the Philippines, Ms. Rosario-Lichaytoo graduated with a Bachelor of Science, Major in Legal Management from Ateneo de Manila University and a Bachelor of Laws from Ateneo Law School.

*Sherleen Lourds R. Macatangay* is Assistant Corporate Secretary of AHC since 2021. She is a Senior Associate of Roxas de los Reyes Laurel Rosario & Gonzales Law Offices, established in 1996. Ms. Macatangay has been engaged in the general practice of law specializing in corporate law and estate settlement. Her specific legal work is in areas such as establishment of corporations and corporate vehicles, acquisitions, corporate governance, contract negotiations, and corporate restructuring. Ms. Macatangay has acted as Counsel for various companies engaged in energy, banking, airline, insurance, food, tobacco, financing, real estate, environment conservation, stock transfer agency and holding companies, and as Corporate Secretary and Assistant Corporate Secretary of various companies. A member of the Philippine Bar Association, Ms. Macatangay graduated with a Bachelor of Science, Management, Major in Legal Management from Ateneo de Manila University and a Juris Doctor from Ateneo Law School.

#### Significant Employees

*Julius Sturm* is Technical Consultant for Hydropower Development. Prior to joining Alternergy since 2013, he was the Managing Director (Southeast Asia) for Aarslef (Thailand) Ltd., a subsidiary of Per Aarseleff A/S in Denmark. Thereafter, he became the Sector Manager for Pacific Consultants International Asia, Inc. where he promoted the company's services in the water and power industry through donor organizations such as the World Bank, Asian Development Bank and the Department of International Development. He now holds a position as Chief Operating Officer in PacificTech Solutions which provides specialized services within a variety of architectural and engineering fields to clients mainly outside of the Philippines through a combination of international and Filipino staff input. Julius has over 15 years of experience in providing consultancy services in power, water, wastewater and industrial sector projects. With extensive business management and technical skills, he oversees projects in the design, implementation and operation stages as completed in several countries. His most recent projects, being the owner's representative in hydropower development, include the Operation and Maintenance of the 1.8MW Commonal-Uddiawan Mini Hydropower in Nueva Vizcaya, Philippines.

*Alex Santella* is Director of Technical Operations for Solar Pacific. He manages all technical aspects of solar systems design, engineering, and installation together with his team. Additionally, he leads equipment selection, EPC contracting, and construction management of all solar projects. Alex led the technical design for the Palau solar and battery energy storage Project. Prior to joining Solar Pacific in 2018, Engr Santella has had extensive experience in engineering and major construction works internationally, including in Saudi Arabia and the UAE. Engr. Santella has personally managed the design and construction of more than 100MWp of solar and wind projects in the Philippines. He is also a Registered Electrical Engineer.

*Kimberly Rose “Kim” Pagdilao* is Corporate Legal Counsel, where she is mainly responsible for contract review, legal research, and local stakeholder engagement. Her work thrives on having a ‘pulse on the people’, including her colleagues, the community members she works with, and government representatives. She strives to find points of connection when working through legal issues, creating outcomes that benefit everyone involved. Prior to joining Alternergy in 2017, Kim worked for five years in the power industry. She spent two years at KEPCO Philippines as a Business Development Lawyer handling both renewable and conventional power projects. She started out as a paralegal for SN-Aboitiz Power, working on hydro power projects for three years. Kim graduated with magna cum laude honors from the University of the Philippines-Diliman with a Bachelor of Arts degree in Philosophy. Subsequently, Kim earned a Juris Doctor degree also from the University of the Philippines-Diliman.

*Marie Francesca “Chestnut” Amatong* is Alternergy’s Investment Specialist responsible for corporate finance, debt management, treasury, and foreign exchange. She works across the spectrum of the company’s treasury work, including loan structuring, pricing, and operations. At Alternergy, she enjoys bringing together her interest in banking and her desire to protect the environment through the building of innovative financial models. Francesca also serves as the Executive Director for the Asian Conservation Foundation (ACF), an NGO committed to conserving biological diversity and developing sustainable communities. Prior to joining Alternergy in 2008, Francesca was part of the management team that advised several foreign investment funds under the Next Century Partners group, a Philippine-based investment advisory firm co-founded by Vicente Perez and Eduardo Martinez-Miranda. In the early years of her career, she was a fixed income trader in both Peso and USD denominated debt securities, and later on, traded in the Japanese Government Bond futures market. Francesca received a Bachelor of Science degree in Economics from the University of the Philippines.

*Evangeline “Vangie” Moises* is Alternergy’s Permitting and Regulatory Officer. She is responsible for guiding the permitting process across all government agencies, serving as a bridge between Alternergy’s work and civil service institutions. Over the course of her career, she has developed significant rapport with people at all levels of government agencies. The relationships and knowledge she has acquired through this approach help smooth out and speed up the processes needed for Alternergy to reach its next milestones. Prior to her work with Alternergy in 2018, Vangie worked with Merritt Advisory Partners as Energy Specialist. Before that, she was based in Jakarta as part of the ASEAN Centre for Energy, serving in a regional cooperation role and as Assistant to the Executive Director. Vangie’s first public sector-related role was with the Department of Energy, where she was Executive Assistant to the Energy Secretary, working to manage public affairs and media relations. Vangie’s career started in journalism. She served as a reporter at Baguio City’s Community News Cable and Newspaper, and as Energy Beat Reporter in the Manila-based BusinessWorld publication, when she first met then Energy Secretary Vicente Pérez in 2001. Vangie graduated with a degree in Journalism from University of the Philippines Baguio.

*Reyma Rufo-Alolod* is the Senior Project Development Officer for Solar Pacific. She leads Solar Pacific’s project development efforts, bringing more than 10 years of power generation experience throughout the Philippines. Prior to joining Solar Pacific in 2018, Reyma formerly served at Alsons Power Group where she managed more than 900MW of coal-fired, modular diesel power plants and hydro power projects, including site acquisition, permitting and compliance. She has worked with all key regulatory agencies including DOE, ERC, NCIP, DENR, BOI, DAR, and others. Reyma holds a Juris Doctor from Mindanao State University and a Master of Environment and Natural Resources Management from University of the Philippines.

*William “Butch” Refina* is a Project Manager for Alternergy’s wind and hydro projects, where he serves as a bridge between local governments, landowners, and project contractors. Butch cites his strong community relationships as key to Alternergy’s ability to bring wind farms to life within budget and on schedule. In his role, he takes care to understand the needs of the communities he works with, and makes sure projects truly benefit the people they are intended to serve. Prior to joining Alternergy in 2013, Butch served as Assistant Manager for Mechanical Design for JEC Philippines for the *Libingan ng mga Bayani* water treatment project of Manila Water Company. Before that, he was Assistant Building Administrator for one of the properties of San Miguel Corporation in Pasig City. For a seven-year period, Butch worked in the Philippines and across global locations as Project Engineer for Angelo Cremona Asia. Butch is a licensed Mechanical Engineer and holds a Bachelor of Science degree in Mechanical Engineering from the University of Santo Tomas.

*Charles Flores* is Alternergy’s Transmission and Electrical Systems Engineer. In his role, Charles provides technical and administrative support relating to the grid interconnection, compliance and electrical systems design of Alternergy’s renewable power projects. He is responsible for getting the maximum amount of electricity to the grid while ensuring that overloading does not occur. Safety is at the core of Charles’ approach to his work, and he is determined to maintain the physical integrity of both the grid and Alternergy’s assets. Before joining Alternergy in 2016, Charles was a Cadet Engineer with the National Transmission Corporation. Before that, he spent five years as an Electrical Maintenance Engineer at SunPower Manufacturing Philippines. Charles was an Electrical Quality Control Engineer of Saudi Integrated Group (2012-2014), and Electrical Quality Control of Meralco Industrial Engineering Services Corporation (2014-2016). Charles earned his Bachelor of Science degree in Electrical Engineering from the Don Mariano Marcos Memorial State University, La Union Campus.

*Servillano “Bill” Haboc* is Alternergy’s Project Director for the Dupinga Hydro Project in Gabaldon Nueva Ecija. With three decades of experience in developing hydro projects, he is providing leadership and supervision for the successful execution of project performance and performing overall management of the Dupinga project. Prior to joining Alternergy in May 2023, he was Assistant Vice President of Stakeholder Relations and Compliance in Aboitiz Power Corporation from 2017 to 2022 where he was responsible for leading the team in the acquisition of various government permits, lands, right of ways needed for hydro and solar projects such as the 20 MW Sablan Hydro, the 40 MW Kibungan Hydro, the 94 MW Bugallon Solar, and the 159 MW Aguilar Solar. Previously he was Assistant Vice President for Project Development and Execution of Hedcor Group of Aboitiz Power, where he was responsible for developing potential hydro projects in the Mindanao area. He was Project Director for 68.9 MW Manolo Fortich Hydro in Bukidnon, the 6.9 MW Tudaya 1 Hydro and 7 MW Tudaya2 Hydro both located in Davao del Sur, and the 42.5 MW Sibulan Hydro project. Bill earned his Bachelor of Science degree in Civil Engineering in Saint Louis University. He enjoys playing musical instruments, bowling, basketball, and backyard gardening.

*Neil Richard Tanguilig* is an Energy Resource Manager for Alternergy’s wind projects, where he manages wind resource assessment campaigns and assesses the technical feasibility of proposed project locations. Within his role, Neil manages the construction of meteorological towers, collects and manages data, and works with geodetic engineers to map out project site requirements. Neil had the opportunity to apply his skills to the end-to-end process of bringing the landmark Pililla Rizal wind project to commercial operations. Prior to joining Alternergy in 2012, Neil was a Graduate Structural Engineer at Hyder Consulting Middle East. He earned a Master of Science degree in Energy Engineering and a Bachelor of

Science degree in Civil Engineering from the University of the Philippines-Diliman. Neil has published a technical paper on small wind energy systems in the Journal of Pure and Applied Sciences.

*Reyfel Niño Maglines* is the Geodetic Engineer at Alternergy. In his role, he conducts land surveys and contributes technical support for Alternergy's projects. Working in close partnership with the legal team, Reyfel's work provides baseline information needed for land acquisition and site placement. By surveying prospective areas for renewable projects around the country, Reyfel is inspired by the chance to help the Philippines mitigate the effects of climate change. Prior to joining Alternergy in 2017, Reyfel was a Geodetic Engineer for Certeza Infosys from 2011 to 2014, where part of his role involved mapping the Pililla Rizal wind farm. Reyfel is recognized for his pioneering efforts in the use of LiDAR technology, which offers unparalleled technical understanding of terrain and resources. His LiDAR technology skills were developed in his role as head of the Visayas State University team involved in the DOST Phil-LiDAR Program, which created a flood hazard map in the country - the first time LiDAR technology was used in the Philippines. Reyfel is a licensed geodetic engineer and holds a Bachelor of Science degree in Geodetic Engineering from Visayas State University (Main Campus). He has spoken on the topic of resource maps at the Asian Conference on Remote Sensing.

*Martha Garay* is Alternergy's Human Resources Manager, where she leads recruitment, administration of payroll and benefits, policy creation and implementation, and training and development initiatives. In the eleven years Martha has been with Alternergy, the company has grown from 10 to 60 employees, and Martha has been at the forefront of the talent identification and hiring processes associated with this growth. Martha is committed to making sure team members feel heard and valued, and her approach to her work embodies the openness and sincerity that define Alternergy's company culture. She believes that great candidates in the renewable power space are first and foremost resilient, ready to take on any challenge that comes their way. Before joining Alternergy in 2010, Martha honed her perspectives on people management as Human Resources Head with Nittan Capital Finance. Her career also includes executive secretary posts with Del Monte Fresh Produce and Security Bank. Martha has completed her Master's Degree in Strategic Human Resources at Miriam College, where she also earned her Bachelor's Degree in International Studies.

*Beatriz Naomi "Bea" Bathan* is Alternergy's Investor Relations Officer and is responsible for building long-standing and trusted relationships with stakeholders as she conveys Alternergy's growth strategy through investor briefings, non-deal roadshows, and shareholder meetings. Aside from responding to investor and analyst queries, Bea also assists with financial modelling and capital raising activities. Prior to joining Alternergy in July 2023, Bea was an Institutional Equities Trader with Daiwa Capital Markets and with CLSA Philippines. She earned her Bachelor's Degree in Business Management with a minor in International Business from Ateneo de Manila University, where as an undergraduate, Bea was part of the United Nations Youth Assembly delegation to the UN Headquarters in New York where she learned practical skills on how to realize the vision of a sustainable world. Bea is currently pursuing the CFA program.

### Family Relationships

There are no known family relationships between the current members of the Board, Executives and Significant Employees.

### Involvement in Certain Legal Proceedings

To the knowledge and/or information of the Company, none of its present members of the Board, Executives, or its Significant Officers have been involved in any of the events below for the past five years:

- a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- b) Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his/her involvement in any type of business, securities, commodities or banking activities; and
- d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

### **Item 10. Executive Compensation**

For the year ended June 30, 2023, six-month period ended June 30, 2022 and for the year ended December 31, 2021, the total salaries, bonuses and allowances paid to the Executives of the Company are as follows:

|                                                                                                                                                                  | Year | Salary*     | Bonus | Others |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-------------|-------|--------|
| Top five (5) Executives with highest compensation:<br>Gerry P. Magbanua<br>Knud Hedeager<br>Michael Lichtenfeld<br>Eduardo Martinez Miranda<br>Janina C. Arriola | 2023 | ₱27,612,000 | ₱—    | ₱—     |
|                                                                                                                                                                  | 2022 | ₱12,723,875 | ₱—    | ₱—     |
|                                                                                                                                                                  | 2021 | ₱23,839,700 | ₱—    | ₱—     |
| All officers and directors as a group                                                                                                                            | 2023 | ₱35,050,100 | ₱—    | ₱—     |
|                                                                                                                                                                  | 2022 | ₱16,213,425 | ₱—    | ₱—     |
|                                                                                                                                                                  | 2021 | ₱31,252,200 | ₱—    | ₱—     |

\*Note: Salary includes compensation and transportation and communication allowances.

The Executives of the Company, who are engaged under NAPI, are seconded to the Company and its subsidiaries and affiliates to perform management, project development, technical, administrative and finance functions.

### Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no compensatory plan or arrangements between the Company and its Executives in case of resignation or any other termination of employment or from a change in the management or control of the Company.

### Compensation of Directors

Under the By-Laws of the Company, each director and board advisor shall receive a per diem allowance for their attendance at each meeting of the Board. Currently, as compensation, each of the independent directors and board advisor are receiving ₱50,000.00 and ₱40,000.00, respectively, per diem per meeting, and each other director, including the Chairman, are not entitled to any per diem allowance.

There are no other arrangements for compensation by way of payments for committee participation or special assignments. There are also no outstanding warrants or options held by the Directors, Executives and Significant Officers. There are no special employment contracts between the Company and its Executives.

## **Item 11. Security Ownership of Certain Beneficial Owners and Management**

### Security Ownership of Certain Record and Beneficial Owners (more than 5% of the voting shares)

Presented in the table below are the persons or groups known to the Company to be directly the record or beneficial owners of more than five percent (5%) of the Company's voting securities as of October 5, 2023:

| Title of Class of Shares | Name and Address of Record Owner, and Relationship with Issuer                                                                                                             | Name of Beneficial Owner and Relationship with Record Owner    | Citizenship | No. of Shares Held | Percentage Held |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|-------------|--------------------|-----------------|
| Common and Preferred     | <b>1. Vespers Holdings Corporation</b><br>Level 3B, 111 Paseo de Roxas Bldg., Paseo de Roxas cor. Legazpi St., Legaspi Village, Makati<br>Stockholder, Parent Company      | Vicente S. Pérez, Jr. – Chairman of the Board                  | Filipino    | 2,070,784,975      | 48.12%          |
| Common                   | <b>2. Odin Holdings Corporation</b><br>12F Laguna Tower, The Residences at Greenbelt<br>Stockholder                                                                        | Knud Hedeager – Director                                       | Danish      | 366,812,285        | 8.52%           |
| Common                   | <b>3. Penhurst Kinetic Corp</b><br>Unit 3D, Penhurst Parkplace, 1st Avenue cor. 30th Avenue, Fort Bonifacio, Taguig City NCR<br>Fourth District Philippines<br>Stockholder | Gerry P. Magbanua – Director and President                     | Filipino    | 255,793,680        | 5.94%           |
| Common                   | <b>4. PCD Nominee Corporation<sup>1, 2</sup></b><br>29 <sup>th</sup> Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City                                          | PCD participants acting on their behalf or for their customers | Filipino    | 1,056,445,000      | 24.55%          |

<sup>1</sup> Note: Under the PCD Nominee Account, the following company owned more than 5%:  
Unicapital Securities Inc. – 332,941,000 shares – 8.46%

<sup>2</sup> Note: PCD is the registered owner of shares held by participants in the Philippine Depository and Trust Co., which handles automated securities transactions in the Philippines. PCD is not related to the Company.

### Security Ownership of Directors and Executives

Presented in the table below are the security ownership of Directors and Executives as of June 30, 2023:

| Title of Class of Shares | Name                                                                      | Amount and Nature of Beneficial Ownership |               | Citizenship | Percentage Held |
|--------------------------|---------------------------------------------------------------------------|-------------------------------------------|---------------|-------------|-----------------|
| Common                   | Vicente S. Pérez, Jr. – Chairman of the Board                             | Direct                                    | 20            | Filipino    | 44.41%          |
|                          |                                                                           | Indirect                                  | 1,747,140,671 |             |                 |
| Common                   | Gerry P. Magbanua – Director; President                                   | Direct                                    | 10            | Filipino    | 3.32%           |
|                          |                                                                           | Indirect                                  | 130,454,777   |             |                 |
| Common                   | Eduardo Martine Miranda – Director; CEO of Alternergy Mini Hydro Holdings | Direct                                    | 10            | Filipino    | 2.40%           |
|                          |                                                                           | Indirect                                  | 96,029,063    |             |                 |
| Common                   | Knud Hedeager – Director; Technical Director                              | Direct                                    | 10            | Danish      | 9.32%           |
|                          |                                                                           | Indirect                                  | 358,008,790   |             |                 |
| Common                   | Michael James Lichtenfeld – Director; CEO of Solar Pacific                | Direct                                    | 48,119,129    | American    | 1.22%           |
|                          |                                                                           | Indirect                                  | 0             |             |                 |
| Common                   | Maria Theresa Dela Peña Marcial – Independent Director                    | Direct                                    | 1             | Filipino    | 0.00%           |
|                          |                                                                           | Indirect                                  | 0             |             |                 |
| Common                   | Gregory L. Domingo – Independent Director                                 | Direct                                    | 1             | Filipino    | 0.00%           |
|                          |                                                                           | Indirect                                  | 0             |             |                 |
| Common                   | Janina C. Arriola – VP and General Counsel                                | Direct                                    | 1,000,000     | Filipino    | 0.03%           |
|                          |                                                                           | Indirect                                  | 0             |             |                 |
| Common                   | Annette M. Rafael – VP for Government Affairs                             | Direct                                    | 7,443,737     | Filipino    | 0.19%           |
|                          |                                                                           | Indirect                                  | 0             |             |                 |
| Common                   | Luisito S. Pangilinan - Treasurer                                         | Direct                                    | 10,000        | Filipino    | 0.00%           |
|                          |                                                                           | Indirect                                  | 0             |             |                 |

As of June 30, 2023, the Company's Directors and Executives owned an aggregate of 2,509,219,092 common shares of the Company, which is equivalent to 63.79% of the Company's outstanding common shares.

### Voting Trust

The Company is not aware of any person or company holding five percent (5%) or more of the Company's outstanding shares under a voting trust agreement or similar arrangement.

### Changes in Control

There have been no arrangements that may result in a change in control of the Company.

## **Item 12. Certain Relationships and Related Transactions**

The Company, in its regular conduct of business, has entered into transactions with related parties. Parties are considered to be related if, among others, one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, the parties are subject to common control, or the party is an associate or a joint venture.

Affiliates are related entities of the Parent Company by virtue of common ownership and representation to management where significant influence is apparent.

Except as indicated, otherwise, the outstanding accounts with related parties shall generally be settled in cash. The transactions are made at terms agreed upon by the parties.

Related party balances and transactions as at June 30, 2023 and 2022, and for the year ended June 30, 2023 and for the six-month period ended June 30, 2022 are summarized below (refer to Exhibit C for the full disclosure in the Audited Consolidated Financial Statements):

|                                     | Transactions During the<br>Year/Period |             | Outstanding Balances as of |             |
|-------------------------------------|----------------------------------------|-------------|----------------------------|-------------|
|                                     | 2023                                   | 2022        | 2023                       | 2022        |
| <b>Due from Related Parties</b>     |                                        |             |                            |             |
| Cash advances                       | ₱4,239,065                             | ₱14,535,068 | ₱31,808,250                | ₱28,454,769 |
| Management and advisory services    | 3,313,080                              | 6,042,927   | –                          | 2,704,225   |
| Assignment of shares or receivables | –                                      | 28,727,967  | 28,269,080                 | 28,727,967  |
| Development costs                   | –                                      | 50          | 69,510,484                 | 91,072,979  |
| Others                              | –                                      | –           | 600                        | –           |
|                                     |                                        |             |                            |             |
| <b>Due to Related Parties</b>       |                                        |             |                            |             |
| Cash advances                       | ₱88,489                                | ₱2,452,917  | ₱2,541,406                 | ₱6,859,442  |
| Purchase of shares of KSEC          | –                                      | 187,635,896 | –                          | 187,635,896 |
| Others                              | 707,636                                | –           | 707,636                    | –           |

## PART IV. CORPORATE GOVERNANCE

### Item 13. Corporate Governance

Please refer to the Company's official website ([www.alternenergy.com/corporate-governance](http://www.alternenergy.com/corporate-governance)) for the full details on the Company's Manual on Corporate Governance and other relevant policies.

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.

### Item 14. Sustainability Report

More details and information about the Company's Sustainability Report and efforts is available at (<https://www.alternenergy.com/sustainability>). The 2023 Sustainability Report may also be viewed as Exhibit C to this report.

## PART IV. EXHIBIT AND SCHEDULES

### EXHIBIT A. Reports on SEC Form 17-C

| Date      | Particulars                                                                                                           |
|-----------|-----------------------------------------------------------------------------------------------------------------------|
| 6-Oct-23  | October 6, Notice of Special Stockholders' Meeting                                                                    |
| 6-Oct-23  | Quasi-Reorganization                                                                                                  |
| 6-Oct-23  | BOD Approves Reallocation of IPO Proceeds                                                                             |
| 2-Oct-23  | Alternergy Mandates Lead Arrangers for GEA-2 Project Wins                                                             |
| 7-Aug-23  | SEC 17C Reclassification of Shares                                                                                    |
| 7-Aug-23  | SEC 17C Amendments to Articles of Incorporation                                                                       |
| 17-Jul-23 | SEC 17C Quarterly Use of Funds Report 2Q2023                                                                          |
| 13-Jul-23 | SEC 17C Press Release GEA-2 Awarded ALTER Projects                                                                    |
| 4-Jul-23  | SEC 17C Press Release PSA Signing between Solana Solar and Villar's Kratos                                            |
| 3-Jul-23  | SEC 17C Change in Directors and/or Officers                                                                           |
| 3-Jul-23  | SEC 17C Change in Shareholdings of Directors and Principal Officers                                                   |
| 29-Jun-23 | SEC 17C Acquisition of Shares of Another Corporation                                                                  |
| 26-Jun-23 | SEC 17C Acquisition of Shares of Another Corporation                                                                  |
| 14-Jun-23 | SEC 17C Change in Shareholdings of Directors and Principal Officers                                                   |
| 5-Jun-23  | SEC 17C Appointment of CFO                                                                                            |
| 2-Jun-23  | SEC 17C Press Release Inauguration of the Palau Project                                                               |
| 2-Jun-23  | SEC 17C Acquisition of Shares of Another Corporation                                                                  |
| 29-May-23 | SEC 17C Certificate of Approval of Equity Restructuring                                                               |
| 29-May-23 | Change in Shareholdings of Directors and Principal Officers                                                           |
| 22-May-23 | Change in Shareholdings of Directors and Principal Officers                                                           |
| 11-May-23 | Material Information/Transactions re the Board Approval of the Re-allocation of the IPO Proceeds                      |
| 9-May-23  | Change in Shareholdings of Directors and Principal Officers                                                           |
| 8-May-23  | Press Release for EPC of Solana Project                                                                               |
| 28-Apr-23 | Change in Shareholdings of Directors and Principal Officers re Cross Sale of shares subject of the Stab Period to VHC |
| 25-Apr-23 | Material Information/Transactions re Close of the Stabilization Period in relation to ALTER's IPO                     |
| 24-Apr-23 | Material Information/Transactions re Weekly Stabilization Activity Report                                             |
| 19-Apr-23 | Change in Shareholdings of Directors and Principal Officers                                                           |
| 17-Apr-23 | Material Information/Transactions re Weekly Stabilization Activity Report for the week of April 14                    |
| 11-Apr-23 | Material Information/Transactions re Weekly Stabilization Activity Report for the week of April 7                     |
| 3-Apr-23  | Material Information/Transactions re Weekly Stabilization Activity Report for the week of March 31                    |
| 29-Mar-23 | Material Information/Transactions re Overallotment Shares Cap                                                         |
| 29-Mar-23 | Material Information/Transactions re Assignment of WESC from ATWC to AWPC                                             |
| 29-Mar-23 | Material Information/Transactions re Weekly Stabilization Activity Report for the week of March 24                    |

**SIGNATURES**

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on OCT 13 2023, 2023.

**ALTERNERGY HOLDINGS CORPORATION**

By:

  
\_\_\_\_\_  
**Vicente S. Pérez, Jr.**  
Chairman of the Board

  
\_\_\_\_\_  
**Gerry P. Magbanua**  
President

  
\_\_\_\_\_  
**Maria Carmen G. Diaz**  
Chief Financial Officer

  
\_\_\_\_\_  
**Atty. Anna Melissa R. Lichaytoo**  
Corporate Secretary

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of OCT 13 2023, 2023, affiants exhibiting to me competent proofs of their identity, to wit:

| Name                             | TIN/Passport No.                  | Date and Place Issued          |
|----------------------------------|-----------------------------------|--------------------------------|
| <b>Vicente S. Pérez, Jr.</b>     | Philippine Passport No. P4390051B | January 15, 2020 / DFA Manila  |
| <b>Gerry P. Magbanua</b>         | Philippine Passport No. P4909380B | February 21, 2020 / DFA Manila |
| <b>Carmen G. Diaz</b>            | Philippine Passport No. P7922187B | October 19, 2021 / DFA Manila  |
| <b>Anna Melissa R. Lichaytoo</b> | Philippine Passport No. P6791318A | 14 Apr 2018 / DFA NCR South    |

and who are personally known to me to be the same persons who presented the foregoing instrument in my presence, and who took an oath before me as to such instrument.

WITNESS MY HAND AND SEAL this \_\_\_\_ day of OCT 13 2023, 2023.

Doc No. 445 ;  
Page No. 90 ;  
Book No. III ;  
Series of 2023.

  
**ATTY. RAY MICHAEL N. ANONUEVO**  
Notary Public until 31 December 2023  
19th/F BDO Plaza, 8737 Paseo de Roxas, Makati City  
PTR No. 9566295, Makati City, 03 January 2023  
IBP No. 259733, Laguna, 19 December 2022  
Roll No. 77439, Appointment No. M-321

**From:** Sherleen Macatangay <srmacatangay@rrrlaw.com>  
**Sent:** Friday, October 13, 2023 7:47 PM  
**To:** Arman Lyle Ang  
**Cc:** Melissa Lichaytoo; Carmen Diaz; Louie Pangilinan  
**Subject:** Fwd: SEC eFast Initial Acceptance

Hi Arman,

Please see email of the SEC below. Will also forward the other email I received.

Regards,  
Sherleen

----- Forwarded message -----

From: <[noreply-cifsost@sec.gov.ph](mailto:noreply-cifsost@sec.gov.ph)>  
Date: Fri, Oct 13, 2023 at 7:40 PM  
Subject: SEC eFast Initial Acceptance  
To:

Greetings!

**SEC Registration No:** CS200909233  
**Company Name:** ALTERNERGY HOLDINGS CORPORATION  
**Document Code:** AFS

This serves as temporary receipt of your submission.  
Subject to verification of form and quality of files of the submitted report.  
Another email will be sent as proof of review and acceptance.

Thank you.

**REMINDER:** TO ALL FILERS OF REPORTS IN THE e-FAST Please strictly follow the instruction stated in the form. Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer. 1. General Information Sheet (GIS-Stock) 2. General Information Sheet (GIS-Non-stock) 3. General Information Sheet (GIS- Foreign stock & non-stock) 4. Broker Dealer Financial Statements (BDFS) 5. Financing Company Financial Statements (FCFS) 6. Investment Houses Financial Statements (IHFS) 7. Publicly – Held Company Financial Statement 8. General Form for Financial Statements 9. Financing Companies Interim Financial Statements (FCIF) 10. Lending Companies Interim Financial Statements (LCIF) Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFast, if the filed report is compliant with the existing requirements. A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the reports rejection in the remarks box.

**SECURITIES AND EXCHANGE COMMISSION**  
SEC Headquarters, 7907 Makati Avenue,  
Salcedo Village, Barangay Bel-Air, Makati City,  
1209, Metro Manila, Philippines

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--

Atty. Sherleen Lourds R. Macatangay

Roxas de los Reyes Laurel Rosario & Gonzales Law Offices  
19/F BDO Plaza, 8737 Paseo de Roxas  
Makati City 1226 Metro Manila  
Tel. No. (+632) 88403783; Fax No. (+632) 88130885  
e-mail: [srmacatangay@rrlrlaw.com](mailto:srmacatangay@rrlrlaw.com)  
<http://www.rrlrlaw.com>

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## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

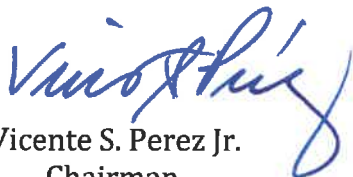
The management of **Alternergy Holdings Corporation** (the Group) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as of June 30, 2023 and 2022, and for the year ended June 30, 2023, six-month period ended June 30, 2022, and year ended December 31, 2021 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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



Vicente S. Perez Jr.  
Chairman



Gerry P. Magbanua  
President



Luisito S. Pangilinan  
Treasurer

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023

## ACKNOWLEDGMENT

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

Before me a Notary Public for and in CITY OF MAKATI this day of OCT 12 2023 personally appeared the following:

| NAME                  | Passport No. | Date / Place of Issue        |
|-----------------------|--------------|------------------------------|
| Vicente S. Perez Jr.  | P3490051B    | January 15, 2020/DFA Manila  |
| Gerry P. Magbanua     | P4909380B    | February 21, 2020/DFA Manila |
| Luisito S. Pangilinan | P3789685B    | November 9, 2019/DFA Manila  |

Doc. No. 93 :  
Page No. 20 :  
Book No. 21 :  
Series of 2023

**ATTY. GERVASIO S. ORTIZ JR.**  
Notary Public City of Makati  
Until December 31, 2024  
IBP No. 05729-Lifetime Member  
MCLE Compliance No. VII-0022734  
valid until April 14, 2025  
Appointment No. M-39 (2023-2024)  
PTR No. 9563522 Jan. 3, 2023/ Makati  
Makati City Roll No. 40091  
101 Urban Ave. Campos Rueda Bldg.  
Brgy. Pio Del Pilar, Makati City

# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

|   |   |   |   |   |   |   |   |   |   |   |
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## COMPANY NAME

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| N |   |   |   |   |   |   |   |   |   |  |   |   |   |   |   |   |   |   |  |   |   |   |   |   |   |   |   |   |   |
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## PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
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| U | I | L | D | I | N | G | , |   |   | P | A | S | E | O |   | D | E |   |   | R | O | X | A | S |   | C | O | R | N | E | R |
|   | L | E | G | A | Z | P | I |   |   | S | T | R | E | E | T | , |   | L | E | G | A | S | P | I |   | V | I | L | L | A |   |
| G | E | , |   |   | M | A | K | A | T | I |   | C | I | T | Y |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |

Form Type

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Department requiring the report

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Secondary License Type, If Applicable

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| N | / | A |  |
|---|---|---|--|

## COMPANY INFORMATION

|                         |                              |                           |
|-------------------------|------------------------------|---------------------------|
| Company's Email Address | Company's Telephone Number   | Mobile Number             |
| contact@alternergy.com  | (632) 8813-4678              | N/A                       |
| No. of Stockholders     | Annual Meeting (Month / Day) | Fiscal Year (Month / Day) |
| 3,252                   | Second Wednesday of December | 6/30                      |

## CONTACT PERSON INFORMATION

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

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

## CONTACT PERSON'S ADDRESS

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

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

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



## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the consolidated financial statements of Alternergy Holdings Corporation and its subsidiaries (collectively, the Group), which comprise the consolidated statements of financial position as at June 30, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended June 30, 2023, six-month period ended June 30, 2022 and year ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the year ended June 30, 2023, six-month period ended June 30, 2022 and year ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

### Basis for Opinion

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

### Key Audit Matters

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

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



#### Impairment Testing of Goodwill and Intangible Assets with Indefinite Useful Life

Under Philippine Accounting Standards (PAS) 36, *Impairment of Assets*, the Group is required to annually perform impairment assessment of goodwill and intangible assets that have an indefinite useful life. As at June 30, 2023, the Group has goodwill amounting to ₱238.42 million arising from its various acquisitions in prior years and has intangible assets with indefinite useful life amounting to ₱348.72 million, which pertains to its capitalized project development costs. The goodwill and intangible assets, which relate to the subsidiaries acquired and the subsidiaries that own the renewable energy projects, and the related impairment testing are considered material to the consolidated financial statements because the total amount of goodwill and project development costs represent 12.05% of the consolidated total assets. In addition, management's impairment assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically, the long-term growth rates and revenue assumptions used to estimate the future cash flows and the discount rates used applied to the forecasted cash flows.

The disclosures relating to the impairment testing of goodwill and project development costs are included in Note 12 to the consolidated financial statements.

#### *Audit Response*

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

#### Finalization of the Purchase Price Allocation (PPA) for the Acquisition of Kirahon Solar Energy Corporation (KSEC)

As disclosed in Note 13 to the consolidated financial statements, on June 10, 2022, the Parent Company acquired 50% direct interest in KSEC, previously a 13%-owned associate, for a total consideration of ₱522.19 million. Consequently, the Group obtained control over KSEC on said date. In 2022, the acquisition was accounted for as a business combination achieved in stages where the Group performed a provisional PPA, as allowed under PFRS 3, *Business Combinations*, resulting to the recognition of provisional goodwill amounting to ₱462.47 million.

In 2023, the Group completed the fair value measurement of the assets acquired and the liabilities assumed and the related PPA. The completion of the fair value measurement and PPA processes resulted to the recognition of an intangible asset from customer off-take agreement and deferred tax liabilities amounting to ₱283.17 million and ₱21.69 million, respectively, a net increase in the fair value of property, plant and equipment, non-controlling interests and gain on remeasurement of previously held interest by ₱150.54 million, ₱153.51 million and ₱13.28 million, respectively, and a reduction of goodwill by ₱245.23 million.



Following PFRS 3, the abovementioned fair value changes have been recognized retrospectively to the date of acquisition, resulting in the restatement and adjustment of the assets previously included in the consolidated financial statements as at and for the six-month period ended June 30, 2022.

We consider the accounting for this acquisition as a key audit matter due to the transaction's financial significance to the Group and the significant management judgment and estimation involved in the determination of the fair value of the net assets acquired.

#### *Audit Response*

We reviewed and tested management's identification and fair value measurement of the acquired assets and liabilities based on our discussion with management and our understanding of KSEC's business. We reviewed the PPA prepared by Group's management and assessed the reasonableness of the key assumptions and inputs used in determining the fair value of the net assets acquired by obtaining information from and through inquiry with the Group's management and its internal and external experts. We involved our internal specialist in the review of the valuation methodologies and key inputs and assumptions used by management and its experts in the fair valuation of the net identifiable assets acquired, and in the review of the PPA. We assessed the competence, objectivity and capabilities of the internal and external experts involved by management. We evaluated the appropriateness of the accounting treatment, including the review of the impact of the final PPA to the comparative consolidated financial statements as at and for the six-month period ended June 30, 2022. We also reviewed the related disclosures in the consolidated financial statements considering the requirements of the relevant accounting standards.

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended June 30, 2023, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended June 30, 2023 are expected to be made available to us after the date of this auditor's report.

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

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



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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is  
Leovina Mae V. Chu.

SYCIP GORRES VELAYO & CO.



Leovina Mae V. Chu

Partner

CPA Certificate No. 99910

Tax Identification No. 209-316-911

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 99910-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-096-2023, September 12, 2023, valid until September 11, 2026

PTR No. 9566016, January 3, 2023, Makati City

October 5, 2023



**ALTERENERGY HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

|                                                                           | June 30,<br>2023      | June 30, 2022<br>(As restated,<br>Note 13) |
|---------------------------------------------------------------------------|-----------------------|--------------------------------------------|
| <b>ASSETS</b>                                                             |                       |                                            |
| <b>Current Assets</b>                                                     |                       |                                            |
| Cash and cash equivalents (Note 7)                                        | ₱1,238,986,852        | ₱581,598,605                               |
| Trade and other receivables (Note 8)                                      | 82,975,571            | 19,254,442                                 |
| Due from related parties (Note 20)                                        | 129,588,414           | 150,959,940                                |
| Prepayments and other current assets (Note 9)                             | 117,433,640           | 61,721,840                                 |
| <b>Total Current Assets</b>                                               | <b>1,568,984,477</b>  | <b>813,534,827</b>                         |
| <b>Noncurrent Assets</b>                                                  |                       |                                            |
| Property, plant and equipment (Note 10)                                   | 1,021,115,316         | 1,049,479,865                              |
| Contract asset (Note 34)                                                  | 1,165,145,627         | 574,883,490                                |
| Investments in and advances to associates<br>and joint ventures (Note 11) | 182,263,093           | 150,792,648                                |
| Intangible assets (Notes 12 and 13)                                       | 854,678,971           | 784,629,368                                |
| Right-of-use asset (Note 25)                                              | 51,338,446            | 59,345,077                                 |
| Other noncurrent assets (Note 15)                                         | 30,712,866            | 15,881,815                                 |
| <b>Total Noncurrent Assets</b>                                            | <b>3,305,254,319</b>  | <b>2,635,012,263</b>                       |
| <b>TOTAL ASSETS</b>                                                       | <b>₱4,874,238,796</b> | <b>₱3,448,547,090</b>                      |
| <b>LIABILITIES AND EQUITY</b>                                             |                       |                                            |
| <b>Current Liabilities</b>                                                |                       |                                            |
| Short-term loan (Note 17)                                                 | ₱249,172,856          | ₱92,650,373                                |
| Current portions of:                                                      |                       |                                            |
| Long-term debt (Note 18)                                                  | 82,566,864            | 57,810,359                                 |
| Lease liability (Note 25)                                                 | 3,428,463             | 2,883,913                                  |
| Accounts payable and accrued expenses (Note 16)                           | 73,163,810            | 108,261,437                                |
| Payable to a subsidiary's former shareholder (Note 13)                    | —                     | 279,771,496                                |
| Advances from a third party (Note 16)                                     | 214,000,000           | 214,000,000                                |
| Dividend payable (Note 14)                                                | 3,750,000             | 18,750,000                                 |
| Due to related parties (Notes 13 and 20)                                  | 3,249,042             | 194,495,338                                |
| Income tax payable                                                        | 5,415,453             | 798,726                                    |
| <b>Total Current Liabilities</b>                                          | <b>634,746,488</b>    | <b>969,421,642</b>                         |
| <b>Noncurrent Liabilities</b>                                             |                       |                                            |
| Long-term debt - net of current portion (Note 18)                         | 1,438,732,743         | 1,248,824,823                              |
| Lease liability - net of current portion (Note 25)                        | 46,935,956            | 47,035,794                                 |
| Asset retirement obligation (Note 26)                                     | 5,101,699             | 14,445,032                                 |
| Deferred tax liabilities - net (Note 27)                                  | 23,732,208            | 24,100,055                                 |
| Retirement benefit obligation                                             | 815,171               | —                                          |
| <b>Total Noncurrent Liabilities</b>                                       | <b>1,515,317,777</b>  | <b>1,334,405,704</b>                       |
| <b>Total Liabilities</b>                                                  | <b>2,150,064,265</b>  | <b>2,303,827,346</b>                       |

(Forward)



|                                                                                           | June 30,<br>2023      | June 30, 2022<br>(As restated,<br>Note 13) |
|-------------------------------------------------------------------------------------------|-----------------------|--------------------------------------------|
| <b>Equity</b>                                                                             |                       |                                            |
| Capital stock (Note 19)                                                                   | <b>₱430,423,912</b>   | ₱36,349                                    |
| Additional paid-in capital (Note 19)                                                      | <b>1,643,742,189</b>  | 440,865,245                                |
| Deposit for future stock subscription (Note 19)                                           | –                     | 297,879,779                                |
| Share in remeasurement loss on retirement benefit<br>obligation of an associate (Note 11) | <b>(15,557)</b>       | (15,557)                                   |
| Cumulative translation adjustment (Note 2)                                                | <b>4,110,513</b>      | 3,307,045                                  |
| Equity reserve (Note 14)                                                                  | <b>3,435,427</b>      | 13,018,406                                 |
| Deficit                                                                                   | <b>(568,660)</b>      | (227,209,427)                              |
| <b>Equity Attributable to Equity Holders of the Parent Company</b>                        | <b>2,081,127,824</b>  | 527,881,840                                |
| <b>Non-controlling Interests</b>                                                          | <b>643,046,707</b>    | 616,837,904                                |
| <b>Total Equity</b>                                                                       | <b>2,724,174,531</b>  | 1,144,719,744                              |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                                       | <b>₱4,874,238,796</b> | ₱3,448,547,090                             |

*See accompanying Notes to Consolidated Financial Statements.*



**ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

|                                                                                                                                        | Year Ended<br>June 30, 2023 | Six-Month<br>Period Ended<br>June 30, 2022<br>(As restated,<br>Note 13) | Year Ended<br>December 31, 2021 |
|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------------------------------------------------------|---------------------------------|
| <b>REVENUE FROM SALE OF ELECTRICITY</b><br>(Note 34)                                                                                   | <b>₱171,484,044</b>         | <b>₱9,330,967</b>                                                       | <b>₱–</b>                       |
| <b>COST OF SALE OF ELECTRICITY</b> (Note 21)                                                                                           | <b>60,064,752</b>           | <b>3,373,619</b>                                                        | <b>–</b>                        |
| <b>GROSS PROFIT</b>                                                                                                                    | <b>111,419,292</b>          | <b>5,957,348</b>                                                        | <b>–</b>                        |
| <b>EQUITY IN NET EARNINGS OF ASSOCIATES</b><br>(Note 11)                                                                               | <b>21,938,643</b>           | <b>16,435,855</b>                                                       | <b>35,961,849</b>               |
| <b>GENERAL AND ADMINISTRATIVE<br/>EXPENSES</b> (Note 22)                                                                               | <b>52,534,709</b>           | <b>53,238,196</b>                                                       | <b>54,117,456</b>               |
| <b>OTHER INCOME (CHARGES)</b>                                                                                                          |                             |                                                                         |                                 |
| Construction revenue (Notes 34 and 36)                                                                                                 | 782,674,637                 | 574,883,490                                                             | –                               |
| Construction costs (Notes 34 and 36)                                                                                                   | (782,674,637)               | (574,883,490)                                                           | –                               |
| Finance costs (Notes 17, 18 and 26)                                                                                                    | (88,019,114)                | (11,684,885)                                                            | (17,871,124)                    |
| Project cost recovery (Note 24)                                                                                                        | 40,927,384                  | 36,586,861                                                              | 133,612,997                     |
| Interest income (Notes 7 and 9)                                                                                                        | 8,594,377                   | 442,174                                                                 | 66,503                          |
| Advisory fees (Note 20)                                                                                                                | 3,090,000                   | 3,416,667                                                               | 6,600,000                       |
| Net foreign exchange gains (losses)                                                                                                    | 1,844,586                   | 9,098,059                                                               | 8,270,984                       |
| Day 1 gain on short-term loan (see Note 17)                                                                                            | –                           | 1,599,627                                                               | 3,172,105                       |
| Restructuring related charges - net (Notes 11, 13<br>and 23)                                                                           | 229,400                     | (159,752,032)                                                           | 2,099,138                       |
|                                                                                                                                        | <b>(33,333,367)</b>         | <b>(120,293,529)</b>                                                    | <b>135,950,603</b>              |
| <b>INCOME (LOSS) BEFORE INCOME TAX</b>                                                                                                 | <b>47,489,859</b>           | <b>(151,138,522)</b>                                                    | <b>117,794,996</b>              |
| <b>PROVISION FOR (BENEFIT FROM) INCOME<br/>TAX</b> (Note 27)                                                                           | <b>9,468,683</b>            | <b>(5,961,067)</b>                                                      | <b>5,026,914</b>                |
| <b>NET INCOME (LOSS)</b>                                                                                                               | <b>38,021,176</b>           | <b>(145,177,455)</b>                                                    | <b>112,768,082</b>              |
| <b>OTHER COMPREHENSIVE INCOME</b><br><i>Other comprehensive income to be reclassified to<br/>profit or loss in subsequent periods:</i> |                             |                                                                         |                                 |
| Cumulative translation adjustment (Note 2)                                                                                             | 3,438,053                   | 19,992,187                                                              | 20,301                          |
| <b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>                                                                                               | <b>₱41,459,229</b>          | <b>(₱125,185,268)</b>                                                   | <b>₱112,788,383</b>             |
| <b>TOTAL COMPREHENSIVE INCOME (LOSS)<br/>ATTRIBUTABLE TO:</b>                                                                          |                             |                                                                         |                                 |
| Equity holders of the Parent Company                                                                                                   | (₱17,875,826)               | (₱140,965,053)                                                          | ₱113,998,605                    |
| Non-controlling interests                                                                                                              | 59,335,055                  | 15,779,785                                                              | (1,210,222)                     |
|                                                                                                                                        | <b>₱41,459,229</b>          | <b>(₱125,185,268)</b>                                                   | <b>₱112,788,383</b>             |
| <b>Basic/Diluted Earnings (Loss) per Share</b> (Note 28)                                                                               | <b>(₱0.01)</b>              | <b>(₱695)</b>                                                           | <b>₱594</b>                     |

See accompanying Notes to Consolidated Financial Statements.



# ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023, SIX-MONTH PERIOD ENDED JUNE 30, 2022 AND YEAR ENDED DECEMBER 31, 2021

|                                                 | Capital Stock |              | Additional      | Deposit for                  | Share in Re-measurement<br>Loss on Retirement<br>Benefit<br>Obligation of<br>an Associate | Cumulative<br>Translation<br>Adjustment | Equity<br>Reserve | Deficit        | Equity<br>Attributable<br>to Equity<br>Holders<br>of the Parent<br>Company | Non-<br>controlling<br>Interests | Total          |
|-------------------------------------------------|---------------|--------------|-----------------|------------------------------|-------------------------------------------------------------------------------------------|-----------------------------------------|-------------------|----------------|----------------------------------------------------------------------------|----------------------------------|----------------|
|                                                 | Preferred     | Common       | Paid-in Capital | Future Stock<br>Subscription |                                                                                           |                                         |                   |                |                                                                            |                                  |                |
| At July 1, 2022, as previously reported         | ₱15,000       | ₱21,349      | ₱440,865,245    | ₱297,879,779                 | (₱15,557)                                                                                 | ₱3,307,045                              | ₱13,018,406       | (₱240,277,656) | ₱514,813,611                                                               | ₱463,461,426                     | ₱978,275,037   |
| Adjustments (Note 13)                           | —             | —            | —               | —                            | —                                                                                         | —                                       | —                 | 13,068,229     | 13,068,229                                                                 | 153,376,478                      | 166,444,707    |
| At July 1, 2022, as restated                    | 15,000        | 21,349       | 440,865,245     | 297,879,779                  | (15,557)                                                                                  | 3,307,045                               | 13,018,406        | (227,209,427)  | 527,881,840                                                                | 616,837,904                      | 1,144,719,744  |
| Total comprehensive income (loss)               | —             | —            | —               | —                            | —                                                                                         | 803,468                                 | —                 | (18,679,294)   | (17,875,826)                                                               | 59,335,055                       | 41,459,229     |
| Issuance of new shares (Note 19)                | 37,024,864    | 393,362,699  | 1,521,086,681   | (297,172,143)                | —                                                                                         | —                                       | —                 | —              | 1,654,302,101                                                              | —                                | 1,636,726,790  |
| Share-issuance costs                            | —             | —            | (72,889,676)    | —                            | —                                                                                         | —                                       | —                 | —              | (72,889,676)                                                               | —                                | (55,314,375)   |
| Quasi-reorganization (Note 19)                  | —             | —            | (245,320,061)   | —                            | —                                                                                         | —                                       | —                 | 245,320,061    | —                                                                          | —                                | —              |
| Dividend to non-controlling interests           | —             | —            | —               | —                            | —                                                                                         | —                                       | —                 | —              | —                                                                          | (8,750,000)                      | (8,750,000)    |
| Return of deposit for future stock subscription | —             | —            | —               | (707,636)                    | —                                                                                         | —                                       | —                 | —              | (707,636)                                                                  | —                                | (707,636)      |
| Changes in non-controlling interests (Note 14)  | —             | —            | —               | —                            | —                                                                                         | —                                       | (9,582,979)       | —              | (9,582,979)                                                                | (24,376,252)                     | (33,959,231)   |
| At June 30, 2023                                | ₱37,039,864   | ₱393,384,048 | ₱1,643,742,189  | ₱—                           | (₱15,557)                                                                                 | ₱4,110,513                              | ₱3,435,427        | (₱568,660)     | ₱2,081,127,824                                                             | ₱643,046,707                     | ₱2,724,174,531 |



|                                | Capital Stock |         | Additional      | Deposit for               | Share in Re-measurement                               | Cumulative             | Equity      |                | Equity                                               | Non-                  | Total          |
|--------------------------------|---------------|---------|-----------------|---------------------------|-------------------------------------------------------|------------------------|-------------|----------------|------------------------------------------------------|-----------------------|----------------|
|                                | Preferred     | Common  | Paid-in Capital | Future Stock Subscription | Loss on Retirement Benefit Obligation of an Associate | Translation Adjustment | Reserve     | Deficit        | Attributable to Equity Holders of the Parent Company | controlling Interests |                |
| At January 1, 2022             | ₱15,000       | ₱19,203 | ₱440,865,245    | ₱—                        | (₱15,557)                                             | (₱11,255)              | ₱—          | (₱82,926,074)  | ₱357,946,562                                         | ₱51,219,504           | ₱409,166,066   |
| Total comprehensive income     |               |         |                 |                           |                                                       |                        |             |                |                                                      |                       |                |
| (loss), as previously reported | —             | —       | —               | —                         | —                                                     | 3,318,300              | —           | (157,351,582)  | (154,033,282)                                        | 15,918,124            | (138,115,158)  |
| Adjustments (Note 13)          | —             | —       | —               | —                         | —                                                     | —                      | —           | 13,068,229     | 13,068,229                                           | (138,339)             | 12,929,890     |
| Total comprehensive income     |               |         |                 |                           |                                                       |                        |             |                |                                                      |                       |                |
| (loss), as restated            | —             | —       | —               | —                         | —                                                     | 3,318,300              | —           | (144,283,353)  | (140,965,053)                                        | 15,779,785            | (125,185,268)  |
| Issuance of new shares         |               |         |                 |                           |                                                       |                        |             |                |                                                      |                       |                |
| (Note 19)                      | —             | 2,146   | —               | —                         | —                                                     | —                      | —           | —              | 2,146                                                | —                     | 2,146          |
| Deposit for future stock       |               |         |                 |                           |                                                       |                        |             |                |                                                      |                       |                |
| subscription (Note 20)         | —             | —       | —               | 297,879,779               | —                                                     | —                      | —           | —              | 297,879,779                                          | —                     | 297,879,779    |
| Change in non-controlling      |               |         |                 |                           |                                                       |                        |             |                |                                                      |                       |                |
| interests:                     |               |         |                 |                           |                                                       |                        |             |                |                                                      |                       |                |
| Issuance of new shares of      |               |         |                 |                           |                                                       |                        |             |                |                                                      |                       |                |
| a subsidiary (Note 14)         | —             | —       | —               | —                         | —                                                     | —                      | 13,018,406  | —              | 13,018,406                                           | 286,667,594           | 299,686,000    |
| Step acquisition to a          |               |         |                 |                           |                                                       |                        |             |                |                                                      |                       |                |
| subsidiary, as previously      |               |         |                 |                           |                                                       |                        |             |                |                                                      |                       |                |
| report (Notes 11 and 13)       | —             | —       | —               | —                         | —                                                     | —                      | —           | —              | —                                                    | 106,590,649           | 106,590,649    |
| Adjustments (Note 11)          | —             | —       | —               | —                         | —                                                     | —                      | —           | —              | —                                                    | 153,514,817           | 153,514,817    |
| Step acquisition to a          |               |         |                 |                           |                                                       |                        |             |                |                                                      |                       |                |
| subsidiary, as restated        | —             | —       | —               | —                         | —                                                     | —                      | —           | —              | —                                                    | 260,105,466           | 260,105,466    |
| Disposal of subsidiaries       |               |         |                 |                           |                                                       |                        |             |                |                                                      |                       |                |
| (Note 13)                      | —             | —       | —               | —                         | —                                                     | —                      | —           | —              | —                                                    | 3,065,555             | 3,065,555      |
| At June 30, 2022               | ₱15,000       | ₱21,349 | ₱440,865,245    | ₱297,879,779              | (₱15,557)                                             | ₱3,307,045             | ₱13,018,406 | (₱227,209,427) | ₱527,881,840                                         | ₱616,837,904          | ₱1,144,719,744 |
| At January 1, 2021             | ₱15,000       | ₱19,203 | ₱440,865,245    | ₱—                        | (₱15,557)                                             | (₱21,608)              | ₱—          | (₱196,914,326) | ₱243,947,957                                         | ₱52,429,726           | ₱296,377,683   |
| Total comprehensive income     | —             | —       | —               | —                         | —                                                     | 10,353                 | —           | 113,988,252    | 113,998,605                                          | (1,210,222)           | 112,788,383    |
| At December 31, 2021           | ₱15,000       | ₱19,203 | ₱440,865,245    | ₱—                        | (₱15,557)                                             | (₱11,255)              | ₱—          | (₱82,926,074)  | ₱357,946,562                                         | ₱51,219,504           | ₱409,166,066   |

See accompanying Notes to Consolidated Financial Statements.



# ALTERENERGY HOLDINGS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

|                                                                                | Year Ended<br>June 30, 2023 | Six-Month<br>Period Ended<br>June 30, 2022<br>(As restated,<br>Note 13) | Year Ended<br>December 31,<br>2021 |
|--------------------------------------------------------------------------------|-----------------------------|-------------------------------------------------------------------------|------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                    |                             |                                                                         |                                    |
| Income (loss) before income tax                                                | ₱47,489,859                 | (₱151,138,522)                                                          | ₱117,794,996                       |
| Adjustments for:                                                               |                             |                                                                         |                                    |
| Finance costs (Notes 17, 18, 24 and 25)                                        | 88,019,114                  | 11,684,885                                                              | 17,871,124                         |
| Depreciation and amortization (Notes 10, 21 and 24)                            | 44,367,279                  | 3,030,875                                                               | 458,775                            |
| Equity in net earnings of associates (Note 14)                                 | (21,938,643)                | (16,435,855)                                                            | (35,961,849)                       |
| Interest income (Notes 7 and 9)                                                | (8,594,377)                 | (442,174)                                                               | (66,503)                           |
| Provision for impairment losses (Note 21)                                      | 5,815,570                   | 1,230,055                                                               | 2,894,844                          |
| Retirement benefit expense                                                     | 815,171                     | —                                                                       | —                                  |
| Restructuring related charges - net (Note 22)                                  | 229,400                     | 159,752,032                                                             | (2,099,138)                        |
| Net unrealized foreign exchange losses (gains)                                 | 187,623                     | (6,500,174)                                                             | 976,466                            |
| Day 1 gain on short-term loan (Note 17)                                        | —                           | (1,599,627)                                                             | (3,172,105)                        |
| Loss on disposal of property, plant and equipment (Note 10)                    | —                           | —                                                                       | 31,101                             |
| Income (loss) before working capital changes                                   | 156,390,996                 | (418,505)                                                               | 98,727,711                         |
| Decrease (increase) in:                                                        |                             |                                                                         |                                    |
| Trade and other receivables (Note 8)                                           | (63,721,129)                | (10,495,250)                                                            | 897,803                            |
| Prepayments and other current assets (Notes 9 and 13)                          | (55,711,800)                | 2,352,262                                                               | 10,411,587                         |
| Other noncurrent assets (Notes 13 and 15)                                      | (19,002,856)                | (6,838,006)                                                             | (1,793,284)                        |
| Increase (decrease) in accounts payable and accrued expenses (Notes 13 and 16) | (52,060,024)                | 34,874,584                                                              | (7,312,376)                        |
| Net change in accounts with related parties (Notes 13 and 20)                  | (169,874,770)               | (46,416,546)                                                            | 104,282,591                        |
| Cash generated from (used in) operations                                       | (203,979,583)               | (26,941,461)                                                            | 205,214,032                        |
| Income tax paid                                                                | (5,219,803)                 | (1,349,228)                                                             | (87,453)                           |
| Interest received                                                              | 8,594,377                   | 313,864                                                                 | 66,503                             |
| Net cash flows from (used in) operating activities                             | (200,605,009)               | (27,976,825)                                                            | 205,193,082                        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                    |                             |                                                                         |                                    |
| Additions to:                                                                  |                             |                                                                         |                                    |
| Contract asset (Notes 33 and 35)                                               | (735,090,898)               | (574,883,490)                                                           | —                                  |
| Project development costs (Note 12)                                            | (84,857,209)                | (58,432,419)                                                            | (53,755,173)                       |
| Investments in and advances to associates (Note 11)                            | (13,281,802)                | (40,009,761)                                                            | (201,444)                          |
| Property, plant and equipment (Notes 10 and 13)                                | (2,005,194)                 | (221,007)                                                               | (1,853,386)                        |
| Computer software                                                              | (1,643,765)                 | —                                                                       | —                                  |
| Payment to former shareholder of acquired subsidiary (Note 13)                 | (279,771,496)               | —                                                                       | —                                  |
| Proceeds from:                                                                 |                             |                                                                         |                                    |
| Government grant (Note 34)                                                     | 194,347,628                 | —                                                                       | —                                  |
| Redemption of preferred shares of an associate (Note 11)                       | —                           | —                                                                       | 7,723,166                          |
| Acquisition of non-controlling interest (Note 14)                              | (35,243,536)                | —                                                                       | —                                  |
| Cash dividends received (Note 11)                                              | 3,750,000                   | —                                                                       | 16,269,500                         |
| Net cash inflow (outflow) from:                                                |                             |                                                                         |                                    |
| Acquisition of a subsidiary (Note 13)                                          | 396,791                     | 79,260,546                                                              | —                                  |
| Deconsolidated subsidiaries (Note 13)                                          | —                           | 62,679                                                                  | (149,082)                          |
| Net cash flows used in investing activities                                    | (953,399,481)               | (594,223,452)                                                           | (31,966,419)                       |

(Forward)



|                                                                             | Year Ended<br>June 30, 2023 | Six-Month<br>Period Ended<br>June 30, 2022<br>(As restated,<br>Note 13) | Year Ended<br>December 31,<br>2021 |
|-----------------------------------------------------------------------------|-----------------------------|-------------------------------------------------------------------------|------------------------------------|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                 |                             |                                                                         |                                    |
| Proceeds from:                                                              |                             |                                                                         |                                    |
| Issuance of shares                                                          | <b>₱1,654,302,101</b>       | <b>₱—</b>                                                               | <b>₱—</b>                          |
| Long-term debt (Note 18)                                                    | <b>496,800,000</b>          | 577,365,000                                                             | ₱150,000,000                       |
| Short-term loan (Note 17)                                                   | <b>250,000,000</b>          | —                                                                       | —                                  |
| Issuance of shares by a subsidiary to<br>non-controlling interest (Note 14) | —                           | 299,686,000                                                             | —                                  |
| Advances from a third party (Note 14)                                       | —                           | 214,000,000                                                             | —                                  |
| Deposit for future stock subscription (Note 19)                             | —                           | 37,732,500                                                              | —                                  |
| Issuance of shares to parent equity holder                                  | —                           | 2,146                                                                   | —                                  |
| Payments of:                                                                |                             |                                                                         |                                    |
| Long-term debt (Note 18)                                                    | <b>(291,420,625)</b>        | —                                                                       | (97,517,993)                       |
| Interests (Notes 17, 18 and 34)                                             | <b>(103,014,882)</b>        | (4,592,224)                                                             | (31,862,053)                       |
| Short-term loans (Note 17)                                                  | <b>(94,250,000)</b>         | —                                                                       | (140,000,000)                      |
| Share issuance costs (Note 19)                                              | <b>(72,889,676)</b>         | —                                                                       | —                                  |
| Dividends (Note 14)                                                         | <b>(23,750,000)</b>         | —                                                                       | —                                  |
| Deferred financing charges (Note 18)                                        | <b>(1,870,064)</b>          | (32,668,315)                                                            | (1,526,520)                        |
| Lease liability (Note 24)                                                   | <b>(3,091,200)</b>          | —                                                                       | (378,953)                          |
| Net cash flows from (used in) financing activities                          | <b>1,810,815,654</b>        | 1,091,525,107                                                           | (121,285,519)                      |
| <b>EFFECT OF EXCHANGE RATE CHANGES ON CASH<br/>AND CASH EQUIVALENTS</b>     | <b>577,083</b>              | 18,695,757                                                              | (19,059)                           |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH<br/>EQUIVALENTS</b>             | <b>657,388,247</b>          | 488,020,587                                                             | 51,922,085                         |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING<br/>OF PERIOD (Note 7)</b>        | <b>581,598,605</b>          | 93,578,018                                                              | 41,655,933                         |
| <b>CASH AND CASH EQUIVALENTS AT<br/>END OF PERIOD (Note 7)</b>              | <b>₱1,238,986,852</b>       | ₱581,598,605                                                            | ₱93,578,018                        |

See accompanying Notes to Consolidated Financial Statements.



# **ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### **1. Corporate Information**

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

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

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

On April 26, 2022, the Parent Company’s Board of Directors (“BOD”) and shareholders approved the change of the Parent Company’s fiscal year from the first day of January ending on the last day of December each year to the first day of July ending on the last day of June of the following year. On May 27, 2022, the SEC approved the change in the Parent Company’s fiscal year and accounting period. On June 20, 2022, the Bureau of Internal Revenue (“BIR”) approved the change in the Parent Company’s accounting period from calendar year ending December 31 to fiscal year ending June 30, effective July 1, 2022. Accordingly, the Group prepared the consolidated financial statements as at June 30, 2022 and for the six-month period ended June 30, 2022 (see Note 3).

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

The consolidated financial statements as at June 30, 2023 and 2022 and for the year ended June 30, 2023, six-month period ended June 30, 2022 and year ended December 31, 2021 were approved and authorized for issuance by the BOD on October 5, 2023.



## 2. Group Information

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (collectively referred to as “the Group”). The following are the subsidiaries as of June 30, 2023 and 2022:

|                                                                  | Nature of Business     | Percentage of Ownership |          |        |          |
|------------------------------------------------------------------|------------------------|-------------------------|----------|--------|----------|
|                                                                  |                        | 2023                    |          | 2022   |          |
|                                                                  |                        | Direct                  | Indirect | Direct | Indirect |
| Alternergy Tanay Wind Corporation (“ATWC”) <sup>(A)</sup>        | Power generation       | 100                     | —        | 100    | —        |
| Pililla AVPC Corporation (“PACO”)                                | Investment holding     | 100                     | —        | 100    | —        |
| Abra De Ilog Wind Power Corporation (“ADIWPC”) <sup>(A)</sup>    | Power generation       | —                       | 100      | —      | —        |
| Alabat Wind Power Corporation (“AWPC”) <sup>(A)</sup>            | Power generation       | —                       | 100      | —      | —        |
| Tablas Strait Wind Power Corporation (“TSOWPC”) <sup>(B)</sup>   | Power generation       | —                       | —        | —      | 100      |
| Calavite Passage Wind Power Corporation (“CPWPC”) <sup>(B)</sup> | Power generation       | —                       | —        | —      | 100      |
| Liberty Solar Energy Corporation (“LSEC”) <sup>(A)(C)</sup>      | Power generation       | 60                      | —        | —      | —        |
| Alternergy Hydro Partners Corporation (“AHPC”)                   | Investment holding     | 100                     | —        | 100    | —        |
| Alternergy Mini Hydro Holdings Corporation (“AMHHC”)             | Investment holding     | —                       | 100      | —      | 100      |
| Ibulao Mini Hydro Corporation (“IMHC”) <sup>(A)</sup>            | Power generation       | —                       | 100      | —      | 100      |
| Lamut Mini Hydro Corporation (“LAMHC”) <sup>(A)</sup>            | Power generation       | —                       | 100      | —      | 100      |
| SolarPacific Energy Corp (“SPEC”) <sup>(D)</sup>                 | Investment holding     | 60                      | —        | 51     | —        |
| Kirahon Solar Energy Corporation (“KSEC”) <sup>(C)</sup>         | Power generation       | 50                      | 13       | 50     | 13       |
| Liwanag Renewable Energy Corporation (“LREC”) <sup>(A)</sup>     | Power generation       | —                       | 100      | —      | —        |
| Sienna Solar Power Corporation (“SSPC”) <sup>(A)</sup>           | Power generation       | —                       | 100      | —      | —        |
| Solar Pacific Pristine Power Inc. (“SPPP”) <sup>(A)(E)</sup>     | Power generation       | 10                      | 12       | 10     | 10       |
| Solana Solar Alpha Incorporation (“SSAI”) <sup>(A)</sup>         | Power generation       | —                       | 100      | —      | 100      |
| Green Energy Supply Solutions Inc. (“GESSI”) <sup>(A)</sup>      | Energy retail supplier | 100                     | —        | 100    | —        |

(A) No commercial operations as of June 30, 2023

(B) TSOWPC and CPWPC ceased to be subsidiaries of AHC effective September 14, 2022

(C) LSEC and KSEC became subsidiaries of AHC effective June 23, 2023 and June 10, 2022, respectively (see Note 13)

(D) In 2022, NCP Advisors Philippines, Inc. (NAPI), a related party, granted a special proxy for AHC to represent and vote the preferred shares of NAPI in SPEC, thereby increasing the voting interest of AHC to 73%. In August 2022, NAPI sold all its preferred shares in SPEC to AHC. (see Note 14)

(E) Voting interest of AHC is 5.6% (direct) as of June 30, 2023 and 2022, and 60% and 51% thru SPEC (indirect) as of June 30, 2023 and 2022, respectively

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

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

### Basis of Preparation

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

The consolidated balances as at and for the year ended June 30, 2023 of the Group are not comparative with the consolidated balances as at and for the six-month period ended June 30, 2022 due to the change in the fiscal year of the Parent Company effective July 1, 2022 (see Note 1).

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

### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of June 30, 2023 and 2022 and for the year ended June 30, 2023, six-month period ended June 30, 2022 and year ended December 31, 2021.



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

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

For purposes of consolidation, the financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

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



#### Statement of Compliance

The consolidated financial statements of the Group are prepared in compliance with Philippine Financial Reporting Standards (“PFRSs”) as issued by the Philippine Financial Reporting Standards Council and adopted by the Philippine SEC.

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

##### New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective on July 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- *Amendments to PFRS 3, Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, Business Combinations to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately. At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- *Amendments to PAS 16, Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- *Amendments to PAS 37, Onerous Contracts - Costs of Fulfilling a Contract*

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labor and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.



- *Annual Improvements to PFRSs 2018–2020 Cycle*

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. The Group is currently assessing the impact of the pronouncements on its consolidated financial statements.

*Effective beginning on or after January 1, 2023*

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

*Effective beginning on or after January 1, 2024*

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

*Deferred effectivity*

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



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## 5. Summary of Significant Accounting Policies

### Business Combination and Goodwill

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

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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

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

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

### *Impairment of Goodwill*

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

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



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

#### Current versus Noncurrent Classification

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

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

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

#### Financial Instruments

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

##### *Financial Assets*

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

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

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

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



value through OCI are held within a business model with the objective of holding to collect contractual cash flows and selling.

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

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

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

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

Financial assets at amortized cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

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

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

*Derecognition.* A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group’s consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of



the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

### *Financial Liabilities*

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

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

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

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

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

### Fair Value Measurement

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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



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

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

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

#### Offsetting Financial Instruments

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

#### Cash and Cash Equivalents

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

#### Restricted Cash and Cash Equivalents

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

#### Prepayments

Prepayments comprises of prepaid operation and maintenance and prepaid insurance. These are expected to be realized and consumed within 12 months after reporting date.

#### Value-added Tax ("VAT")

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.



### Property, Plant and Equipment

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

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

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

|                        | Number of years |
|------------------------|-----------------|
| Leasehold improvements | 5               |
| Office equipment       | 3               |
| Furniture and fixtures | 3               |
| Computer software      | 3               |

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

|                    | Number of years |
|--------------------|-----------------|
| Solar module       | 25              |
| Inverter           | 25              |
| Mounting structure | 25              |
| Other equipment    | 7–25            |

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

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

When property, plant and equipment are retired or otherwise disposed of, their cost, accumulated depreciation and any allowance for impairment in value are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of comprehensive



income. Fully depreciated property, plant and equipment are retained in the accounts until these are no longer in use.

#### Service Concession Arrangements

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

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

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

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

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

#### Government Grants

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

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

#### Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### Intangible Assets

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

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



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

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

#### *Project Development Costs*

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

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

#### *Customer Off-take Agreement*

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

#### Investments in Associates and Joint Ventures

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

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



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

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

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

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

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

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

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

#### Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that these nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates these nonfinancial assets' recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other



available fair value indicators. Impairment losses from continuing operations are recognized in profit or loss.

An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. Any previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income.

#### Decommissioning Liability

The Group records a provision for decommissioning liability for its project assets. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the consolidated statement of comprehensive income as finance costs. The estimated future decommissioning liability is reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

#### Capital Stock and Additional Paid-in Capital

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

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

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

#### Retained Earnings (Deficit)

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

#### Equity Reserve

Equity reserve pertain to the difference between the consideration transferred and the book value of interest acquired from non-controlling interest without loss of control.



#### Deposit for Future Stock Subscription

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

Deposit for future stock subscription is accounted for as a separate account under equity when all of the following elements are present as at end of reporting period:

- the unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract,
- there is BOD approval on the proposed increase in authorized capital stock (for which a deposit was received by the Parent Company),
- there is stockholders' approval of said proposed increase; and,
- the application for the approval of the proposed increase has been filed with SEC.

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

#### Revenue Recognition

##### *Revenue from Contracts with Customers*

The Group has a contract with its sole customer in the form of a Power Supply Agreement ("PSA").

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

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

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

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

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

##### *Interest Income*

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

#### Costs and Expenses

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



### *General and Administrative Expenses*

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

### Leases

#### *Right-of-use Assets*

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

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

#### *Lease Liabilities*

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

The Group determines the incremental borrowing rate representing the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate applied to the lease was determined taking into account the risk-free rate, adjusted for factors such as the credit rating of the Group and the terms and conditions of the lease.

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

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

#### *Subsequent Measurement*

The lease liability is measured at amortized cost using the EIR method. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. For remeasurements to lease liabilities, a corresponding adjustment is made to the



carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### *Short-term Leases and Leases of Low-value Assets*

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

#### Foreign Currency Transactions

The Group's consolidated financial statements are presented in Philippine Peso, which is the functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of the reporting period. All differences are taken to profit or loss.

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

#### Provisions

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

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

#### Income Taxes

##### *Current Income Tax*

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

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



### *Deferred Income Tax*

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

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

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

Deferred income tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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

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

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

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

### Contingencies

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



#### Events after the Financial Reporting Date

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

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### 6. Significant Accounting Judgments and Estimates

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

#### Judgments

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

#### *Determination of Control over an Investee Company*

Control is presumed to exist when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Management has determined that by virtue of its majority ownership in its subsidiaries as of June 30, 2023 and 2022, the Group has the ability to exercise control over these investees (see Note 3 and 6).

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

#### *Determination of Significant Influence over an Investee Company*

As of June 30, 2023 and 2022, the Group considers its investments in Altenergy Wind One Corp (AWOC), Altenergy Sembrano Wind Corp (ASWC), Dupinga Mini Hydro Corporation (DMHC), Solar Pacific CitySun Corporation (SPCC) and Kiangnan Mini Hydro Corporation (KMHC) as investments in associates. The Group owns less than 20% of the voting rights of AWOC, ASWC and DMHC but concluded that it has significant influence over the operating and financial policies of the associates due to the following:

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

KSEC used to be an associate of the Group until the acquisition of the Parent Company of additional shares in KSEC that resulted to control over the latter effective June 10, 2022 (see Note 13).



#### *Determining Joint Arrangements*

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

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

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

This assessment often requires significant judgment as to whether the arrangement is a joint operation or a joint venture as this may materially impact the accounting. Calavite Passage Wind Power Corporation (CPWPC) and Tablas Strait Offshore Wind Power Corporation (TSOWPC) are joint ventures since the Group has joint control and rights over CPWPC and TSOWPC's net assets.

#### *Service Concession Arrangements*

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

#### *Capitalization of Project Development Costs*

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

#### Estimates and Assumptions

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

#### *Business Combinations*

The Group accounts for acquired businesses using the purchase method of accounting which requires that the assets acquired and the liabilities assumed be recorded at the date of acquisition at their respective fair values.



The application of the purchase method requires certain estimates and assumptions especially concerning the determination of the fair values of acquired assets and liabilities assumed at the date of the acquisition. The judgments made in the context of the purchase price allocation can materially impact the Group's future results of operations. Accordingly, for significant acquisitions, the Group obtains assistance from third party valuation specialists. The valuations are based on information available at the acquisition date (see Note 13).

*Determining Fair Value of Customer Contracts as part of a Business Combination*

The Group acquired KSEC as a subsidiary in 2022 and completed the valuation required by PFRS 3 in the current year (see Note 13). The subsidiary at the time of acquisition had existing power supply agreements with CEPALCO (see Note 34). This signed customer agreement was assessed to qualify as intangible assets as at the acquisition date because this arose from an existing contractual relationship. Management determined the fair value of the customer contract using the multi-period excess earnings method, using discounted future operating cash flows adjusted by imputed charges on contributory asset charges such as working capital, property, plant and equipment, and the assembled workforce. The discount rate used to discount these adjusted cash flows was based on KSEC's WACC at the acquisition date of 10.7%, estimated using KSEC's current cost of debt and an estimated cost of the equity using the capital asset pricing model.

Management has assessed that no reasonable possible change in the forecasted cash flows, the contributory asset charges, or the components of the discount rate estimate would result in material changes in the fair value of customer contracts determined as of the acquisition date.

The acquisition-date fair value of customer contract amounted to ₱283.17 million. The intangible assets were amortized over the expected remaining contractual term of the customer contracts as of the acquisition date of 18.36 years. The carrying amount of the intangible assets as of June 30, 2023 and 2022 amounted to ₱267.54 million and ₱282.34 million, respectively (see Notes 12 and 13).

*Estimating Provision for Expected Credit Losses*

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

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

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



No provision for ECL on the Group's financial instruments was recognized in 2023, 2022 and 2021. The aggregate amount of the Group's financial assets amounted to ₱1,561.61 million and ₱808.84 million as of June 30, 2023 and 2022, respectively (see Note 30).

The information about the ECLs on the Group's financial assets is disclosed in Note 30.

*Estimating Impairment of Nonfinancial Assets*

The Group assesses impairment on nonfinancial assets including property and equipment, prepayments and other current assets (excluding time deposits) and other noncurrent assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

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

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

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of assets in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For impairment loss on specific assets, the recoverable amount represents the fair value less costs to sell.

Total impairment losses recognized by the Group amounted to ₱5.81 million for the year ended June 30, 2023, ₱1.23 million for the six-month period ended June 30, 2022, and ₱2.89 million for the year ended December 31, 2021 (see Note 22). The aggregate carrying amounts of the Group's nonfinancial assets amounted to ₱3,313.83 million and ₱2,448.33 million as of June 30, 2023 and 2022, respectively (see Notes 9, 10, 11, 12, 15 and 24).

*Estimating Impairment of Intangible Asset not yet Available for Use*

The Group's intangible asset not yet available for use as of June 30, 2023 and 2022 pertains to the various project development costs of its subsidiaries. The Group performs impairment review on this asset annually irrespective of whether there is any indication of impairment by comparing its carrying amount with its recoverable amount. This impairment review requires an estimation of the value-in-use of the CGUs to which the intangible asset would provide future cash flow. Estimating value-in-use requires the Group to estimate the expected future cash flows from the CGUs and discounts such cash flows using weighted average cost of capital to calculate the present value of those future cash flows. The discount rates applied to cash flow projections ranges from 10.20%–10.76% in 2023 and from 8.51%–9.79% in 2022, and revenues beyond the five-year period are extrapolated using a growth rate ranging from 0.00%–2.49% in 2023 and 0.00%–2.80% in 2022.

No impairment of project development costs was recognized in 2023, 2022 and 2021. The carrying values of project development costs amounted to ₱348.72 million and ₱263.86 million as of June 30, 2023 and 2022, respectively (see Note 12).

Key assumptions used in estimating the recoverable amounts for the different CGUs, including sensitivity analysis, are disclosed in Note 12.



#### *Estimating Impairment of Goodwill*

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

The recoverable amounts of goodwill have been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. The revenue assumptions are based on the expected electricity to be sold taking into consideration the capacity of the plant and the tariff rates. The discount rates applied to cash flow projections ranges from 9.10%–10.20% in 2023 and from 8.51%–9.79% in 2022, and revenues beyond the five-year period are extrapolated using a growth rate ranging from 0.00%–1.49% in 2023 and 2022.

No impairment of goodwill was recognized in 2023 and 2022. The carrying amount of goodwill amounted to ₱238.42 million as of June 30, 2023 and 2022 (see Note 12).

#### *Estimating Realizability of Deferred Tax Assets*

Deferred income tax asset is recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable income will be available in the future against which the deductible temporary differences can be utilized. Significant management estimate is required to determine the amount of deferred income tax asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies. The Group did not recognize deferred income tax assets on deductible temporary differences on unrealized foreign exchange losses, carryforward benefits of unused NOLCO, and excess minimum corporate income tax (“MCIT”) totaling to ₱184.90 million and ₱233.46 million as of June 30, 2023 and 2022, respectively, as management believes that sufficient future taxable income will not be available to allow all or part of the deferred income tax asset to be utilized (see Note 27).

#### *Estimating Provision for Asset Retirement Obligation*

KSEC has a legal obligation to decommission or dismantle the Kirahon Solar Power Project assets at the end of its contract period under the Environmental Compliance Certificate (“ECC”) and Solar Energy Service Contract (“SESC”). The Group recognizes the present value of the obligation to dismantle the project assets and capitalizes the present value of this cost as part of the of the related right-of-use assets and property, plant and equipment accounts, which are being depreciated and amortized on a straight-line basis over the contract period of the related asset or estimate useful life of the assets, whichever is shorter.

Cost estimates, expressed at current price levels at the date of the estimate, are discounted using a pre-tax rate that reflects current market value assessments of the time value of money and the risks specific to the liability. Each year, the provision is increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with the charges being recognized as accretion expense, included in the “Finance costs” account in the consolidated statements of comprehensive income.

Changes in the asset retirement obligation that result from a change in the current best estimate of cash flow required to settle the obligation or a change in the discount rate are added to or deducted from the cost of the asset provided the amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognized immediately in profit or loss.



While the Group has made its best estimate in establishing the decommissioning provision, because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning activities, the ultimate provision requirements could either increase or decrease significantly from the Group's current estimates.

The carrying value of the asset retirement obligation amounted to ₱5.10 million and ₱14.44 million as of June 30, 2023 and 2022, respectively. Accretion expense recognized in the consolidated statements of comprehensive income amounted to ₱0.42 million for the year ended June 30, 2023, ₱0.15 million for the six-month period ended June 30, 2022, and nil for the year ended December 31, 2021 (see Note 26).

#### *Estimating the Incremental Borrowing Rate for Leases*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for companies that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Group's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Group's stand-alone credit rating).

### 7. Cash and Cash Equivalents

|                           | 2023                  | 2022         |
|---------------------------|-----------------------|--------------|
| Cash in banks and on hand | <b>₱498,545,891</b>   | ₱505,545,387 |
| Cash equivalents          | <b>740,440,961</b>    | 76,053,218   |
|                           | <b>₱1,238,986,852</b> | ₱581,598,605 |

Cash in banks earn interest at the respective bank deposit rates.

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

Interest earned amounted to ₱3.78 million for the year ended June 30, 2023, ₱0.44 million for the six-month period ended June 30, 2022, and ₱0.07 million for the year ended December 31, 2021.

### 8. Trade and Other Receivables

|                                          | 2023               | 2022        |
|------------------------------------------|--------------------|-------------|
| Trade (see Note 34)                      | <b>₱17,347,134</b> | ₱16,873,057 |
| Non-trade receivables from third parties | <b>58,245,388</b>  | —           |
| Advances to employees                    | <b>2,638,027</b>   | 1,896,396   |
| Dividend receivable (see Note 11)        | <b>1,250,000</b>   | —           |
| Others                                   | <b>3,495,022</b>   | 484,989     |
|                                          | <b>₱82,975,571</b> | ₱19,254,442 |



Trade receivables represent receivables arising from sale of electricity and are within normal credit term of 30 days (see Note 34).

Non-trade receivables from third parties pertain to the unused funds provided by the Parent Company to a stabilization agent during the IPO and advances by PACO to its joint venture partner. The receivable from the stabilization agent was subsequently collected in July 2023.

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

Others substantially pertain to unliquidated cash advances made to the Group's suppliers for various administrative expenses of the Group.

## 9. Prepayments and Other Current Assets

|                                                    | 2023                | 2022        |
|----------------------------------------------------|---------------------|-------------|
| Restricted cash and cash equivalents (see Note 18) | <b>₱61,869,646</b>  | ₱43,323,904 |
| Time deposits (see Note 34)                        | <b>48,437,945</b>   | 13,862,866  |
| Spare parts and supplies                           | <b>2,965,270</b>    | 3,100,522   |
| Prepaid insurance                                  | <b>2,418,020</b>    | 1,422,076   |
| Others                                             | <b>1,742,759</b>    | 12,472      |
|                                                    | <b>₱117,433,640</b> | ₱61,721,840 |

Restricted cash and cash equivalents pertain to debt reserve account which is periodically maintained to a minimum amount equivalent to the debt service due and payable on the next payment date. Total interest earned from restricted cash and cash equivalents amounted to ₱2.72 million for the year ended June 30, 2023, ₱0.44 million for the six-month period ended June 30, 2022, and ₱0.07 million for the year ended December 31, 2021. Time deposits are made for a period of more than three months, but less than one year. Total interest income from the time deposits amounted to ₱2.10 million for the year ended June 30, 2023, ₱0.25 million for the six-month period ended June 30, 2022, and ₱0.07 million for the year ended December 31, 2021.



## 10. Property, Plant and Equipment

|                                                                            | Land                | Solar<br>Power Plant | Office<br>Equipment | Furniture<br>and Fixtures | Computer<br>software | 2023<br>Total         |
|----------------------------------------------------------------------------|---------------------|----------------------|---------------------|---------------------------|----------------------|-----------------------|
| <b>Cost</b>                                                                |                     |                      |                     |                           |                      |                       |
| At July 1                                                                  | ₱512,241,765        | ₱538,613,485         | ₱1,087,850          | ₱29,451                   | ₱249,331             | ₱1,052,221,882        |
| Additions                                                                  | —                   | 1,419,673            | 583,213             | 2,308                     | —                    | 2,005,194             |
| Adjustment from remeasurement of asset retirement obligation (see Note 26) | —                   | (810,070)            | —                   | —                         | —                    | (810,070)             |
| At June 30                                                                 | 512,241,765         | 539,223,088          | 1,671,063           | 31,759                    | 249,331              | 1,053,417,006         |
| <b>Accumulated Depreciation</b>                                            |                     |                      |                     |                           |                      |                       |
| At July 1                                                                  | —                   | 1,602,168            | 865,681             | 29,451                    | 244,717              | 2,742,017             |
| Depreciation (see Note 21)                                                 | —                   | 29,365,261           | 192,526             | 770                       | 1,116                | 29,559,673            |
| At June 30                                                                 | —                   | 30,967,429           | 1,058,207           | 30,221                    | 245,833              | 32,301,690            |
| <b>Net Book Values</b>                                                     | <b>₱512,241,765</b> | <b>₱508,255,659</b>  | <b>₱612,856</b>     | <b>₱1,538</b>             | <b>₱ 3,498</b>       | <b>₱1,021,115,316</b> |

|                                                                        | Land                | Solar<br>Power Plant | Office<br>Equipment | Furniture<br>and Fixtures | Computer software | 2022<br>Total         |
|------------------------------------------------------------------------|---------------------|----------------------|---------------------|---------------------------|-------------------|-----------------------|
| <b>Cost</b>                                                            |                     |                      |                     |                           |                   |                       |
| At January 1                                                           | ₱100,241,765        | ₱—                   | ₱866,843            | ₱29,451                   | ₱249,331          | ₱101,387,390          |
| Step acquisition to a subsidiary, as previously reported (see Note 13) | 122,124,970         | 685,946,173          | —                   | —                         | —                 | 808,071,143           |
| Adjustments (see Note 13)                                              | 297,875,030         | (147,332,688)        | —                   | —                         | —                 | 150,542,342           |
| Step acquisition to a subsidiary, as restated                          | 420,000,000         | 538,613,485          | —                   | —                         | —                 | 958,613,485           |
| Additions                                                              | —                   | —                    | 221,007             | —                         | —                 | 221,007               |
| Rescission of deed of sale                                             | (8,000,000)         | —                    | —                   | —                         | —                 | (8,000,000)           |
| At June 30                                                             | 512,241,765         | 538,613,485          | 1,087,850           | 29,451                    | 249,331           | 1,052,221,882         |
| <b>Accumulated Depreciation</b>                                        |                     |                      |                     |                           |                   |                       |
| At January 1                                                           | —                   | —                    | 828,538             | 29,451                    | 239,137           | 1,097,126             |
| Depreciation, as previously reported (see Note 21)                     | —                   | 2,059,742            | 37,143              | —                         | 5,580             | 2,102,465             |
| Adjustment (see Note 13)                                               | —                   | (457,574)            | —                   | —                         | —                 | (457,574)             |
| Depreciation, as restated                                              | —                   | 1,602,168            | 37,143              | —                         | 5,580             | 1,644,891             |
| At June 30                                                             | —                   | 1,602,168            | 865,681             | 29,451                    | 244,717           | 2,742,017             |
| <b>Net Book Values, as restated</b>                                    | <b>₱512,241,765</b> | <b>₱537,011,317</b>  | <b>₱222,169</b>     | <b>₱—</b>                 | <b>₱4,614</b>     | <b>₱1,049,479,865</b> |



On February 22, 2022, SPEC and the original owner of the property located in Sitio Batbat, Barangay Villa Libertad, El Nido, Palawan signed a Deed of Cancellation of Absolute Waiver of Rights to cancel, rescind and render null and void the Land Purchase Agreement (“LPA”) both parties signed on August 30, 2014. The cancellation of the LPA effectively grants the original owner the right to freely dispose of the property to third parties. The said property was originally intended to be the site of SPEC’s proposed solar power project. However, in 2022, SPEC decided to forego its plan of pursuing a solar power project in El Nido, Palawan, which led to the cancellation of the LPA.

As of June 30, 2023 and 2022, the cost of fully depreciated property, plant and equipment that are still being used in the Group’s operations amounted to ₱1.36 million and ₱0.94 million, respectively.

Property, plant and equipment of certain subsidiaries with net book value of ₱647.76 million and ₱898.42 million as of June 30, 2023 and 2022, respectively, have been mortgaged as security for their respective loans (see Notes 17 and 18).

# 11. Investments in and Advances to Associates and Joint Ventures

|                                                                                     | 2023                | 2022         |
|-------------------------------------------------------------------------------------|---------------------|--------------|
| <b>Cost</b>                                                                         |                     |              |
| At July 1                                                                           | <b>₱85,714,808</b>  | ₱132,197,539 |
| Additions                                                                           | <b>8,489,072</b>    | —            |
| Step acquisition to a subsidiary (see Note 13)                                      | —                   | (46,482,731) |
| At June 30                                                                          | <b>94,203,880</b>   | 85,714,808   |
| <b>Accumulated Equity in Net Earnings</b>                                           |                     |              |
| At July 1                                                                           | <b>25,083,656</b>   | 46,978,744   |
| Equity in net earnings during the period                                            | <b>21,938,643</b>   | 16,435,855   |
| Dividends                                                                           | <b>(3,750,000)</b>  | (6,250,000)  |
| Step acquisition to a subsidiary (see Note 13)                                      | —                   | (32,080,943) |
| At June 30                                                                          | <b>43,272,299</b>   | 25,083,656   |
| <b>Share in remeasurement loss on retirement benefit obligation of an associate</b> | <b>(15,577)</b>     | (15,577)     |
|                                                                                     | <b>137,460,602</b>  | 110,782,887  |
| <b>Advances to associates</b>                                                       | <b>44,802,491</b>   | 40,009,761   |
|                                                                                     | <b>₱182,263,093</b> | ₱150,792,648 |

The Group’s associates and joint ventures and the corresponding equity ownership as of June 30, 2023 and 2022 are as follows:

|         | Nature of Business | Percentage of Ownership |       |
|---------|--------------------|-------------------------|-------|
|         |                    | 2023                    | 2022  |
| KMHC    | Power generation   | <b>30.00</b>            | 30.00 |
| SPCC    | Power generation   | <b>15.00</b>            | 12.75 |
| AWOC    | Power generation   | <b>5.00</b>             | 5.00  |
| ASWC    | Power generation   | <b>5.00</b>             | 5.00  |
| DMHC    | Power generation   | <b>4.00</b>             | 4.00  |
| CPWPC*  | Power generation   | <b>60.00</b>            | —     |
| TSOWPC* | Power generation   | <b>61.00</b>            | —     |

\*Accounted for as a subsidiary in 2022 prior to its deconsolidation on September 14, 2022



The principal place of business and country of incorporation of the Group's associates are in the Philippines. Investments in associates are accounted for using the equity method.

All ownership percentages presented in the table above are indirect ownership of the Group. The direct ownership of SPEC in SPCC is 25% each while, the Group's direct ownership of SPEC is 60% and 51% in 2023 and 2022, respectively (see Note 2) resulting to the Group's effective ownership in SPCC of 15% and 12.75% in 2023 and 2022, respectively.

#### KMHC

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

On April 23, 2021, KMHC issued additional new shares to other investors resulting to the dilution of the Group's ownership interest in KMHC to 30%. Consequently, KMHC ceased to be a subsidiary of the Parent Company and the Group recognized a gain on deconsolidation of a subsidiary amounting to ₱2.10 million (see Note 23).

In March 2022, AMHHC made advances for future subscription of shares in KMHC amounting to ₱40.01 million.

#### SPCC

SPCC owns, operates and manages the following projects with a combined sellable capacity of 4,069.68 kilowatt ("kW") direct current ("DC"). SPCC was incorporated on June 26, 2015. Dividends from SPCC amounted to ₱3.75 million and nil for the year ended June 30, 2023 and for the six-month period ended June 30, 2022, respectively.

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

#### AWOC

AWOC owns, operates and manages the Pililla Rizal Wind Project wind power facility and related transmission line with a net sellable capacity of 54 MW located in the Municipality of Pililla, Province of Rizal. AWOC was incorporated on June 29, 2011.

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



#### ASWC

ASWC owns, operates and manages the Sembrano Wind Project wind power facility and related transmission line with a net sellable capacity of 80.4 MW located in the Municipality of Pililla, Province of Rizal and Municipality of Mabitac, Province of Laguna. ASWC was incorporated on August 25, 2011.

Starting in 2018, the Parent Company discontinued the recognition of its share in the losses of ASWC. The accumulated losses in ASWC reduced the carrying value of the Parent Company's investment in ASWC to zero. Once ASWC subsequently reports profits, the Parent Company will resume recognizing its share on these profits if the Parent Company's share on the cumulative unrecognized net profits exceeded the cumulative unrecognized net losses. Net cumulative unrecognized net losses amounted to ₱1.64 million and ₱1.40 million as of June 30, 2023 and June 30, 2022, respectively.

In January 2023, PACO made advances for future subscription of shares in ASWC amounting to ₱4.79 million.

#### DMHC

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

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

#### CPWPC

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

In September 2022, CPWPC issued new shares at ₱1.0 per share to a third party, resulting in a reduction in the ownership of AHC (thru PACO) in CPWPC. Consequently, CPWPC ceased to be a subsidiary of the Parent Company and the Group recognized a gain on deconsolidation of a subsidiary amounting to ₱150,490.

#### TSOWPC

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

In September 2022, TSOWPC issued new shares at ₱1.0 per share to a third party, resulting in a reduction in the ownership of AHC (thru PACO) in TSOWPC. Consequently, TSOWPC ceased to be a subsidiary of the Parent Company and the Group recognized a gain on deconsolidation of a subsidiary amounting to ₱78,910.



### Summarized Financial Information

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

|                        | 2023                  | 2022           |
|------------------------|-----------------------|----------------|
| <b>SPCC</b>            |                       |                |
| Current assets         | <b>₱59,807,245</b>    | ₱51,839,392    |
| Noncurrent assets      | <b>270,871,338</b>    | 280,287,386    |
| Current liabilities    | <b>7,591,132</b>      | 3,586,734      |
| Noncurrent liabilities | <b>252,820,270</b>    | 257,238,874    |
| Equity                 | <b>₱70,267,181</b>    | ₱71,301,170    |
| <b>AWOC</b>            |                       |                |
| Current assets         | <b>₱2,101,830,101</b> | ₱1,856,528,946 |
| Noncurrent assets      | <b>4,009,666,289</b>  | 4,097,842,081  |
| Current liabilities    | <b>492,150,745</b>    | 469,136,416    |
| Noncurrent liabilities | <b>3,030,738,772</b>  | 3,187,124,875  |
| Equity                 | <b>₱2,588,606,873</b> | ₱2,298,109,736 |

|                                   | Year Ended<br>June 30, 2023 | Six-month period<br>ended June 30,<br>2022 | Year Ended<br>December 31,<br>2021 |
|-----------------------------------|-----------------------------|--------------------------------------------|------------------------------------|
| <b>SPCC</b>                       |                             |                                            |                                    |
| Revenue                           | <b>₱16,824,048</b>          | ₱16,824,048                                | ₱45,804,965                        |
| Operating profit (loss)           | <b>1,372,313</b>            | 1,372,313                                  | (793,758)                          |
| Total comprehensive income (loss) | <b>1,372,313</b>            | 1,372,313                                  | (793,758)                          |
| <b>AWOC</b>                       |                             |                                            |                                    |
| Revenue                           | <b>553,880,328</b>          | 553,880,328                                | 1,121,599,598                      |
| Operating profit                  | <b>205,726,525</b>          | 205,726,525                                | 421,430,445                        |
| Other comprehensive loss          | —                           | —                                          | 311,151                            |
| Total comprehensive income        | <b>205,726,525</b>          | 205,726,525                                | 421,119,294                        |

The associates and joint ventures have no contingent liabilities or capital commitments as of June 30, 2023 and 2022. As of June 30, 2023 and 2022, undistributed earnings of the associates and joint ventures in the Group's retained earnings are not available for distribution to shareholders unless declared by the associates and joint ventures.

## 12. Intangible Assets

|                                               | Project<br>Development<br>Costs | Goodwill            | Customer<br>Off-take<br>Agreement | June 30,<br>2023<br>Total |
|-----------------------------------------------|---------------------------------|---------------------|-----------------------------------|---------------------------|
| <b>Cost</b>                                   |                                 |                     |                                   |                           |
| At July 1, 2022                               | <b>₱266,025,987</b>             | <b>₱238,423,078</b> | <b>₱283,172,980</b>               | <b>₱787,622,045</b>       |
| Additions (see Note 34)                       | <b>84,857,209</b>               | —                   | —                                 | <b>84,857,209</b>         |
| At June 30, 2023                              | <b>350,883,196</b>              | <b>238,423,078</b>  | <b>283,172,980</b>                | <b>872,479,254</b>        |
| <b>Accumulated Amortization</b>               |                                 |                     |                                   |                           |
| At July 1, 2022                               | —                               | —                   | <b>828,955</b>                    | <b>828,955</b>            |
| Amortization during the year<br>(see Note 21) | —                               | —                   | <b>14,807,606</b>                 | <b>14,807,606</b>         |
| At June 30, 2023                              | —                               | —                   | <b>15,636,561</b>                 | <b>15,636,561</b>         |
| <b>Allowance for Impairment Losses</b>        | <b>2,163,722</b>                | —                   | —                                 | <b>2,163,722</b>          |
|                                               | <b>₱348,719,474</b>             | <b>₱238,423,078</b> | <b>₱267,536,419</b>               | <b>₱854,678,971</b>       |



|                                                                                       | Project<br>Development<br>Costs | Goodwill      | Customer<br>Off-take<br>Agreement | June 30,<br>2022<br>Total |
|---------------------------------------------------------------------------------------|---------------------------------|---------------|-----------------------------------|---------------------------|
| <b>Cost</b>                                                                           |                                 |               |                                   |                           |
| At January 1                                                                          | ₱207,593,569                    | ₱21,186,258   | ₱—                                | ₱228,779,827              |
| Additions                                                                             | 58,432,418                      | —             | —                                 | 58,432,418                |
| <i>Step acquisition to a subsidiary,<br/>as previously reported<br/>(see Note 13)</i> | —                               | 462,469,558   | —                                 | 462,469,558               |
| <i>Adjustments (see Note 13)</i>                                                      | —                               | (245,232,738) | 283,172,980                       | 37,940,242                |
| <i>Step acquisition to a subsidiary, as<br/>restated (see Note 13)</i>                | —                               | 217,236,820   | 283,172,980                       | 500,409,800               |
| At June 30                                                                            | 266,025,987                     | 238,423,078   | 283,172,980                       | 787,622,045               |
| <b>Accumulated Amortization</b>                                                       |                                 |               |                                   |                           |
| At January 1                                                                          | —                               | —             | —                                 | —                         |
| <i>Amortization during the period, as<br/>previously reported</i>                     | —                               | —             | —                                 | —                         |
| <i>Adjustment (see Note 13)</i>                                                       | —                               | —             | 828,955                           | 828,955                   |
| <i>Amortization during the period, as<br/>restated</i>                                | —                               | —             | 828,955                           | 828,955                   |
| At June 30                                                                            | —                               | —             | 828,955                           | 828,955                   |
| <b>Allowance for Impairment Losses</b>                                                | 2,163,722                       | —             | —                                 | 2,163,722                 |
|                                                                                       | ₱263,862,265                    | ₱238,423,078  | ₱282,344,025                      | ₱784,629,368              |

#### Project Development Costs

Project development cost pertains to the costs incurred to conduct the assessment and field verification for the financing, construction and operation of the Projects (see Note 34).

#### Goodwill

Goodwill arose from the acquisition of SSAI in 2019 and KSEC in 2022 (see Note 13). Goodwill acquired through business combinations have been attributed to each business considered as cash-generating unit.

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

#### Customer Off-take Agreement

Customer off-take agreement arose as part of the purchase price allocation from the acquisition of KSEC in 2022 (see Note 13). The intangible asset is from contractual agreements and other legal rights from KSEC’s relationship with its customer prior to its acquisition.

#### Impairment Assessment of Intangible Assets (see Note 3)

The recoverable amounts of the Group’s intangible assets have been determined based on value-in-use calculation using cash flow projections based on financial budgets approved by management covering the expected useful lives of the related project assets. The pre-tax discount rates applied to the cash flow projections in 2023 and 2022 range from 10.20%–10.76% and 8.51%–9.79%, respectively. The cash flows beyond the remaining term of the existing agreements were extrapolated using a growth rate of 0.00%–2.49% in 2023 and 0.00%–2.80% in 2022.



Following are the key assumptions used:

- *Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”) Margin*  
The EBITDA margin represents the operating margin achieved in the period immediately before the budget period and on estimated future development in the market. Committed operational efficiency programs are taken into consideration. Changes in the outcome of these initiatives may affect future estimated EBITDA margin.
- *Discount Rate*  
Discount rate reflects the current market assessment of the risk specific to each CGU. The discount rate is based on the average percentage of the Group’s weighted average cost of capital. This rate is further adjusted to reflect the market assessment of any risk specific to the CGU for which future estimates of cash flows have not been adjusted.
- *Growth Rate*  
Average growth rates in revenues are based on the Group’s expectation of market developments and the changes in the environment in which it operates;

No impairment of project development cost and goodwill was recognized for the year ended June 30, 2023, six-month period ended June 30, 2022 and year ended December 31, 2021. The carrying amount of project development cost amounted to ₱348.72 million and ₱263.86 million as of June 30, 2023 and 2022, respectively. The carrying amount of goodwill amounted to ₱238.42 million as of June 30, 2023 and 2022.

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### 13. Group Restructuring

#### Step Acquisition of KSEC

KSEC is a registered solar power generation company based in Minergy Business Park, PHIVIDEC Industrial Estate, Ilagan-Cagayan de Oro-Butuan Road, Sitio Kirahon, Barangay San Martin, Villanueva, Misamis Oriental. Prior to the acquisition, KSEC is accounted for as an investment in associate since it is 25%-owned by SPEC, the remaining shareholders being Sant Charitable Foundation (“SANT”) at 30%, MINERGY at 25%, Josan Farms, Inc. (“Josan”) at 10% and QBL at 10%.

On June 10, 2022, SANT, Josan and QBL, each as seller (collectively, “the Sellers”), executed separate Share Purchase Agreements (“SPA”) with the Parent Company as the buyer, for the sale and purchase of the aggregated 50% direct interests of the Sellers on KSEC shares for a total consideration of ₱522.19 million. The Group acquired KSEC to be an anchor as it expands its investment portfolio in solar energy.

Effective June 10, 2022, the Parent Company owns 62.75% (both direct and through SPEC) of KSEC. The transaction was accounted for as a business combination achieved in stages.

By the date the 2022 consolidated financial statements were approved for issue by the BOD, the valuation required by PFRS 3 had not yet been completed. Hence, as allowed under PFRS3, the assets recognized and liabilities assumed were based on provisional assessment of their fair value resulting to a provisional goodwill amounting to ₱462.47 million, and the valuation for property, plant and equipment, intangible assets, goodwill, and non-controlling interests was subject to change within one (1) year of measurement period after the acquisition date. As of the acquisition date,



KSEC had signed contracts with customers for the sale of power which qualify for recognition as intangible assets separate from goodwill (see Note 6).

In 2023, the Parent Company has completed the fair value measurement of the assets acquired and the liabilities assumed and the related purchase price allocation. The completion of the fair value measurement and purchase price allocation process resulted to the following:

- recognition of an intangible asset from customer relation and deferred tax liabilities amounting to ₱283.17 million and ₱21.69 million, respectively;
- increase in fair value of property, plant and equipment, non-controlling interests and gain on remeasurement of previously held interest by ₱150.54 million, ₱153.51 million and ₱13.28 million, respectively; and
- reduction of goodwill by ₱245.23 million.

Following PFRS 3, the fair value changes have been recognized retrospectively to the date of acquisition, resulting in the restatement and adjustment of the assets previously included in the consolidated statement of financial position as at June 30, 2022 and consolidated statement of comprehensive income for the six-month period ended June 30, 2022 as follows:

|                                                       | As previously<br>reported | Adjustments   | As restated    |
|-------------------------------------------------------|---------------------------|---------------|----------------|
| <b>Consolidated Statement of Financial Position</b>   |                           |               |                |
| Property, plant and equipment <sup>(A)</sup>          | ₱898,479,949              | ₱150,999,916  | ₱1,049,479,865 |
| Intangible assets:                                    |                           |               |                |
| Goodwill                                              | 483,655,816               | (245,232,738) | 238,423,078    |
| Customer off-take agreement <sup>(B)</sup>            | —                         | 282,344,025   | 282,344,025    |
| Project development costs                             | 263,862,265               | —             | 263,862,265    |
|                                                       | 747,518,081               | 37,111,287    | 784,629,368    |
| Deferred tax liabilities                              | 2,433,560                 | 21,666,495    | 24,100,055     |
| Deficit <sup>(C)</sup>                                | 240,277,656               | 13,068,229    | (227,209,427)  |
| Non-controlling interests <sup>(D)</sup>              | 463,461,426               | 153,376,478   | 616,837,904    |
| <b>Consolidated Statement of Comprehensive Income</b> |                           |               |                |
| Cost of sale of electricity <sup>(E)</sup>            | ₱3,002,238                | ₱371,381      | ₱3,373,619     |
| Gross margin                                          | 6,328,729                 | (371,381)     | 5,957,348      |
| Restructuring related charges - net <sup>(F)</sup>    | 173,034,032               | (13,282,000)  | 159,752,032    |
| Loss before income tax                                | (164,049,141)             | 12,910,619    | (151,138,522)  |
| Benefit from income taxes                             | (5,941,796)               | (19,271)      | (5,961,067)    |
| Net loss                                              | (158,107,345)             | 12,929,890    | (145,177,455)  |
| Total comprehensive loss                              | (138,115,158)             | 12,929,890    | (125,185,268)  |
| Net loss attributable to parent holder                | (154,033,282)             | 13,068,229    | (140,965,053)  |
| Net income attributable to non-controlling interest   | 15,918,124                | (138,339)     | 15,779,785     |

Notes to adjustments:

(A) Includes amortization of fair value adjustment on solar power plant for the period from June 10-30, 2022 amounting to ₱0.46 million

(B) Includes amortization of the intangible asset for the period from June 10-30, 2022 amounting to ₱0.83 million

(C) Includes the effect of the amortization in (A) and (B) above and the increase in gain on remeasurement of previously held interest amounting to ₱13.28 million

(D) Includes NCI's share of the amortization in (A) and (B) totaling to ₱0.14 million

(E) Pertains to the net effect of the amortization of fair value adjustment on solar power plant and intangible asset in (A) and (B)

(F) Pertains to the increase in gain on remeasurement of previously held interest



None of the goodwill recognized is expected to be deductible for income tax purposes. The 2022 comparative financial information was restated to reflect the adjustment to the provisional amounts.

The following is the final purchase price allocation for the business combination:

|                                                 |                      |
|-------------------------------------------------|----------------------|
| Assets:                                         |                      |
| Cash and cash equivalents                       | ₱79,260,546          |
| Trade and other receivables                     | 7,641,487            |
| Prepayments and other current assets            | 48,881,821           |
| Property, plant and equipment - net             | 958,613,485          |
| Intangible assets - Customer off-take agreement | 283,172,980          |
| Other noncurrent assets                         | 86,100               |
|                                                 | <u>1,377,656,419</u> |
| Liabilities:                                    |                      |
| Accounts payable and accrued expenses           | 39,132,121           |
| Income tax payable                              | 356,491              |
| Long-term debt                                  | 612,807,221          |
| Asset retirement obligation                     | 5,495,871            |
| Deferred tax liabilities                        | 21,685,766           |
|                                                 | <u>679,477,470</u>   |
| Total identifiable net assets acquired          | 698,178,949          |
| Non-controlling interest                        | (260,105,466)        |
| Fair value of previously held equity interest   | (133,123,803)        |
| Goodwill arising from acquisition (see Note 12) | 217,236,820          |
| Purchase consideration                          | <u>₱522,186,500</u>  |
| Net cash flow on acquisition:                   |                      |
| Unrestricted cash and cash equivalent acquired  | ₱79,260,546          |
| with subsidiary                                 |                      |
| Purchase consideration transferred              | —                    |
|                                                 | <u>₱79,260,546</u>   |

The gross amount of trade receivables is ₱7.64 million and it is expected that the full contractual amounts can be collected.

From the date of the acquisition, KSEC contributed ₱9.33 million to the consolidated revenue and income of ₱3.48 million to the consolidated net loss of the Group for the six-month period ended June 30, 2022. Details are as follows:

|                                  |                   |
|----------------------------------|-------------------|
| Revenue from sale of electricity | ₱9,330,967        |
| Cost of sale of electricity      | 2,544,664         |
| Gross profit                     | 6,786,303         |
| Expenses and taxes               | 3,303,862         |
| Net income                       | <u>₱3,482,441</u> |

If the combination had taken place at the beginning of 2022, consolidated revenue of the Group would have been ₱83.31 million and consolidated net loss would have been only ₱124.57 million instead of ₱147.98 million.



Payment of the acquisition of KSEC shares shall be due in nine (9) months from June 10, 2022. The purchase consideration remains unpaid as of June 30, 2022 and presented in the 2022 consolidated statement of financial position under “Payable to a subsidiary’s former shareholder” and “Due to related parties” accounts (see Notes 16 and 20). This has been fully paid as at June 30, 2023.

Under the SPA, capital gains tax on the sale and transfer of the shares is for the account of the Sellers but shall be advanced by the Parent Company. Capital gains tax was paid on July 11, 2022. Under the SPA, the amount advanced by the Parent Company for the payment of capital gains tax shall be non-interest bearing and will be repaid through a deduction from the total consideration payable to the Sellers (see Note 16).

Remeasurement of the previously held interest in KSEC as at the date of acquisition follows:

|                                                                    |              |
|--------------------------------------------------------------------|--------------|
| Fair value of the previously held interest, as restated            | ₱133,123,803 |
| Less carrying value of the previously held interest                | 78,563,674   |
| Gain on the remeasurement of previously held interest, as restated | ₱54,560,129  |

#### Divestment of Subsidiaries

As part of its restructuring exercise, the Parent Company divested certain subsidiaries in 2022 from the Group.

- a. SPEC subscribed to 487,496 common shares of stock of KTEC, with a par value of ₱1.00 per share for a total par value of ₱0.49 million, for which KTEC received the amount of ₱0.12 million as partial payment. SPEC was also the beneficial owner of four (4) common shares of stock of KTEC, with a par value of ₱1.00 per share, which were registered under the name of its nominee directors. On April 19, 2022, the rights to the subscription and the four (4) common shares of KTEC were assigned to VHC.
- b. SPEC subscribed to 649,995 common shares of LSEC, with a par value of ₱1.00 per share for a total par value of ₱0.65 million, for which SPEC also subscribed to 649,995 common shares of LSEC for which LSEC received the amount of ₱0.16 million as partial payment. SPEC was also the beneficial owner of 5 common shares of stock of the LSEC, with a par value of ₱1.00 per share, which were registered under the name of its nominee directors. On April 19, 2022, SPEC assigned all its rights and obligations in respect of the subscription and the five (5) common shares to VHC.

Following the assignments, KTEC and LSEC ceased to be subsidiaries of AHC effective April 19, 2022.

On June 23, 2023, AHC subscribed to 975,000 common shares of LSEC for 60% interest. Consequently, LSEC became a subsidiary of the Group as at June 30, 2023 (see Note 2).

- c. The Parent Company was the beneficial owner of a total of 458,887 preferred shares of the capital stock of APHC. It also held 15,170,913 Common A shares of the capital stock of APIC, as did PACO, which held 15,170,913 Common A shares and 3,034 Common B Shares. On June 21, 2022, AHC assigned its shares in APHC to VHC. Contemporaneously, AHC and PACO donated their shares in APIC to VHC.

Following the assignment and donations, APHC and APIC ceased to be subsidiaries of the Parent Company.



The disposal of the subsidiaries had the following effect on the 2022 consolidated financial statements:

|                                   |              |
|-----------------------------------|--------------|
| Current assets                    | ₱726,097     |
| Current liabilities               | (48,883,503) |
| Net liabilities                   | (48,157,406) |
| Non-controlling interest          | 3,065,555    |
| Resulting gain on deconsolidation | 45,835,119   |
| Cash consideration                | 743,268      |
| Cash disposed of                  | (680,589)    |
| Net cash inflow                   | ₱62,679      |

The Group recognized a gain on deconsolidation amounting to ₱45.84 million in 2022 arising from the abovementioned transfers of shares (see Note 23).

#### 14. Material Partly-Owned Subsidiaries

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

*Proportion of equity interest held by non-controlling interests as of June 30, 2023 and 2022*

| Company Name                                                               | Principal Place of Business                                                                                                                           | 2023         | 2022         |
|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| KSEC (see Note 11)                                                         | Minergy Business Park, PHIVIDE Industrial Estate, Iligan-Cagayan de Oro-Butuan Road, Sitio Kirahon, Barangay San Martin, Villanueva, Misamis Oriental | 35.01%       | 37.25%       |
| SPEC                                                                       | Level 3B, 111 Paseo de Roxas Bldg., Paseo de Roxas Ave. cor. Legazpi St., Legaspi Village, Makati City                                                | 40.00%       | 49.00%       |
| SPPP                                                                       | P.O. Box 1860, Idid Hamlet, Koror, Republic of Palau 96940                                                                                            | 82.40%       | 83.54%       |
| LSEC (see Note 2)                                                          | Level 3B, 111 Paseo de Roxas Bldg., Paseo de Roxas Ave. cor. Legazpi St., Legaspi Village, Makati City                                                | 60.00%       | —            |
|                                                                            |                                                                                                                                                       | 2023         | 2022         |
| Accumulated balances of material non-controlling interest:                 |                                                                                                                                                       |              |              |
| KSEC                                                                       |                                                                                                                                                       | ₱275,404,571 | ₱107,725,934 |
| SPEC                                                                       |                                                                                                                                                       | 42,140,504   | 61,915,396   |
| SPPP                                                                       |                                                                                                                                                       | 336,405,576  | 302,218,910  |
| Total comprehensive income allocated to material non-controlling interest: |                                                                                                                                                       |              |              |
| KSEC                                                                       |                                                                                                                                                       | 22,913,820   | 1,135,285    |
| SPEC                                                                       |                                                                                                                                                       | 5,885,665    | 49,162       |
| SPPP                                                                       |                                                                                                                                                       | 33,720,102   | 15,551,316   |



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

|                                         | As of June 30, 2023 |               |              |
|-----------------------------------------|---------------------|---------------|--------------|
|                                         | KSEC                | SPPP          | SPEC         |
| <b>Statements of Financial Position</b> |                     |               |              |
| Current assets                          | ₱143,612,746        | ₱238,200,026  | ₱60,212,205  |
| Noncurrent assets                       | 769,245,930         | 1,208,916,267 | 72,354,637   |
| Current liabilities                     | 94,107,764          | 41,589,037    | 7,145,060    |
| Noncurrent liabilities                  | 499,337,541         | 991,432,857   | 821,993      |
| Total equity                            | ₱319,413,371        | ₱414,094,398  | ₱124,599,788 |
| Non-controlling interests               | ₱275,542,911        | ₱335,939,012  | ₱42,140,504  |

|                                         | As of June 30, 2022 |              |              |
|-----------------------------------------|---------------------|--------------|--------------|
|                                         | KSEC                | SPPP         | SPEC         |
| <b>Statements of Financial Position</b> |                     |              |              |
| Current assets                          | ₱144,765,416        | ₱252,097,162 | ₱44,548,057  |
| Noncurrent assets                       | 806,097,501         | 643,187,262  | 69,810,146   |
| Current liabilities                     | 101,306,164         | 8,098,926    | 10,106,096   |
| Noncurrent liabilities                  | 560,588,963         | 519,120,516  | 3,391        |
| Total equity                            | ₱288,967,790        | ₱368,064,982 | ₱104,248,716 |
| Non-controlling interests               | ₱107,725,934        | ₱307,802,798 | ₱61,915,396  |

|                                                                             | Year Ended June 30, 2023 |                |               |
|-----------------------------------------------------------------------------|--------------------------|----------------|---------------|
|                                                                             | KSEC                     | SPPP           | SPEC          |
| <b>Statements of Comprehensive Income</b>                                   |                          |                |               |
| Income                                                                      | ₱173,440,267             | ₱40,927,384    | ₱43,635,129   |
| Costs and expenses                                                          | (103,896,367)            | (4,873)        | (28,720,429)  |
| Income (loss) before income tax                                             | 69,543,900               | 40,922,511     | 14,914,700    |
| Provision for income tax                                                    | 4,098,320                | —              | 200,204       |
| Net income (loss)                                                           | ₱65,445,580              | 40,922,511     | 14,714,496    |
| Other comprehensive income                                                  | —                        | —              | —             |
| Total comprehensive income (loss)                                           | ₱65,445,580              | ₱40,922,511    | ₱14,714,496   |
| Total comprehensive income (loss) attributable to non-controlling interests | ₱22,913,820              | ₱33,720,102    | ₱5,885,665    |
| <b>Statements of Cash Flows</b>                                             |                          |                |               |
| Operating                                                                   | (₱121,363,985)           | ₱40,922,511    | (₱10,705,981) |
| Investing                                                                   | (1,409,230)              | (616,239,897)  | (7,715,928)   |
| Financing                                                                   | (120,948,739)            | 471,308,861    | (5,849,852)   |
| Net decrease in cash and cash equivalents                                   | (₱993,984)               | (₱104,008,525) | (₱24,271,761) |



|                                                                      | Six-Month Period Ended<br>June 30, 2022 |              |             | Year Ended<br>December 31, 2021 |
|----------------------------------------------------------------------|-----------------------------------------|--------------|-------------|---------------------------------|
|                                                                      | KSEC                                    | SPPP         | SPEC        | SPEC                            |
| <b>Statements of Comprehensive Income</b>                            |                                         |              |             |                                 |
| Income                                                               | ₱9,330,967                              | ₱202,130     | ₱12,133,245 | ₱23,607,627                     |
| Costs and expenses                                                   | 6,283,221                               | 1,545,883    | 11,672,220  | 22,111,777                      |
| Income (loss) before income tax                                      | 3,047,746                               | (1,343,753)  | 461,025     | 1,495,850                       |
| Provision for income tax                                             | —                                       | —            | 360,694     | 72,597                          |
| Net income (loss)                                                    | ₱3,047,746                              | (1,343,753)  | 100,331     | 1,423,253                       |
| Other comprehensive income                                           | —                                       | 19,992,187   | —           | —                               |
| Total comprehensive income (loss)                                    | ₱3,047,746                              | ₱18,648,434  | ₱100,331    | ₱1,423,253                      |
| Total comprehensive income attributable to non-controlling interests | ₱1,135,285                              | ₱15,551,316  | ₱49,162     | ₱697,394                        |
| <b>Statements of Cash Flows</b>                                      |                                         |              |             |                                 |
| Operating                                                            | (₱334,856)                              | ₱3,723,402   | ₱10,077,260 | (₱31,121,141)                   |
| Investing                                                            | —                                       | 3,078,320    | (753,573)   | 23,992,666                      |
| Financing                                                            | —                                       | 245,295,440  | (5,680,749) | (2,649,739)                     |
| Net increase (decrease) in cash and cash equivalents                 | (₱334,856)                              | ₱252,097,162 | ₱3,642,938  | (₱9,778,214)                    |

KSEC declared dividends to non-controlling interests amounting to ₱8.75 million and nil in 2023 and 2022, respectively. SPPP and SPEC did not declare/pay any dividends in 2023 and 2022.

#### Change in Non-controlling Interest in SPPP

- a. In April 2022, SPPP issued 6,763,370 new shares at \$1.00 per share to AHC, SPEC, SANT, QBL and Kea US Llc for a total consideration of \$6.76 million (₱349.46 million) resulting to a change in the economic ownership of SPEC from 100% to 12.67%. The change in the ownership did not result to a loss of control as the Group still holds majority of the BOD seats and voting rights as agreed with the new shareholders as stipulated in the Shareholders' Agreement. Non-controlling interests comprise 43% of voting rights. Hence, the transaction was accounted for as an equity transaction resulting to a recognition of non-controlling interest amounting to ₱286.67 million and equity reserve amounting to ₱13.02 million as follows:

|                                                      |              |
|------------------------------------------------------|--------------|
| Proceeds from sale of non-controlling interests      | ₱299,686,000 |
| Net assets attributable to non-controlling interests | 286,667,594  |
| Difference recognized as equity reserve              | ₱13,018,406  |

- b. In August 2022, certain shareholders sold a portion of their common shares in SPEC to the Parent Company resulting to the increase in the latter's ownership in SPEC to 60%. The transaction was accounted for as an equity transaction resulting to a reduction in non-controlling interest as follows:

|                                                         |             |
|---------------------------------------------------------|-------------|
| Cash consideration to acquire non-controlling interests | ₱35,243,536 |
| Net assets attributable to non-controlling interests    | 25,660,557  |
| Difference recognized as equity reserve                 | ₱9,582,979  |

The purchase of SPEC shares by the Parent Company resulted to the decrease in the effective equity interest held by non-controlling interests in KSEC and SPPP (see Note 2).



## 15. Other Noncurrent Assets

|                                                   | 2023               | 2022        |
|---------------------------------------------------|--------------------|-------------|
| Input VAT                                         | <b>₱40,296,009</b> | ₱22,319,146 |
| Security deposits (see Note 25)                   | <b>3,091,200</b>   | 3,078,320   |
| Creditable withholding tax                        | <b>5,196,888</b>   | 4,237,598   |
| Others                                            | <b>1,783,688</b>   | 86,100      |
|                                                   | <b>50,367,785</b>  | 29,721,164  |
| Less allowance for impairment losses on input VAT | <b>19,654,919</b>  | 13,839,349  |
|                                                   | <b>₱30,712,866</b> | ₱15,881,815 |

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

|                                               | 2023               | 2022         |
|-----------------------------------------------|--------------------|--------------|
| At beginning of period                        | <b>₱13,839,349</b> | ₱20,931,269  |
| Provision (see Note 22)                       | <b>5,815,570</b>   | 1,230,055    |
| Reclassification from other current assets    | —                  | 12,609,294   |
| Deconsolidation of subsidiaries (see Note 13) | —                  | (20,931,269) |
| At end of period                              | <b>₱19,654,919</b> | ₱13,839,349  |

## 16. Payables and Advances

### *Accounts Payable and Accrued Expenses*

|                                 | June 30,<br>2023   | June 30,<br>2022 |
|---------------------------------|--------------------|------------------|
| Accounts payable                | <b>₱29,106,583</b> | ₱13,682,970      |
| Accrued expenses:               |                    |                  |
| Interest (see Notes 17 and 18)  | <b>33,719,000</b>  | 17,464,239       |
| Professional fees               | <b>5,212,336</b>   | 15,623,176       |
| Government payables:            |                    |                  |
| Withholding tax                 | <b>2,535,448</b>   | 1,931,662        |
| Capital gains tax (see Note 13) | —                  | 56,484,817       |
| Output VAT                      | —                  | 525,600          |
| Others                          | <b>2,590,443</b>   | 2,548,973        |
|                                 | <b>₱73,163,810</b> | ₱108,261,437     |

Accounts payable pertains to the Group's liabilities for fees to be paid to its broker and coordinated arranger for the Group's fund raising, suppliers and service providers, audit fees, and project development costs already incurred but not yet paid by the Group. These are noninterest-bearing and are settled within 30 days.

Accounts payable includes advances from a subsidiary's previous shareholder prior to acquisition of said subsidiary in 2019 amounting to ₱6.90 million and ₱8.90 million as of June 30, 2023 and 2022, respectively

As of October 5, 2023, all government payables have been paid.



*Advances from a Third Party*

In March 2022, Exeter Portofino (Export) Holdings Inc. (“Exeter”), a third party, signified its intent to invest in LAMHC’s hydro project. As part of the Investment Framework Agreement (IFA) entered into by AHC and AMHHC with Exeter, LAMHC received ₱214.00 million from Exeter as deposit for future subscription in LAMHC’s shares for a 40% economic ownership stake. Under the IFA, the change in capital structure of LAMHC should be done within 1 year from March 15, 2022. This had been extended until June 15, 2023. As of June 30, 2023 and 2022, the deposit is lodged as “Advances from a third party” account in the consolidated statement of financial position pending LAMHC’s increase in authorized capital stock and confirmation by either the Group or a third party as equity partner in LAMHC for the remaining 60% economic ownership stake.

On August 14, 2023, the parties agreed to extend the period to change LAMHC’s capital structure to December 31, 2023.

## 17. Short-term Loans

a. Renova

On December 23, 2020, SSAI entered into a noninterest-bearing loan agreement with Renova Renewables Asia Pte. Ltd (Renova) amounting to ₱94.25 million. The loan was availed for the Solana Solar Project. The loan is payable in full on earlier of (1) December 31, 2021 (or maturity date), (2) the occurrence of financial close for the Solana Solar Project, (3) exercise by the borrower of its sell back option under the land options agreement, and (4) the occurrence of a borrower event of default.

SSAI extended the term of the loan until September 30, 2022 with same terms and conditions of the original loan agreement apply. The loan was subsequently extended until March 31, 2023. The loan is secured by a real estate mortgage on SSAI’s land with a carrying value of ₱92.41 million (see Note 10).

The fair value of the loan was obtained by discounting the future cash flows using the applicable rates of similar type of instruments.

|                                                   | 2023                | 2022        |
|---------------------------------------------------|---------------------|-------------|
| At beginning of period                            | <b>₱92,650,373</b>  | ₱91,077,895 |
| Interest expense accretion                        | <b>1,599,627</b>    | 3,172,105   |
| Loan payment                                      | <b>(94,250,000)</b> | —           |
| Difference between the face amount and fair value | —                   | (1,599,627) |
| At end of period                                  | <b>₱—</b>           | ₱92,650,373 |

The difference between the carrying amount of the loan payable and its fair value (present value using current market rates for similar instruments) is recognized as “Day 1 gain on short-term loan” in the consolidated statements of comprehensive income.

The loan was fully paid on March 31, 2023.



b. RCBC

On December 8, 2022, AHC signed a one-year promissory note with RCBC amounting to ₱250.0 million for bridge financing and general working capital requirements. On December 5, 2022, the BOD of PACO approved the resolution to act as third-party guarantor for the loan of AHC with the local bank, authorizing PACO to pledge the shares of stock which it owns in an associate in favor of the bank by way of security for AHC loan. The loan is payable in full at the end of the term.

Interest is payable quarterly at a simple fixed interest rate per annum until the maturity of the loan. As of June 30, 2023, the interest payable amounted to ₱1.15 million (see Note 16) and unamortized portion of the debt transaction costs amounted ₱0.82 million

- c. Interest expense on short-term loans amounted to ₱15.42 million for the year ended June 30, 2023, ₱3.2 million for the six-month period ended June 30, 2022, and ₱6.2 million for the year ended December 31, 2021.

## 18. Long-term Debts

Long-term debts of the Group consist of the following:

|                                               | 2023                  | 2022           |
|-----------------------------------------------|-----------------------|----------------|
| Rizal Commercial Banking Corporation ("RCBC") | <b>₱562,067,460</b>   | ₱621,025,585   |
| Export Finance Australia ("EFA")              | <b>993,600,000</b>    | 494,775,000    |
| China Bank Corporation ("CBC")                | —                     | 150,000,000    |
| Oversea-Chinese Banking Corporation ("OCBC")  | —                     | 82,462,500     |
|                                               | <b>1,555,667,460</b>  | 1,348,263,085  |
| Less deferred financing charges               | <b>34,367,853</b>     | 41,627,903     |
|                                               | <b>1,521,299,607</b>  | 1,306,635,182  |
| Less current portion                          | <b>82,566,864</b>     | 57,810,359     |
|                                               | <b>₱1,438,732,743</b> | ₱1,248,824,823 |

a. RCBC

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

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



Interest payable amounted to ₱10.00 million and ₱11.03 million as of June 30, 2023 and 2022, respectively (see Note 16). Interest expense recognized for this loan amounted to ₱42.52 million for the year ended June 30, 2023 and ₱0.09 million for the period from June 10-30, 2022.

The loan is secured by the capital stock of KSEC amounting to ₱320.01 million. KSEC is obligated to comply with certain covenants with respect to maintaining at least 72:28 debt-to-equity and 1.05:1.00 minimum debt service coverage ratios, as set forth in its agreement with RCBC. As of June 30, 2023 and 2022, KSEC is compliant with the financial loan covenants of the project finance facility.

b. EFA

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

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

Interest is payable semi-annually at the sum of the Margin (as defined under the PFA) plus LIBOR for the relevant interest period every 14<sup>th</sup> day of April and October of each year until maturity. Interest payable amounted to ₱17.73 million as of June 30, 2023 (see Note 16).

The loan is secured by the equity capital of SPPP amounting to \$6.77 million, which is fully represented by the shares issued in respect of it. In addition, it is also secured by SPPP's major contracts, mortgage on assets owned at the time of execution of the agreement and thereafter, assignment of receivables and land lease as well as, security on SPPP's waterfall accounts. As of June 30, 2023 and 2022, total assets of SPPP amounted to ₱1,406.31 million and ₱895.28 million, respectively.

*Debt Covenants*

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

For the year ended June 30, 2023 and six-month period ended June 30, 2022, SPPP is compliant with the covenants of the PFA.

In 2023 and 2022, the Group capitalized interest expense amounting to ₱69.15 million and ₱5.15 million for the construction of the Palau Project (see Note 34).

c. CBC

On April 6, 2021, the Parent Company entered into a 5-year loan from CBC amounting to ₱150.00 million with principal to be paid at the end of the term. Interest is payable quarterly in arrears at a simple interest rate per annum, inclusive of gross receipt tax, fixed until the maturity of the loan. If the Parent Company shall fail to pay in full upon maturity, the Parent Company shall pay a default interest beginning from the due date until the payment at a certain rate per annum plus the applicable interest rate. Loan drawdown for the whole amount was made on July 30, 2021.



As collateral security for the payment and discharge of the obligations, the Parent Company pledged all of its rights, titles and interests in all of its shares in PACO and SPEC. Also, the Parent Company assigned all of its rights, title, and interest in the dividends to the bank, free from all claims, liens, and encumbrances for the purpose of and only the extent necessary to effect payment of the obligations of the Parent Company.

Furthermore, the loan agreement does not permit the Parent Company to reduce SPEC's percentage of ownership in KSEC to below 25%, in SPCC to below 25% and in SPPP to below 12.70%. Also, Parent Company shall not permit PACO nor enter into any transaction which shall reduce its percentage of ownership in AWOC. For the six-months period ended June 30, 2022 and year ended December 31, 2021, there are no changes in the required percentage ownership of the abovementioned subsidiaries.

On December 29, 2022, the Parent Company fully paid the outstanding principal amount to CBC.

d. OCBC

On June 28, 2022, AHC entered into a Treasury Advances Agreement (TAA) with OCBC to issue advances to be used for the Parent Company's working capital, investments and general corporate funding purposes, including refinancing of existing debts. The availability period is two (2) years from the date of the agreement and that the amount outstanding at any time shall not exceed \$3.00 million. The loan is unsecured.

The first drawdown amounting to \$1.50 million was made on June 29, 2022. The second drawdown amounting to \$0.50 million was made on July 12, 2022. The loan will mature on June 28, 2024. Interest is payable at a fixed rate per annum based on the principal amount of the loan. Interest is payable semi-annually.

*Debt Covenants*

In accordance with the TAA, among others, AHC should always ensure that the ratio of assets to liabilities equal or exceed to 1 and ensure that its paid-up capital shall, at all times, not be less than ₱400.00 million.

All calculations made for the purpose of the covenants set in the TAA shall be made on a consolidated basis and by the reference to the financial statements of the Parent Company. As of June 30, 2022, the Parent Company is compliant with the financial loan covenants of the agreement.

On March 31, 2023, the Parent Company fully paid the outstanding principal amount to OCBC.

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

|                                | 2023               | 2022       |
|--------------------------------|--------------------|------------|
| At July 1                      | <b>₱41,627,903</b> | ₱1,397,530 |
| Amortization during the period | <b>(5,962,377)</b> | (634,997)  |
| Additions                      | —                  | 40,886,679 |
| Translation adjustment         | <b>(1,297,674)</b> | (21,309)   |
| At June 30                     | <b>₱34,367,852</b> | ₱1,627,903 |

f. Total interest expense on these long-term debts amounted to ₱72.18 million for the year ended June 30, 2023, ₱7.23 million for the six-month period ended June 30, 2022 and ₱6.42 million for the year ended December 31, 2021.



## 19. Equity

### Capital Stock and Additional Paid-in Capital

Details on the movement of the Group's capital stock as of June 30, 2023 and 2022 are as follows:

|                                                                          | Number of Shares |         | Amount         |         |
|--------------------------------------------------------------------------|------------------|---------|----------------|---------|
|                                                                          | 2023             | 2022    | 2023           | 2022    |
| Common stock - ₱0.10 par value                                           |                  |         |                |         |
| Authorized                                                               | 10,406,291,160   | 400,000 | ₱1,040,629,116 | ₱40,000 |
| Issued and outstanding                                                   | 3,933,840,480    | 213,490 | 393,384,048    | 21,349  |
| Preferred stock - ₱0.10 par value in 2023<br>and ₱1.00 par value in 2022 |                  |         |                |         |
| Authorized                                                               | 1,481,594,548    | 60,000  | 148,159,455    | 60,000  |
| Issued and outstanding                                                   | 370,398,637      | 15,000  | 37,039,864     | 15,000  |

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

The dividend rate for preferred shares shall be cumulative from year to year as determined by the members of the BOD, and subject to the existence of retained earnings, which shall in no case be less than the minimum rate of eight percent (8%) of the par value of the preferred share. Preferred shares are nonparticipating in any residual dividends after the declaration of dividends to common shares.

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

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

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

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

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

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



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

Of the 1,040,589,116 increase in authorized common shares, 260,147,279 have been actually subscribed and paid by way of conversion of outstanding debt to equity in June 2022. Of the 148,099,455 increase in authorized preferred shares, 37,024,864 have been actually subscribed and paid in cash by VHC in June 2022. The debt for conversion to equity and deposits received for the increase in authorized capital stock amounting to ₱297.88 million are recognized as deposit for future stock subscription in the 2022 consolidated statement of financial position.

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

On November 16, 2022, the SEC approved the increase in the Parent Company's authorized capital stock, including conversion of debt to equity, and the decrease in the par value of the Parent Company's preferred stock.

On November 18, 2022, the Parent Company issued shares amounting to ₱303.89 million and recognized additional paid-in capital amounting to ₱24.19 million, net of transaction costs amounting to ₱5.44 million.

On March 24, 2023, the Parent Company completed its IPO and was listed in the PSE. In connection with its IPO, the Parent Company issued 1,265,000,000 common shares with a par value of ₱0.10 per share for a total consideration of ₱1,619.00 million. This resulted to additional paid-in capital amounting to ₱1,442.00 million, net of transaction costs amounting to ₱67.46 million.

#### Equity Restructuring

On June 10, 2022, the Parent Company's BOD approved the equity restructuring of the Parent Company by wiping out and eliminating its deficit amounting to ₱125.06 million as of December 31, 2021 by applying/ reclassifying/ offsetting the same against the Parent Company's additional paid-in -capital of ₱440.87 million. The SEC approved the Parent Company's equity restructuring on August 26, 2022.

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

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## **20. Related Party Transactions**

The Group, in its regular conduct of business, has entered into transactions with related parties. Parties are considered to be related if, among others, one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, the parties are subject to common control or the party is an associate or a joint venture.



Affiliates are related entities of the Group by virtue of common ownership and representation to management where significant influence is apparent.

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

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

|                                            | Transactions During the Period |                                     | Outstanding Balance |            |                                                                                |                          |
|--------------------------------------------|--------------------------------|-------------------------------------|---------------------|------------|--------------------------------------------------------------------------------|--------------------------|
|                                            | Year Ended<br>June 30, 2023    | Six-Month<br>Ended June<br>30, 2022 | 2023                | 2022       | Terms                                                                          | Conditions               |
| <b>Due from Related Parties</b>            |                                |                                     |                     |            |                                                                                |                          |
| Parent:                                    |                                |                                     |                     |            |                                                                                |                          |
| VHC                                        |                                |                                     |                     |            |                                                                                |                          |
| Cash advances                              | ₱—                             | ₱—                                  | ₱3,328,000          | ₱3,328,000 | On demand;<br>noninterest-bearing                                              | Unimpaired;<br>Unsecured |
| Assignment of APHC<br>shares (see Note 10) | —                              | 458,887                             | —                   | 458,887    | On demand;<br>noninterest-bearing                                              | Unimpaired;<br>Unsecured |
| Entities under common ownership:           |                                |                                     |                     |            |                                                                                |                          |
| ASWC                                       |                                |                                     |                     |            |                                                                                |                          |
| Receivable for<br>development costs        | —                              | 50                                  | 64,717,774          | 72,928,670 | On demand;<br>noninterest-bearing                                              | Unimpaired;<br>Unsecured |
| Cash advances                              | 4,792,710                      | —                                   | 4,792,710           | —          | On demand;<br>noninterest-bearing                                              | Unimpaired;<br>Unsecured |
| Retirement of preference<br>shares         | —                              | —                                   | 600                 | —          | On demand;<br>noninterest-bearing                                              | Unimpaired;<br>Unsecured |
| DMHC                                       |                                |                                     |                     |            |                                                                                |                          |
| Cash advances for<br>construction costs    | —                              | —                                   | —                   | 18,000,000 | On demand;<br>noninterest-bearing                                              | Unimpaired;<br>Unsecured |
| QBL                                        |                                |                                     |                     |            |                                                                                |                          |
| Cash advances                              | —                              | —                                   | —                   | 3,549,762  | On demand;<br>noninterest-bearing                                              | Unimpaired;<br>Unsecured |
| NAPI                                       |                                |                                     |                     |            |                                                                                |                          |
| Cash advances                              | 6,000,000                      | 2,626,260                           | 6,000,000           | 2,704,225  | On demand;<br>noninterest-bearing                                              | Unimpaired;<br>Unsecured |
| CPWPC                                      |                                |                                     |                     |            |                                                                                |                          |
| Cash advances                              | —                              | —                                   | 261,658             | —          | On demand;<br>noninterest-bearing                                              | Unimpaired;<br>Unsecured |
| TSOWPC                                     |                                |                                     |                     |            |                                                                                |                          |
| Cash advances                              | —                              | —                                   | 36,768              | —          | On demand;<br>noninterest-bearing                                              | Unimpaired;<br>Unsecured |
| KSEC                                       |                                |                                     |                     |            |                                                                                |                          |
| Advisory services                          | —                              | 1,946,667                           | —                   | —          | Noninterest-<br>bearing<br>10 <sup>th</sup> day at the start<br>of the quarter | Unimpaired;<br>Unsecured |
| SPCC                                       |                                |                                     |                     |            |                                                                                |                          |
| Advisory services                          | 3,090,000                      | 1,470,000                           | —                   | —          | Noninterest-<br>bearing<br>10 <sup>th</sup> day at the start<br>of the quarter | Unimpaired;<br>Unsecured |
| Cash advances                              | —                              | —                                   | 1,178,543           | 1,227,238  | On demand;<br>noninterest-bearing                                              | Unimpaired;<br>Unsecured |
| KMHC                                       |                                |                                     |                     |            |                                                                                |                          |
| Cash advances for<br>development costs     | —                              | —                                   | —                   | 144,309    | On demand;<br>noninterest-bearing                                              | Unimpaired;<br>Unsecured |

(Forward)



|                                                    | Transactions During the Period |                                     | Outstanding Balance |              | Terms                                                                       | Conditions               |
|----------------------------------------------------|--------------------------------|-------------------------------------|---------------------|--------------|-----------------------------------------------------------------------------|--------------------------|
|                                                    | Year Ended<br>June 30, 2023    | Six-Month<br>Ended June<br>30, 2022 | 2023                | 2022         |                                                                             |                          |
| APIC                                               |                                |                                     |                     |              |                                                                             |                          |
| Cash advances                                      | <b>₱4,200,000</b>              | ₱13,865,000                         | <b>₱18,185,000</b>  | ₱13,865,000  | On demand;<br>noninterest-bearing                                           | Unimpaired;<br>Unsecured |
| Assigned receivables                               | —                              | 28,269,080                          | <b>28,269,080</b>   | 28,269,080   | On demand;<br>noninterest-bearing                                           | Unimpaired;<br>Unsecured |
| APHC                                               |                                |                                     |                     |              |                                                                             |                          |
| Cash advances                                      | —                              | 469,000                             | <b>490,940</b>      | 490,940      | On demand;<br>noninterest-bearing                                           | Unimpaired;<br>Unsecured |
| KTEC                                               |                                |                                     |                     |              |                                                                             |                          |
| Cash advances                                      | —                              | 101,068                             | <b>2,178,326</b>    | 2,179,394    | On demand;<br>noninterest-bearing                                           | Unimpaired;<br>Unsecured |
| LSEC                                               |                                |                                     |                     |              |                                                                             |                          |
| Cash advances                                      | —                              | 100,000                             | —                   | 3,704,485    | On demand;<br>noninterest-bearing                                           | Unimpaired;<br>Unsecured |
| Olympia Solar Power<br>Corporation (OSPC)          |                                |                                     |                     |              |                                                                             |                          |
| Cash advances                                      | <b>38,615</b>                  | —                                   | <b>38,615</b>       | —            | On demand;<br>noninterest-bearing                                           | Unimpaired;<br>Unsecured |
| Shareholders                                       |                                |                                     |                     |              |                                                                             |                          |
| Cash advances                                      | <b>450</b>                     | —                                   | <b>110,400</b>      | 109,950      | On demand;<br>noninterest-bearing                                           | Unimpaired;<br>Unsecured |
|                                                    |                                |                                     | <b>₱129,588,414</b> | ₱150,959,940 |                                                                             |                          |
| <b>Due to Related Parties</b>                      |                                |                                     |                     |              |                                                                             |                          |
| Parent:                                            |                                |                                     |                     |              |                                                                             |                          |
| VHC                                                |                                |                                     |                     |              |                                                                             |                          |
| Return of deposit for future<br>stock subscription | <b>₱707,636</b>                | ₱—                                  | <b>₱707,636</b>     | ₱—           | On demand;<br>noninterest-bearing                                           | Unsecured                |
| Entities under common<br>ownership:                |                                |                                     |                     |              |                                                                             |                          |
| NAPI                                               |                                |                                     |                     |              |                                                                             |                          |
| Management services                                | <b>223,080</b>                 | 223,080                             | —                   | —            | 10 <sup>th</sup> day at the start<br>of the quarter;<br>Noninterest-bearing | Unsecured                |
| QBL                                                |                                |                                     |                     |              |                                                                             |                          |
| Purchase of shares in<br>KSEC (see Note 10)        | —                              | 93,817,948                          | —                   | 93,817,948   | Nine months from<br>June 10, 2022;<br>noninterest-bearing                   | Unsecured                |
| APHC                                               |                                |                                     |                     |              |                                                                             |                          |
| Cash advances                                      | <b>88,489</b>                  | 2,452,917                           | <b>2,541,406</b>    | 2,452,917    | On demand;<br>noninterest-bearing                                           | Unsecured                |
| Shareholder:                                       |                                |                                     |                     |              |                                                                             |                          |
| Josan                                              |                                |                                     |                     |              |                                                                             |                          |
| Purchase of shares in<br>KSEC (see Note 10)        | —                              | 93,817,948                          | —                   | 93,817,948   | Nine months from<br>June 10, 2022;<br>noninterest-bearing                   | Unsecured                |
| Shareholder:                                       |                                |                                     |                     |              |                                                                             |                          |
|                                                    |                                |                                     | <b>₱3,249,042</b>   | ₱194,495,338 |                                                                             |                          |

- SPEC entered into an advisory agreement with KSEC and SPCC. The advisory services rendered by SPEC for SPCC for the year ended June 30, 2023, and KSEC and SPCC for the six-month period ended June 30, 2022 and the year ended December 31, 2021 consisting of administrative and support services, amounted to ₱3.09 million, ₱3.42 million and ₱6.60 million, respectively.
- The Group entered into a lease agreement with NAPI for the office space of certain subsidiaries until December 31, 2023 (see Note 25).
- In April 2022, APHC assigned its receivable from APIC to PACO amounting to ₱28.22 million.



- The Group did not employ any personnel for the year ended June 30, 2023 and for the six-month period ended June 30, 2022. In accordance with their respective service agreements, NAPI performs management, project development, technical, administrative and finance functions on behalf of the Group. NAPI performs day-to-day management services under the supervision and direction of the subsidiaries' BOD. Administrative and finance functions include, but are not limited to, treasury and cash management, accounting and bookkeeping and administrative services.

## 21. Cost of Sale of Electricity

|                                                | Year Ended<br>June 30,<br>2023 | Six-Month Period<br>Ended June 30,<br>2022<br>(As restated -<br>see Note 13) | Year Ended<br>December 31,<br>2021 |
|------------------------------------------------|--------------------------------|------------------------------------------------------------------------------|------------------------------------|
| Depreciation and amortization<br>(see Note 10) | <b>₱44,172,867</b>             | ₱2,431,123                                                                   | ₱—                                 |
| Operation and maintenance                      | <b>9,697,915</b>               | 425,608                                                                      | —                                  |
| Insurance                                      | <b>3,528,290</b>               | —                                                                            | —                                  |
| Others                                         | <b>2,665,680</b>               | 516,888                                                                      | —                                  |
|                                                | <b>₱60,064,752</b>             | ₱3,373,619                                                                   | ₱—                                 |

## 22. General and Administrative Expenses

|                                                               | Year Ended<br>June 30,<br>2023 | Six-Month Period<br>Ended June 30,<br>2022 | Year Ended<br>December 31,<br>2021 |
|---------------------------------------------------------------|--------------------------------|--------------------------------------------|------------------------------------|
| Professional fees                                             | <b>₱9,632,838</b>              | ₱14,807,658                                | ₱6,122,210                         |
| Outside services (see Note 20)                                | <b>9,378,143</b>               | 12,028,862                                 | 24,283,549                         |
| Salaries and wages                                            | <b>8,478,368</b>               | 3,051,571                                  | 7,155,010                          |
| Provision for impairment losses on<br>input VAT (see Note 15) | <b>5,815,570</b>               | 1,230,055                                  | 2,894,844                          |
| Taxes and licenses                                            | <b>4,961,997</b>               | 19,159,130                                 | 8,557,141                          |
| Listing fees (see Note 1)                                     | <b>3,930,644</b>               | —                                          | —                                  |
| Advertising and promotion                                     | <b>2,509,659</b>               | —                                          | —                                  |
| Rental (see Note 25)                                          | <b>2,345,694</b>               | 1,065,028                                  | 1,623,742                          |
| Travel and transportation                                     | <b>1,650,430</b>               | 90,056                                     | 285,702                            |
| Insurance                                                     | <b>1,400,600</b>               | 462,149                                    | 947,635                            |
| Depreciation and amortization (see<br>Note 10)                | <b>194,412</b>                 | 606,456                                    | 458,775                            |
| Others                                                        | <b>2,236,354</b>               | 737,231                                    | 1,788,848                          |
|                                                               | <b>₱52,534,709</b>             | ₱53,238,196                                | ₱54,117,456                        |

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

The listing fees include stock listing fee, marketing, company promotion, consultancy fee and other IPO-related costs.



## 23. Restructuring Related Charges - Net

|                                                                 | Year Ended<br>June 30,<br>2023 | Six-Month Period<br>Ended June 30,<br>2022<br>(As restated -<br>see Note 13) | Year Ended<br>December 31,<br>2021 |
|-----------------------------------------------------------------|--------------------------------|------------------------------------------------------------------------------|------------------------------------|
| Gain on deconsolidation (Notes 11 and 13)                       | <b>₱229,400</b>                | ₱45,835,119                                                                  | ₱2,099,138                         |
| Donation of receivables                                         | —                              | (260,147,280)                                                                | —                                  |
| Gain on remeasurement of previously held interest (see Note 13) | —                              | 54,560,129                                                                   | —                                  |
|                                                                 | <b>₱229,400</b>                | <b>(₱159,752,032)</b>                                                        | <b>₱2,099,138</b>                  |

In 2022, as part of the Group's restructuring exercise, the Parent Company divested its ownership in APIC and APHC (see Notes 11 and 13). In connection with the said divestment, the former subsidiaries' receivables from the Parent Company, including PACO's receivables from AHC, amounting to ₱260.15 million were donated to the latter's shareholders, prorata to their respective ownership in AHC, thereby resulting to the recognition of a one-time loss of the same amount in the consolidated statement of comprehensive income. Had the group restructuring not taken place in 2022, consolidated net income of the Group would have been ₱11.88 million.

## 24. Project Costs Recovery

- On April 23, 2021, AMHHC, Renova and Sta. Clara International Corporation signed an investment framework agreement in KMHC. A portion of the proceeds from the investment of the parties involved shall be used to reimburse all the costs incurred by AMHHC in developing Kiangnan Mini Hydro Project up to its financial close. In 2021, AMHHC received a total of ₱133.61 million from KMHC as reimbursement. Consequently, the Group recognized the reimbursement as "Project costs recovery" in the 2021 consolidated statement of comprehensive income.
- On March 15, 2022, AHC, AMHHC and Exeter Portofino Holdings, Inc. signed an investment framework agreement in LAMHC. A portion of the proceeds from such investment shall be used to reimburse all the costs incurred by AMHHC in developing Lamut Mini Hydro Project up to its financial close. In 2022, AMHHC received a total of ₱36.59 million from LAMHC as reimbursement. Consequently, the Group recognized the reimbursement as "Project costs recovery" in the 2022 consolidated statement of comprehensive income.
- On March 18, 2022, SPPP entered in an installation, commissioning and construction services onshore agreement for the construction of its solar photovoltaic electric energy generating and battery storage facility and is expected to be completed on May 18, 2023. In the agreement, SPPP is entitled to receive liquidated damages for delays in the completion of the solar facility. On June 8, 2023, SPPP received a notice of delay from its contractor and recognized income from liquidating damages amounting to ₱40.92 million.



## 25. Leases

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

SPPP's annual rent shall be on a fixed rate per square meter per year, subject to an escalation every five years. SPPP paid security deposit upon issuance of Notice to Proceed to the contractor for the commencement of project construction. The security deposit may be applied by SPPP to pay rent arrearages and other sums due to the lessor to cure any default by SPPP under the lease agreement. Accordingly, the security deposit is presented as part of "Other noncurrent assets" in the 2022 consolidated statement of financial position (see Note 15). The security deposit shall be increased every five years to reflect the increase in rent.

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

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

Set out below is the carrying amount of the right-of-use asset recognized and the movement for the year ended June 30, 2023 and during the six-month period ended June 30, 2022:

|                                   | 2023               | 2022        |
|-----------------------------------|--------------------|-------------|
| <b>Cost</b>                       |                    |             |
| At beginning of period            | <b>₱59,902,106</b> | ₱–          |
| Addition                          | –                  | 59,902,106  |
| Adjustments (see Note 26)         | <b>(8,763,034)</b> | –           |
| At end of period                  | <b>51,139,072</b>  | 59,902,106  |
| <b>Accumulated Amortization</b>   |                    |             |
| At beginning of period            | <b>557,029</b>     | –           |
| Addition                          | <b>1,935,128</b>   | 557,029     |
| At end of period                  | <b>2,492,157</b>   | 557,029     |
|                                   | <b>48,646,915</b>  | 59,345,077  |
| Cumulative translation adjustment | <b>2,691,531</b>   | –           |
| At end of period                  | <b>₱51,338,446</b> | ₱59,345,077 |



Set out below is the carrying amount of the lease liability recognized and the movements for the year ended June 30, 2023 and during the six-month period ended June 30, 2022:

|                                                | 2023               | 2022               |
|------------------------------------------------|--------------------|--------------------|
| At beginning of period                         | <b>₱49,919,707</b> | <b>₱—</b>          |
| Addition                                       | —                  | 46,827,508         |
| Interest expense accretion                     | <b>3,331,602</b>   | 793,699            |
| Lease payments                                 | <b>(3,091,200)</b> | —                  |
| Cumulative translation adjustment (see Note 2) | <b>204,310</b>     | 2,298,500          |
| At end of period                               | <b>50,364,419</b>  | 49,919,707         |
| Less current portion                           | <b>3,428,463</b>   | 2,883,913          |
|                                                | <b>₱46,935,956</b> | <b>₱47,035,794</b> |

The following are the amounts recognized in the consolidated statements of comprehensive income:

|                                                 | Year Ended<br>June 30,<br>2023 | Six-Month Period<br>Ended June 30,<br>2022 | Year Ended<br>December 31,<br>2021 |
|-------------------------------------------------|--------------------------------|--------------------------------------------|------------------------------------|
| Amortization (see Note 22)                      | <b>₱1,935,129</b>              | ₱557,029                                   | ₱320,649                           |
| Interest expense accretion                      | <b>3,331,602</b>               | 793,699                                    | 8,446                              |
| Rent expense on short-term leases (see Note 22) | <b>2,345,694</b>               | 1,065,028                                  | 1,623,742                          |
|                                                 | <b>₱2,921,037</b>              | <b>₱2,415,756</b>                          | <b>₱1,952,837</b>                  |

Shown below is the maturity analysis of the undiscounted lease payments as at June 30, 2023 and 2022:

|                                  | 2023              | 2022       |
|----------------------------------|-------------------|------------|
| Within one year                  | <b>₱3,091,200</b> | ₱3,078,600 |
| More than one year to five years | <b>14,537,693</b> | 13,717,527 |
| More than five years to 10 years | <b>20,159,316</b> | 19,637,345 |
| More than 10 years to 15 years   | <b>22,367,316</b> | 21,836,345 |
| More than 15 years to 20 years   | <b>24,575,316</b> | 24,035,345 |
| More than 20 years to 25 years   | <b>26,783,316</b> | 26,234,345 |
| More than 25 years               | —                 | 5,598,709  |

The Group entered has lease agreement with NAPI for the office spaces of certain subsidiaries. On February 21, 2021, the Group renewed its lease agreement with NAPI for nine months starting April 1, 2021 to December 31, 2021 and on January 1, 2022, the lease is renewed for a term of one-year beginning January 1, 2022 to December 31, 2022 (see Notes 20 and 21). On December 28, 2022, the Group renewed for a term of one year beginning January 1, 2023 to December 31, 2023 (see Notes 20 and 22). The Group applies the ‘short-term lease’ recognition exemption for these leases.



## 26. Asset Retirement Obligation

|                                                | 2023               | 2022        |
|------------------------------------------------|--------------------|-------------|
| At beginning of period                         | <b>₱14,445,032</b> | ₱—          |
| Accretion expense                              | <b>415,897</b>     | 148,528     |
| Step acquisition to a subsidiary (see Note 13) | —                  | 5,495,871   |
| Addition (see Note 25)                         | —                  | 8,763,034   |
| Adjustments                                    | <b>(9,759,230)</b> | 37,599      |
| At end of period                               | <b>₱5,101,699</b>  | ₱14,445,032 |

Under the ECC and SESC, KSEC has a legal obligation to dismantle the solar power plant at the end of its contract period. KSEC established the provision to recognize its estimated liability for the dismantling of the solar power plant. The established provision was estimated and recognized at the time the solar power plant became available for use. The liability recognized is equal to the expected cost of retirement at current price levels as at June 30, 2023 and 2022 projected using an inflation rate of 3.28% and 3.30%, respectively, and discounted using a risk-free rate of 6.32% and 5.32% for a 17.33 and 19-year period, respectively.

Adjustments pertain to changes in cost estimates resulting from the continuous evaluation of the Group's provision requirements, including, but not limited to, expected costs to dismantle and remove the asset from the site and the expected timing of these costs.

The sensitivity analysis below has been determined based on reasonable possible changes of each significant assumption on the asset retirement obligation as of June 30, 2023 and 2022, assuming all other assumptions were held constant:

|                 |                     | Increase (decrease) in asset retirement obligation |             |
|-----------------|---------------------|----------------------------------------------------|-------------|
|                 | Increase (decrease) | 2023                                               | 2022        |
| Discount rates  | +1.00%              | <b>(₱764,183)</b>                                  | (₱992,637)  |
|                 | -1.00%              | <b>811,637</b>                                     | 889,538     |
| Inflation rates | +1.00%              | <b>₱1,025,030</b>                                  | ₱911,742    |
|                 | -1.00%              | <b>(861,100)</b>                                   | (1,023,173) |

## 27. Income Tax

The Group, other than KSEC and SPPP, is subject to regular corporate income tax of 20%/25% or MCIT, whichever is higher. KSEC is entitled to the 5% gross income tax to the extent of undertaking the establishment, operation and maintenance of its solar energy generation facility, while SPPP is subject to 4% gross revenue tax (GRT) with deductions allowed for paid salaries subject to limitations as provided under the Palau National Code. SPPP did not have any revenue for the six-month period ended June 30, 2022. Starting January 1, 2023, SPPP is subject to the 12% Business Profit Tax on net income (gross revenue less allowable deductions) which replaced GRT.



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

|          | Year Ended<br>June 30,<br>2023 | Six-Month Period<br>Ended June 30,<br>2022<br>(As restated -<br>see Note 13) | Year Ended<br>December 31,<br>2021 |
|----------|--------------------------------|------------------------------------------------------------------------------|------------------------------------|
| Current  | <b>₱9,836,530</b>              | ₱360,694                                                                     | ₱1,394,432                         |
| Deferred | <b>(367,847)</b>               | (6,321,761)                                                                  | 3,632,482                          |
|          | <b>₱9,468,683</b>              | <b>(₱5,961,067)</b>                                                          | <b>₱5,026,914</b>                  |

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

|                                                            | Year Ended<br>June 30,<br>2023 | Six-Month Period<br>Ended June 30,<br>2022<br>(As restated -<br>see Note 13) | Year Ended<br>December 31,<br>2021 |
|------------------------------------------------------------|--------------------------------|------------------------------------------------------------------------------|------------------------------------|
| Income tax at statutory income tax rate                    | <b>(₱7,356,242)</b>            | (₱37,784,631)                                                                | ₱29,448,749                        |
| Change in tax rate due to CREATE Act                       | —                              | —                                                                            | (1,516,898)                        |
| Adjustments resulting from:                                |                                |                                                                              |                                    |
| Nondeductible expenses                                     | <b>5,415,012</b>               | 65,036,820                                                                   | 723,711                            |
| Nontaxable income                                          | <b>(7,501,875)</b>             | (29,207,776)                                                                 | (9,515,247)                        |
| Movement in unrecognized<br>deferred tax assets and others | <b>20,669,138</b>              | (3,894,936)                                                                  | (18,880,972)                       |
| Interest income subjected to final<br>tax                  | <b>(1,757,350)</b>             | (110,544)                                                                    | (16,626)                           |
| Expired NOLCO                                              | —                              | —                                                                            | 4,784,292                          |
| Expired MCIT                                               | —                              | —                                                                            | (95)                               |
|                                                            | <b>₱9,468,683</b>              | <b>(₱5,961,067)</b>                                                          | <b>₱5,026,914</b>                  |

The components of the Group's net deferred income tax liabilities June 30, 2023 and 2022 are as follows:

|                                                            | 2023               | 2022<br>(As restated -<br>see Note 13) |
|------------------------------------------------------------|--------------------|----------------------------------------|
| Deferred income tax liabilities on:                        |                    |                                        |
| Fair value adjustments from acquisition of a<br>subsidiary | <b>₱20,799,253</b> | ₱21,666,495                            |
| Net unrealized foreign exchange gains                      | <b>3,025,733</b>   | 4,706,748                              |
|                                                            | <b>23,824,986</b>  | 26,373,243                             |
| Deferred income tax assets on:                             |                    |                                        |
| Asset retirement obligation                                | <b>92,778</b>      | 1,038,253                              |
| NOLCO                                                      | —                  | 1,234,935                              |
|                                                            | <b>92,778</b>      | 2,273,188                              |
|                                                            | <b>₱23,732,208</b> | <b>₱24,100,055</b>                     |



No deferred income tax assets were recognized on the following deductible temporary differences on net unrealized foreign exchange losses, carryforward benefits from unused NOLCO, and unused tax credit from excess MCIT as it is not probable that sufficient taxable profit will be available to allow the benefit of the deferred income tax assets to be utilized in the future:

|                                        | 2023                | 2022         |
|----------------------------------------|---------------------|--------------|
| NOLCO                                  | <b>₱176,289,666</b> | ₱219,866,703 |
| Net unrealized foreign exchange losses | <b>8,616,081</b>    | 11,992,979   |
| MCIT                                   | —                   | 1,602,600    |

#### Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) Act

The CREATE Act was signed into law to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (“RA”) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (“RCIT”) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.00 million and with total assets not exceeding ₱100.0 million (excluding land on which the business entity’s office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

## **28. Earnings (Loss) per Share**

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

|                                                                    | June 30,<br>2023     | June 30,<br>2022,<br>(As restated -<br>see Note 13) | December 31,<br>2021 |
|--------------------------------------------------------------------|----------------------|-----------------------------------------------------|----------------------|
| a. Net income (loss) attributable to equity holders of the parent  | <b>(₱17,875,826)</b> | (₱140,965,053)                                      | ₱113,998,605         |
| b. Weighted average number of common shares issued and outstanding | <b>2,037,063,692</b> | 202,760                                             | 192,030              |
| Earnings (loss) per common share (a/b)                             | <b>(₱0.01)</b>       | (₱695)                                              | ₱594                 |

There are no dilutive potential common shares for the year ended June 30, 2023 and six-month period ended June 30, 2022.

The Parent Company has 3,252 and 12 shareholders as at June 30, 2023 and 2022, respectively.



## 29. Operating Segment Information

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

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

| Segment                        | Nature of transactions                                                                 |
|--------------------------------|----------------------------------------------------------------------------------------|
| Wind Energy                    | Generation and supply of wind power to various customers under power supply contracts  |
| Hydro Energy                   | Generation and supply of hydro power to various customers under power supply contracts |
| Solar Energy                   | Generation and supply of solar power to various customers under power supply contracts |
| Retail Energy Supplier ("RES") | Marketing and retail of electricity to various customers under power supply contracts  |

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

### June 30, 2023

|                                                   | Parent                | Wind                  | Hydro                 | Solar                   | RES                | Total                   | Adjustments           | Consolidated            |
|---------------------------------------------------|-----------------------|-----------------------|-----------------------|-------------------------|--------------------|-------------------------|-----------------------|-------------------------|
| <b>Income/(Expenses)</b>                          |                       |                       |                       |                         |                    |                         |                       |                         |
| Revenue from sale of electricity                  | P-                    | P-                    | P-                    | P171,484,045            | P-                 | P171,484,045            | P-                    | P171,484,045            |
| Cost of sale of electricity                       | -                     | -                     | -                     | (53,441,050)            | -                  | (53,441,050)            | (6,623,702)           | (60,064,752)            |
| Equity in net earnings of associates              | -                     | -                     | -                     | -                       | -                  | -                       | 21,938,643            | 21,938,643              |
| General and administrative expenses               | (28,925,293)          | (2,814,704)           | (7,008,110)           | (40,612,356)            | (162,665)          | (79,523,128)            | 26,988,419            | (52,534,709)            |
| Construction revenue                              | -                     | -                     | -                     | 782,674,637             | -                  | 782,674,637             | -                     | 782,674,637             |
| Construction costs                                | -                     | -                     | -                     | (782,674,637)           | -                  | (782,674,637)           | -                     | (782,674,637)           |
| Project cost recovery                             | -                     | -                     | -                     | 40,927,384              | -                  | 40,927,384              | -                     | 40,927,384              |
| Finance costs                                     | (40,922,068)          | -                     | -                     | (47,097,046)            | -                  | (88,019,114)            | -                     | (88,019,114)            |
| Net foreign exchange gain (loss)                  | 4,109,641             | 347,349               | (3,057,064)           | 444,660                 | -                  | 1,844,586               | -                     | 1,844,586               |
| Advisory fees                                     | -                     | -                     | -                     | 30,073,347              | -                  | 30,073,347              | (26,983,347)          | 3,090,000               |
| Interest income                                   | 5,976,689             | 1,145                 | 650,944               | 1,965,561               | 38                 | 8,594,377               | -                     | 8,594,377               |
| Dividend income                                   | 17,489,500            | -                     | -                     | 12,518,000              | -                  | 30,007,500              | (30,007,500)          | -                       |
| Gain on remeasurement of previously held interest | -                     | -                     | -                     | -                       | -                  | -                       | 229,400               | 229,400                 |
| <b>Segment Income (Loss)</b>                      | (42,271,531)          | (2,466,210)           | (9,414,230)           | 116,262,544             | (162,627)          | 61,947,946              | (14,458,087)          | 47,489,859              |
| <b>Provision for (benefit from) income tax</b>    | -                     | (700)                 | (6,223,204)           | (4,298,523)             | -                  | (10,522,427)            | 1,053,744             | (9,468,683)             |
| <b>Net income (Loss)</b>                          | <b>(P42,271,531)</b>  | <b>(P2,466,910)</b>   | <b>(P15,637,434)</b>  | <b>P 111,964,021</b>    | <b>(P162,627)</b>  | <b>P 51,425,519</b>     | <b>(P13,404,343)</b>  | <b>P 38,021,176</b>     |
| Other information                                 |                       |                       |                       |                         |                    |                         |                       |                         |
| Investment in and advances to associates          | P-                    | P82,571,762           | P40,009,761           | P35,083,195             | P-                 | P157,664,718            | P24,598,375           | P182,263,093            |
| Property, plant and equipment                     | P-                    | P-                    | P1,538                | P861,929,958            | P-                 | P861,931,496            | P159,183,820          | P1,021,115,316          |
| <b>Segment assets</b>                             | <b>P2,304,128,049</b> | <b>P400,979,387</b>   | <b>P451,070,736</b>   | <b>P2,621,548,327</b>   | <b>P 1,454,709</b> | <b>P5,779,181,208</b>   | <b>(P904,942,422)</b> | <b>P4,874,238,786</b>   |
| <b>Segment liabilities</b>                        | <b>(P272,233,489)</b> | <b>(P231,911,589)</b> | <b>(P501,859,358)</b> | <b>(P1,788,122,025)</b> | <b>(P42,841)</b>   | <b>(P2,794,169,302)</b> | <b>P644,105,037</b>   | <b>(P2,150,064,265)</b> |
| Depreciation and amortization                     | P-                    | P-                    | P772                  | P44,366,509             | P-                 | P44,367,281             | P-                    | P44,367,281             |



June 30, 2022

|                                          | Parent           | Wind           | Hydro          | Solar            | RES        | Total            | Adjustments    | Consolidated, as restated |
|------------------------------------------|------------------|----------------|----------------|------------------|------------|------------------|----------------|---------------------------|
| <b>Income/(Expenses)</b>                 |                  |                |                |                  |            |                  |                |                           |
| Revenue from sale of electricity         | P-               | P-             | P-             | P9,330,967       | P-         | P9,330,967       | P-             | P9,330,967                |
| Cost of sale of electricity              | -                | -              | -              | (3,745,000)      | -          | (3,745,000)      | 371,381        | (3,373,619)               |
| Equity in net earnings of associates     | -                | -              | -              | -                | -          | -                | 16,435,855     | 16,435,855                |
| General and administrative expenses      | (6,660,006)      | (2,729,706)    | (8,104,344)    | (11,041,390)     | (61,191)   | (28,596,637)     | (24,641,559)   | (53,238,196)              |
| Construction revenue                     | -                | -              | -              | 574,883,490      | -          | 574,883,490      | -              | 574,883,490               |
| Construction costs                       | -                | -              | -              | (574,883,490)    | -          | (574,883,490)    | -              | (574,883,490)             |
| Project cost recovery                    | -                | -              | 36,586,861     | -                | -          | 36,586,861       | -              | 36,586,861                |
| Finance costs                            | (9,269,563)      | -              | -              | (4,026,536)      | -          | (13,296,099)     | 1,611,214      | (11,684,885)              |
| Net foreign exchange gain (loss)         | 7,589,378        | (4,356,874)    | 3,485          | 1,193,963        | -          | 4,429,952        | 4,668,107      | 9,098,059                 |
| Interest and other income                | 8,418            | 202            | 25,999         | 11,144,946       | 32         | 11,179,597       | (5,721,129)    | 5,458,468                 |
| Restructuring related charges - net      | (260,147,279)    | 42,902,564     | -              | 44,210,683       | -          | (173,034,032)    | 13,282,000     | (159,752,032)             |
| Segment Income (Loss)                    | (268,479,052)    | 35,816,186     | 28,512,001     | 47,067,633       | (61,159)   | (157,144,391)    | 6,005,869      | (151,138,522)             |
| Provision for (benefit from) income tax  | -                | (6,218,176)    | -              | 276,380          | -          | (5,941,796)      | (19,271)       | (5,961,067)               |
| Net income (Loss)                        | (P268,479,052)   | P42,034,362    | P28,512,001    | P46,791,253      | (P61,159)  | (P151,202,595)   | P6,025,140     | (P145,177,455)            |
| Other information                        |                  |                |                |                  |            |                  |                |                           |
| Investment in and advances to associates | P-               | P72,874,125    | P207,578       | P-               | P-         | P73,081,703      | P77,710,945    | P150,792,648              |
| Property, plant and equipment            | P-               | P-             | P4,466         | P331,591,992     | P-         | P331,596,458     | P717,883,407   | P1,049,479,865            |
| Segment assets                           | P1,299,570,548   | P303,094,419   | P364,534,606   | P2,040,133,571   | P1,611,942 | P4,008,945,086   | (P560,397,996) | P3,448,547,090            |
| Segment liabilities                      | (P1,101,738,393) | (P165,439,491) | (P431,186,908) | (P1,286,192,071) | (29,304)   | (P2,984,586,167) | P680,758,821   | (P2,303,827,346)          |
| Depreciation and amortization            | P-               | P-             | P4,805         | P2,661,393       | P-         | P2,666,198       | P371,381       | P3,037,579                |

December 31, 2021

|                                         | Parent         | Wind          | Hydro          | Solar          | RES        | Total          | Adjustments      | Consolidated   |
|-----------------------------------------|----------------|---------------|----------------|----------------|------------|----------------|------------------|----------------|
| <b>Income (Expenses)</b>                |                |               |                |                |            |                |                  |                |
| Equity in net earnings of associates    | P-             | P-            | P-             | P-             | P-         | P-             | P35,961,849      | P35,961,849    |
| General and administrative expenses     | (4,836,963)    | (1,206,936)   | (23,178,509)   | (24,803,834)   | (102,610)  | (54,128,852)   | 11,396           | (54,117,456)   |
| Finance costs                           | (10,798,570)   | -             | (3,408,544)    | (6,239,405)    | -          | (20,446,519)   | 2,575,395        | (17,871,124)   |
| Interest income / other income          | 29,261         | 1,580,061     | 133,616,031    | 23,975,301     | 470        | 159,201,124    | (15,749,519)     | 143,451,605    |
| Restructuring related charges           | -              | -             | -              | -              | -          | -              | 2,099,138        | 2,099,138      |
| Net foreign exchange gain (loss)        | (5,789,861)    | 16,970,125    | (3,338,917)    | 705,950        | -          | 8,547,297      | (276,313)        | 8,270,984      |
| Segment Income (Loss)                   | (21,396,133)   | 17,343,250    | 103,690,061    | (6,361,988)    | (102,140)  | 93,173,050     | 24,621,946       | 117,794,996    |
| Provision for (benefit from) income tax | 669            | 5,482,761     | 1,342,122      | (1,798,638)    | -          | 5,026,914      | -                | 5,026,914      |
| Net income (Loss)                       | (P21,396,802)  | P11,860,489   | P102,347,939   | (P4,563,350)   | (P102,140) | P88,146,136    | P24,621,946      | P112,768,082   |
| Other information                       |                |               |                |                |            |                |                  |                |
| Investment in associates                | P-             | P72,874,125   | P206,391       | P33,432,231    | P-         | P106,512,747   | P72,647,959      | P179,160,706   |
| Property, plant and equipment           | P-             | P-            | P4,807         | P100,285,457   | P-         | P100,290,264   | P-               | P100,290,264   |
| Segment assets                          | P763,020,470   | P651,362,783  | P180,501,048   | P225,400,420   | P1,713,757 | P1,821,998,478 | (P1,095,904,890) | P726,093,588   |
| Segment liabilities                     | (P211,075,896) | (P85,263,753) | (P239,017,025) | (P138,064,528) | (P69,960)  | (P673,491,162) | P356,563,640     | (P316,927,522) |
| Depreciation and amortization           | P-             | P-            | P222,187       | P236,588       | P-         | P458,775       | P-               | P458,775       |

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

### 30. Financial Risk Management Objectives and Policies

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

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



and structure are reviewed regularly to reflect changes in market conditions and the Group's activities.

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

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

#### *Liquidity Risk*

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

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

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

|                                                      | June 30, 2023  |                 |                                        |                |
|------------------------------------------------------|----------------|-----------------|----------------------------------------|----------------|
|                                                      | On demand      | Within one year | More than 1 year but less than 5 years | Total          |
| <b>Financial Assets</b>                              |                |                 |                                        |                |
| Cash and cash equivalents                            |                |                 |                                        |                |
| Unrestricted                                         | ₱1,238,986,852 | ₱—              | ₱—                                     | ₱1,238,986,852 |
| Restricted <sup>(A)</sup>                            | 61,869,646     | —               | —                                      | 61,869,646     |
| Trade and other receivables                          | —              | 82,975,571      | —                                      | 82,975,571     |
| Time deposits                                        | —              | 48,437,945      | —                                      | 48,437,945     |
| Due from related parties                             | 129,588,414    | —               | —                                      | 129,588,414    |
|                                                      | ₱1,430,444,912 | ₱131,413,516    | ₱—                                     | ₱1,561,858,428 |
| <b>Financial Liabilities</b>                         |                |                 |                                        |                |
| Accounts payable and accrued expenses <sup>(B)</sup> | ₱—             | ₱70,628,362     | ₱—                                     | ₱70,628,362    |
| Advances from a third party                          | —              | 214,000,000     | —                                      | 214,000,000    |
| Dividend payable                                     | —              | 3,750,000       | —                                      | 3,750,000      |
| Due to related parties                               | 3,249,042      | —               | —                                      | 3,249,042      |
| Short-term loans                                     | —              | 269,000,000     | —                                      | 269,000,000    |
| Lease liability                                      | —              | 3,428,463       | 46,935,956                             | 50,364,419     |
| Long-term debt <sup>(C)</sup>                        | —              | 96,060,007      | 1,560,783,316                          | 1,654,843,323  |
|                                                      | ₱3,249,042     | ₱656,866,832    | ₱1,607,719,272                         | ₱2,265,835,146 |

(A) Presented under prepayments and other current assets

(B) Excluding statutory liabilities

(C) Includes future interest



| June 30, 2022                                           |              |                 |                                              |                |
|---------------------------------------------------------|--------------|-----------------|----------------------------------------------|----------------|
|                                                         | On demand    | Within one year | More than 1<br>year but less<br>than 5 years | Total          |
| Financial Assets                                        |              |                 |                                              |                |
| Cash and cash equivalents                               |              |                 |                                              |                |
| Unrestricted                                            | ₱581,598,605 | ₱—              | ₱—                                           | ₱581,598,605   |
| Restricted <sup>(A)</sup>                               | 43,323,904   | —               | —                                            | 43,323,904     |
| Trade and other receivables                             | —            | 19,254,442      | —                                            | 19,254,442     |
| Time deposits                                           | —            | 13,862,866      | —                                            | 13,862,866     |
| Due from related parties                                | 150,959,940  | —               | —                                            | 150,959,940    |
|                                                         | ₱775,882,449 | ₱33,117,308     | ₱—                                           | ₱808,999,757   |
| Financial Liabilities                                   |              |                 |                                              |                |
| Accounts payable and<br>accrued expenses <sup>(B)</sup> | ₱—           | ₱51,776,620     | ₱—                                           | ₱51,776,620    |
| Payable to a subsidiary's<br>former shareholder         | —            | 279,771,496     | —                                            | 279,771,496    |
| Advances from a third party                             | —            | 214,000,000     | —                                            | 214,000,000    |
| Dividend payable                                        | —            | 18,750,000      | —                                            | 18,750,000     |
| Due to related parties                                  | 6,859,442    | 187,635,896     | —                                            | 194,495,338    |
| Short-term loans                                        | —            | 94,250,000      | —                                            | 94,250,000     |
| Lease liability                                         | —            | 3,078,600       | 176,106,635                                  | 179,185,235    |
| Long-term debt <sup>(C)</sup>                           | —            | 58,958,126      | 2,026,293,593                                | 1,654,843,323  |
|                                                         | ₱6,859,442   | ₱908,220,738    | ₱2,202,293,228                               | ₱3,115,023,146 |

(A) Presented under prepayments and other current assets

(B) Excluding statutory liabilities

(C) Includes future interest

### Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities and from its financing activities. The Group's maximum credit risk is equal to the carrying amount of the Group's financial assets such as cash in bank, cash equivalents, short-term investment and trade and other receivables.

The table below show the credit quality by class of financial assets based on the Group's rating system as at June 30, 2023 and 2022:

|                             | 2023                               |                            | 2022                   |          | June 30, 2022<br>Total |
|-----------------------------|------------------------------------|----------------------------|------------------------|----------|------------------------|
|                             | Neither Past Due nor<br>High Grade | Impaired<br>Standard Grade | Past Due<br>Unimpaired | Impaired |                        |
| Cash and cash equivalents:  |                                    |                            |                        |          |                        |
| Unrestricted <sup>(A)</sup> | ₱1,238,741,407                     | ₱—                         | ₱—                     | ₱—       | ₱1,238,741,407         |
| Restricted <sup>(B)</sup>   | 61,869,646                         | —                          | —                      | —        | 61,869,646             |
| Time deposit                | 48,437,945                         | —                          | —                      | —        | 48,437,945             |
| Trade and other receivables | —                                  | 82,975,571                 | —                      | —        | 82,975,571             |
| Due from related parties    | —                                  | 129,588,414                | —                      | —        | 129,588,414            |
| Total                       | ₱1,349,048,998                     | ₱212,563,985               | ₱—                     | ₱—       | ₱1,561,612,983         |

(A) Excluding cash on hand

(B) Presented under prepayments and other current assets



|                             | 2022                          |                     | 2022       |           | June 30, 2022<br>Total |
|-----------------------------|-------------------------------|---------------------|------------|-----------|------------------------|
|                             | Neither Past Due nor Impaired | Past Due            | Unimpaired | Impaired  |                        |
|                             | High Grade                    | Standard Grade      |            |           |                        |
| Cash and cash equivalents   |                               |                     |            |           |                        |
| Unrestricted <sup>(A)</sup> | P581,441,100                  | P—                  | P—         | P—        | P581,441,100           |
| Restricted <sup>(B)</sup>   | 43,323,904                    | —                   | —          | —         | 43,323,904             |
| Time deposit                | 13,862,866                    | —                   | —          | —         | 13,862,866             |
| Trade and other receivables | —                             | 19,254,442          | —          | —         | 19,254,442             |
| Due from related parties    | —                             | 150,959,940         | —          | —         | 150,959,940            |
| <b>Total</b>                | <b>P638,627,870</b>           | <b>P170,214,382</b> | <b>P—</b>  | <b>P—</b> | <b>P808,842,252</b>    |

(A) Excluding cash on hand

(B) Presented under prepayments and other current assets

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

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

Aging analysis per class of financial assets that are past due but not impaired as of June 30, 2023 and 2022 are as follows:

|                             | Neither past due nor impaired | Past due but not impaired |               |               |                   | Impaired  | 2023<br>Total         |
|-----------------------------|-------------------------------|---------------------------|---------------|---------------|-------------------|-----------|-----------------------|
|                             |                               | Less than 30 days         | 31 to 60 Days | 61 to 90 days | More than 90 Days |           |                       |
| Cash and cash equivalents   |                               |                           |               |               |                   |           |                       |
| Unrestricted                | P1,238,741,407                | P—                        | P—            | P—            | P—                | P—        | P1,238,741,407        |
| Restricted                  | 61,869,646                    | —                         | —             | —             | —                 | —         | 61,869,646            |
| Time deposit                | 18,554,097                    | —                         | —             | —             | —                 | —         | 18,554,097            |
| Trade and other receivables | —                             | —                         | —             | —             | —                 | —         | —                     |
| Due from related parties    | 129,588,414                   | —                         | —             | —             | —                 | —         | 129,588,414           |
| <b>Total</b>                | <b>P1,478,637,412</b>         | <b>P—</b>                 | <b>P—</b>     | <b>P—</b>     | <b>P—</b>         | <b>P—</b> | <b>P1,478,637,412</b> |

\* Excluding cash on hand

|                             | Neither past due nor impaired | Past due but not impaired |               |               |                   | Impaired  | 2022<br>Total       |
|-----------------------------|-------------------------------|---------------------------|---------------|---------------|-------------------|-----------|---------------------|
|                             |                               | Less than 30 days         | 31 to 60 Days | 61 to 90 days | More than 90 Days |           |                     |
| Cash and cash equivalents   |                               |                           |               |               |                   |           |                     |
| Unrestricted                | P581,441,100                  | P—                        | P—            | P—            | P—                | P—        | P581,441,100        |
| Restricted                  | 43,323,904                    | —                         | —             | —             | —                 | —         | 43,323,904          |
| Time deposit                | 13,862,866                    | —                         | —             | —             | —                 | —         | 13,862,866          |
| Trade and other receivables | 19,254,442                    | —                         | —             | —             | —                 | —         | 19,254,442          |
| Due from related parties    | 150,959,940                   | —                         | —             | —             | —                 | —         | 150,959,940         |
| <b>Total</b>                | <b>P808,842,252</b>           | <b>P—</b>                 | <b>P—</b>     | <b>P—</b>     | <b>P—</b>         | <b>P—</b> | <b>P808,842,252</b> |

\* Excluding cash on hand

### Simplified Approach

- Trade receivables**

The Group applied the simplified approach under PFRS 9, using a ‘provision matrix’, in measuring expected credit losses which uses a lifetime expected loss allowance for receivables. The expected loss rates are based on the payment profiles of revenues/sales over a period of at least 24 months before the relevant reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect



current and forward-looking information on macroeconomic factors affecting the ability of its sole customer to settle the receivables. The Group has identified the core inflation rate to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

Set out below is the information about the credit risk exposure of the Group's trade receivables using a provision matrix as at June 30, 2023 and 2022:

|                                                  | 2023        |           |            |            |              |             |
|--------------------------------------------------|-------------|-----------|------------|------------|--------------|-------------|
|                                                  |             | Past Due  |            |            |              |             |
|                                                  | Current     | 0-30 days | 31-60 days | 61-90 days | Over 90 days | Total       |
| Expected loss rate                               | 0.00%       | 0.00%     | 0.00%      | 0.00%      | 0.00%        |             |
| Estimated total gross carrying amount at default | ₱17,347,134 | ₱—        | ₱—         | ₱—         | ₱—           | ₱17,347,134 |
| Expected credit loss                             | —           | —         | —          | —          | —            | —           |
|                                                  |             |           |            |            |              |             |
|                                                  | 2022        |           |            |            |              |             |
|                                                  |             | Past Due  |            |            |              |             |
|                                                  | Current     | 0-30 days | 31-60 days | 61-90 days | Over 90 days | Total       |
| Expected loss rate                               | 0.00%       | 0.00%     | 0.00%      | 0.00%      | 0.00%        |             |
| Estimated total gross carrying amount at default | ₱16,873,057 | ₱—        | ₱—         | ₱—         | ₱—           | ₱16,873,057 |
| Expected credit loss                             | —           | —         | —          | —          | —            | —           |

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

- *Cash and cash equivalents and time deposits.* As of June 30, 2022, the ECL relating to the cash and cash equivalents, and time deposits of the Group is minimal as these are deposited in reputable entities which have good bank standing and are considered to have a low credit risk.
- *Due from related parties.* The Group did not recognize any allowance related to due from related parties as there was no history of default payments. This assessment is undertaken each financial year through examination of the financial position of the related party and the markets in which the related party operates.

The table below summarizes the credit risk exposure to the Group's financial assets comprised of cash, cash equivalents, time deposits and due from related parties as at June 30, 2023 and 2022:

|                       | 2023                    |                         |                         | Total          |
|-----------------------|-------------------------|-------------------------|-------------------------|----------------|
|                       | Stage 1<br>12-month ECL | Stage 2<br>Lifetime ECL | Stage 3<br>Lifetime ECL |                |
| High grade*           | ₱1,349,048,998          | ₱—                      | ₱—                      | ₱1,349,048,998 |
| Standard grade        | —                       | 129,588,414             | —                       | 129,588,414    |
| Default               | —                       | —                       | —                       | —              |
| Gross carrying amount | 1,349,048,998           | 129,588,414             | —                       | 1,478,637,412  |
| Loss allowance        | —                       | —                       | —                       | —              |
| Carrying amount       | ₱1,349,048,998          | ₱129,588,414            | ₱—                      | ₱1,478,637,412 |

\* Excluding cash on hand



|                       | 2022                    |                         |                         | Total        |
|-----------------------|-------------------------|-------------------------|-------------------------|--------------|
|                       | Stage 1<br>12-month ECL | Stage 2<br>Lifetime ECL | Stage 3<br>Lifetime ECL |              |
| High grade*           | ₱638,627,870            | ₱—                      | ₱—                      | ₱638,627,870 |
| Standard grade        | —                       | 150,959,940             | —                       | 150,959,940  |
| Default               | —                       | —                       | —                       | —            |
| Gross carrying amount | 638,627,870             | 150,959,940             | —                       | 789,587,810  |
| Loss allowance        | —                       | —                       | —                       | —            |
| Carrying amount       | ₱638,627,870            | ₱150,959,940            | ₱—                      | ₱789,587,810 |

\* Excluding cash on hand

### Interest Rate Risk

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

### Foreign Currency Risk

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

The table below summarizes the Group's exposure to foreign currency risk. Included in the table are the Group's foreign currency-denominated financial assets and liabilities as of June 30, 2023 and 2022:

|                              | 2023                  |                       | 2022                 |                     |
|------------------------------|-----------------------|-----------------------|----------------------|---------------------|
|                              | Original Currency     | Peso Equivalent       | Original Currency    | Peso Equivalent     |
| <b>Financial Assets</b>      |                       |                       |                      |                     |
| Cash and cash equivalents    | \$2,564,814           | ₱141,577,724          | \$1,484,866          | ₱81,623,084         |
| <b>Financial Liabilities</b> |                       |                       |                      |                     |
| Long-term debts              | 18,000,000            | 993,600,000           | 10,500,000           | 577,185,000         |
| Lease liability              | 897,256               | 49,528,526            | 908,044              | 49,915,179          |
|                              | 18,897,256            | 1,043,128,526         | 11,408,044           | 627,100,179         |
| <b>Net Exposure</b>          | <b>(\$16,332,442)</b> | <b>(₱901,550,793)</b> | <b>(\$9,923,178)</b> | <b>₱708,723,263</b> |

As of June 30, 2023 and 2022, the exchange rates used were ₱55.20 and ₱54.97, per \$1, respectively.

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

|                                                 | Change in ₱/\$ exchange rate       |                                    |
|-------------------------------------------------|------------------------------------|------------------------------------|
|                                                 | 5% appreciation<br>of \$ against ₱ | 5% depreciation<br>of \$ against ₱ |
| Increase (decrease) in income before income tax |                                    |                                    |
| <b>June 30, 2023</b>                            | <b>(₱45,077,540)</b>               | <b>₱45,077,540</b>                 |
| June 30, 2022                                   | (27,276,334)                       | 27,276,334                         |



### 31. Fair Value Measurement

#### Fair Value and Category of Financial Instruments

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

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

The carrying amounts of these financial instruments approximate their fair values due to their short-term maturity. The fair value hierarchy as required by the amendments to PFRS 7 is not applicable since these financial instruments are carried at amortized cost.

#### *Long-term Debts*

The fair values of long-term debts were calculated based on the discounted value of future cash flows using the applicable risk-free rates for similar types of loans adjusted for credit risk (Level 3 of the fair value hierarchy). The discount rates used for long-term debts ranges from 6.77% and 4.4%–8.05% in June 30, 2023 and 2022, respectively.

#### *Fair Value Hierarchy*

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3: Those inputs for the asset or liability that are not based on observable market data (unobservable inputs)

As of June 30, 2023 and 2022, the fair values of long-term debts fall under level 3 of the fair value hierarchy:

|                 | Carrying Value        |                | Fair Value            |                |
|-----------------|-----------------------|----------------|-----------------------|----------------|
|                 | 2023                  | 2022           | 2023                  | 2022           |
| Long-term debts | <b>₱1,521,299,607</b> | ₱1,306,635,182 | <b>₱1,492,241,879</b> | ₱1,074,319,175 |

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

#### Valuation Techniques Used to Derive Level 3 Fair Values

The table below presents the following for each class of the Group's long-term debts and lease liability:

- The fair value measurements at the end of the reporting period;
- The level of the fair value hierarchy (e.g., Level 2 or Level 3) within which the fair value measurements are categorized in their entirety;
- A description of the valuation techniques applied;
- The inputs used in the fair value measurement; and
- For Level 3 fair value measurements, quantitative information about the significant unobservable inputs used in the fair value measurement.



| June 30, 2023   |                                 |                               |                               |                                |
|-----------------|---------------------------------|-------------------------------|-------------------------------|--------------------------------|
|                 | Fair Value as at<br>December 31 | Valuation<br>Technique        | Key<br>Unobservable<br>Inputs | Range<br>(Weighted<br>Average) |
| Long-term debts | ₱1,492,241,879                  | Market comparable<br>approach | Interest rate                 | 6.77%                          |
| June 30, 2022   |                                 |                               |                               |                                |
|                 | Fair Value as at<br>December 31 | Valuation<br>Technique        | Key<br>Unobservable<br>Inputs | Range<br>(Weighted<br>Average) |
| Long-term debts | ₱1,074,319,175                  | Market comparable<br>approach | Interest rate                 | 4.4% to 8.05%                  |

### 32. Capital Management

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

As of June 30, 2023 and 2022, the Group's total equity amounted to ₱2,724.17 million and ₱1,144.72 million, respectively. In order to sustain its operations, the Group may obtain additional advances and/or capital infusion from its shareholders. Certain companies in the Group are required to maintain certain level of equity as required by their loan agreements (see Note 18).

The Group considers the following as its core capital:

|                            | 2023                  | 2022<br>(As restated –<br>Note 13) |
|----------------------------|-----------------------|------------------------------------|
| Short-term loan            | ₱249,172,856          | ₱92,650,373                        |
| Long-term debts            | 1,521,299,607         | 1,306,635,182                      |
| Due to related parties     | 3,249,042             | 194,495,338                        |
| Capital stock              | 430,423,912           | 36,349                             |
| Additional paid-in capital | 1,643,742,179         | 440,865,245                        |
| Deficit                    | (568,660)             | (227,209,427)                      |
|                            | <b>₱3,847,318,936</b> | <b>₱1,807,473,060</b>              |



### 33. Changes in Liabilities Arising from Financing Activities

|                                            | Short-term loan<br>(see Note 17) | Long-term debt<br>- current<br>portion<br>(see Note 18) | Long-term debt<br>- noncurrent<br>portion<br>(see Note 18) | Lease liability -<br>current portion<br>(see Note 25) | Lease liability -<br>noncurrent<br>portion<br>(see Note 25) | Accrued interest<br>(see Note 16) | Dividends<br>payable<br>(see Note 14) |
|--------------------------------------------|----------------------------------|---------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------|-----------------------------------|---------------------------------------|
| <b>June 30, 2023</b>                       |                                  |                                                         |                                                            |                                                       |                                                             |                                   |                                       |
| Balances as of January 1                   | <b>₱92,650,373</b>               | <b>₱57,810,359</b>                                      | <b>₱1,248,824,823</b>                                      | <b>₱2,883,913</b>                                     | <b>₱47,035,794</b>                                          | <b>₱17,464,239</b>                | <b>₱18,750,000</b>                    |
| Cash flows:                                |                                  |                                                         |                                                            |                                                       |                                                             |                                   |                                       |
| Proceeds from:                             |                                  |                                                         |                                                            |                                                       |                                                             |                                   |                                       |
| Short-term debt                            | <b>250,000,000</b>               | —                                                       | —                                                          | —                                                     | —                                                           | —                                 | —                                     |
| Long-term debt                             | —                                | —                                                       | <b>496,800,000</b>                                         | —                                                     | —                                                           | —                                 | —                                     |
| Payments of:                               |                                  |                                                         |                                                            |                                                       |                                                             |                                   |                                       |
| Short-term debt                            | <b>(94,250,000)</b>              | —                                                       | —                                                          | —                                                     | —                                                           | —                                 | —                                     |
| Long-term debt                             | —                                | —                                                       | <b>(291,420,625)</b>                                       | —                                                     | —                                                           | —                                 | —                                     |
| Interests                                  | —                                | —                                                       | —                                                          | —                                                     | —                                                           | <b>(103,014,882)</b>              | —                                     |
| Leases                                     | —                                | —                                                       | —                                                          | <b>(3,091,200)</b>                                    | —                                                           | —                                 | —                                     |
| Dividends                                  | —                                | —                                                       | —                                                          | —                                                     | —                                                           | —                                 | <b>(23,750,000)</b>                   |
| Deferred financing charges                 | <b>(1,870,064)</b>               | —                                                       | —                                                          | —                                                     | —                                                           | —                                 | —                                     |
| Accretion of interest expense              | <b>1,599,627</b>                 | —                                                       | —                                                          | —                                                     | —                                                           | —                                 | —                                     |
| Amortization of deferred financing charges | <b>1,042,920</b>                 | —                                                       | <b>5,962,377</b>                                           | —                                                     | —                                                           | —                                 | —                                     |
| Interest expense accrual                   | —                                | —                                                       | —                                                          | —                                                     | —                                                           | <b>80,597,920</b>                 | —                                     |
| Capitalized borrowing cost                 | —                                | —                                                       | <b>388,142</b>                                             | —                                                     | <b>3,331,602</b>                                            | <b>37,699,469</b>                 | —                                     |
| Dividend declaration                       | —                                | —                                                       | —                                                          | —                                                     | —                                                           | —                                 | <b>8,750,000</b>                      |
| Translation adjustment                     | —                                | <b>1,548,950</b>                                        | <b>1,773,723</b>                                           | <b>11,803</b>                                         | <b>192,507</b>                                              | <b>972,254</b>                    | —                                     |
| Reclassification to current                | —                                | <b>23,207,555</b>                                       | <b>(23,207,555)</b>                                        | <b>3,623,947</b>                                      | <b>(3,623,947)</b>                                          | —                                 | —                                     |
| Balances as of June 30                     | <b>₱249,172,856</b>              | <b>₱82,566,864</b>                                      | <b>₱1,438,732,743</b>                                      | <b>₱3,428,463</b>                                     | <b>₱46,935,956</b>                                          | <b>₱33,719,000</b>                | <b>₱3,750,000</b>                     |



|                                                   | Short-term loan<br>(see Note 17) | Long-term debt -<br>current portion<br>(see Note 18) | Long-term debt -<br>noncurrent<br>portion<br>(see Note 18) | Lease liability -<br>current portion<br>(see Note 24) | Lease liability -<br>noncurrent<br>portion<br>(see Note 24) | Accrued interest<br>(see Note 16) | Advances from a<br>third party<br>(see Note 16) |
|---------------------------------------------------|----------------------------------|------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------|-----------------------------------|-------------------------------------------------|
| June 30, 2022                                     |                                  |                                                      |                                                            |                                                       |                                                             |                                   |                                                 |
| Balances as of January 1                          | ₱91,077,895                      | ₱—                                                   | ₱148,602,470                                               | ₱—                                                    | ₱—                                                          | ₱1,631,582                        | ₱—                                              |
| Cash flows:                                       |                                  |                                                      |                                                            |                                                       |                                                             |                                   |                                                 |
| Proceeds from:                                    |                                  |                                                      |                                                            |                                                       |                                                             |                                   |                                                 |
| Long-term debts                                   | —                                | —                                                    | 577,365,000                                                | —                                                     | —                                                           | —                                 | —                                               |
| Advances from a third party                       | —                                | —                                                    | —                                                          | —                                                     | —                                                           | —                                 | 214,000,000                                     |
| Payments of:                                      |                                  |                                                      |                                                            |                                                       |                                                             |                                   |                                                 |
| Interests                                         | —                                | —                                                    | —                                                          | —                                                     | —                                                           | (4,980,366)                       | —                                               |
| Deferred financing charges                        | —                                | —                                                    | (32,668,315)                                               | —                                                     | —                                                           | —                                 | —                                               |
| Step acquisition to a subsidiary (see<br>Note 13) | —                                | 53,845,260                                           | 558,961,961                                                | —                                                     | —                                                           | 9,024,474                         | —                                               |
| Recognition of leases (see Note 24)               | —                                | —                                                    | —                                                          | —                                                     | 46,827,508                                                  | —                                 | —                                               |
| Accretion of interest expense                     | 3,172,105                        | —                                                    | —                                                          | —                                                     | —                                                           | —                                 | —                                               |
| Day 1 gain on note payable                        | (1,599,627)                      | —                                                    | —                                                          | —                                                     | —                                                           | —                                 | —                                               |
| Amortization of deferred financing charges        | —                                | —                                                    | 246,855                                                    | —                                                     | —                                                           | —                                 | —                                               |
| Interest expense accrual                          | —                                | —                                                    | —                                                          | —                                                     | —                                                           | 7,323,698                         | —                                               |
| Capitalized borrowing cost                        | —                                | —                                                    | 388,142                                                    | —                                                     | —                                                           | 4,818,752                         | —                                               |
| Tax withheld                                      | —                                | —                                                    | —                                                          | —                                                     | —                                                           | (353,901)                         | —                                               |
| Translation adjustment                            | —                                | —                                                    | (106,191)                                                  | —                                                     | 2,298,500                                                   | —                                 | —                                               |
| Reclassification to current                       | —                                | 3,965,099                                            | (3,965,099)                                                | 2,883,913                                             | (2,883,913)                                                 | —                                 | —                                               |
| Balances as of June 30                            | ₱92,650,373                      | ₱57,810,359                                          | ₱1,248,824,823                                             | ₱2,883,913                                            | ₱47,035,794                                                 | ₱17,464,239                       | ₱214,000,000                                    |



|                                            |                 | Long-term debt – | Long-term debt – | Lease liability – | Lease liability – |                  | Advances from a |
|--------------------------------------------|-----------------|------------------|------------------|-------------------|-------------------|------------------|-----------------|
|                                            | Short-term loan | current portion  | noncurrent       | current portion   | noncurrent        | Accrued interest | third party     |
| December 31, 2021                          | (see Note 17)   | (see Note 18)    | (see Note 18)    | (see Note 24)     | (see Note 25)     | (see Note 16)    | (see Note 16)   |
| Balances as of January 1                   | ₱228,012,551    | ₱100,117,085     | ₱–               | ₱370,507          | ₱–                | ₱22,034,766      | ₱–              |
| Cash flows:                                | (140,000,000)   | (101,095,484)    | 148,473,480      | (378,953)         | –                 | (31,862,053)     | –               |
| Accretion of interest expense              | 6,237,449       | –                | –                | 8,466             | –                 | –                | –               |
| Day 1 gain on note payable                 | (3,172,105)     | –                | –                | –                 | –                 | –                | –               |
| Amortization of deferred financing charges | –               | 37,370           | 128,990          | –                 | –                 | –                | –               |
| Interest expense                           | –               | –                | –                | –                 | –                 | 11,458,869       | –               |
| Translation adjustment                     | –               | 941,029          | –                | –                 | –                 | –                | –               |
| Balances as of June 30                     | ₱91,077,895     | ₱–               | ₱148,602,470     | ₱–                | ₱–                | ₱1,631,582       | ₱–              |



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### 34. Significant Contracts, Agreements and Commitments

#### Solar Energy

##### *SSAI*

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

The SESC is a two-year non-extendible pre-development stage contract from the effective date of the contract to conduct preliminary solar energy resources data gathering activities, and if warranted by the results, conduct of a full solar energy resources assessment. The SESC further provides that if SSAI failed to accomplish the first six (6) months milestones indicated in the Work Program submitted to the Department of Energy (“DOE”), the contract term shall be considered expired. However, the submission of SSAI of a Declaration of Commerciality (“DOC”) at any time during the pre-development stage and confirmation thereof by the DOE shall supersede the first six (6) months milestone requirement of the DOE.

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

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

SSAI has recognized project development costs amounting to ₱34.46 million and ₱13.54 million, as of June 30, 2023 and 2022, respectively. As of October 5, 2023, SSAI has not yet started construction or commercial operations.

##### *KSEC*

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

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

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



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

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

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

All of KSEC’s revenue from contracts with customers, which is presented as “Revenue from sale of electricity” in the 2022 consolidated statement of comprehensive income, pertain to sale of electricity to CEPALCO under the PSA. Total PSA revenue recognized by the Group for the year ended June 30, 2023 and for the period June 10 to June 30, 2022 amounted to ₱171.48 million and ₱9.33 million, respectively.

#### *SPPP*

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

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

The project will be located in Ngatpang State, Babeldaob Island, Palau. As of October 5 2023, the project’s construction has been completed but has not started commercial operations as it is still in the testing and commissioning phase. Target completion of the project is in the fourth quarter of calendar year 2023.

Contract asset arising from the PPA as at June 30, 2023 and 2022 amounting to ₱1,165.15 million and ₱574.89 million, respectively, had been mortgaged as security for SPPP’s loan (see Note 18).

- *Funding Agreement.* On January 31, 2022, SPPP entered into a Funding Agreement (“Funding Agreement”) with Commonwealth of Australia represented by DFAT in relation to funding under the Australian Infrastructure Financing Facility for the Pacific (“AIFFP”) to grant an amount of \$4.00 million for the purpose of funding of eligible project costs. No drawdown has been made on the Funding Agreement as of June 30, 2022.



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

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

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

#### *SPEC*

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

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

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

#### Hydropower Energy

##### *AMHHC*

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

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

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

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



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

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

#### *IMHC*

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

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

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

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

IMHC has not commenced the construction of the Project and has not started commercial operations as of October 5, 2023.

IMHC has recognized project development costs amounting to ₱34.46 million and ₱20.97 million, as of June 30, 2023 and 2022, respectively.

#### *LAMHC*

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

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



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

On August 8, 2017, LAMHC filed the request for the assignment of HSC 2013-06-264 with the DOE. On October 19, 2018, the DOE approved the assignment for HSC 2013-6-264, pursuant to the Deed of Assignment to LAMHC.

LAMHC has recognized project development costs amounting to ₱80.89 million and ₱76.82 million as of June 30, 2023 and 2022, respectively. As of October 5, 2023, LAMHC has not yet started construction of the project.

### Wind Energy

#### *ATWC*

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

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

ATWC has the following WESCs as follows:

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

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

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

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



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

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

ATWC has recognized project development costs amounting to ₱198.91 million and ₱131.45 million as of June 30, 2023 and 2022, respectively. As of October 5, 2023, ATWC's project has not yet started construction.

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### 35. Renewable Energy Act of 2008

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

- a) accelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country's dependence on fossil fuels and thereby minimize the country's exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy;
- b) increase the utilization of renewable energy by institutionalizing the development of national and local capabilities in the use of renewable energy systems, and promoting its efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives;
- c) encourage the development and utilization of renewable energy resources as tools to effectively prevent or reduce harmful emissions and thereby balance the goals of economic growth and development with the protection of health and environment; and
- d) establish the necessary infrastructure and mechanism to carry out mandates specified in the Act and other laws.

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

- i. Income Tax Holiday ("ITH") - For the first seven (7) years of its commercial operations, the duly registered RE developer shall be exempt from income taxes levied by the National Government;
- ii. Duty-free Importation of RE Machinery, Equipment and Materials - Within the first ten (10) years upon issuance of a certification of an RE developer, the importation of machinery and equipment, and materials and parts thereof, including control and communication equipment, shall not be subject to tariff duties;



- iii. Special Realty Tax Rates on Equipment and Machinery - Any law to the contrary notwithstanding, realty and other taxes on civil works, equipment, machinery, and other improvements of a registered RE developer actually and exclusively used for RE facilities shall not exceed one and a half percent (1.5%) of their original cost less accumulated normal depreciation or net book value;
- iv. NOLCO - the NOLCO of the RE developer during the first three (3) years from the start of commercial operation which had not been previously offset as deduction from gross income shall be carried over as deduction from gross income for the next seven (7) consecutive taxable years immediately following the year of such loss;
- v. Corporate Tax Rate - After seven (7) years of ITH, all RE developers shall pay a corporate tax of ten percent (10%) on its net taxable income as defined in the National Internal Revenue Code of 1997, as amended by Republic Act No. 9337;
- vi. Accelerated Depreciation - If, and only if, an RE project fails to receive an ITH before full operation, it may apply for accelerated depreciation in its tax books and be taxed based on such;
- vii. Zero Percent VAT Rate - The sale of fuel or power generated from renewable sources of energy, the purchase of local goods, properties and services needed for the development, construction and installation of the plant facilities, as well as the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent (0%) VAT;
- viii. Cash Incentive of RE Developers for Missionary Electrification - An RE developer, established after the effectivity of the Act, shall be entitled to a cash generation-based incentive per kilowatt-hour rate generated, equivalent to fifty percent (50%) of the universal charge for power needed to service missionary areas where it operates the same;
- ix. Tax Exemption of Carbon Credits - All proceeds from the sale of carbon emission credits shall be exempt from any and all taxes; and
- x. Tax Credit on Domestic Capital Equipment and Services - A tax credit equivalent to one hundred percent (100%) of the value of the VAT and custom duties that would have been paid on the RE machinery, equipment, materials and parts had these items been imported shall be given to an RE operating contract holder who purchases machinery, equipment, materials, and parts from a domestic manufacturer for purposes set forth in the Act. RE developers and local manufacturers, fabricators and suppliers of locally-produced RE equipment shall register with the DOE, through the Renewable Energy Management Bureau (REMB). Upon registration, a certification shall be issued to each RE developer and local manufacturer, fabricator and supplier of locally-produced renewable energy equipment to serve as the basis of their entitlement to the incentives provided for in the Act. All certifications required to qualify RE developers to avail of the incentives provided for under the Act shall be issued by the DOE through the REMB.

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### 36. Subsequent Events

On October 5, 2023, the BOD approved the equity restructuring of the Parent Company to wipe out and eliminate its deficit amounting to ₱42,271,540 by applying/reclassifying/offsetting the same against the Parent Company's additional paid-in capital of ₱1,643,742,189. As of October 5, 2023, the Parent Company has yet to file its application for quasi-reorganization with the SEC



## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Alternergy Holdings Corporation and Subsidiaries (collectively, the Group) as at June 30, 2023 and 2022 and for the Year Ended June 30, 2023, Six-Month Period Ended June 30, 2022 and Year Ended December 31, 2021, and have issued our report thereon dated October 5, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Leovina Mae V. Chu

Partner

CPA Certificate No. 99910

Tax Identification No. 209-316-911

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 99910-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-096-2023, September 12, 2023, valid until September 11, 2026

PTR No. 9566016, January 3, 2023, Makati City

October 5, 2023



## **INDEPENDENT AUDITOR'S REPORT COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Alternergy Holdings Corporation and its subsidiaries (collectively, the Group) as at June 30, 2023 and 2022 and for the Year Ended June 30, 2023, Six-Month Period Ended June 30, 2022 and Year Ended December 31, 2021, and have issued our report thereon dated January 19, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at June 30, 2023 and 2022 and for the Year Ended June 30, 2023, Six-Month Period Ended June 30, 2022 and Year Ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Leovina Mae V. Chu

Partner

CPA Certificate No. 99910

Tax Identification No. 209-316-911

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 99910-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-096-2023, September 12, 2023, valid until September 11, 2026

PTR No. 9566016, January 3, 2023, Makati City

October 5, 2023



**ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY SCHEDULES**

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**ALTERENERGY HOLDINGS CORPORATION AND SUBSIDIARIES****SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J****PURSUANT TO REVISED SRC RULE 68****June 30, 2023****Schedule A. Financial Assets**

| Name of Issuing Entity and Association of Each Issue | Number of Shares or Principal<br>Amount of Bonds and Notes | Amount shown in the Statement of<br>Financial Position | Income Received and<br>Accrued |
|------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------|--------------------------------|
| Cash and cash equivalents*                           |                                                            |                                                        |                                |
| Unrestricted                                         | —                                                          | ₱1,238,986,852                                         | ₱3,776, 693                    |
| Restricted                                           |                                                            | 61,869,646                                             | 2,715,881                      |
| Due from related parties                             | —                                                          | 129,588,414                                            | —                              |
| Time deposits                                        | —                                                          | 48,437,945                                             | 2,101,803                      |
| <b>Total</b>                                         | —                                                          | <b>₱1,478,882,857</b>                                  | <b>₱8,594,377</b>              |

*\* Excluding cash on hand*

**ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES****SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J****PURSUANT TO REVISED SRC RULE 68****June 30, 2023****Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)**

| Name and Designation of Debtor | Balance at Beginning of Period | Additions          | Amounts Collected  | Amounts Written Off* | Current             | Not Current | Balance at the End of Period |
|--------------------------------|--------------------------------|--------------------|--------------------|----------------------|---------------------|-------------|------------------------------|
| ASWC                           | ₱72,928,670                    | ₱8,556,825         | ₱—                 | ₱11,974,411          | ₱69,511,084         | ₱—          | ₱69,511,084                  |
| APIC                           | 42,134,080                     | 4,320,000          | —                  | —                    | 46,454,080          | —           | 46,454,080                   |
| DMHC                           | 18,000,000                     | —                  | 18,000,000         | —                    | —                   | —           | —                            |
| LSEC                           | 3,704,485                      | —                  | —                  | 3,704,485            | —                   | —           | —                            |
| QBL                            | 3,549,762                      | —                  | 3,549,762          | —                    | —                   | —           | —                            |
| VHC                            | 3,328,000                      | —                  | —                  | —                    | 3,328,000           | —           | 3,328,000                    |
| NAPI                           | 2,704,225                      | 3,295,775          | —                  | —                    | 6,000,000           | —           | 6,000,000                    |
| KTEC                           | 2,179,394                      | —                  | —                  | 1,068                | 2,178,326           | —           | 2,178,326                    |
| SPCC                           | 1,227,238                      | —                  | —                  | 48,695               | 1,178,543           | —           | 1,178,543                    |
| APHC                           | —                              | 490,940            | —                  | —                    | 490,940             | —           | 490,940                      |
| CPWPC                          | —                              | 261,658            | —                  | —                    | 261,658             | —           | 261,658                      |
| TSOWPC                         | —                              | 36,768             | —                  | —                    | 36,768              | —           | 36,768                       |
| OSPC                           | —                              | 38,615             | —                  | —                    | 38,615              | —           | 38,615                       |
| Shareholder                    | 109,950                        | 450                | —                  | —                    | 110,400             | —           | 110,400                      |
| <b>Total</b>                   | <b>₱149,755,854</b>            | <b>₱17,110,981</b> | <b>₱21,549,762</b> | <b>₱15,728,659</b>   | <b>₱129,588,415</b> | <b>₱—</b>   | <b>₱129,588,415</b>          |

*\*Note: Pertains to amounts converted/reclassified as equity holdings/investment.*

**ALTERENERGY HOLDINGS CORPORATION AND SUBSIDIARIES****SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J****PURSUANT TO REVISED SRC RULE 68****June 30, 2023****Schedule C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements**

| Name and Designation of Debtor | Balance at Beginning of Period | DEDUCTIONS          |                   |                     |                     |             | Balance at End of Period |
|--------------------------------|--------------------------------|---------------------|-------------------|---------------------|---------------------|-------------|--------------------------|
|                                |                                | Additions           | Amounts Collected | Amounts Written Off | Current             | Not current |                          |
| AHC                            | ₱1,500,000                     | ₱875,000            | ₱—                | ₱—                  | ₱2,375,000          | ₱—          | ₱2,375,000               |
| AMHHC                          | 151,878,506                    | 12,013,239          | —                 | —                   | 163,891,745         | —           | 163,891,745              |
| PACO                           | —                              | 16,853,933          | —                 | —                   | 16,853,933          | —           | 16,853,933               |
| ATWC                           | 134,214,837                    | 73,579,777          | —                 | —                   | 207,794,614         | —           | 207,794,614              |
| AHPC                           | 40,797,604                     | 155,000             | —                 | —                   | 40,952,604          | —           | 40,952,604               |
| LAMHC                          | 42,548,684                     | 6,299               | —                 | —                   | 42,554,983          | —           | 42,554,983               |
| IMHC                           | 22,666,730                     | 14,868,130          | —                 | —                   | 37,534,860          | —           | 37,534,860               |
| SSAI                           | 16,401,103                     | 122,718,559         | —                 | —                   | 139,119,662         | —           | 139,119,662              |
| SPEC                           | 1,836,760                      | —                   | 300,053           | —                   | 1,536,707           | —           | 1,536,707                |
| AWPC                           | —                              | 19,155              | —                 | —                   | 19,155              | —           | 19,155                   |
| ADIWPC                         | —                              | 19,193              | —                 | —                   | 19,193              | —           | 19,193                   |
| SPPPI                          | —                              | 1,117,800           | —                 | —                   | 1,117,800           | —           | 1,117,800                |
| SSPC                           | —                              | 67,542              | —                 | —                   | 67,542              | —           | 67,542                   |
| LSEC                           | —                              | 4,454,485           | —                 | —                   | 4,454,485           | —           | 4,454,485                |
| LREC                           | —                              | 16,200              | —                 | —                   | 16,200              | —           | 16,200                   |
| <b>Total</b>                   | <b>₱411,844,224</b>            | <b>₱246,764,312</b> | <b>₱300,053</b>   | <b>₱—</b>           | <b>₱658,308,483</b> | <b>₱—</b>   | <b>₱658,308,483</b>      |

**ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES****SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J****PURSUANT TO REVISED SRC RULE 68****June 30, 2023****Schedule D. Long-term Debt**

| Title of Issue and Type of<br>Obligation         | Amount<br>Authorized by<br>Indenture | Amount Shown<br>under Caption<br>‘Current Position of<br>Long-term Debt’ in<br>Related Statement of<br>Financial Position | Amount Shown under Caption ‘Long-Term Debt’ in Related Statement of<br>Financial Position |               |             |               |
|--------------------------------------------------|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|---------------|-------------|---------------|
|                                                  |                                      |                                                                                                                           | Amount                                                                                    | Interest Rate | Repayment   | Maturity Date |
| Rizal Commercial Banking<br>Corporation (“RCBC”) | ₱562,067,460                         | ₱61,397,424                                                                                                               | ₱500,670,036                                                                              | 6.84%         | Semi-annual | 12-Mar-30     |
| Export Finance Australia (“EFA”)                 | 993,600,000                          | 21,169,440                                                                                                                | 972,430,560                                                                               | 4.55%         | Semi-annual | 14-Oct-38     |
| Less: Deferred Financing Charges                 |                                      |                                                                                                                           | 34,367,853                                                                                |               |             |               |
| <b>Total</b>                                     | <b>₱1,555,667,460</b>                | <b>₱82,566,864</b>                                                                                                        | <b>₱1,438,732,743</b>                                                                     |               |             |               |

**ALTERENERGY HOLDINGS CORPORATION AND SUBSIDIARIES**

---

**SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J**

**PURSUANT TO REVISED SRC RULE 68**

**June 30, 2023**

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

| <u>Name of Related Party</u> | <u>Balance at Beginning of Period</u> | <u>Balance at End of Period</u> |
|------------------------------|---------------------------------------|---------------------------------|
|                              | - Not applicable -                    |                                 |

**ALTERENERGY HOLDINGS CORPORATION AND SUBSIDIARIES**

**SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J**

**PURSUANT TO REVISED SRC RULE 68**

**June 30, 2023**

**Schedule F. Guarantees of Securities of Other Issuers**

Name of issuing entity of  
securities guaranteed by the

Group for which this statement  
is filed

Title of issue of each class of  
securities guaranteed

Total amount guaranteed and  
outstanding

Amount owned by a person for  
which statement is filed

Nature of guarantee

- Not applicable -

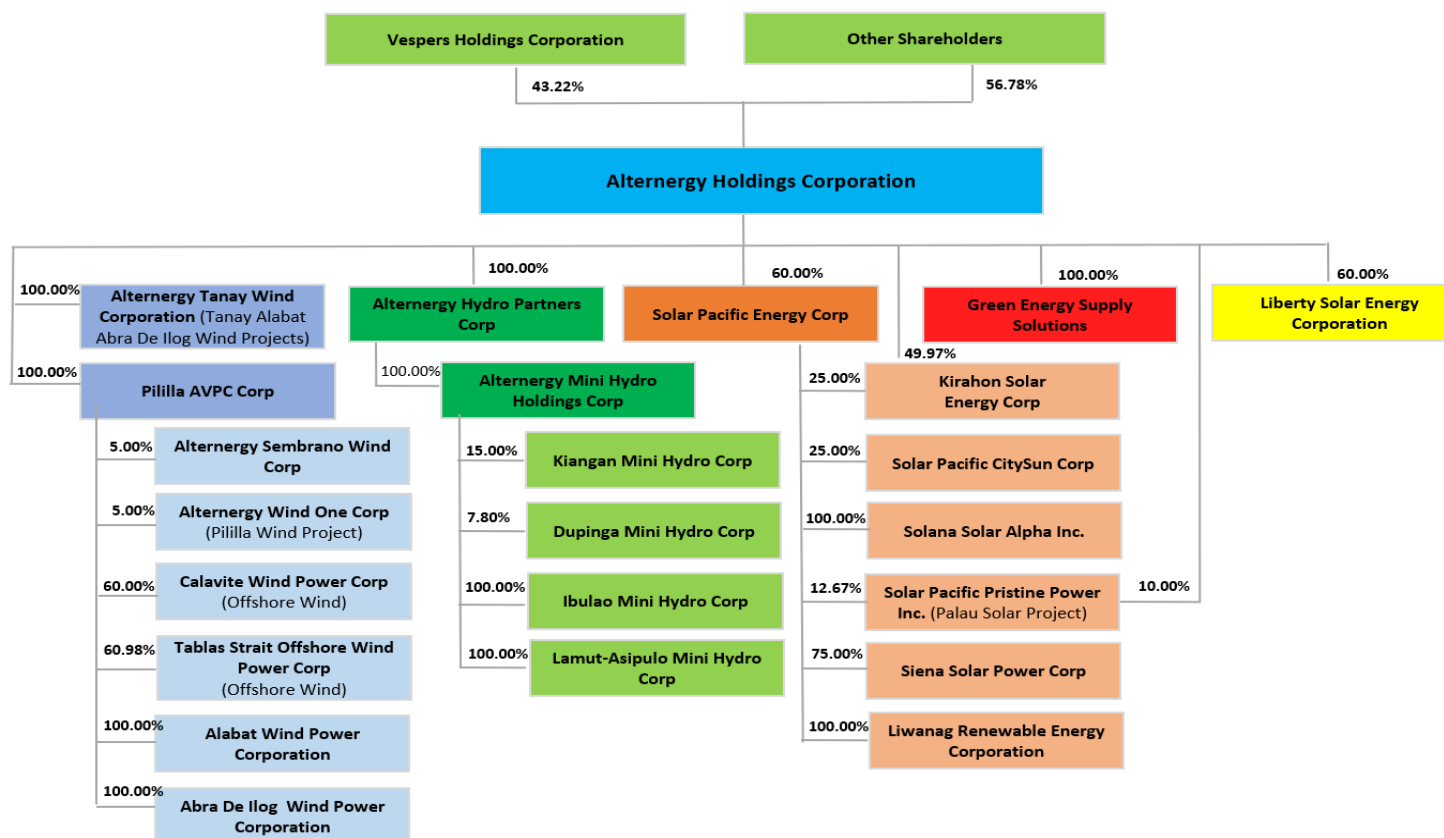
**ALTERENERGY HOLDINGS CORPORATION AND SUBSIDIARIES****SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J****PURSUANT TO REVISED SRC RULE 68****June 30, 2023****Schedule G. Capital Stock**

| Title of issue   | Number of Shares<br>Authorized | Number of Shares<br>Issued and Outstanding<br>as Shown under<br>Related Statement of<br>Financial Position<br>Caption | Number of Shares<br>Reserved for Options,<br>Warrants, Conversion<br>and Other Rights | Number of Shares<br>Held by Related<br>Parties | Number of Shares<br>Held by Directors,<br>Officers and<br>Employees | Others               |
|------------------|--------------------------------|-----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|------------------------------------------------|---------------------------------------------------------------------|----------------------|
|                  |                                |                                                                                                                       |                                                                                       |                                                |                                                                     |                      |
| Preferred shares | 1,481,594,548                  | 370,398,637                                                                                                           | –                                                                                     | 370,398,637                                    | –                                                                   | –                    |
| Common shares    | 10,406,291,160                 | 3,933,840,480                                                                                                         | –                                                                                     | 1,700,386,338                                  | 96,280,765                                                          | 2,137,173,377        |
| <b>Total</b>     | <b>11,887,885,708</b>          | <b>4,304,239,117</b>                                                                                                  | <b>–</b>                                                                              | <b>2,070,784,975</b>                           | <b>96,280,765</b>                                                   | <b>2,137,173,377</b> |

# ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

## CORPORATE STRUCTURE

June 30, 2023



Note: % pertain to economic interests

SCHEDULE II

**ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION**

|                                                                                                                                 |                    |
|---------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Unappropriated Deficit, beginning of reporting period                                                                           | (₱243,194,498)     |
| Add: Items that are directly credited to Unappropriated Retained Earnings                                                       |                    |
| Quasi-reorganization                                                                                                            | 245,320,061        |
| Unappropriated Deficit, <i>as adjusted to</i> available for dividend distribution, beginning                                    | 2,125,563          |
| Add: <b>Net loss actually earned/realized during the period</b>                                                                 |                    |
| Net income (loss) during the period closed to Retained Earnings                                                                 | 38,021,176         |
| Less: <b>Non-actual/unrealized income net of tax:</b>                                                                           |                    |
| Equity in net income of associate/joint venture                                                                                 | 21,938,643         |
| Unrealized foreign exchange gain (loss) - net (except those attributable to Cash and Cash Equivalents)                          | 1,844,586          |
| Unrealized actuarial gain (loss)                                                                                                | —                  |
| Fair value adjustment (market to market gains)                                                                                  | —                  |
| Fair value adjustment of Investment Property resulting to gain                                                                  | —                  |
| Adjustment due to deviation from PFRS/GAAP-gain                                                                                 | —                  |
| Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS | —                  |
| Sub-total                                                                                                                       | 23,783,229         |
| Add: <b>Non-actual losses</b>                                                                                                   |                    |
| Depreciation on revaluation increment (after tax)                                                                               | —                  |
| Adjustment due to deviation from PFRS/GAAP – loss                                                                               | —                  |
| Loss on fair value adjustment of investment property (after tax)                                                                | —                  |
| Sub-total                                                                                                                       | —                  |
| <b>Net loss actually earned during the period</b>                                                                               | 14,237,947         |
| Add (Less):                                                                                                                     |                    |
| Dividend declarations during the period                                                                                         | —                  |
| Appropriations of retained earnings during the period                                                                           | —                  |
| Reversals of appropriations                                                                                                     | —                  |
| Effects of prior period adjustments                                                                                             | 13,068,229         |
| Treasury shares                                                                                                                 | —                  |
| <b>TOTAL DEFICIT, END OF THE YEAR AVAILABLE FOR DIVIDEND DECLARATION</b>                                                        | <b>₱29,431,739</b> |

**SCHEDULE III**

**ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES**  
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**

| <b>Ratio</b>                         | <b>Formula</b>                                                                                     | <b>June 30, 2023</b> | <b>June 30, 2022</b> |
|--------------------------------------|----------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Current ratio <sup>(1)</sup>         | Dividing total current assets over total current liabilities                                       | <b>2.47</b>          | 0.84                 |
| Acid test ratio                      | Dividing quick assets by the current liabilities                                                   | <b>2.08</b>          | 0.62                 |
| Solvency ratio                       | Dividing net income excluding depreciation over total debt obligations                             | <b>0.04</b>          | (0.07)               |
| Debt-to-equity ratio <sup>(2)</sup>  | Dividing total interest-bearing debts over stockholders' equity                                    | <b>0.66</b>          | 1.38                 |
| Asset-to-equity ratio <sup>(3)</sup> | Dividing total assets over total stockholders' equity                                              | <b>1.79</b>          | 3.33                 |
| Interest rate coverage ratio         | Dividing earnings before interest and taxes of one period over interest expense of the same period | <b>1.54</b>          | (13.04)              |
| Return on equity (%) <sup>(4)</sup>  | Dividing the net income (annual basis) by total stockholders' equity (average)                     | <b>1.97%</b>         | (28%)                |
| Return on assets (%) <sup>(5)</sup>  | Dividing the net income (annual basis) by the total assets (average)                               | <b>0.91%</b>         | (8%)                 |
| Net profit margin (%)                | Dividing net income by the total revenue                                                           | <b>19.66%</b>        | (1,694%)             |
| EBITDA margin (%)                    | Dividing the EBITDA by the total revenue                                                           | <b>93.00%</b>        | (1,604%)             |

**Notes:**

- (1) Current ratio measures the Group's ability to pay short-term obligations
- (2) Debt to equity ratio measures the degree of the Group's financial leverage. The Group's total loans and borrowings includes interest-bearing bank loans and loans from third parties.
- (3) Asset to equity measures the Group's financial leverage and long-term solvency.
- (4) Average total shareholder's equity is calculated by taking the beginning and ending shareholder's equity then dividing by two.
- (5) Average total assets is calculated by taking the beginning and ending total assets then dividing by two.

**From:** Sherleen Macatangay <srmacatangay@rrrlaw.com>  
**Sent:** Friday, October 13, 2023 7:48 PM  
**To:** Arman Lyle Ang  
**Cc:** Melissa Lichaytoo; Carmen Diaz; Louie Pangilinan  
**Subject:** Fwd: SEC eFast Initial Acceptance

Hi Arman,

Forwarding the second email I received from the SEC.

Regards,  
Sherleen

----- Forwarded message -----

From: <[noreply-cifsost@sec.gov.ph](mailto:noreply-cifsost@sec.gov.ph)>  
Date: Fri, Oct 13, 2023 at 7:40 PM  
Subject: SEC eFast Initial Acceptance  
To:

Greetings!

**SEC Registration No:** CS200909233  
**Company Name:** ALTERNERGY HOLDINGS CORPORATION  
**Document Code:** AFS

This serves as temporary receipt of your submission.  
Subject to verification of form and quality of files of the submitted report.  
Another email will be sent as proof of review and acceptance.

Thank you.

**REMINDER:** TO ALL FILERS OF REPORTS IN THE e-FAST Please strictly follow the instruction stated in the form. Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer. 1. General Information Sheet (GIS-Stock) 2. General Information Sheet (GIS-Non-stock) 3. General Information Sheet (GIS- Foreign stock & non-stock) 4. Broker Dealer Financial Statements (BDFS) 5. Financing Company Financial Statements (FCFS) 6. Investment Houses Financial Statements (IHFS) 7. Publicly – Held Company Financial Statement 8. General Form for Financial Statements 9. Financing Companies Interim Financial Statements (FCIF) 10. Lending Companies Interim Financial Statements (LCIF) Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFast, if the filed report is compliant with the existing requirements. A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the reports rejection in the remarks box.

**SECURITIES AND EXCHANGE COMMISSION**

SEC Headquarters, 7907 Makati Avenue,  
Salcedo Village, Barangay Bel-Air, Makati City,  
1209, Metro Manila, Philippines

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Atty. Sherleen Lourds R. Macatangay

Roxas de los Reyes Laurel Rosario & Gonzales Law Offices  
19/F BDO Plaza, 8737 Paseo de Roxas  
Makati City 1226 Metro Manila  
Tel. No. (+632) 88403783; Fax No. (+632) 88130885  
e-mail: [srmacatangay@rrlrlaw.com](mailto:srmacatangay@rrlrlaw.com)  
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Unchalie Turiaga &lt;unchalie.turiaga@alternergy.com&gt;

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eafs@bir.gov.ph &lt;eafs@bir.gov.ph&gt;

Fri, Oct 13, 2023 at 7:20 PM

To: AHCEAFS@gmail.com

Cc: LOUIEAVPC@gmail.com

Hi ALTERNERGY HOLDINGS CORPORATION FOR'LY ALTERNERGY VIENTO PARTNERS CORP.,

**Valid files**

- EAFS007315916AFSTY062023.pdf
- EAFS007315916RPTTY062023.pdf
- EAFS007315916ITRTY062023.pdf

**Invalid file**

- <None>

Transaction Code: **AFS-0-2NNM4PX2067FE9DAGN42TX13Q0MY42TQW**Submission Date/Time: **Oct 13, 2023 07:20 PM**Company TIN: **007-315-916**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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| October 13, 2023 7:20:12 PM | RPT           | EAFS007315916RPTTY062023.pdf | 1.109985       | 4          | ✓         |
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REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**

## FILING REFERENCE NO.

|                                             |                                                       |
|---------------------------------------------|-------------------------------------------------------|
| <b>TIN</b>                                  | : 007-315-916-000                                     |
| <b>Name</b>                                 | : ALTERNERGY HOLDINGS CORPORATION FOR`LY:<br>ALTERNER |
| <b>RDO</b>                                  | : 047                                                 |
| <b>Form Type</b>                            | : 1702                                                |
| <b>Reference No.</b>                        | : 462300056127080                                     |
| <b>Amount Payable<br/>(Over Remittance)</b> | : 14,678.00                                           |
| <b>Accounting Type</b>                      | : F - Fiscal                                          |
| <b>For Tax Period</b>                       | : 06/30/2023                                          |
| <b>Date Filed</b>                           | : 10/13/2023                                          |
| <b>Tax Type</b>                             | : IT                                                  |

**Proceed to Payment**

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Reference No : 462300056127080  
Date Filed : October 13, 2023 05:24 PM  
Batch Number : 0



Republic of the Philippines  
Department of Finance  
Bureau of Internal Revenue

For BIR Use Only: BCS/Item:

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|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--|
| BIR Form No.<br><b>1702-RT</b><br>January 2018(ENCS)<br>Page 1                                                                                                                                                                                                                                                                                                                                  |                    | <b>Annual Income Tax Return</b><br>For Corporation, Partnership and Other Non-Individual<br>Taxpayer Subject Only to REGULAR Income Tax Rate<br><i>Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X".<br/>         Two Copies MUST be filed with the BIR and one held by the taxpayer.</i> |                                                     | <br>1702-RT 01/18ENCS P1                                                                                                                   |  |
| 1 For <input type="radio"/> Calendar <input checked="" type="radio"/> Fiscal<br>2 Year Ended (MM/20YY)<br>6/2023                                                                                                                                                                                                                                                                                |                    | 3 Amended Return? <input type="radio"/> Yes <input checked="" type="radio"/> No<br>4 Short Period Return? <input type="radio"/> Yes <input checked="" type="radio"/> No                                                                                                                                                       |                                                     | 5 Alphanumeric Tax Code (ATC)<br>IC055 Minimum Corporate Income Tax (MCIT) <input checked="" type="checkbox"/><br><input type="checkbox"/> |  |
| <b>Part I - Background Information</b>                                                                                                                                                                                                                                                                                                                                                          |                    |                                                                                                                                                                                                                                                                                                                               |                                                     |                                                                                                                                            |  |
| 6 Taxpayer Identification Number (TIN) 007 - 315 - 916 - 000                                                                                                                                                                                                                                                                                                                                    |                    |                                                                                                                                                                                                                                                                                                                               |                                                     | 7 RDO Code 047                                                                                                                             |  |
| 8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS)<br>ALTERNERGY HOLDINGS CORPORATION FOR LY: ALTERNER                                                                                                                                                                                                                                                                       |                    |                                                                                                                                                                                                                                                                                                                               |                                                     |                                                                                                                                            |  |
| 9A Registered Address (Indicate complete registered address)<br>LEVEL 3B 111 PASEO DE ROXAS BU LEGASPI ST., LEGASPI VILLAGE SAN LORENZO CITY OF MAKATI, NCR, FOURTH DI                                                                                                                                                                                                                          |                    |                                                                                                                                                                                                                                                                                                                               |                                                     |                                                                                                                                            |  |
| 9B Zipcode 1223                                                                                                                                                                                                                                                                                                                                                                                 |                    |                                                                                                                                                                                                                                                                                                                               |                                                     |                                                                                                                                            |  |
| 10 Date of Incorporation/Organization (MM/DD/YYYY) 06/18/2009                                                                                                                                                                                                                                                                                                                                   |                    |                                                                                                                                                                                                                                                                                                                               |                                                     |                                                                                                                                            |  |
| 11 Contact Number<br>8134678                                                                                                                                                                                                                                                                                                                                                                    |                    |                                                                                                                                                                                                                                                                                                                               | 12 Email Address<br>unchalie.turiaga@alternergy.com |                                                                                                                                            |  |
| 13 Method of Deductions <input checked="" type="radio"/> Itemized Deductions [Section 34 (A-J), NIRC] <input type="radio"/> Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]                                                                                                                                                             |                    |                                                                                                                                                                                                                                                                                                                               |                                                     |                                                                                                                                            |  |
| <b>Part II - Total Tax Payable (Do NOT enter Centavos)</b>                                                                                                                                                                                                                                                                                                                                      |                    |                                                                                                                                                                                                                                                                                                                               |                                                     |                                                                                                                                            |  |
| 14 Total Income Tax Due (Overpayment) (From Part IV Item 43)                                                                                                                                                                                                                                                                                                                                    |                    |                                                                                                                                                                                                                                                                                                                               |                                                     | 14,678                                                                                                                                     |  |
| 15 Less: Total Tax Credits/Payments (From Part IV Item 55)                                                                                                                                                                                                                                                                                                                                      |                    |                                                                                                                                                                                                                                                                                                                               |                                                     | 0                                                                                                                                          |  |
| 16 Net Tax Payable (Overpayment) (Item 14 Less Item 15) (From Part IV Item 56)                                                                                                                                                                                                                                                                                                                  |                    |                                                                                                                                                                                                                                                                                                                               |                                                     | 14,678                                                                                                                                     |  |
| <b>Add Penalties</b>                                                                                                                                                                                                                                                                                                                                                                            |                    |                                                                                                                                                                                                                                                                                                                               |                                                     |                                                                                                                                            |  |
| 17 Surcharge                                                                                                                                                                                                                                                                                                                                                                                    |                    |                                                                                                                                                                                                                                                                                                                               |                                                     | 0                                                                                                                                          |  |
| 18 Interest                                                                                                                                                                                                                                                                                                                                                                                     |                    |                                                                                                                                                                                                                                                                                                                               |                                                     | 0                                                                                                                                          |  |
| 19 Compromise                                                                                                                                                                                                                                                                                                                                                                                   |                    |                                                                                                                                                                                                                                                                                                                               |                                                     | 0                                                                                                                                          |  |
| 20 Total Penalties (Sum of Items 17 to 19)                                                                                                                                                                                                                                                                                                                                                      |                    |                                                                                                                                                                                                                                                                                                                               |                                                     | 0                                                                                                                                          |  |
| 21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Item 16 and 20)                                                                                                                                                                                                                                                                                                                                   |                    |                                                                                                                                                                                                                                                                                                                               |                                                     | 14,678                                                                                                                                     |  |
| If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable)<br><input type="radio"/> To be refunded <input type="radio"/> To be issued a Tax Credit Certificate (TCC) <input type="radio"/> To be carried over as tax credit next year/quarter                                                                                                                     |                    |                                                                                                                                                                                                                                                                                                                               |                                                     |                                                                                                                                            |  |
| We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN) |                    |                                                                                                                                                                                                                                                                                                                               |                                                     |                                                                                                                                            |  |
| Signature over printed name of President/Principal Officer/Authorized Representative                                                                                                                                                                                                                                                                                                            |                    |                                                                                                                                                                                                                                                                                                                               |                                                     | Signature over printed name of Treasurer/Assistant Treasurer                                                                               |  |
| Title of Signatory                                                                                                                                                                                                                                                                                                                                                                              |                    | TIN                                                                                                                                                                                                                                                                                                                           |                                                     | 22 Number of Attachments 4                                                                                                                 |  |
| <b>Part III - Details of Payment</b>                                                                                                                                                                                                                                                                                                                                                            |                    |                                                                                                                                                                                                                                                                                                                               |                                                     |                                                                                                                                            |  |
| Particulars                                                                                                                                                                                                                                                                                                                                                                                     | Drawee Bank/Agency | Number                                                                                                                                                                                                                                                                                                                        | Date (MM/DD/YYYY)                                   | Amount                                                                                                                                     |  |
| 23 Cash/Bank Debit Memo                                                                                                                                                                                                                                                                                                                                                                         |                    |                                                                                                                                                                                                                                                                                                                               |                                                     | 0                                                                                                                                          |  |
| 24 Check                                                                                                                                                                                                                                                                                                                                                                                        |                    |                                                                                                                                                                                                                                                                                                                               |                                                     | 0                                                                                                                                          |  |
| 25 Tax Debit Memo                                                                                                                                                                                                                                                                                                                                                                               |                    |                                                                                                                                                                                                                                                                                                                               |                                                     | 0                                                                                                                                          |  |
| 26 Others (Specify Below)                                                                                                                                                                                                                                                                                                                                                                       |                    |                                                                                                                                                                                                                                                                                                                               |                                                     | 0                                                                                                                                          |  |
| Machine Validation/Revenue Official Receipts Details (if not filed with an Authorized Agent Bank)                                                                                                                                                                                                                                                                                               |                    |                                                                                                                                                                                                                                                                                                                               |                                                     | Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)                                                   |  |

|                                                                                                                                       |                                                                                                                                          |                                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| BIR Form No.<br><b>1702-RT</b><br>January 2018(ENCS)<br>Page 2                                                                        | <b>Annual Income Tax Return</b><br>Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to<br>REGULAR Income Tax Rate | <br>1702-RT 01/18ENCS P2 |
| <b>Taxpayer Identification Number (TIN)</b><br>007 - 315 - 916 - 000                                                                  |                                                                                                                                          | <b>Registered Name</b><br>ALTERNERGY HOLDINGS CORPORATION FOR LY: ALTERNER                                 |
| <b>Part IV - Computation of Tax</b> <span style="float: right;">(Do NOT enter Centavos)</span>                                        |                                                                                                                                          |                                                                                                            |
| 27 Sales/Receipts/Revenues/Fees                                                                                                       |                                                                                                                                          | 0                                                                                                          |
| 28 Less: Sales Returns, Allowances and Discounts                                                                                      |                                                                                                                                          | 0                                                                                                          |
| 29 Net Sales/Receipts/Revenues/Fees (Item 27 Less Item 28)                                                                            |                                                                                                                                          | 0                                                                                                          |
| 30 Less: Cost of Sales/Services                                                                                                       |                                                                                                                                          | 0                                                                                                          |
| 31 Gross Income from Operation (Item 29 Less Item 30)                                                                                 |                                                                                                                                          | 0                                                                                                          |
| 32 Add: Other Taxable Income Not Subjected to Final Tax                                                                               |                                                                                                                                          | 1,467,780                                                                                                  |
| 33 Total Taxable Income (Sum of Items 31 and 32)                                                                                      |                                                                                                                                          | 1,467,780                                                                                                  |
| Less: Deductions Allowable under Existing Law                                                                                         |                                                                                                                                          |                                                                                                            |
| 34 Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)                                                           |                                                                                                                                          | 62,156,675                                                                                                 |
| 35 Special Allowable Itemized Deductions (From Part VI Schedule II Item 5)                                                            |                                                                                                                                          | 0                                                                                                          |
| 36 NOLCO (only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8) |                                                                                                                                          | 0                                                                                                          |
| 37 Total Deductions (Sum of Items 34 to 36)                                                                                           |                                                                                                                                          | 62,156,675                                                                                                 |
| OR [in case taxable under Sec 27(A) & 28(A)(1)]                                                                                       |                                                                                                                                          |                                                                                                            |
| 38 Optional Standard Deduction (40% of Item 33)                                                                                       |                                                                                                                                          | 0                                                                                                          |
| 39 Net Taxable Income/(Loss) (If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)                                        |                                                                                                                                          | (60,688,895)                                                                                               |
| 40 Applicable Income Tax Rate                                                                                                         |                                                                                                                                          | 25 %                                                                                                       |
| 41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) (Item 39 x Item 40)                                                  |                                                                                                                                          | 0                                                                                                          |
| 42 MCIT Due (2% of Item 33)                                                                                                           |                                                                                                                                          | 14,678                                                                                                     |
| 43 Tax Due (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)                    |                                                                                                                                          | 14,678                                                                                                     |
| Less: Tax Credits/Payments (attach proof)                                                                                             |                                                                                                                                          |                                                                                                            |
| 44 Prior Year's Excess Credits Other Than MCIT                                                                                        |                                                                                                                                          | 0                                                                                                          |
| 45 Income Tax Payment under MCIT from Previous Quarter/s                                                                              |                                                                                                                                          | 0                                                                                                          |
| 46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s                                                               |                                                                                                                                          | 0                                                                                                          |
| 47 Excess MCIT Applied this Current Taxable Year (From Part VI Schedule IV Item 4)                                                    |                                                                                                                                          | 0                                                                                                          |
| 48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307                                                              |                                                                                                                                          | 0                                                                                                          |
| 49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter                                                                  |                                                                                                                                          | 0                                                                                                          |
| 50 Foreign Tax Credits, if applicable                                                                                                 |                                                                                                                                          | 0                                                                                                          |
| 51 Tax Paid in Return Previously Filed, if this is an Amended Return                                                                  |                                                                                                                                          | 0                                                                                                          |
| 52 Special Tax Credits (To Part V Item 58)                                                                                            |                                                                                                                                          | 0                                                                                                          |
| Other Credits/Payments (Specify)                                                                                                      |                                                                                                                                          |                                                                                                            |
| 53                                                                                                                                    |                                                                                                                                          | 0                                                                                                          |
| 54                                                                                                                                    |                                                                                                                                          | 0                                                                                                          |
|                                                    |                                                                                                                                          |                                                                                                            |
| 55 Total Tax Credits/Payments (Sum of Items 44 to 54) (To Part II Item 15)                                                            |                                                                                                                                          | 0                                                                                                          |
| 56 Net Tax Payable / (Overpayment) (Item 43 Less Item 55) (To Part II Item 16)                                                        |                                                                                                                                          | 14,678                                                                                                     |
| <b>Part V - Tax Relief Availment</b>                                                                                                  |                                                                                                                                          |                                                                                                            |
| 57 Special Allowable Itemized Deductions (Item 35 of Part IV x Applicable Income Tax Rate)                                            |                                                                                                                                          | 0                                                                                                          |
| 58 Add: Special Tax Credits (From Part IV Item 52)                                                                                    |                                                                                                                                          | 0                                                                                                          |
| 59 Total Tax Relief Availment (Sum of Items 57 and 58)                                                                                |                                                                                                                                          | 0                                                                                                          |

|                                                                                                                                    |                                                                                                                                          |                                                                                                            |
|------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| BIR Form No.<br><b>1702-RT</b><br>January 2018(ENCS)<br>Page 3                                                                     | <b>Annual Income Tax Return</b><br>Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to<br>REGULAR Income Tax Rate | <br>1702-RT 01/18ENCS P3 |
| <b>Taxpayer Identification Number (TIN)</b><br>007    315    916    000                                                            |                                                                                                                                          | <b>Registered Name</b><br>ALTERNERGY HOLDINGS CORPORATION FOR'LY: ALTERNER                                 |
| <b>Schedule I - Ordinary Allowable Itemized Deductions</b> <i>(Attach additional sheet/s, if necessary)</i>                        |                                                                                                                                          |                                                                                                            |
| 1 Amortizations                                                                                                                    |                                                                                                                                          | 0                                                                                                          |
| 2 Bad Debts                                                                                                                        |                                                                                                                                          | 0                                                                                                          |
| 3 Charitable Contributions                                                                                                         |                                                                                                                                          | 0                                                                                                          |
| 4 Depletion                                                                                                                        |                                                                                                                                          | 0                                                                                                          |
| 5 Depreciation                                                                                                                     |                                                                                                                                          | 0                                                                                                          |
| 6 Entertainment, Amusement and Recreation                                                                                          |                                                                                                                                          | 0                                                                                                          |
| 7 Fringe Benefits                                                                                                                  |                                                                                                                                          | 0                                                                                                          |
| 8 Interest                                                                                                                         |                                                                                                                                          | 39,427,935                                                                                                 |
| 9 Losses                                                                                                                           |                                                                                                                                          | 0                                                                                                          |
| 10 Pension Trust                                                                                                                   |                                                                                                                                          | 0                                                                                                          |
| 11 Rental                                                                                                                          |                                                                                                                                          | 0                                                                                                          |
| 12 Research and Development                                                                                                        |                                                                                                                                          | 0                                                                                                          |
| 13 Salaries, Wages and Allowances                                                                                                  |                                                                                                                                          | 0                                                                                                          |
| 14 SSS, GSIS, Philhealth, HDMF and Other Contributions                                                                             |                                                                                                                                          | 0                                                                                                          |
| 15 Taxes and Licenses                                                                                                              |                                                                                                                                          | 2,209,551                                                                                                  |
| 16 Transportation and Travel                                                                                                       |                                                                                                                                          | 0                                                                                                          |
| 17 Others (Deductions Subject to Withholding Tax and Other Expenses) <i>[Specify below; Add additional sheet(s), if necessary]</i> |                                                                                                                                          |                                                                                                            |
| a Janitorial and Messengerial Services                                                                                             |                                                                                                                                          | 0                                                                                                          |
| b Professional Fees                                                                                                                |                                                                                                                                          | 9,897,435                                                                                                  |
| c Security Services                                                                                                                |                                                                                                                                          | 0                                                                                                          |
| d LISTING FEES                                                                                                                     |                                                                                                                                          | 3,930,644                                                                                                  |
| e ADVERTISING AND PROMOTIONS                                                                                                       |                                                                                                                                          | 2,468,843                                                                                                  |
| f OUTSIDE SERVICES                                                                                                                 |                                                                                                                                          | 2,430,038                                                                                                  |
| g OTHERS                                                                                                                           |                                                                                                                                          | 1,792,229                                                                                                  |
| h                                                                                                                                  |                                                                                                                                          | 0                                                                                                          |
| i                                                                                                                                  |                                                                                                                                          | 0                                                                                                          |
|                                                 |                                                                                                                                          |                                                                                                            |
| <b>18 Total Ordinary Allowable Itemized Deductions</b> <i>(Sum of Items 1 to 17i) (To Part IV Item 34)</i>                         |                                                                                                                                          | 62,156,675                                                                                                 |
| <b>Schedule II - Special Allowable Itemized Deductions</b> <i>(Attach additional sheet/s, if necessary)</i>                        |                                                                                                                                          |                                                                                                            |
| Description                                                                                                                        | Legal Basis                                                                                                                              | Amount                                                                                                     |
| 1                                                                                                                                  |                                                                                                                                          | 0                                                                                                          |
| 2                                                                                                                                  |                                                                                                                                          | 0                                                                                                          |
| 3                                                                                                                                  |                                                                                                                                          | 0                                                                                                          |
| 4                                                                                                                                  |                                                                                                                                          | 0                                                                                                          |
|                                                 |                                                                                                                                          |                                                                                                            |
| <b>5 Total Special Allowable Itemized Deductions</b> <i>(Sum of Items 1 to 4) (To Part IV Item 35)</i>                             |                                                                                                                                          | 0                                                                                                          |

|                                                                      |                                                                                                                                          |                                                                                                             |
|----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| BIR Form No.<br><b>1702-RT</b><br>January 2018(ENCS)<br>Page 4       | <b>Annual Income Tax Return</b><br>Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to<br>REGULAR Income Tax Rate | <br>1702-RT 01/18ENCS P4 |
| <b>Taxpayer Identification Number (TIN)</b><br>007 - 315 - 916 - 000 |                                                                                                                                          | <b>Registered Name</b><br>ALTERNERGY HOLDINGS CORPORATION FOR 'LY: ALTERNER                                 |

| Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)              |              |
|----------------------------------------------------------------------------------|--------------|
| 1 Gross Income (From Part IV Item 33)                                            | 1,467,780    |
| 2 Less: Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18) | 62,156,675   |
| 3 Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A)            | (60,688,895) |

| Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up) |            |                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--------------------------------|
| Net Operating Loss                                                                                                                                         |            | B) NOLCO Applied Previous Year |
| Year Incurred                                                                                                                                              | A) Amount  |                                |
| 4 2023                                                                                                                                                     | 60,688,895 | 0                              |
| 5 2022                                                                                                                                                     | 29,404,381 | 0                              |
| 6 2021                                                                                                                                                     | 14,565,217 | 0                              |
| 7 2020                                                                                                                                                     | 16,971,691 | 0                              |

Continuation of Schedule IIIA (Item numbers continue from table above)

| C) NOLCO Expired                                            | D) NOLCO Applied Current Year | E) Net Operating Loss (Unapplied)<br>[ E = A Less (B + C + D) ] |
|-------------------------------------------------------------|-------------------------------|-----------------------------------------------------------------|
| 4 0                                                         | 0                             | 60,688,895                                                      |
| 5 0                                                         | 0                             | 29,404,381                                                      |
| 6 0                                                         | 0                             | 14,565,217                                                      |
| 7 0                                                         | 0                             | 16,971,691                                                      |
| 8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV, Item 36) | 0                             |                                                                 |

| Schedule IV - Computation of Minimum Corporate Income Tax (MCIT) |                                  |         |                                       |
|------------------------------------------------------------------|----------------------------------|---------|---------------------------------------|
| Year                                                             | A) Normal Income Tax as adjusted | B) MCIT | C) Excess MCIT over Normal Income Tax |
| 1                                                                | 0                                | 0       | 0                                     |
| 2                                                                | 0                                | 0       | 0                                     |
| 3                                                                | 0                                | 0       | 0                                     |

Continuation of Schedule IV (Item numbers continue from table above)

| D) Excess MCIT Applied/Used in Previous Years                          | E) Expired Portion of Excess MCIT | F) Excess MCIT Applied this Current Taxable Year | G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s<br>[ G = C Less (D + E + F) ] |
|------------------------------------------------------------------------|-----------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| 1 0                                                                    | 0                                 | 0                                                | 0                                                                                                     |
| 2 0                                                                    | 0                                 | 0                                                | 0                                                                                                     |
| 3 0                                                                    | 0                                 | 0                                                | 0                                                                                                     |
| Total Excess MCIT Applied (Sum of Items 1F to 3F) (To Part IV Item 47) |                                   | 0                                                |                                                                                                       |

| Schedule V - Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary) |              |
|----------------------------------------------------------------------------------------------------------------------|--------------|
| 1 Net Income/(Loss) per books                                                                                        | (42,256,852) |
| Add: Non-deductible Expenses/Taxable Other Income                                                                    |              |
| 2 IMPAIRMENT LOSS ON VAT                                                                                             | 5,437,073    |
| 3 OTHERS                                                                                                             | 1,860,632    |
| ✓                                                                                                                    |              |
| 3.1 INTEREST EXPENSE                                                                                                 | 1,494,133    |
| 3.2 REPRESENTATION EXPENSE                                                                                           | 366,499      |
| 4 Total (Sum of Items 1 to 3)                                                                                        | (34,959,147) |
| Less: A) Non-Taxable Income and Income Subjected to Final Tax                                                        |              |
| 5 BANK INTEREST INCOME                                                                                               | 5,976,689    |
| 6 DIVIDEND INCOME                                                                                                    | 17,489,500   |
| ✓                                                                                                                    |              |
| B) Special Deductions                                                                                                |              |
| 7 UNREALIZED FOREX GAIN                                                                                              | 2,263,559    |
| 8                                                                                                                    | 0            |
| ✓                                                                                                                    |              |
| 9 Total (Sum of Items 5 to 8)                                                                                        | 25,729,748   |
| 10 Net Taxable Income/(Loss) (Item 4 Less Item 9)                                                                    | (60,688,895) |

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **Alternergy Holdings Corporation** (the Parent Company) is responsible for all information and representations in the Annual Income Tax Return for the year ended June 30, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the (Annual Income Tax Return or Annual Information Return) covering the same reporting period. Furthermore, the Management is responsible for all information and information contained in all other tax returns filed for the reporting period, including but not limited to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended June 30, 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company complete and correct in all material aspects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances.
- (c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for in the reporting period, except those contested in good faith.

A handwritten signature in blue ink, appearing to read "Vicente S. Perez Jr.".

Vicente S. Perez Jr.  
Chairman

A handwritten signature in blue ink, appearing to read "Gerry P. Magbanua".

Gerry P. Magbanua  
President

A handwritten signature in blue ink, appearing to read "Luisito S. Pangilinan".  

Luisito S. Pangilinan  
Treasurer



Renewable power pioneer

ALTERNERGY HOLDINGS CORPORATION

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Alternergy Holdings Corporation** (the Parent Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as of June 30, 2023 and 2022, and for the year ended June 30, 2023, six-month period ended June 30, 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

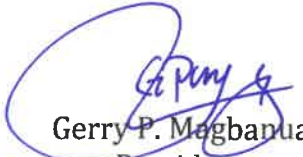
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

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

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

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

  
Vicente S. Perez Jr.  
Chairman

  
Gerry P. Magbanua  
President

  
Luisito S. Pangilinan  
Treasurer

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023

# COVER SHEET

## for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

|   |   |   |   |   |   |   |   |   |   |   |
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### COMPANY NAME

|   |   |   |   |   |   |   |   |   |   |  |   |   |   |   |   |   |   |   |  |   |   |   |   |   |   |   |   |   |   |
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| A | L | T | E | R | N | E | R | G | Y |  | H | O | L | D | I | N | G | S |  | C | O | R | P | O | R | A | T | I | O |
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### PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
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| u | i | l | d | i | n | g | , |   | P | a | s | e | o |   | d | e |   | R | o | x | a | s |   | c | o | r | n | e | r |
|   | L | e | g | a | z | p | i |   | S | t | r | e | e | t | , |   | L | e | g | a | s | p | i |   | V | i | l | l | a |
| g | e | , |   | M | a | k | a | t | i |   | C | i | t | y |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |

Form Type

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Department requiring the report

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Secondary License Type, If Applicable

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|---|---|---|--|
| N | / | A |  |
|---|---|---|--|

### COMPANY INFORMATION

Parent Company's Email Address

contact@alternergy.com

Parent Company's Telephone Number

(632) 8813-4678

Mobile Number

N/A

No. of Stockholders

3,252

Annual Meeting (Month / Day)

Second Wednesday of  
December

Fiscal Year (Month / Day)

6/30

### CONTACT PERSON INFORMATION

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

Name of Contact Person

Maria Carmen DG. Diaz

Email Address

carmen.diaz@alternergy.com

Telephone Number/s

(632) 8813-4678

Mobile Number

N/A

### CONTACT PERSON'S ADDRESS

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

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

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



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Parent Company Financial Statements

#### Opinion

We have audited the accompanying parent company financial statements of Alternergy Holdings Corporation (the Parent Company) which comprise the parent company statements of financial position as at June 30, 2023 and 2022, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the year ended June 30, 2023 and six-month period ended June 30, 2022 and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at June 30, 2023 and 2022, and its financial performance and its cash flows for the year ended June 30, 2023 and six-month period ended June 30, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

#### Basis for Opinion

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

#### Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

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

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



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

### **Auditor's Responsibilities for the Audit of the Parent Company Financial Statements**

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

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

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

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



### **Report on the Supplementary Information Required Under Revenue Regulations 15-2010**

Our audits were conducted for the purpose of forming an opinion on the basic parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 18 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic parent company financial statements. Such information is the responsibility of the management of Alternergy Holdings Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Leovina Mae V. Chu

Partner

CPA Certificate No. 99910

Tax Identification No. 209-316-911

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 99910-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-096-2020, November 27, 2020, valid until November 26, 2023

PTR No. 9566016, January 3, 2023, Makati City

October 5, 2023



**ALTERNERGY HOLDINGS CORPORATION**  
**PARENT COMPANY STATEMENTS OF FINANCIAL POSITION**

|                                                                                                                                                          | 2023                  | 2022                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>ASSETS</b>                                                                                                                                            |                       |                       |
| <b>Current Assets</b>                                                                                                                                    |                       |                       |
| Cash and cash equivalents (Note 6)                                                                                                                       | ₱850,266,607          | ₱70,875,104           |
| Receivables (Note 7)                                                                                                                                     | 18,785,744            | —                     |
| Due from related parties (Note 13)                                                                                                                       | 523,147,120           | 320,064,032           |
| Other current assets                                                                                                                                     | 1,292,500             | 82,745                |
| <b>Total Current Assets</b>                                                                                                                              | <b>1,393,491,971</b>  | <b>391,021,881</b>    |
| <b>Noncurrent Assets</b>                                                                                                                                 |                       |                       |
| Investments in subsidiaries (Note 8)                                                                                                                     | 908,992,314           | 872,773,778           |
| Other noncurrent assets - net of allowance for impairment losses<br>amounting to ₱7,079,695 and ₱1,642,622 as of June 30, 2023<br>and 2022, respectively | 1,643,765             | —                     |
| <b>Total Noncurrent Assets</b>                                                                                                                           | <b>910,636,079</b>    | <b>872,773,778</b>    |
| <b>TOTAL ASSETS</b>                                                                                                                                      | <b>₱2,304,128,050</b> | <b>₱1,263,795,659</b> |
| <b>LIABILITIES AND EQUITY</b>                                                                                                                            |                       |                       |
| <b>Current Liabilities</b>                                                                                                                               |                       |                       |
| Accounts payable and accrued expenses (Note 9)                                                                                                           | ₱19,963,319           | ₱70,829,284           |
| Short-term bank loan (Note 10)                                                                                                                           | 249,172,856           | —                     |
| Due to related parties (Note 13)                                                                                                                         | 3,082,636             | 189,135,896           |
| Payable to a subsidiary's former shareholder (Note 8)                                                                                                    | —                     | 279,771,496           |
| Income tax payable (Note 14)                                                                                                                             | 14,678                | —                     |
| <b>Total Current Liabilities</b>                                                                                                                         | <b>272,233,489</b>    | <b>539,736,676</b>    |
| <b>Noncurrent Liability</b>                                                                                                                              |                       |                       |
| Long-term bank loan - net (Note 11)                                                                                                                      | —                     | 230,597,681           |
| <b>Total Liabilities</b>                                                                                                                                 | <b>272,233,489</b>    | <b>770,334,357</b>    |
| <b>Equity (Note 12)</b>                                                                                                                                  |                       |                       |
| Capital stock                                                                                                                                            | 430,423,912           | 36,349                |
| Additional paid-in capital                                                                                                                               | 1,643,742,189         | 440,865,245           |
| Deposit for future stock subscription                                                                                                                    | —                     | 297,879,779           |
| Deficit                                                                                                                                                  | (42,271,540)          | (245,320,071)         |
| <b>Total Equity</b>                                                                                                                                      | <b>2,031,894,561</b>  | <b>493,461,302</b>    |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                                                                                                      | <b>₱2,304,128,050</b> | <b>₱1,263,795,659</b> |

*See accompanying Notes to Parent Company Financial Statements.*



**ALTERNERGY HOLDINGS CORPORATION**  
**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

|                                                      | <b>Year Ended<br/>June 30,<br/>2023</b> | <b>Six-Month Period<br/>Ended June 30,<br/>2022</b> |
|------------------------------------------------------|-----------------------------------------|-----------------------------------------------------|
| <b>INCOME</b>                                        |                                         |                                                     |
| Dividend income (Note 8)                             | <b>₱17,489,500</b>                      | <b>₱–</b>                                           |
| Interest income (Note 6)                             | <b>5,976,689</b>                        | <b>10,052</b>                                       |
| Net foreign exchange gains                           | <b>4,109,641</b>                        | <b>7,583,238</b>                                    |
|                                                      | <b>27,575,830</b>                       | <b>7,593,290</b>                                    |
| <b>EXPENSES</b>                                      |                                         |                                                     |
| Interest expense (Notes 10 and 11)                   | <b>40,922,068</b>                       | <b>5,116,494</b>                                    |
| Professional fees                                    | <b>9,897,435</b>                        | <b>14,258,778</b>                                   |
| Impairment losses on input value added tax (VAT)     | <b>5,437,073</b>                        | <b>365,362</b>                                      |
| Listing fees (Note 1)                                | <b>3,930,644</b>                        | <b>–</b>                                            |
| Advertising and promotions                           | <b>2,468,843</b>                        | <b>75,000</b>                                       |
| Taxes and licenses                                   | <b>2,209,551</b>                        | <b>2,052,151</b>                                    |
| Outside services                                     | <b>2,430,038</b>                        | <b>–</b>                                            |
| Restructuring-related charges - net (Notes 8 and 12) | <b>–</b>                                | <b>105,453,824</b>                                  |
| Accretion expense (Note 13)                          | <b>–</b>                                | <b>269,328</b>                                      |
| Others                                               | <b>2,537,030</b>                        | <b>259,759</b>                                      |
|                                                      | <b>69,832,682</b>                       | <b>127,850,696</b>                                  |
| <b>LOSS BEFORE INCOME TAX</b>                        | <b>42,256,852</b>                       | <b>120,257,406</b>                                  |
| <b>PROVISION FOR CURRENT INCOME TAX (Note 14)</b>    | <b>14,678</b>                           | <b>–</b>                                            |
| <b>NET LOSS</b>                                      | <b>42,271,530</b>                       | <b>120,257,406</b>                                  |
| <b>OTHER COMPREHENSIVE INCOME</b>                    | <b>–</b>                                | <b>–</b>                                            |
| <b>TOTAL COMPREHENSIVE LOSS</b>                      | <b>₱42,271,530</b>                      | <b>₱120,257,406</b>                                 |
| <b>Basic/Diluted Loss per Share (Note 15)</b>        | <b>₱0.02</b>                            | <b>₱583</b>                                         |

*See accompanying Notes to Parent Company Financial Statements.*



**ALTERENERGY HOLDINGS CORPORATION**

**PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED JUNE 30, 2023 AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022**

|                                                 | Capital Stock (Note 12) |                    | Additional<br>Paid-in Capital<br>(Note 12) | Deposit for<br>Future Stock<br>Subscription<br>(Note 12) | Deficit<br>(Note 12)  | Total                 |
|-------------------------------------------------|-------------------------|--------------------|--------------------------------------------|----------------------------------------------------------|-----------------------|-----------------------|
|                                                 | Common                  | Preferred          |                                            |                                                          |                       |                       |
| <b>Balances at July 1, 2022</b>                 | <b>₱21,349</b>          | <b>₱15,000</b>     | <b>₱440,865,245</b>                        | <b>₱297,879,779</b>                                      | <b>(₱245,320,071)</b> | <b>₱493,461,302</b>   |
| Issuance of stock                               |                         |                    |                                            |                                                          |                       |                       |
| Issuance of new stock (Note 1)                  | 393,362,699             | 37,024,864         | 1,521,086,681                              | (297,172,143)                                            | —                     | 1,654,302,101         |
| Share issuance costs (Note 1)                   | —                       | —                  | (72,889,676)                               | —                                                        | —                     | (72,889,676)          |
| Return of deposit for future stock subscription | —                       | —                  | —                                          | (707,636)                                                | —                     | (707,636)             |
| Quasi-reorganization                            | —                       | —                  | (245,320,061)                              | —                                                        | 245,320,061           | —                     |
| Total comprehensive loss                        | —                       | —                  | —                                          | —                                                        | (42,271,530)          | (42,271,530)          |
| <b>Balances at June 30, 2023</b>                | <b>₱393,384,048</b>     | <b>₱37,039,864</b> | <b>₱1,643,742,189</b>                      | <b>₱—</b>                                                | <b>(₱42,271,540)</b>  | <b>₱2,031,894,561</b> |
| <b>Balances at January 1, 2022</b>              | <b>₱19,203</b>          | <b>₱15,000</b>     | <b>₱440,865,245</b>                        | <b>₱—</b>                                                | <b>(₱125,062,665)</b> | <b>₱315,836,783</b>   |
| Issuance of stock                               | 2,146                   | —                  | —                                          | —                                                        | —                     | 2,146                 |
| Deposit for future stock subscription           | —                       | —                  | —                                          | 297,879,779                                              | —                     | 297,879,779           |
| Total comprehensive loss                        | —                       | —                  | —                                          | —                                                        | (120,257,406)         | (120,257,406)         |
| <b>Balances at June 30, 2022</b>                | <b>₱21,349</b>          | <b>₱15,000</b>     | <b>₱440,865,245</b>                        | <b>₱297,879,779</b>                                      | <b>(₱245,320,071)</b> | <b>₱493,461,302</b>   |

*See accompanying Notes to Parent Company Financial Statements.*



**ALTERNERGY HOLDINGS CORPORATION**  
**PARENT COMPANY STATEMENTS OF CASH FLOWS**

|                                                                       | Year Ended<br>June 30,<br>2023 | Six-Month Period<br>Ended June 30,<br>2022 |
|-----------------------------------------------------------------------|--------------------------------|--------------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                           |                                |                                            |
| Loss before income tax                                                | (P42,256,852)                  | (P120,257,406)                             |
| Adjustments for:                                                      |                                |                                            |
| Interest expense (Notes 10 and 11)                                    | 37,803,766                     | 4,964,358                                  |
| Dividend income (Note 8)                                              | (17,489,500)                   | –                                          |
| Interest income (Note 6)                                              | (5,976,689)                    | (10,052)                                   |
| Impairment losses on input VAT                                        | 5,437,073                      | 365,362                                    |
| Amortization of deferred transaction costs (Note 10)                  | 4,161,222                      | 152,136                                    |
| Net unrealized foreign exchange gains                                 | (2,641,861)                    | (8,540,571)                                |
| Restructuring related charges – net (Notes 8 and 12)                  | –                              | 105,453,824                                |
| Accretion expense (Note 13)                                           | –                              | 269,328                                    |
| Operating loss before changes in working capital                      | (20,962,841)                   | (17,603,021)                               |
| Decrease (increase) in:                                               |                                |                                            |
| Receivables (Note 7)                                                  | (11,290,244)                   | –                                          |
| Input VAT                                                             | (5,437,073)                    | (365,362)                                  |
| Other current assets                                                  | (1,209,755)                    | 194,750                                    |
| Increase (decrease) in accounts payable and accrued expenses (Note 9) | (56,219,893)                   | 11,578,837                                 |
| Net cash used in operations                                           | (95,119,806)                   | (6,194,796)                                |
| Interest received                                                     | 5,976,689                      | 10,052                                     |
| Income tax paid                                                       | –                              | (669)                                      |
| Net cash flows used in operating activities                           | (89,143,117)                   | (6,185,413)                                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                           |                                |                                            |
| Payment to a subsidiary's former shareholder                          | (279,771,496)                  | –                                          |
| Additions to:                                                         |                                |                                            |
| Due from related parties (Note 13)                                    | (200,151,842)                  | (40,489,033)                               |
| Investments in subsidiaries (Note 8)                                  | (36,218,536)                   | (39,030,713)                               |
| Computer software                                                     | (1,643,765)                    | –                                          |
| Net cash flows used in investing activities                           | (517,785,639)                  | (79,519,746)                               |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                           |                                |                                            |
| Proceeds from:                                                        |                                |                                            |
| Issuance of common stock (Note 12)                                    | 1,654,302,101                  | 2,146                                      |
| Availment of short-term bank loan (Note 10)                           | 250,000,000                    | –                                          |
| Availment of long-term bank loans (Note 11)                           | –                              | 82,590,000                                 |
| Deposit for future stock subscription (Note 12)                       | –                              | 37,732,500                                 |
| Payments of:                                                          |                                |                                            |
| Long-term bank loan (Note 11)                                         | (233,715,983)                  | –                                          |
| Amounts due to related parties (Note 13)                              | (186,760,896)                  | (40,000,000)                               |
| Share issuance costs                                                  | (72,889,676)                   | –                                          |
| Interest                                                              | (22,455,838)                   | (3,348,785)                                |
| Deferred transaction costs (Note 10)                                  | (1,870,064)                    | (619,425)                                  |
| Net cash flows from financing activities                              | 1,386,609,644                  | 76,356,436                                 |
| <b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>   | (289,385)                      | 378,301                                    |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>           | <b>779,391,503</b>             | <b>(8,970,422)</b>                         |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>               | <b>70,875,104</b>              | <b>79,845,526</b>                          |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                     | <b>P850,266,607</b>            | <b>P70,875,104</b>                         |

See accompanying Notes to Parent Company Financial Statements.



# **ALTERNERGY HOLDINGS CORPORATION**

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## **NOTES TO PARENT COMPANY FINANCIAL STATEMENTS**

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### **1. Corporate Information**

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

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

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

On April 26, 2022, the Parent Company’s Board of Directors (BOD) and shareholders approved the change of the Parent Company’s fiscal year from the first day of January ending on the last day of December each year to the first day of July ending on the last day of June of the following year. On May 27, 2022, the SEC approved the change in the Parent Company’s fiscal year and accounting period. On June 20, 2022, the Bureau of Internal Revenue (BIR) approved the change in the Parent Company’s accounting period from calendar year ending December 31 to fiscal year ending June 30, effective July 1, 2022. Accordingly, the Parent Company prepared the parent company financial statements as at June 30, 2022 and for the six-month period ended June 30, 2022.

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

The parent company financial statements as at June 30, 2023 and 2022 and for the year ended June 30, 2023 and six-month period ended June 30, 2022 were approved and authorized for issuance by the BOD on October 5, 2023.

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### **2. Basis of Preparation and Statement of Compliance**

#### Basis of Preparation

The accompanying parent company financial statements have been prepared using the historical cost basis and are presented in Philippine Peso (₱), which is also the Parent Company’s functional currency. All amounts are rounded to the nearest peso unless otherwise indicated.



The balances as at and for the year ended June 30, 2023 of the Parent Company are not comparative with the balances as at and for the six-month period ended June 30, 2022 due to the change in the fiscal year of the Parent Company effective July 1, 2022 (see Note 1).

The financial statements of the Parent Company have been prepared under the going concern assumption.

#### Statement of Compliance

The parent company financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRSs) as issued by the Philippine Financial Reporting Standards Council and adopted by the Philippine SEC.

The Parent Company prepares consolidated financial statements, which are in compliance with PFRSs, and files the same with the Philippine SEC. A copy of the consolidated financial statements of the Parent Company can be obtained from its business address and the Philippine SEC.

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### 3. **Changes in Accounting Policies and Disclosures**

#### New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Adoption of these new standards did not have an impact on the parent company financial statements.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments add an exception to the recognition principle of PFRS 3 *Business Combinations*, to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of Philippine Accounting Standard (PAS) PAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or International Financial Reporting Standards Interpretations Committee (IFRIC) IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in PAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an



allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs 2018–2020 Cycle*

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for PAS 39, *Financial Instruments: Recognition and Measurement*.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Parent Company intends to adopt the following pronouncements when they become effective. The Parent Company is currently assessing the impact of the pronouncements on the parent company financial statements.

*Effective beginning on or after January 1, 2023*

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

*Effective beginning on or after January 1, 2024*

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

*Deferred effectivity*

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



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#### 4. Summary of Significant Accounting Policies

##### Current versus Noncurrent Classification

The Parent Company presents assets and liabilities in the parent company statement of the financial position based on the current/noncurrent classification. An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Parent Company classifies all other liabilities as noncurrent.

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

##### Financial Instruments

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

##### *Financial Assets*

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

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

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

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



assets classified and measured at fair value through OCI are held within a business model with the objective of holding to collect contractual cash flows and selling.

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

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

*Financial Assets at Amortized Cost (Debt Instruments).* This category is the most relevant to the Parent Company. The Parent Company measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

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

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

The Parent Company assesses at each reporting date whether there is an objective evidence that a financial or group of financial asset is impaired. A financial asset or a group of financial assets is deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated. Objective evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.



Objective pieces of evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Parent Company triggers its assessment whether its financial asset is in default when contractual payments are past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

*Write-offs.* A financial asset together with the associated allowance is written off either partially or in their entirety when there is no realistic prospect of future recovery and all collaterals has been realized or has been transferred to the Parent Company.

*Derecognition.* A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the parent company statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Parent Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Parent Company has transferred substantially all the risks and rewards of the asset, or (b) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

### *Financial Liabilities*

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

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



#### *Subsequent Measurement - Loans and Borrowings*

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

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

Other financial liabilities is applied for those issued financial liabilities or their components where the substance of the contractual arrangement results in the Parent Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares, which are not designated as financial liabilities at FVTPL.

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

#### Fair Value Measurement

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to the Parent Company.

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

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

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

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

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



- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

#### Offsetting Financial Instruments

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

#### Cash and Cash Equivalents

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

#### Value-added Tax ("VAT")

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

#### Investments in Subsidiaries

The Parent Company's investments in subsidiaries are accounted for under the cost method. Under the cost method, the investments are carried in the parent company statement of financial position at cost less any impairment in value. A subsidiary is an entity in which the Parent Company has control.

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

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee



- The ability to use its power over the investee to affect its returns

Generally, the presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Parent Company's voting rights and potential voting rights

The Parent Company re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to or more of the three elements of control.

The Parent Company recognizes income from the investment only to the extent that the Parent Company receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

#### Impairment of Nonfinancial Assets

The Parent Company assesses at each reporting date whether there is an indication that these nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company estimates these nonfinancial assets' recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses from continuing operations are recognized in profit or loss.

An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Parent Company makes an estimate of recoverable amount. Any previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company statement of comprehensive income.

#### Capital Stock and Additional Paid-in Capital

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



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

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

#### Deficit

Deficit includes accumulated profits and losses attributable to the Parent Company’s equity holders. Dividends, if any, are recognized as a liability and deducted from equity when they are declared. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Deficit may also include effect of changes in accounting policy as may be required by the standard’s transitional provisions.

#### Deposit for Future Stock Subscription

Deposit for future stock subscriptions represents the additional capital invested by the stockholders that will be credited to capital stock upon approval by the SEC of the Parent Company’s application for increase in its authorized capital stock.

Deposit for future stock subscription is accounted for as a separate account under equity when all of the following elements are present as at end of reporting period:

- the unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract,
- there is BOD approval on the proposed increase in authorized capital stock (for which a deposit was received by the Parent Company),
- there is stockholders’ approval of said proposed increase; and,
- the application for the approval of the proposed increase has been filed with the SEC.

#### Revenue Recognition

Revenue is recognized when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered to be transferred when the customer obtains control. The Parent Company determines, at contract inception, whether it will transfer control of a promised good or service over time. If the Parent Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

#### Revenue Outside the Scope of PFRS 15

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

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

#### *Interest Income*

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income is recorded using the EIR method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or



shorter period, where appropriate, to the net amount of the financial asset or liability. Interest income is recognized in the statement of comprehensive income.

#### *Dividend Income*

Dividend income is recognized when the Parent Company's right to receive the payment is established, which is generally when shareholders of the investees approve the dividend.

#### *Other Income*

Other income from other sources is recognized when earned.

#### Expenses

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

#### Day 1 Profit or Loss

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from an observable market, the Parent Company recognizes the difference between the transaction price and fair value (a Day 1 profit or loss) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Parent Company determines the appropriate method of recognizing the 'Day 1' profit or loss amount.

#### Provisions

Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Parent Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are made by discounting the expected future cash flows at a pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

#### Income Taxes

##### *Current Income Tax*

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

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



### *Deferred Income Tax*

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

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

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

Deferred income tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in shares of stock, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

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



#### Foreign Currency Transactions

The parent company financial statements are presented in Philippine Peso, which is the functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of the reporting period. All differences are taken to profit or loss.

#### Contingencies

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

#### Events after the Financial Reporting Date

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

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### **5. Significant Accounting Judgment and Estimates**

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

Judgment and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following items are those matters which the Parent Company has assessed to have significant risks arising from estimation uncertainties:

#### Judgment

##### *Determination of Control over an Investee*

Control is presumed to exist when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Management has determined that by virtue of its majority ownership in its subsidiaries as of June 30, 2023 and 2022, the Parent Company has the ability to exercise control over these investees (see Note 1).

While the Parent Company directly owns less than 50% of the voting rights in Solar Pacific Pristine Power Inc. (SPPP), the Parent Company controls SPPP by virtue of its control over SolarPacific Energy Corporation (SPEC). The latter is a subsidiary of AHC and SPEC has 51% voting interest in SPPP. Both the Parent Company and SPEC have majority representation in SPPP's BOD as designated in the shareholder's agreement. Furthermore, the Parent Company's approval is required for all major operational decisions through its control in SPEC (see Note 8).



### Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *Provision for Expected Credit Losses on Cash and Cash Equivalents, Receivables and Due from Related Parties*

ECL on cash, receivables and due from related parties is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The Parent Company considers the probability of its counterparty to default its obligation and the expected loss at default after considering the effects of collateral, any potential value when realized and time value of money.

The assumptions underlying the ECL calculation are monitored and reviewed at every reporting period.

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

No provision for ECL on cash and cash equivalents, receivables and due from related parties were recognized for the year ended June 30, 2023 and six-month period ended June 30, 2022. The aggregate carrying values of cash, receivables and due from related parties amounted to ₱ 1,392.2 million and ₱390.94 million as of June 30, 2023 and 2022, respectively (see Notes 6, 7 and 13).

#### *Estimating Impairment of Investments in Subsidiaries*

The Parent Company performs an impairment review on its investments in subsidiaries whenever an impairment indicator exists. This requires an estimation of the value in use of the investments. Estimating the value in use requires the Parent Company to make an estimate of the expected future cash flows of the investments and to make use of a suitable discount rate to calculate the present value of those future cash flows. Management has determined that there are no events or circumstances for the year ended June 30, 2023 and six-month period ended June 30, 2022 that may indicate that the carrying amounts of the investments in subsidiaries are not recoverable. Thus, no impairment loss was recognized for the year ended June 30, 2023 and six-month period ended June 30, 2022. The carrying amount of the investments in subsidiaries amounted to ₱908.99 million and ₱872.77 million as of June 30, 2023 and 2022, respectively (see Note 8).

#### *Estimating the Realizability of Deferred Income Tax Asset*

Deferred income tax asset is recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable income will be available in the future against which the deductible temporary differences can be utilized. Significant management estimate is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies. The Parent Company did not recognize deferred income tax assets on deductible temporary differences on carryforward benefits of unused net operating loss carryover (NOLCO), and excess minimum corporate income tax (MCIT) amounting to ₱121.652 million and ₱76.92 million as of June 30, 2023 and 2022, respectively (see Note 14).



## 6. Cash and Cash Equivalents

|                           | 2023                | 2022        |
|---------------------------|---------------------|-------------|
| Cash in banks and on hand | <b>₱222,999,500</b> | ₱70,875,104 |
| Cash equivalents          | <b>627,267,107</b>  | —           |
|                           | <b>₱850,266,607</b> | ₱70,875,104 |

Cash in banks earn interest at the respective bank deposit rates.

Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earned interest at the respective short-term investment rates.

Interest earned amounted to ₱5.98 million for the year ended June 30, 2023 and ₱0.01 million for the six-month period ended June 30, 2022.

## 7. Receivables

|                                     | 2023               | 2022 |
|-------------------------------------|--------------------|------|
| Receivable from stabilization agent | <b>₱9,083,039</b>  | ₱—   |
| Dividend receivable (Note 8)        | <b>7,495,500</b>   | —    |
| Other receivable                    | <b>2,207,205</b>   | —    |
|                                     | <b>₱18,785,744</b> | ₱—   |

Receivable from stabilization agent pertains to the unused fund provided by the Parent Company to the former during the IPO. Under Article III, Part A, Section 14 of the proposed rule amendment to the Revised Trading Rules and Consolidated Listing and Disclosure Rules, the stabilization fund is provided by an applicant company undergoing IPO to a stabilization agent. Such fund will be used for price stabilization for a period of 30 days after listing date and shall only be used by the stabilization agent for the sole purpose of preventing or minimizing reduction in market price of the shares, should not exceed 15% of the base offer, and shares shall only be bought when the share price has fallen below the offer price to prevent undue price volatility. The receivable was collected subsequently on July 28, 2023.

Others substantially pertain to unliquidated cash advances made to the Group's suppliers for various administrative expenses of the Group.

## 8. Investments in Subsidiaries

The Parent Company's investments in shares of stock consist of interests in the following entities as of June 30, 2023 and 2022:

|                                                        | Nature of Business | Percentage of Ownership |          |        |          | 2023         | 2022         |
|--------------------------------------------------------|--------------------|-------------------------|----------|--------|----------|--------------|--------------|
|                                                        |                    | 2023                    |          | 2022   |          |              |              |
|                                                        |                    | Direct                  | Indirect | Direct | Indirect |              |              |
| Kirahon Solar Energy Corporation (KSEC) <sup>(4)</sup> | Power generation   | 50                      | 15       | 50     | 13       | ₱522,186,500 | ₱522,186,500 |
| Pililla AVPC Corporation (PACO)                        | Investment holding | 100                     | —        | 100    | —        | 308,512,294  | 308,512,294  |

(Forward)



|                                                         | Nature of Business     | Percentage of Ownership |          |        |          | 2023         | 2022         |
|---------------------------------------------------------|------------------------|-------------------------|----------|--------|----------|--------------|--------------|
|                                                         |                        | 2023                    |          | 2022   |          |              |              |
|                                                         |                        | Direct                  | Indirect | Direct | Indirect |              |              |
| Solar Pacific Pristine Power Inc. (SPPP) <sup>(B)</sup> | Power generation       | 10                      | 12       | 10     | 10       | 39,260,000   | 39,260,000   |
| SolarPacific Energy Corporation (SPEC)                  | Power generation       | 60                      | —        | 51     | —        | 35,478,919   | 235,383      |
| Green Energy Supply Solutions Inc. (GESSI)              | Retail energy supplier | 100                     | —        | 100    | —        | 2,500,000    | 2,500,000    |
| Liberty Solar Energy Corporation (LSEC) <sup>(C)</sup>  | Power generation       | 60                      | —        | —      | —        | 975,000      | —            |
| Alternergy Tanay Wind Corporation (ATWC)                | Power generation       | 100                     | —        | 100    | —        | 54,606       | 54,606       |
| Alternergy Hydro Partners Corporation (AHPC)            | Investment holding     | 100                     | —        | 100    | —        | 24,995       | 24,995       |
|                                                         |                        |                         |          |        |          | ₱908,992,314 | ₱872,773,778 |

(A) In 2022, NCP Advisors Philippines, Inc. (NAPI), a related party, granted a special proxy for AHC to represent and vote the preferred shares of NAPI in SPEC, thereby increasing the voting interest of AHC to 73%. In August 2022, NAPI sold all its preferred shares in SPEC to AHC.

(B) Voting interest of AHC is 5.6% (direct) as of June 30, 2023 and 2022 and 60% and 51% thru SPEC (indirect) as of June 30, 2023 and 2022, respectively.

(C) LSEC became a subsidiary of AHC effective June 30, 2023

### KSEC

KSEC is a registered solar power generation company in Villanueva, Misamis Oriental. Prior to the acquisition, KSEC is accounted for as an investment in associate as it is 25.0% owned by SPEC, the remaining shareholders being Sant Charitable Foundation (SANT) at 30.0%, MINERGY at 25.0%, Josan Farms, Inc. (Josan) at 10.0% and QBL at 10.0%.

On June 10, 2022, the Parent Company acquired the 50.0% aggregated direct interests of SANT, Josan and QBL (collectively, “the Sellers”) in KSEC for a total consideration of ₱522.19 million. Consequently, KSEC became a subsidiary of the Parent Company. Effective June 10, 2022, the Parent Company now owns 69.5% (both direct and through SPEC) of KSEC. The purchase consideration was fully paid in March 2023 out of the IPO proceeds.

Under the Share Purchase Agreement (SPA), capital gains tax on the sale and transfer of the shares is for the account of the Sellers but shall be advanced by the Parent Company. Capital gains tax was paid on July 11, 2022. Under the SPA, the amount advanced by the Parent Company for the payment of capital gains tax shall be non-interest bearing and will be repaid through a deduction from the total consideration payable to the Sellers (see Note 9).

For the year ended June 30, 2023, the Company recognized dividend income from KSEC amounting to ₱17.49 million. As of June 30, 2023, dividends receivable amounting to ₱7.5 million represent dividends from KSEC which was subsequently collected in August 2023 (see Note 13).

### PACO

PACO was incorporated in the Republic of the Philippines and was registered with the SEC on August 22, 2013 primarily to be involved in investment holding.

### SPPP

In September 2020, SPPP was incorporated and registered in the Republic of Palau primarily to engage in the business of developing renewable energy resources. In April 2022, the Parent Company invested \$0.75 million in SPPP shares equivalent to a 10.0 % ownership of total shares



in SPPP. SPEC owns 19.8% of the total shares in SPPP. Economic interests of AHC and SPEC in SPPP are 10.0% and 12.7%, respectively. The Parent Company accounts for its investment in SPPP as an investment in a subsidiary since it holds majority of the BOD seats and voting rights in SPPP, in accordance with the shareholders' agreement (see Note 5).

#### GESSI

GESSI was incorporated in the Republic of the Philippines and was registered with the SEC on November 10, 2016 primarily to be involved in the supply of retail energy.

#### SPEC

SPEC was incorporated in the Philippines and was registered with the SEC on January 30, 2013, primarily to engage in the business of developing renewable solar energy resources.

On August 11 and 12, 2022, SANT and an individual shareholder sold certain of their common shares in SPEC to the Parent Company amounting to ₱23.25 million and ₱11.63 million, respectively. Furthermore, NAPI sold its preferred shares to the Parent Company in SPEC for ₱0.37 million. The acquisition of additional shares increased the Parent Company's ownership in SPEC to 78%.

On August 23, 2022, NAPI sold all its preferred shares in SPEC to the Parent Company for a consideration of ₱0.37 million.

#### LSEC

LSEC was incorporated and registered in the Republic of the Philippines on June 26, 2015 primarily to engage in the business of developing renewable energy resources. In June 2023, the Parent Company invested ₱0.98 million in LSEC shares equivalent to a 60% ownership of total shares in LSEC.

#### ATWC

ATWC was incorporated in the Republic of the Philippines and was registered with the SEC on August 25, 2011 primarily to engage in the business of developing renewable wind energy resources.

#### AHPC

AHPC was incorporated in the Republic of the Philippines and was registered with the SEC on December 18, 2013 primarily for developing run-of-river hydroelectric power.

### 9. Accounts Payable and Accrued Expenses

|                                | 2023               | 2022        |
|--------------------------------|--------------------|-------------|
| Accounts payable               | <b>₱8,492,701</b>  | ₱541,982    |
| Government payables:           |                    |             |
| Withholding tax                | <b>694,809</b>     | 85,649      |
| Capital gains tax (see Note 8) | —                  | 54,779,108  |
| Documentary stamps tax         | —                  | 1,705,710   |
| Accrued expenses:              |                    |             |
| Interest (see Notes 10 and 13) | <b>5,989,830</b>   | 1,615,573   |
| Professional fees              | <b>3,060,000</b>   | 12,090,000  |
| Others                         | <b>1,725,979</b>   | 11,262      |
|                                | <b>₱19,963,319</b> | ₱70,829,284 |



Accounts payable pertains to the Company's liabilities for fees to be paid to its service providers already incurred but not yet paid by the Parent Company. This include professional fees pertaining to the Company's initial public offering. These are noninterest-bearing and are settled within 30 days.

Accrued expenses pertain to liabilities that have been incurred but not yet billed by the suppliers/creditors.

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#### 10. Short-term Bank Loan

On December 8, 2022, AHC signed a one-year promissory note with a local bank amounting to ₱250.0 million for bridge financing and general working capital requirements. On December 5, 2022, the BOD of PACO approved the resolution to act as third-party guarantor for the loan of AHC with the local bank, authorizing PACO to pledge the shares of stock which it owns in an associate in favor of the bank by way of security for AHC loan. The loan is payable in full at the end of the term.

Interest is payable quarterly at a simple fixed interest rate per annum until the maturity of the loan. As of June 30, 2023, the interest payable amounted to ₱1.15 million and unamortized debt transaction costs amounted ₱0.82 million.

The rollforward analysis of debt transaction cost is as follows:

|                                | 2023        | 2022 |
|--------------------------------|-------------|------|
| At beginning of period         | ₱—          | ₱—   |
| Additions                      | 1,870,064   | —    |
| Amortization during the period | (1,042,920) | —    |
| At end of period               | ₱827,143    | ₱—   |

Interest expense on short-term loan amounted to ₱11.27 million for the year ended June 30, 2023 and nil for the six-month period ended June 30, 2022.

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#### 11. Long-term Bank Loans

a. CBC

On April 6, 2021, the Parent Company entered into a 5-year loan from CBC amounting to ₱150.00 million with principal to be paid at the end of the term. Interest is payable quarterly in arrears at a simple interest rate per annum, inclusive of gross receipts tax, fixed until the maturity of the loan. If the Parent Company shall fail to pay in full upon maturity, the Parent Company shall pay a default interest beginning from the due date until the payment at a certain rate per annum plus applicable interest rate. Loan drawdown for the whole amount was made on July 30, 2021.

As collateral security for the payment and discharge of the obligations, the Parent Company pledged all of its rights, titles and interests in all of its shares in PACO and SPEC. Also, the Parent Company assigned all of its rights, title, and interest in the dividends to the bank, free from all claims, liens, and encumbrances for the purpose of and only the extent necessary to effect payment of the obligations of the Parent Company.



Furthermore, the loan agreement does not permit the Parent Company to reduce SPEC's percentage of ownership in KSEC to below 25%, in SPCC to below 25% and in SPPP to below 12.70%. Also, Parent Company shall not permit PACO nor enter into any transaction which shall reduce its percentage of ownership in Alternergy Wind One Corporation. For the six-months period ended June 30, 2022 and year ended December 31, 2021, there are no changes in the required percentage ownership of the abovementioned subsidiaries.

On December 29, 2022, the Parent Company fully paid the outstanding principal amount to CBC.

b. OCBC

On June 28, 2022, the Parent Company entered in a Treasury Advances Agreement (TAA) with OCBC to support its working capital, investments and general corporate funding including refinancing of existing debts. The treasury advances from OCBC are in US dollars and the aggregate of the advances outstanding at any time shall not exceed \$3.00 million. The loan is unsecured.

The first drawdown amounting to \$1.50 million was made on June 29, 2022. The second drawdown amounting to \$0.50 million was made on July 12, 2022. The loan will mature on June 28, 2024. Interest is payable at a fixed rate per annum based on the principal amount of the loan. Interest is payable semi-annually.

*Debt Covenants*

In accordance with the TAA, among others, AHC should always ensure that the ratio of assets to liabilities equal or exceed to 1 and ensure that its paid-up capital shall, at all times, not be less than ₱400.00 million.

All calculations made for the purpose of the covenants set in the TAA shall be made on a consolidated basis and by the reference to the financial statements of the Parent Company. In March 2023, the loan has been fully paid by the Parent Company.

- c. Interest expense on long-term loans, including amortization of deferred transaction costs, amounted to ₱14.29 million for the year ended June 30, 2023 and ₱4.77 million for the six-month period ended June 30, 2022.

## 12. Capital Stock

Details of the Parent Company's capital stock as at June 30, 2023 and 2022 are as follows:

|                                   | Number of shares |         | Amount         |         |
|-----------------------------------|------------------|---------|----------------|---------|
|                                   | 2023             | 2022    | 2023           | 2022    |
| Common stock - ₱0.10 par value    |                  |         |                |         |
| Authorized                        | 10,406,291,160   | 400,000 | ₱1,040,629,116 | ₱40,000 |
| Issued and outstanding            | 3,933,840,480    | 213,490 | 393,384,048    | 21,349  |
| Preferred stock - ₱1.00 par value |                  |         |                |         |
| Authorized                        | 1,481,594,548    | 60,000  | 148,159,455    | 60,000  |
| Issued and outstanding            | 370,398,637      | 15,000  | 37,039,864     | 15,000  |

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



The dividend rate for preferred shares shall be cumulative from year to year as determined by the members of the BOD, and subject to the existence of retained earnings, which shall in no case be less than the minimum rate of eight percent (8%) of the par value of the preferred share. Preferred shares are nonparticipating in any residual dividends after the declaration of dividends to common shares.

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

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

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

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

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

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

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

Of the 1,040,589,116 increase in authorized common shares, 260,147,279 have been actually subscribed and paid by way of conversion of outstanding debt to equity in June 2022. Of the 148,099,455 increase in authorized preferred shares, 37,024,864 have been actually subscribed and paid in cash by VHC in June 2022. The debt for conversion to equity and deposits received for the increase in authorized capital stock amounting to ₱297.88 million are recognized as deposit for future stock subscription in the 2022 parent company statement of financial position.

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



On November 16, 2022, the SEC approved the increase in the Parent Company's authorized capital stock, including conversion of debt to equity, and the decrease in the par value of the Parent Company's preferred stock.

On November 18, 2022, the Parent Company issued shares amounting to ₱303.89 million and recognized additional paid-in capital amounting to ₱24.19 million, net of transaction costs amounting to ₱5.44 million.

On March 24, 2023, the Parent Company completed its IPO and was listed in the PSE. In connection with its IPO, the Parent Company issued 1,265,000,000 common shares with a par value of ₱0.10 per share for a total consideration of ₱1,619.00 million. This resulted to additional paid-in capital amounting to ₱1,442.00 million, net of transaction costs amounting to ₱67.46 million.

#### Equity Restructuring

On June 10, 2022, the Parent Company's BOD approved the equity restructuring of the Parent Company by wiping out and eliminating its deficit amounting to ₱125.06 million as of December 31, 2021 by applying/ reclassifying/ offsetting the same against the Parent Company's additional paid-in -capital of ₱440.87 million. The SEC approved the Parent Company's equity restructuring on August 26, 2022.

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

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### **13. Related Party Transactions**

The Parent Company, in its regular conduct of business, has entered into transactions with related parties. Parties are considered to be related if, among others, one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, the parties are subject to common control or the party is an associate or a joint venture.

Affiliates are related entities of the Parent Company by virtue of common ownership and representation to management where significant influence is apparent.

Except as indicated, otherwise, the outstanding accounts with related parties shall generally be settled in cash. The transactions are made at terms agreed upon by the parties.



- a. The Parent Company's transactions and outstanding balance with related parties are as follows:

|                                               | Transactions During the Period |                                     | Outstanding Balance as of |             |                                   |                          |
|-----------------------------------------------|--------------------------------|-------------------------------------|---------------------------|-------------|-----------------------------------|--------------------------|
|                                               | Year Ended<br>June 30, 2023    | Six-Month<br>Ended<br>June 30, 2022 | 2023                      | 2022        | Terms                             | Conditions               |
| Due from Related Parties                      |                                |                                     |                           |             |                                   |                          |
| Parent:                                       |                                |                                     |                           |             |                                   |                          |
| VHC                                           |                                |                                     |                           |             |                                   |                          |
| Cash advances                                 | ₱—                             | ₱—                                  | ₱3,328,000                | ₱3,328,000  | On demand;<br>noninterest-bearing | Unimpaired;<br>Unsecured |
| Assignment of APHC<br>shares (see Note 8)     | —                              | —                                   | —                         | 458,887     | On demand;<br>noninterest-bearing | Unimpaired;<br>Unsecured |
| Direct Subsidiaries:                          |                                |                                     |                           |             |                                   |                          |
| ATWC                                          |                                |                                     |                           |             |                                   |                          |
| Cash advances for<br>development costs*       | 73,579,778                     | 6,044,808                           | 202,794,614               | 129,214,837 | On demand;<br>noninterest-bearing | Unimpaired;<br>Unsecured |
| PACO                                          |                                |                                     |                           |             |                                   |                          |
| Cash advances*                                | 6,491,818                      | 10,362,115                          | 16,853,933                | 10,362,115  | On demand;<br>noninterest-bearing | Unimpaired;<br>Unsecured |
| AHPC                                          |                                |                                     |                           |             |                                   |                          |
| Cash advances                                 | 155,000                        | —                                   | 39,628,450.               | 39,473,450  | On demand;<br>noninterest-bearing | Unimpaired;<br>Unsecured |
| SPEC                                          |                                |                                     |                           |             |                                   |                          |
| Cash advances*                                | —                              | —                                   | 1,536,707                 | 1,836,760   | On demand;<br>noninterest-bearing | Unimpaired;<br>Unsecured |
| Indirect Subsidiaries:                        |                                |                                     |                           |             |                                   |                          |
| Alternergy Mini-Hydro<br>Holdings Corporation |                                |                                     |                           |             |                                   |                          |
| Cash advances*                                | 12,013,238                     | 14,250,000                          | 123,891,745               | 111,878,506 | On demand;<br>noninterest-bearing | Unimpaired;<br>Unsecured |
| Ibulao Mini-Hydro<br>Corporation              |                                |                                     |                           |             |                                   |                          |
| Cash advances for<br>development costs*       | 6,657,769                      | —                                   | 10,085,332                | 3,427,563   | On demand;<br>noninterest-bearing | Unimpaired;<br>Unsecured |
| Lamut-Asipulo Mini-Hydro<br>Corporation       |                                |                                     |                           |             |                                   |                          |
| Cash advances for<br>development costs*       | ₱6,299                         | ₱—                                  | ₱2,785,404                | ₱2,779,105  | On demand;<br>noninterest-bearing | Unimpaired;<br>Unsecured |
| Solana Solar Alpha, Inc.                      |                                |                                     |                           |             |                                   |                          |
| Cash advances                                 | 97,228,038                     | —                                   | 97,228,038                | —           | On demand;<br>noninterest-bearing | Unimpaired;<br>Unsecured |
| Sienna Solar Power<br>Corporition             |                                |                                     |                           |             |                                   |                          |
| Cash advances                                 | 67,242                         | —                                   | 67,242                    | —           | On demand;<br>noninterest-bearing | Unimpaired;<br>Unsecured |
| Alabat Wind Power<br>Corporation              |                                |                                     |                           |             |                                   |                          |
| Cash advances                                 | 3,100                          | —                                   | 3,100                     | —           | On demand;<br>noninterest-bearing | Unimpaired;<br>Unsecured |
| Liwanag Renewable Energy<br>Corporation       |                                |                                     |                           |             |                                   |                          |
| Cash advances                                 | 16,200                         | —                                   | 16,200                    | —           | On demand;<br>noninterest-bearing | Unimpaired;<br>Unsecured |
| Alternergy Sembrano Wind<br>Corporation       |                                |                                     |                           |             |                                   |                          |
| Cash advances                                 | 600                            | —                                   | 600                       | —           | On demand;<br>noninterest-bearing | Unimpaired;<br>Unsecured |
| Abra De Ilog Wind Power<br>Corporation        |                                |                                     |                           |             |                                   |                          |
| Cash advances                                 | 3,100                          | —                                   | 3,100                     | —           | On demand;<br>noninterest-bearing | Unimpaired;<br>Unsecured |

(Forward)



|                                            | Transactions During the Period |                                     | Outstanding Balance as of |                     | Terms                          | Conditions            |
|--------------------------------------------|--------------------------------|-------------------------------------|---------------------------|---------------------|--------------------------------|-----------------------|
|                                            | Year Ended<br>June 30, 2023    | Six-Month<br>Ended<br>June 30, 2022 | 2023                      | 2022                |                                |                       |
| <i>Associate:</i>                          |                                |                                     |                           |                     |                                |                       |
| KMHC                                       |                                |                                     |                           |                     |                                |                       |
| Cash advances for development costs        | —                              | 134,694                             | —                         | 134,694             | On demand; noninterest-bearing | Unimpaired; Unsecured |
| <i>Shareholders</i>                        |                                |                                     |                           |                     |                                |                       |
| Cash advances                              | 450                            | —                                   | 110,400                   | 109,950             | On demand; noninterest-bearing | Unimpaired; Unsecured |
| <i>Entities owned by Ultimate Parent:</i>  |                                |                                     |                           |                     |                                |                       |
| NAPI                                       |                                |                                     |                           |                     |                                |                       |
| Cash advances*                             | 6,000,000                      | 2,626,260                           | 6,000,000                 | 2,704,225           | On demand; noninterest-bearing | Unimpaired; Unsecured |
| APIC                                       |                                |                                     |                           |                     |                                |                       |
| Cash advances                              | 4,320,000                      | 13,865,000                          | 18,185,000                | 13,865,000          | On demand; noninterest-bearing | Unimpaired; Unsecured |
| Olympia Solar Power Corporation            |                                |                                     |                           |                     |                                |                       |
| Cash advances                              | 38,315                         | —                                   | 38,315                    | —                   | On demand; noninterest-bearing | Unimpaired; Unsecured |
| Calavite Passage Wind Power Corporation    |                                |                                     |                           |                     |                                |                       |
| Cash advances                              | 100,000                        | —                                   | 100,000                   | —                   | On demand; noninterest-bearing | Unimpaired; Unsecured |
| Alternergy Philippine Holdings Corporation |                                |                                     |                           |                     |                                |                       |
| Cash advances                              | —                              | 469,000                             | 490,940                   | 490,940             | On demand; noninterest-bearing | Unimpaired; Unsecured |
|                                            |                                |                                     | <b>₱523,147,120</b>       | <b>₱320,064,032</b> |                                |                       |

\*Outstanding balance includes unrealized foreign exchange gain on translation amounting to ₱2,931,246 in 2023 and ₱9,643,490 in 2022.



|                                                 | Transactions During the Period |                                            | Outstanding Balance as of |              |                                                   |            |
|-------------------------------------------------|--------------------------------|--------------------------------------------|---------------------------|--------------|---------------------------------------------------|------------|
|                                                 | Year Ended<br>June 30, 2023    | Six-Month<br>Period Ended<br>June 30, 2022 | 2023                      | 2022         | Terms                                             | Conditions |
| Due to Related Parties                          |                                |                                            |                           |              |                                                   |            |
| Parent                                          |                                |                                            |                           |              |                                                   |            |
| VHC                                             |                                |                                            |                           |              |                                                   |            |
| Return of deposit for future stock subscription | ₱707,636                       | ₱—                                         | ₱707,636                  | ₱—           | On demand; noninterest-bearing                    | Unsecured  |
| Subsidiaries:                                   |                                |                                            |                           |              |                                                   |            |
| LSEC                                            |                                |                                            |                           |              |                                                   |            |
| Subscription payable                            | 975,000                        | —                                          | 975,000                   | —            | On demand; noninterest-bearing                    | Unsecured  |
| GESSI                                           |                                |                                            |                           |              |                                                   |            |
| Cash advances                                   | —                              | —                                          | 1,400,000                 | 1,500,000    | On demand; noninterest-bearing                    | Unsecured  |
| Entity owned by Ultimate Parent:                |                                |                                            |                           |              |                                                   |            |
| NAPI                                            |                                |                                            |                           |              | 10 <sup>th</sup> day at the start of the quarter; |            |
| Management services                             | 223,080                        | 223,080                                    | —                         | —            | Noninterest-bearing                               | Unsecured  |
| QBL                                             | —                              | 93,817,948                                 | —                         | 93,817,948   | 9 months from June 10, 2022; noninterest-bearing  | Unsecured  |
| Purchase of shares in KSEC (see Note 7)         |                                |                                            |                           |              |                                                   |            |
| Entity owned by a director:                     |                                |                                            |                           |              |                                                   |            |
| Josan                                           |                                |                                            |                           |              | 9 months from June 10, 2022; noninterest-bearing  | Unsecured  |
| Purchase of shares in KSEC (see Note 7)         | —                              | 93,817,948                                 | —                         | 93,817,948   |                                                   |            |
|                                                 |                                |                                            | ₱3,082,636                | ₱189,135,896 |                                                   |            |

- The Parent Company did not employ any personnel for the year ended June 30, 2023 and for the six-month period ended June 30, 2022. In accordance with their respective service agreements, NAPI performs management, project development, technical, administrative and finance functions on behalf of the Parent Company. NAPI performs day-to-day management services under the supervision and direction of the AHC's BOD. Administrative and finance functions include, but are not limited to, treasury and cash management, accounting and bookkeeping and administrative services.
- b. On June 29, 2023, KSEC declared cash dividends amounting to ₱15.00 million. The Parent Company's share amounts to ₱7.50 million. In August 4, 2023, the dividend receivable has been collected by the Parent Company (see Note 8).

#### 14. Income Tax

For the year ended June 30, 2023, the provision for current income tax represents MCIT. The Parent Company has no income tax for the six-month period ended June 30, 2022 due to its gross loss and taxable loss positions.



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

|                                                     | <b>Year Ended<br/>June 30,<br/>2023</b> | <b>Six-Month Period<br/>Ended June 30,<br/>2022</b> |
|-----------------------------------------------------|-----------------------------------------|-----------------------------------------------------|
| Income tax at statutory income tax rate of 25%      | <b>(₱10,564,213)</b>                    | (₱30,064,352)                                       |
| Adjustments resulting from:                         |                                         |                                                     |
| Movement in unrecognized deferred income tax assets | <b>14,621,012</b>                       | 3,611,464                                           |
| Dividend income subject to final tax                | <b>(4,372,375)</b>                      | —                                                   |
| Interest income subject to final tax                | <b>(1,494,172)</b>                      | (2,513)                                             |
| Nondeductible expenses                              | <b>1,824,426</b>                        | 26,455,401                                          |
|                                                     | <b>₱14,678</b>                          | <b>₱—</b>                                           |

As at June 30, 2023 and 2022, the Parent Company's net deferred income tax assets are as follows:

|                                                                     | <b>2023</b>        | <b>2022</b> |
|---------------------------------------------------------------------|--------------------|-------------|
| Deferred income tax asset on NOLCO                                  | <b>₱2,641,861</b>  | ₱643,835    |
| Deferred income tax liabilities on unrealized foreign exchange gain | <b>(2,641,861)</b> | (643,835)   |
|                                                                     | <b>₱—</b>          | <b>₱—</b>   |

No deferred income tax assets were recognized on the carryforward benefits of unused NOLCO and unused tax credit from excess MCIT as it is not probable that sufficient taxable profit will be available to allow the benefit of the deferred income tax assets to be utilized in the future:

|       | <b>Year Ended<br/>June 30,<br/>2023</b> | <b>Six-Month Period<br/>Ended June 30,<br/>2022</b> |
|-------|-----------------------------------------|-----------------------------------------------------|
| NOLCO | <b>₱121,630,184</b>                     | ₱76,902,431                                         |
| MCIT  | <b>23,084</b>                           | 16,432                                              |
|       | <b>₱121,653,268</b>                     | <b>₱76,918,863</b>                                  |



As at June 30, 2023 and 2022, the Parent Company has MCIT that can be carried forward and claimed by the Parent Company as deduction from regular income tax due as follows:

| Year Incurred     | Availment Period       | Beginning Balance | Addition | Applied | Expired  | Ending Balance |
|-------------------|------------------------|-------------------|----------|---------|----------|----------------|
| December 31, 2020 | December 31, 2020-2022 | ₱8,026            | ₱—       | ₱—      | (₱8,026) | ₱—             |
| December 31, 2020 | December 31, 2021-2023 | 7,737             | —        | —       | —        | 7,737          |
| December 31, 2021 | December 31, 2022-2024 | 669               | —        | —       | —        | 669            |
| June 30, 2023     | June 30, 2024-2027     | —                 | 14,678   | —       | —        | 14,678         |
|                   |                        | ₱16,432           | ₱14,678  | ₱—      | (₱8,026) | ₱23,084        |

As at June 30, 2023, the Parent Company has accumulated NOLCO which can be claimed as deduction against regular taxable income as follows:

| Year Incurred     | Availment Period       | 2022        | Addition    | Applied | Expired       | 2023         |
|-------------------|------------------------|-------------|-------------|---------|---------------|--------------|
| December 31, 2019 | December 31, 2020-2022 | ₱18,536,482 | ₱—          | ₱—      | (₱18,536,482) | ₱—           |
| December 31, 2020 | December 31, 2021-2025 | 16,971,691  | —           | —       | —             | 16,971,691   |
| December 31, 2021 | December 31, 2022-2026 | 14,565,217  | —           | —       | —             | 14,565,217   |
| June 30, 2022     | June 30, 2023-2026     | 29,404,381  | —           | —       | —             | 29,404,381   |
| June 30, 2023     | June 30, 2024-2027     | —           | 60,688,895  | —       | —             | 60,688,895   |
|                   |                        | ₱79,477,771 | ₱60,688,895 | ₱—      | (₱18,536,482) | ₱121,630,184 |

## 15. Earnings per Share

Loss per common share amounts were computed as follows:

|                                                                    | Year Ended<br>June 30,<br>2023 | Six-Month Period<br>Ended June 30<br>2022 |
|--------------------------------------------------------------------|--------------------------------|-------------------------------------------|
| a. Net loss                                                        | (₱42,271,530)                  | (₱120,257,406)                            |
| b. Weighted average number of common shares issued and outstanding | 2,037,063,692                  | 206,337                                   |
| Loss per common share (a/b)                                        | (₱0.02)                        | (₱583)                                    |

There are no dilutive potential common shares for the year ended June 30, 2023 and six-month period ended June 30, 2022.

The Parent Company has 3,252 and 12 shareholders as at June 30, 2023 and 2022, respectively.



## 16. Financial Instruments

### Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments comprise of cash and cash equivalents, due from related parties, accounts payable and accrued expenses, short-term bank loan, payable to a subsidiary's former shareholder, due to related parties and long-term bank loans. The main purpose of these financial instruments is to finance the Parent Company's operations.

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

The Parent Company has exposure to liquidity risk, credit risk and foreign currency risk from the use of its financial instruments. The Parent Company is not exposed to interest rate risk given that the Parent Company's interest-bearing borrowings contains fixed interest rates.

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

### *Liquidity Risk*

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

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

The table below summarizes the maturity profile of the Parent Company's financial assets and liabilities based on remaining undiscounted contractual obligations:

|                                        | 2023                  |                       |                                        |                       |
|----------------------------------------|-----------------------|-----------------------|----------------------------------------|-----------------------|
|                                        | On demand             | Within one year       | More than 1 year but less than 5 years | Total                 |
| <b>Financial Assets</b>                |                       |                       |                                        |                       |
| Cash and cash equivalents              | ₱850,266,607          | ₱—                    | ₱—                                     | ₱850,266,607          |
| Receivables                            | 18,785,744            | —                     | —                                      | 18,785,744            |
| Due from related parties               | 523,147,120           | —                     | —                                      | 523,147,120           |
|                                        | 1,392,199,471         | —                     | —                                      | 1,392,199,471         |
| <b>Financial Liabilities</b>           |                       |                       |                                        |                       |
| Accounts payable and accrued expenses* | —                     | 19,268,510            | —                                      | 19,268,510            |
| Due to related parties                 | 3,082,636             | —                     | —                                      | 3,082,636             |
| Short-term bank loan                   | —                     | 269,000,000           | —                                      | 269,000,000           |
|                                        | 3,082,636             | 288,268,510           | —                                      | 291,351,146           |
| <b>Net Exposure</b>                    | <b>₱1,389,116,835</b> | <b>(₱288,268,510)</b> | <b>₱—</b>                              | <b>₱1,100,848,325</b> |

\*Balance excludes statutory liabilities amounting to ₱694,809.



|                                              | 2022                |                       |                                        | Total                 |
|----------------------------------------------|---------------------|-----------------------|----------------------------------------|-----------------------|
|                                              | On demand           | Within one year       | More than 1 year but less than 5 years |                       |
| <b>Financial Assets</b>                      |                     |                       |                                        |                       |
| Cash                                         | ₱70,875,104         | ₱—                    | ₱—                                     | ₱70,875,104           |
| Due from related parties                     | 320,064,032         | —                     | —                                      | 320,064,032           |
|                                              | 390,939,136         | —                     | —                                      | 390,939,136           |
| <b>Financial Liabilities</b>                 |                     |                       |                                        |                       |
| Accounts payable and accrued expenses*       | —                   | 14,258,817            | —                                      | 14,258,817            |
| Payable to a subsidiary's former shareholder | —                   | 279,771,496           | —                                      | 279,771,496           |
| Due to related parties                       | 1,500,000           | 187,635,896           | —                                      | 189,135,896           |
| Long-term bank loans**                       | —                   | —                     | 277,337,781                            | 277,337,781           |
|                                              | 1,500,000           | 481,666,209           | 277,337,781                            | 760,503,990           |
| <b>Net Exposure</b>                          | <b>₱389,439,136</b> | <b>(₱481,666,209)</b> | <b>(₱277,337,781)</b>                  | <b>(₱369,564,854)</b> |

\*Balance excludes statutory liabilities amounting to ₱56,570,467.

\*\*Includes future interest

### Credit Risk

The Parent Company's exposure to credit risk is currently limited to the carrying values of cash in banks and due from related parties. Such exposure arises from a possible default of the counterparties. The Parent Company does not hold collateral for its financial asset as security.

The tables below show the credit quality by class of financial assets of accounts that are neither past due nor impaired based on the Parent Company's rating system as at June 30, 2023 and 2022:

|                           | Neither Past Due Nor Impaired |                     | Past Due   |           | 2023<br>Total         |
|---------------------------|-------------------------------|---------------------|------------|-----------|-----------------------|
|                           | High Grade                    | Standard Grade      | Unimpaired | Impaired  |                       |
| Cash and cash equivalents | ₱850,266,607                  | ₱—                  | ₱—         | ₱—        | ₱850,266,607          |
| Receivables               | 18,785,744                    | —                   | —          | —         | 18,785,744            |
| Due from related parties  | —                             | 523,147,120         | —          | —         | 523,147,120           |
|                           | <b>₱869,052,351</b>           | <b>₱523,147,120</b> | <b>₱—</b>  | <b>₱—</b> | <b>₱1,392,199,471</b> |

|                          | Neither Past Due Nor Impaired |                     | Past Due   |           | 2022<br>Total       |
|--------------------------|-------------------------------|---------------------|------------|-----------|---------------------|
|                          | High Grade                    | Standard Grade      | Unimpaired | Impaired  |                     |
| Cash                     | ₱70,875,104                   | ₱—                  | ₱—         | ₱—        | ₱70,875,104         |
| Due from related parties | —                             | 320,064,032         | —          | —         | 320,064,032         |
|                          | <b>₱70,875,104</b>            | <b>₱320,064,032</b> | <b>₱—</b>  | <b>₱—</b> | <b>₱390,939,136</b> |

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

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



Aging analysis per class of financial assets that are past due but not impaired as of June 30, 2023 and 2022 are as follows:

|                           | Neither past<br>due nor<br>impaired | Past due but not impaired |                  |                  |                         | Impaired | 2023<br>Total  |
|---------------------------|-------------------------------------|---------------------------|------------------|------------------|-------------------------|----------|----------------|
|                           |                                     | Less than<br>30 days      | 31 to 60<br>Days | 61 to 90<br>days | More<br>than 90<br>Days |          |                |
| Cash and cash equivalents | P850,266,607                        | P-                        | P-               | P-               | P-                      | P-       | P850,266,607   |
| Receivables               | 18,785,744                          | -                         | -                | -                | -                       | -        | 18,785,744     |
| Due from related parties  | 523,147,120                         | -                         | -                | -                | -                       | -        | 523,147,120    |
|                           | P1,392,199,471                      | P-                        | P-               | P-               | P-                      | P-       | P1,392,199,471 |

|                          | Neither past<br>due nor<br>impaired | Past due but not impaired |                  |                  |                         | Impaired | 2022<br>Total |
|--------------------------|-------------------------------------|---------------------------|------------------|------------------|-------------------------|----------|---------------|
|                          |                                     | Less than<br>30 days      | 31 to 60<br>Days | 61 to 90<br>days | More than<br>90<br>Days |          |               |
| Cash                     | P70,875,104                         | P-                        | P-               | P-               | P-                      | P-       | P70,875,104   |
| Due from related parties | 320,064,032                         | -                         | -                | -                | -                       | -        | 320,064,032   |
|                          | P390,939,136                        | P-                        | P-               | P-               | P-                      | P-       | P390,939,136  |

The Parent Company has the following financial assets that are subject to the expected credit loss model:

#### General Approach

- *Cash and cash equivalents.* As of June 30, 2023 and 2022, the ECL relating to the cash and cash equivalents of the Parent Company is minimal as these are deposited in reputable entities which have a good bank standing and are considered to have a low credit risk.
- *Receivables.* As of June 30, 2023, the Parent Company did not recognize any allowance on its receivables as these from large financial institutions, from reputable entities, or have been subsequently collected.
- *Due from related parties.* The Parent Company did not recognize any allowance on due from related parties as there was no history of default payments. This assessment is undertaken each financial year through examination of the financial position of the related party and the markets in which the related party operates.

#### Foreign Currency Risk

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

The table below summarizes the Parent Company's exposure to foreign currency risk. Included in the table are the Parent Company's foreign currency-denominated financial assets and liabilities as of June 30, 2023 and 2022:

|                            | 2023                 |                 | 2022                 |                    |
|----------------------------|----------------------|-----------------|----------------------|--------------------|
|                            | Original<br>Currency | Peso Equivalent | Original<br>Currency | Peso<br>Equivalent |
| <b>Financial Assets</b>    |                      |                 |                      |                    |
| Cash                       | \$2,524,097          | P139,330,154    | \$1,152,099          | P63,330,088        |
| Due from related parties   | 2,427,452            | 133,995,357     | 2,436,937            | 133,958,427        |
|                            | \$4,951,549          | P273,325,511    | \$3,589,036          | P197,288,515       |
| <b>Financial Liability</b> |                      |                 |                      |                    |
| Loans payable              | \$-                  | P-              | \$1,500,000          | P82,455,000        |



As of June 30, 2023 and 2022, the exchange rates used were ₱55.2 and ₱54.97 per \$1, respectively.

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

|                                               | Change in ₱/\$ exchange rate       |                                    |
|-----------------------------------------------|------------------------------------|------------------------------------|
|                                               | 5% appreciation<br>of \$ against ₱ | 5% depreciation<br>of \$ against ₱ |
| Increase (decrease) in loss before income tax |                                    |                                    |
| <b>2023</b>                                   | <b>₱13,666,276</b>                 | <b>(₱13,666,276)</b>               |
| 2022                                          | ₱5,741,715                         | (₱5,741,715)                       |

#### Fair Value and Category of Financial Instruments

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

*Cash and cash equivalents, Receivables, Due from related parties, Short-term bank loans, Payable to a subsidiary's former shareholder, Accounts payable and accrued expenses, and Due to related parties*

The carrying amounts of these financial instruments approximate their fair values due to their short-term maturity. The fair value hierarchy as required by the amendments to PFRS 7 is not applicable since these financial instruments are carried at amortized cost.

#### *Long-term bank loans*

The fair value of long-term bank loans was calculated based on the discounted value of future cash flows using the applicable risk-free rate for similar types of loans adjusted for credit risk (Level 3 of the fair value hierarchy). The discount rates used for long-term bank loan ranges from 4.4%–5.94%.

#### *Fair Value Hierarchy*

The Parent Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3: Those inputs for the asset or liability that are not based on observable market data (unobservable inputs)

As of June 30, 2022, the fair value of long-term bank loan amounted to ₱250.76 million and fall under level 3 of the fair value hierarchy.

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



### Valuation Techniques Used to Derive Level 3 Fair Values

The table below presents the following for each class of the Parent Company's long-term bank loan:

- The fair value measurements at the end of the reporting period;
- The level of the fair value hierarchy (e.g., Level 2 or Level 3) within which the fair value measurements are categorized in their entirety;
- A description of the valuation techniques applied;
- The inputs used in the fair value measurement; and
- For Level 3 fair value measurements, quantitative information about the significant unobservable inputs used in the fair value measurement.

|                      | June 30, 2022                     |                               |                               |                                |
|----------------------|-----------------------------------|-------------------------------|-------------------------------|--------------------------------|
|                      | Fair Value as at<br>June 30, 2022 | Valuation<br>Technique        | Key<br>Unobservable<br>Inputs | Range<br>(Weighted<br>Average) |
| Long-term bank loans | ₱250,761,761                      | Market comparable<br>approach | Interest rate                 | 4.4% to 5.94%                  |

### Capital Management

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

As of June 30, 2023 and 2022, the Parent Company's total equity amounted to ₱2,031.89 million and ₱493.46 million, respectively. In order to sustain its operations, the Parent Company may obtain additional advances and/or capital infusion from its shareholders.

The Parent Company considers the following as its core capital:

|                            | 2023                  | 2022          |
|----------------------------|-----------------------|---------------|
| Short-term bank loan       | <b>₱249,172,856</b>   | ₱—            |
| Long-term bank loans       | —                     | 230,597,681   |
| Capital stock              | <b>430,423,912</b>    | 36,349        |
| Additional paid-in capital | <b>1,643,742,189</b>  | 440,865,245   |
| Deficit                    | <b>(42,271,540)</b>   | (245,320,071) |
|                            | <b>₱2,281,067,417</b> | ₱426,179,204  |

No changes were made in the objectives, policies or processes for the year ended June 30, 2023 and for the six-month period ended June 30, 2022.



## 17. Changes in Liabilities Arising from Financing Activities

|                                       | 2023                                    |                                        |                                       |                                           |
|---------------------------------------|-----------------------------------------|----------------------------------------|---------------------------------------|-------------------------------------------|
|                                       | Due to Related Parties<br>(see Note 13) | Short-term Bank Loans<br>(see Note 10) | Long-term Bank Loans<br>(see Note 11) | Interest Payable<br>(see Notes 10 and 11) |
| As at July 1                          | ₱189,135,896                            | ₱—                                     | ₱230,597,681                          | ₱1,165,573                                |
| Availment of short-term bank loan     | —                                       | 250,000,000                            | —                                     | —                                         |
| Payment of debt transaction cost      | —                                       | (1,870,064)                            | —                                     | —                                         |
| Amortization of debt transaction cost | —                                       | 1,042,920                              | 3,118,302                             | —                                         |
| Interest expense                      | —                                       | —                                      | —                                     | —                                         |
| Payment of long-term interest         | —                                       | —                                      | (233,715,983)                         | (22,455,838)                              |
| Payment to related parties            | (186,760,896)                           | —                                      | —                                     | —                                         |
| As at June 30                         | ₱2,375,000                              | ₱249,172,856                           | ₱—                                    | ₱1,159,583                                |

|                                            | 2022                                    |               |                                       |                                   |
|--------------------------------------------|-----------------------------------------|---------------|---------------------------------------|-----------------------------------|
|                                            | Due to Related Parties<br>(see Note 13) | Notes Payable | Long-term Bank Loans<br>(see Note 11) | Interest Payable<br>(see Note 11) |
| As at January 1                            | ₱208,217,528                            | ₱87,507,257   | ₱148,602,470                          | ₱—                                |
| Availment of long-term bank loan           | —                                       | —             | 82,590,000                            | —                                 |
| Payment of debt transaction cost           | —                                       | —             | (619,425)                             | —                                 |
| Amortization of debt transaction cost      | —                                       | —             | 152,136                               | —                                 |
| Payment to related parties                 | (40,000,000)                            | —             | —                                     | —                                 |
| Foreign exchange movement                  | 1,143,751                               | —             | (127,500)                             | —                                 |
| Interest expense                           | —                                       | —             | —                                     | 4,964,358                         |
| Restructuring related charges – net        | —                                       | 4,778,743     | —                                     | —                                 |
| Acquisition of equity investment on credit | 187,635,896                             | —             | —                                     | —                                 |
| Payment of interest                        | —                                       | —             | —                                     | (3,348,785)                       |
| Conversion of advances to equity           | (167,861,279)                           | (92,286,000)  | —                                     | —                                 |
| As at June 30                              | ₱189,135,896                            | ₱—            | ₱230,597,681                          | ₱1,615,573                        |

## 18. Supplementary Information Required Under Revenue Regulations 15-2010

As of and for the six-month period ended June 30, 2023, the Parent Company reported and paid the following taxes:

### VAT

The Parent Company's sales are subject to output VAT while its purchases of goods and services from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12%.

- The Parent Company has no declared and paid output VAT in 2023.
- Details of input VAT account are shown as follows:

|                                                     |            |
|-----------------------------------------------------|------------|
| Balance at January 1                                | ₱1,642,622 |
| Current year's domestic purchases:                  |            |
| Domestic purchase of goods other than capital goods | 9,296      |
| Goods other than for resale or manufacture          | —          |
| Services lodged under other accounts                | 5,427,777  |
| Balance at June 30                                  | ₱7,079,695 |



Taxes and Licenses

|                         |                   |
|-------------------------|-------------------|
| Documentary stamp taxes | ₱1,476,800        |
| Donor's tax             | 440,409           |
| Gross receipts tax      | 225,806           |
| Business permits        | 66,536            |
|                         | <u>₱2,209,551</u> |

Documentary stamp tax accrued and paid by the Parent Company in 2023 are from the donation and assignment of shares and transactions with its related parties.

Withholding Taxes

The final withholding taxes accrued or paid by the Parent Company amounted to ₱2,044,308 for the year ended June 30, 2023.

Tax Contingencies

The Parent Company did not receive any final tax assessment in 2023, nor does it have tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the administration of the BIR.

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**19. Subsequent Event**

On October 5, 2023, the BOD approved the equity restructuring of the Parent Company to wipe out and eliminate its deficit amounting to ₱42.3 million by applying/reclassifying/offsetting the same against the Parent Company's additional paid-in capital of ₱1,643.74 million. As of October 5, 2023, the Parent Company has yet to file its application for quasi-reorganization with the SEC.



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying parent company financial statements of Alternergy Holdings Corporation (the Parent Company) as at June 30, 2023 and 2022, and for the six-month periods then ended June 30, 2023 and 2022, on which we have rendered the attached report dated October 5, 2023.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the above Parent Company has 3,252 stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.



Leovina Mae V. Chu

Partner

CPA Certificate No. 99910

Tax Identification No. 209-316-911

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 99910-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-096-2020, November 27, 2020, valid until November 26, 2023

PTR No. 9566016, January 3, 2023, Makati City

October 5, 2023

