

NOTICE OF SPECIAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the Special Stockholders' Meeting of **SP NEW ENERGY CORPORATION** (the “**Issuer**,” the “**Company**” or the “**Corporation**”) will be conducted by remote communication via <https://conveneagm.com/ph/SPNEC2023SSM> on **4 December 2023** at **9:00 AM**.

A G E N D A¹

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of the Previous Stockholders' Meeting on 8 June 2023²
4. Amendment of the Company's Articles of Incorporation to Increase its Authorized Capital Stock and the subscription of shares by MERALCO PowerGen Corporation in support thereof, and Increase in the Number of Directors
5. Election of Directors
6. Waiver of Applicable Mandatory Rights Offer or Public Offering in relation to or arising from the Issuance of Shares to MERALCO PowerGen Corporation
7. Conduct of Follow-On Offering
8. Ratification of Acts, Resolutions, and Decisions of the Board of Directors and Management beginning 9 June 2023
9. Other Matters
10. Adjournment

Only stockholders of record as of 14 November 2023 are entitled to notice of, to attend, and to vote in the meeting.

Given the current circumstances, stockholders may only attend and/or vote in the meeting by remote communication, by appointing the Chairman of the meeting as their proxy, or by voting *in absentia*. Stockholders intending to participate by remote communication should notify the Corporation by registering through <https://conveneagm.com/ph/SPNEC2023SSM> on or before 24 November 2023.

Stockholders may vote by remote communication or *in absentia*, subject to validation procedures. Upon registering and subject to validation, stockholders may vote *in absentia* through <https://conveneagm.com/ph/SPNEC2023SSM>. Further details on the procedures for participating in the meeting through remote communication and for casting votes *in absentia* will be set forth in the Information Statement.

The Information Statement and meeting materials may be downloaded from PSE EDGE and the Corporation's website at <https://conveneagm.com/ph/SPNEC2023SSM>.

Duly accomplished proxies³ should be submitted on or before 9:00 AM, 24 November 2023 to the Office of the Corporate Secretary at the 20th Floor AIA Tower (formerly PhilamLife Tower), 8767 Paseo de Roxas, Barangay Bel-Air, Makati City 1226, Philippines or by email at spnec@solarphilippines.ph. Validation of proxies is set for 29 November 2023, starting at 9:00 AM. **Management is neither asking you for a proxy nor is it requesting you to send a proxy in its favor.**

Shareholders of record who, as of 14 November 2023, hold at least five percent (5%) of the outstanding capital stock of the Company shall have the right to propose items for inclusion on the agenda which must be submitted on or before 24 November 2023.⁴

All communications should be sent by email to spnec@solarphilippines.ph on or before the designated deadlines.

Makati City, 13 October 2023.

[signature page follows]

¹ The agenda items below are subject to change. The final list is pending approval by the Issuer's Board of Directors, which approval shall be sought before the Issuer submits the Definitive Information Statement to the Securities and Exchange Commission (“SEC”) for clearance to distribute to stockholders as of the record date fixed for this year's Annual Stockholders' Meeting.

² The signed Minutes of the Annual Stockholders' Meeting dated 8 June 2023 is attached hereto as **Annex “A”**.

³ This proxy form will be digitized and made accessible via <https://conveneagm.com/ph/SPNEC2023SSM> once registration is verified.

⁴ The inclusion of the proposed agenda item shall be in accordance with SEC Memorandum Circular No. 14, Series of 2020, and the Corporation's internal guidelines.


HAZEL IRIS P. LAFUENTE
Assistant Corporate Secretary

EXPLANATIONS OF AGENDA ITEMS

I. CALL TO ORDER

The Chairman will formally open the meeting at approximately 9:00AM.

II. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary or Assistant Corporate Secretary will certify that written notice for the meeting was duly sent to stockholders and that a quorum exists for the transaction of business.

Pursuant to Sections 57 and 23 of the Revised Corporation Code which allow voting *in absentia* by the stockholders, the Corporation will set up a designated online web address which may be accessed by the stockholders to register and vote on the matters at the meeting *in absentia*. A stockholder participating by remote communication or who votes *in absentia* shall be deemed present for purposes of quorum.

The following are the rules of conduct and procedures for the meeting to be conducted in virtual format:

1. Stockholders may attend the meeting remotely through <https://conveneagm.com/ph/SPNEC2023SSM>. Questions and comments may be sent on or before 29 November 2023 to spnec@solarphilippines.ph or <https://conveneagm.com/ph/SPNEC2023SSM> and shall be limited to the items in the Agenda.
2. Each of the proposed resolutions will be shown on the screen in the venue and during the livestreaming as the same is taken up at the meeting.
3. Stockholders must notify the Corporation on or before 24 November 2023 of their intention to participate in the meeting by remote communication to be included in determining quorum, together with the stockholders who intend to vote *in absentia* and by proxy.
4. Voting shall only be allowed for stockholders registered to be voting *in absentia* via <https://conveneagm.com/ph/SPNEC2023SSM> or by authorizing the Chairman of the meeting as proxy.
5. Stockholders voting *in absentia*, who have registered at <https://conveneagm.com/ph/SPNEC2023SSM> prior to the meeting, may cast their votes electronically at any time using the system prior to or during the meeting.
6. All the items on the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present or represented at the meeting, unless the law or the Corporation's Articles of Incorporation or By-Laws require otherwise.
7. The Issuer's accredited service provider will tabulate all votes received and the Stock Transfer Agent and Corporate Secretary or Assistant Corporate Secretary will validate the results. The Corporate Secretary or Assistant Corporate Secretary shall report the results of voting during the meeting.
8. The meeting proceedings shall be recorded in audio and video format.

III. APPROVAL OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETING ON 8 JUNE 2023

The signed Minutes of the Annual Stockholders' Meeting held on 8 June 2023 is attached hereto as **Annex "A"**. The said minutes are also available for download from the Corporation's website: <https://spnec.ph/>.

IV. AMENDMENT OF THE COMPANY'S ARTICLES OF INCORPORATION TO INCREASE ITS AUTHORIZED CAPITAL STOCK AND NUMBER OF DIRECTORS

The amendment pertains to the sixth and seventh articles of the Corporation's Articles of Incorporation. This is done pursuant to the Corporation's entry into the Option Agreement, as amended, with Solar Philippines Power Project Holdings, Inc. ("SPPPHI") and MERALCO PowerGen Corporation ("MGEN"). By way of background, the Corporation entered into an Option Agreement dated 5 May 2023 with SPPPHI and Metro Pacific Investments Corporation ("MPIC").

There ensued a restructuring of the original Option Agreement, where now, the Option Holder is MGEN in lieu of MPIC. Further, the Option Shares now consist of 15,700,000,000 common shares at the subscription price of PhP1.00 per share and 19,404,202,552 preferred shares at the subscription price of PhP0.01 per share.

To support the Option Agreement, as amended, the seventh article of the Corporation's Articles of Incorporation will be amended to increase its authorized capital stock from Five Billion Pesos (PhP5,000,000,000.00) divided into Fifty Billion (50,000,000,000) common shares with a par value of Ten Centavos (PhP0.10) per share to Seven Billion Seven Hundred Fifty Million Pesos (PhP7,750,000,000.00), divided into: (i) Seventy-Five Billion (75,000,000,000) common shares with a par value of Ten Centavos (PhP0.10) per share and (ii) Twenty-Five Billion (25,000,000,000) new class of preferred shares with a par value of One Centavo (PhP0.01) per share, which shall be voting, redeemable, and preferred in payment in case of liquidation and subject to such returns on investment in such class of shares as may be determined by the Board of Directors.

Similarly in relation to the Option Agreement, as amended, the sixth article of the Corporation's Articles of Incorporation will be amended to increase the number of directors from seven (7) to nine (9).

V. ELECTION OF DIRECTORS

This relates to the Company's application to amend its Articles of Incorporation to increase the number of directors from seven (7) to nine (9). Under the Company's By-Laws, any directorship to be filled by reason of an increase in the number of directors shall be filled only by election at a regular or at a special meeting of stockholders duly called for the purpose, or in the same meeting authorizing the increase of directors if so stated in the notice of the meeting.

After careful evaluation, it has been determined that the two (2) nominees for Director have all the qualifications and competence necessary for the effective performance of the Board of Directors' roles and responsibilities, and none of the disqualifications to serve as members of the Board of Directors. Therefore, they shall be presented for election to the stockholders. The profiles of the nominees to the Board of Directors are found under Item 5 of the Information Statement.

Their election shall only take effect upon approval by the Securities and Exchange Commission of the Company's application to amend its Articles of Incorporation to increase the number of directors from seven (7) to nine (9).

VI. WAIVER OF APPLICABLE MANDATORY RIGHTS OFFER OR PUBLIC OFFERING IN RELATION TO OR ARISING FROM THE ISSUANCE OF SHARES TO MGEN

This item is in relation to the Corporation's issuance of 15,700,000,000 common shares at the subscription price of PhP1.00 per share and 19,404,202,552 preferred shares at the subscription price of PhP0.01 per share to MGEN, subject to exercise of its rights under the Option Agreement, as amended, and approval by the Securities and Exchange Commission of the Corporation's application for increase in authorized capital stock.

The Corporation seeks for a waiver of the conduct of applicable mandatory rights offer or public offering by a majority vote of the outstanding shares held by the minority stockholders present or represented in the meeting.

VII. RATIFICATION OF ACTS, RESOLUTIONS, AND DECISIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT BEGINNING 9 JUNE 2023

The acts, resolutions, and decisions of the Board of Directors and its Committees for ratification are those taken and adopted since the previous Annual Stockholders' Meeting held on 8 June 2023 up to the present. These include the approval of agreements, projects, investments, treasury-related matters, and other matters covered by disclosures to the Securities and Exchange Commission ("SEC") and the Philippine Stock Exchange ("PSE"). The acts, resolutions, and decisions of the Corporation's officers are those taken and adopted to implement the resolutions of the Board of Directors or its Committees and/or those made in the general conduct of business.

VIII. OTHER MATTERS

These include such other matters that may arise before or during the meeting, to be voted upon by stockholders. Stockholders, likewise, may email questions or comments prior to the commencement of or during the Stockholders' Meeting at spnec@solarphilippines.ph, in accordance with existing laws, rules, and regulations of the SEC and the Corporation's internal guidelines.⁵

[The proxy form follows]

⁵ SEC Memorandum Circular No. 14, series of 2020, provides that shareholders who, alone or together with other shareholders, hold at least five percent (5%) of the outstanding capital stock of a publicly listed Corporation shall have the right to include items on the agenda prior to the regular/special stockholders' meeting.

We are not soliciting your proxy. However, if you would be unable to attend the meeting but would like to be represented thereat, you may accomplish the proxy form herein and submit the same to the Office of the Corporate Secretary.

P R O X Y⁶

I/WE hereby name and appoint the Chairman of the meeting as my/our proxy at the Meeting of the Stockholders of **SP NEW ENERGY CORPORATION** (the “**Corporation**”) to be held via videoconferencing at <https://conveneagm.com/ph/SPNEC2023SSM> on **4 December 2023 at 9:00 AM** and at any postponement or adjournment thereof for the purpose of acting on the following matters:

#	Agenda Item	Yes	No	Abstain
1	Approval of Minutes of the Previous Stockholders’ Meeting on 8 June 2023			
2	Amendment of the Company’s Articles of Incorporation to Increase its Authorized Capital Stock and the supporting issuance of shares to MERALCO PowerGen Corporation, and Increase in the Number of Directors			
3	Election of Directors			
	a. [Name to be supplied]			
	b. [Name to be supplied]			
4	Waiver of Applicable Mandatory Rights Offer or Public Offering in relation to or arising from the Issuance of Shares to MERALCO PowerGen Corporation			
5	Conduct of Follow-On Offering			
6	Ratification of Acts, Resolutions, and Decisions of the Board of Directors and Management beginning 9 June 2023			

Place/Date : _____

Name of Shareholder : _____

Signature : _____

Number of Shares : _____

Duly accomplished proxies should be submitted on or before **9:00 AM of 24 November 2023** to the **Office of the Corporate Secretary at the 20th Floor AIA Tower (formerly PhilamLife Tower), 8767 Paseo de Roxas, Barangay Bel-Air, Makati City 1226, Philippines** or by e-mail at spnec@solarphilippines.ph. Validation of proxies is set for **29 November 2023**. Stockholders who are natural persons must submit this proxy together with competent evidence of identity, e.g. passport, driver’s license, and other valid government-issued ID. Proxies of corporate shareholders or juridical entities must be accompanied by a duly sworn secretary’s certificate or any similar document showing his/her authority to represent the corporation/entity.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder. If no direction is made, this proxy will be voted for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by the Board of Directors or Management. A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expresses his/her/its intention to vote in person.

⁶ This proxy form will also be digitized and accessible via <https://conveneagm.com/ph/SPNEC2023SSM> once registration is verified.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
- ☒ Preliminary Information Statement
☐ Definitive Information Statement
2. Name of Issuer as specified in its charter: **SP NEW ENERGY CORPORATION (formerly Solar Philippines Nueva Ecija Corporation)**
3. Province, country or other jurisdiction of incorporation or organization: **Metro Manila, Philippines**
4. SEC Identification Number: **CS201627300**
5. BIR Tax Identification Code: **009-468-103**
6. Address of principal office: **20th Floor AIA Tower (formerly PhilamLife Tower), 8767 Paseo de Roxas, Barangay Bel-Air, Makati City, Philippines**
7. Postal Code: **1226**
8. Issuer’s telephone number, including area code: **(02) 8817-2585**
9. Date, time and place of the meeting of security holders: **4 December 2023, 9:00 AM, to be conducted by remote communication via <https://conveneagm.com/ph/SPNEC2023SSM>**
10. Approximate date on which the proxy statement is first to be sent or given to security holders: **27 October 2023**
11. In case of proxy solicitation:
- Name of the person filing the statement/solicitor: **N.A.**
- Mailing address and telephone no.: **N.A.**
12. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code (“SRC”) or Sections 4 and 8 of the Revised Securities Act (“RSA”) (information on number of shares and amount of debt is applicable only to corporate issuers):
- | Title of Each Class | Number of Shares of Common Stock
Outstanding or Amount of Debt Outstanding |
|---------------------|---|
| Common | 34,373,050,000 shares |
13. Are there securities of the Issuer listed on a stock exchange?
- Yes.**
- If yes, disclose the name of such stock exchange and the class of securities listed therein:
- The common shares of SP New Energy Corporation (formerly Solar Philippines Nueva Ecija Corporation) (the “Issuer”) are listed on the Philippine Stock Exchange (“PSE”).**

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

The Meeting of the Stockholders of the Issuer will be held on **4 December 2023, 9:00 AM, to be conducted by remote communication via videoconferencing at <https://conveneagm.com/ph/SPNEC2023SSM>.**

- a. The complete mailing address of the Issuer is at the **20th Floor AIA Tower (formerly PhilamLife Tower), 8767 Paseo de Roxas, Barangay Bel-Air, Makati City 1226, Philippines.**
- b. The approximate date on which this Information Statement, form of proxy, and other materials are first to be sent or given to security holders is on **27 October 2023.**

Item 2. Dissenters' Right of Appraisal

Under Section 80 of the Revised Corporation Code, any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his or her shares only in the following instances:

- a. In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class or of extending or shortening the term of corporate existence;
- b. In case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;
- c. In case of merger or consolidation; and
- d. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

As such, the right of appraisal will be relevant only as regards the amendment of the Company's Articles of Incorporation, specifically on the creation of a new class of preferred shares, which shall be voting, redeemable, and preferred in payment in case of liquidation and subject to such returns on investment in such class of shares as may be determined by the Board of Directors.

The stockholder must have voted against the proposed corporate action in order for such stockholder to invoke the appraisal right provided under the law.

The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken; provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken excluding any appreciation or depreciation in anticipation of such corporate action.

If within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made; provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment. Provided further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the corporation. (Revised Corporation Code, Section 81)

The costs and expenses of appraisal shall be borne by the corporation, unless the fair value ascertained by the appraisers is approximately the same as the price which the corporation may have offered to pay the stockholder, in which case they shall be borne by the latter. In the case of an action to recover such fair value, all costs and expenses shall be assessed against the corporation, unless the refusal of the stockholder to receive payment was unjustified. (Revised Corporation Code, Section 84)

From the time of demand for payment of the fair value of a stockholder's shares until either the abandonment of the corporate action involved or the purchase of the said shares by the corporation, all rights accruing to such shares, including voting and dividend rights, shall be suspended in accordance with the provisions of the Revised Corporation Code, except the right of such stockholder to receive payment of the fair value thereof; provided, that if the dissenting stockholder is not paid the value of the said shares within thirty (30) days after the award, the voting and dividend rights shall immediately be restored. (Revised Corporation Code, Section 82)

No demand for payment of the fair value of a dissenting stockholder's shares may be withdrawn unless the corporation consents thereto. If, however, such demand for payment is withdrawn with the consent of the corporation, or if the proposed corporate action is abandoned or rescinded by the corporation or disapproved by the Securities and Exchange Commission ("SEC") where such approval is necessary, or if the SEC determines that such stockholder is not entitled to the appraisal right, then the right of the stockholder to be paid the fair value of the shares shall cease, the status of the stockholder shall be restored and all dividend distributions which would have accrued on the shares shall be paid to the stockholder. (Revised Corporation Code, Section 83)

Within ten (10) days after demanding payment for shares held, a dissenting stockholder shall submit the certificates of stock representing the shares to the corporation for notation that such shares are dissenting shares. Failure to do so shall, at the option of the corporation, terminate the appraisal right of the dissenting stockholder. If shares represented by the certificates bearing such notation are transferred, and the certificates consequently cancelled, the rights of the transferor as a dissenting stockholder shall cease and the transferee shall have all the rights of a regular stockholder; and all dividend distributions which would have accrued on such shares shall be paid to the transferee. (Revised Corporation Code, Section 85)

The Issuer's By-Laws have no special provisions different from or giving any stockholder any special appraisal or dissenter's rights.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

The following matters are going to be acted upon by the Issuer's stockholders during the Stockholders' Meeting:

1. Approval of Minutes of the Previous Stockholders' Meeting on 8 June 2023⁷
2. Amendment of the Company's Articles of Incorporation to Increase its Authorized Capital Stock and the supporting issuance of shares to MERALCO PowerGen Corporation, and Increase in the Number of Directors
3. Election of Directors
4. Waiver of Applicable Mandatory Rights Offer or Public Offering in relation to or arising from the Issuance of Shares to MERALCO PowerGen Corporation
5. Conduct of Follow-On Offering
6. Ratification of Acts, Resolutions, and Decisions of the Board of Directors and Management beginning 9 June 2023
7. Other Matters

None of the Issuer's directors or officers, present and past, or any of their respective associates, at any time since the beginning of the last fiscal year have any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon during the Stockholders' Meeting.

Further, no director has informed the Issuer of his/her opposition to any matter to be acted upon during the Meeting of the Stockholders to be held on 4 December 2023.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- a. The Issuer only has one (1) class of shares: common shares which are voting shares. As of the date of this Information Statement, the Issuer's issued and outstanding capital stock consists of 34,373,050,000 common shares. Each outstanding share held as of the record date is entitled to one (1) vote.
- b. The record date with respect to the Meeting of the Stockholders on 4 December 2023 is fixed at 14 November 2023. Only persons, natural and juridical, recorded in the books of the Issuer as stockholders as of 14 November 2023 shall be entitled to notice and shall be allowed to vote at the Stockholders' Meeting on 4 December 2023 at 9:00AM or any adjournment thereof.

There is no record date with respect to the solicitation of proxies as the Issuer is not going to solicit proxies from stockholders for this Stockholders' Meeting, as indicated in the proxy form attached to this Information Statement.

- c. Voting Procedures:

Stockholders entitled to participate and vote in the Special Stockholders' Meeting may vote in person or by proxy during the meeting via the online platform for the meeting and via remote communication or *in absentia* as provided in this Information Statement, subject to validation procedures. The URL for the online voting platform is <https://conveneagm.com/ph/SPNEC2023SSM>. A stockholder voting via remote communication or *in absentia* shall be deemed present for purposes of quorum.

Election of directors shall be by plurality of votes and every stockholder entitled to vote present (including those participating via remote communication) or represented at the meeting or voting *in absentia* has the option to cumulate his/her votes. Each outstanding share of stock shall be counted as one (1) vote. Specifically, a stockholder may vote such number of shares registered in

⁷ The signed Minutes of the Annual Stockholders' Meeting dated 8 June 2023 is attached hereto as **Annex "A"**.

his/her name as of the record date for as many persons as there are directors to be elected or he/she may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his/her shares shall equal, or he/she may distribute them on the same principle among as many candidates as he/she may see fit; provided, that the total number of votes cast by him/her shall not exceed the number of shares owned by him/her as shown in the books of the Corporation and records of its Stock Transfer Agent multiplied by the whole number of directors to be elected. (Revised Corporation Code, Section 23) There are no stated conditions precedent to the exercise of cumulative rights. The total number of votes that may be cast by a stockholder of the Corporation is computed as follows: No. of Shares Held on Record as of Record Date x Two (2) Directors. Nominees receiving the highest number of votes will be declared elected.

For motions on the amendment of the Articles of Incorporation in connection with the increase in authorized capital stock, each stockholder entitled to vote shall be entitled to one (1) vote per share. Pursuant to the Revised Corporation Code, a vote comprising two-thirds (2/3) of the Issuer’s outstanding capital stock shall be required to approve a motion to amend the Issuer’s Articles of Incorporation and By-Laws.

Each of the proposed resolutions will be posted on the online voting platform for those voting *in absentia*. For those voting during the meeting, each proposed resolution will be shown on the screen as the same is taken up.

The Issuer’s accredited service provider will tabulate all votes received and the Stock Transfer Agent and Corporate Secretary or Assistant Corporate Secretary will validate the results. The Corporate Secretary or Assistant Corporate Secretary will report the results of the voting during the meeting.

d. Security Ownership of Certain Record and Beneficial Owners and Management:

As of 31 August 2023, the following persons or groups own more than five percent (5%) of the Corporation’s voting securities:

Title Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	<i>Solar Philippines Power Project Holdings, Inc. (“SPPPHI”)</i> 20 th Floor AIA Tower (formerly PhilamLife Tower), 8767 Paseo de Roxas, Barangay Bel-Air, Makati City 1226, Philippines <i>Parent Corporation</i>	Mr. Leandro Antonio L. Leviste (“ Mr. Leviste ”) owns 99% of SPPPHI’s outstanding capital stock.	Filipino	27,697,399,998 ⁸	80.58%
Common	<i>PCD Nominee Corporation (Filipino)</i> 29 th Floor BDO Equitable Tower, 8751 Paseo de Roxas, Makati City, Philippines <i>Stockholder of record for shares lodged with the Philippine Depository and Trust Corporation, Inc. (“PDTC”)</i>	PCD Nominee Corporation, a wholly owned subsidiary of the PDTC, is the registered owner of the shares in the books of the Corporation’s Stock Transfer Agent. The beneficial owner of such shares entitled to vote the same are PDTC’s participants who hold the shares	Filipino	6,978,791,950 ⁹	20.30%

⁸ Composed of 25,323,050,000 common shares that are certificated and directly held or registered in the name of SPPPHI and 2,374,349,998 common shares which are scripless and indirectly held or currently under the name of PCD Nominee Corporation (Filipino).

⁹ SPPPHI has 2,374,349,998 common shares which are scripless and indirectly held or currently under the name of PCD Nominee Corporation (Filipino).

		either in their own behalf or on behalf of their clients.			
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The following table shows the ownership of the following directors and officers in the Issuer’s common shares as of 31 August 2023:

Title of Class	Name of Beneficial Owner	Citizenship	Amount and Nature of Beneficial Ownership		Percent of Class
Common	Leandro Antonio L. Leviste	Filipino	1	Direct*	81.51%
			28,017,535,998	Indirect**	
Common	Martin Charles Crotty (“Mr. Crotty”)	Filipino	1	Direct	0%
			0	Indirect***	
Common	Hazel Iris P. Lafuente (“ Ms. Lafuente ”)	Filipino	0	Direct	0%
			2,360,001	Indirect****	
Common	J. Carlitos G. Cruz (“ Mr. Itos Cruz ”)	Filipino	1	Direct	0%
			0	Indirect	
Common	Benjamin I. Espiritu (“ Mr. Espiritu ”)	Filipino	1	Direct	0%
			0	Indirect	
Common	Carlos Jose P. Gatmaitan (“ Mr. Gatmaitan ”)	Filipino	1	Direct	0%
			150,000	Indirect*****	
Common	Aresty M. Lapitan (“ Mr. Lapitan ”)	Filipino	1	Direct*	0%
			1,000,000	Indirect	
Common	Atty. Gabriel A. Dee (“ Atty. Dee ”)	Filipino	0	Direct	0%
			0	Indirect	0%
Total			28,021,046,005	-	81.51%

**The single shares of Mr. Leviste, Mr. Crotty, and Mr. Lapitan are held by them in trust for SPPPHI.*
***Mr. Leviste holds 27,695,399,998 shares through SPPPHI. The remaining 320,136,000 shares are held by him through Countryside Investments Holdings Corporation (“**CIHC**”), which shares are currently lodged with the PDTC under PCD Nominee Corporation.*
*****Ms. Lafuente’s entire shareholding is currently lodged with the PDTC under PCD Nominee Corporation, including the qualifying share she holds in trust for SPPPHI.*
******The indirect shares of Mr. Gatmaitan are currently lodged with the PDTC under PCD Nominee Corporation.*

The aggregate number of common shares directly and indirectly owned by all officers and directors as a group as of 31 August 2023 is **28,021,046,005** or 81.51 % of the Issuer’s outstanding capital stock.

Voting Trust Holders of 5% or More

To the knowledge of the Corporation, no such voting trust exists.

Changes in Control

On 25 June 2021, SPPPHI, the parent Corporation of the Issuer, executed a pledge over shares of the Issuer that it owns (the “**Pledged Shares**”) as security for a loan agreement entered by its affiliate, Provincia Investments Corporation (“**PIC**”), with AC Energy Corporation (“**AC Energy**”). Pursuant to this pledge, upon the occurrence of an event of default by PIC under the loan agreement with AC Energy and its subsequent failure to pay the outstanding principal amount of the loan and all interests accrued and unpaid, if any, AC Energy, as the lender, may sell the Pledged Shares. Sale by AC Energy of the Pledged Shares will result in a change in control in the Issuer. However, any sale of the Pledged Shares pursuant to the aforementioned pledge may not be implemented for as long as the Pledged Shares, which are now listed, are subject to the lock-up requirement of the PSE. The Ninth Article of the Issuer’s Amended Articles of Incorporation clearly state that the Issuer shall strictly comply with the lock-up requirements of the PSE.

On 25 January 2023, SPPPHI executed definitive agreements with ACEN to provide 500.0 million shares of SPNEC as pre-payment for part of the original loan’s principal and payment of interest, other fees, and in consideration of ACEN releasing its pledge over shares owned by SPPPHI in SPNEC that was required in the said original loan.

Item 5. Directors and Executive Officers

As of the date of this Information Statement, the following are the seven (7) individuals comprising the Issuer’s Board of Directors:

Name	Position	Nationality	Age	Term of Office	Period Served
Leandro Antonio L. Leviste	Chairman	Filipino	30	< 6 years	2016 to present
J. Carlitos G. Cruz	Vice Chairman and Lead Independent Director	Filipino	62	< 2 years	2021 to present
Martin Charles Crotty	Director	American	59	<1 year	31 January 2023 to present
Hazel Iris P. Lafuente	Director	Filipino	35	< 6 years	2016 to present
Aresty M. Lapitan	Director	Filipino	37	< 2 years	2021 to present
Benjamin I. Espiritu	Independent Director	Filipino	69	< 2 years	2021 to present
Carlos Jose P. Gatmaitan	Independent Director	Filipino	57	< 2 years	2021 to present

The profile and the business experience of the foregoing directors for the last five (5) years are indicated below:

Leandro Antonio L. Leviste, 30, Filipino, Chairman, President, and CEO

Mr. Leviste founded the Solar Philippines Group in 2013. He has received numerous awards, including being ranked at the top of Forbes Magazine’s inaugural “30 Under 30” List for Asia in 2016. His first mall rooftop solar project was awarded the “2016 Sustainable Energy Finance Award” by The International Finance Corporation of the World Bank. His pioneering innovations won for the Corporation the Asian Power Awards for Independent Power Producer of the Year, Dual Fuel Power Plant of the Year, and Solar Power Project of the Year. He is the youngest ever member of two of the nation’s associations of business leaders: Management Association of the Philippines and Makati Business Club. He is currently serving as Chairman, President, and CEO of various entities within the Solar Philippines Group.

J. Carlitos G. Cruz, 62, Filipino, Vice Chairman and Lead Independent Director

Mr. Itos Cruz is the former Chairman and Managing Partner at SGV & Co. In his former capacity, he oversaw the Firm, ascertaining that its objectives, purpose, and policies are met and are in line with SGV & Co.’s growth strategy. Prior to this role, he was the Vice Chairman and Deputy Managing Partner, and Head of Assurance. He joined SGV & Co. in 1981 and was admitted to the partnership in 1995. He led the audit of multinational and Philippine companies across various industries including power generation, energy, and manufacturing. Mr. Cruz completed the Advanced Management Program of Harvard Business School in 2007 and the Advanced International Program in Oil and Gas Management at the University of Texas in 1994. He graduated from the University of Santo Tomas with a Bachelor of Science in Commerce degree major in Accounting in 1981 and passed the licensure examination for Certified Public Accountants in 1982. Mr. Cruz is currently serving as Independent Director, and Chairman of the Risk Oversight Committee and a Member of the Audit and Corporate Governance Committees of SM Prime Holdings, Inc., Independent Director and Chairman of the Audit Committee of Federal Land, Inc., Independent Director and Co-Chairman of Risk and Compliance Committee of Transnational Diversified Group, Inc., Independent Director and Chairman of Audit and Risk Management Committee of MarCoPay Inc., Independent Director, Chairman of Risk Management committee, and a Member, Audit Committee and Corporate Governance Committee of Vivant Corporation and a Member of the Audit and Risk Management Committee and Independent Director of Solar Philippines Project Holdings, Inc. He is currently a member of the Board of Trustees of the Makati Business Club. He is also a member of the Management Association of the Philippines and Philippine Institute of Certified Public Accountants.

Hazel Iris P. Lafuente, 35, Filipino, Director, Assistant Corporate Secretary, Assistant Treasurer, Chief Information Officer, and Chief Operating Officer

Ms. Lafuente leads the project development, execution and operations teams of Solar Philippines. With a background in both the private and public sectors, Ms. Lafuente brings over 15 years of experience in project management, land acquisition, permitting, and regulatory compliance. Prior to joining Solar Philippines, she worked at the Philippine Senate as a legislative staff. Ms. Lafuente graduated from the University of the Philippines with a degree in Social Sciences (Area Studies) cum laude. She is also a Certified Project Manager and a lifetime member of the Pi Gamma Mu International Honor Society in Social Sciences.

Aresty M. Lapitan, 37, Filipino, Director Treasurer and Head of Controllershship

Mr. Lapitan leads the accounting and financial management and operations teams of Solar Philippines. As a Certified Public Accountant and a Certified Forensic Accountant, Mr. Lapitan brings over 16 years of experience in streamlining business operations for growth and profitability. He holds a Bachelor’s Degree in Accountancy and graduated cum laude from the Polytechnic University of the Philippines and a Master of Business Administration from the Ateneo Graduate School of Business. He is a member of the Philippine Institute of Certified Public Accountants.

Martin Charles Crotty, 59, American, Director

Mr. Crotty is an American with family ties in the Philippines who served as President of AES Asia where he managed power plants in Vietnam, India, Sri Lanka, and the Philippines, including the Masinloc Coal Plant, which was won the Edison Award and which acquired by the San Miguel group with an enterprise value of \$2.4 billion in 2018. Previously, Mr. Crotty was CEO of Upwind Solutions, a wind asset management corporation backed by Silicon Valley investor Kleiner Perkins Caulfield & Byers. Since then, he has managed the operations of over 10 GW of solar and wind plants in North America at EDF Renewables.

Benjamin I. Espiritu, 69, Filipino, Independent Director

Dr. Espiritu is a Certified Public Accountant, entrepreneur, corporate director, educator, military officer, and public servant. He is currently the President of Risks, Opportunities Assessment and Management, (ROAM) Inc., Chairman of Banco de Mindoro, Inc., Chairman and President of EC Ventures Corporation, and several other private firms. He is an Independent Director of two publicly-listed corporations – Central Azucarera de Tarlac, Inc. and Dizon Copper Silver Mines, Inc., and of an insurance corporation – Intrastrata Assurance Corporation. He is also President of the Mindoro Chamber of Commerce and Industry, Inc. and Chairman of the Board of Advisers of the Philippine Marine Corps.

He was Governor of Oriental Mindoro a Brigadier General AFP (Res) and former Commander of the 7th Marine Brigade; Chairman of the Board of Regents of the Pamantasan ng Lungsod ng Maynila (University of the City of Manila), Chairman of the Board of Trustees of the Ospital ng Maynila (Hospital of Manila) Medical Center, and President of Don Bosco Technical College Mandaluyong.

He earned his Doctor of Philosophy major in Public Administration degree from the University of Santo Tomas, Master in National Security Administration from the National Defense College of the Philippines, Master of Business Administration from De La Salle University, Bachelor of Science in Commerce, Major in Accounting from De La Salle University, and completed the Naval Command and General Staff Course at the Naval Command and Staff College.

Carlos Jose P. Gatmaitan, 57, Filipino, Independent Director

Dr. Gatmaitan is the CEO of the Institute of Corporate Directors, where he has been a Fellow since 2015. He was President and CEO of PNOC Renewables Corporation, a government-owned and controlled corporation, during the administration of President Benigno Aquino, Jr. Dr. Gatmaitan was also Director for the National Renewable Energy Board. He previously served as Director for Colorplus Production Group, Inc., Printing Industries Association of the Philippines, Dasmariñas Village Association, Inc., and Pacific Plaza Corporation, Inc. He is currently the Chairman of Global Power Solutions Asia, Inc. and is also a member of the Audit Committee of Life Savings Bank. He is an alumnus of Pepperdine University in California, USA (Bachelor of Science in Business Administration and MBA). Dr. Gatmaitan also holds a Doctorate in Organizational Development from the University of Perpetual Help System Dalta. In addition, he teaches Strategy Management at the Ateneo Graduate School of Business.

As of the date of this Information Statement, the following are the corporate officers of the Corporation:

Name	Position	Age	Citizenship	Business Experience
Leandro Antonio L. Leviste	Chairman, President, and Chief Executive Officer	30	Filipino	Same as above
J. Carlitos G. Cruz	Vice Chairman	62	Filipino	Same as above
Atty. Gabriel A. Dee	Corporate Secretary	58	Filipino	Please see below
Hazel Iris P. Lafuente	Assistant Corporate Secretary, Assistant Treasurer, Chief Information Officer, and Chief Operating Officer	35	Filipino	Same as above
Aresty M. Lapitan	Treasurer and Head of Controllershship	37	Filipino	Same as above

Atty. Gabriel A. Dee, 58, Filipino, Corporate Secretary

Atty. Dee is the Managing Partner at Picazo Buyco Tan Fider & Santos, a full-service law firm recognized internationally in the field of capital markets, banking and finance, and mergers and acquisitions (M&A) practices. He holds a Bachelor of Laws degree from the University of the Philippines (UP) College of Law and Master of Laws degree from the University of California Berkeley School of Law. He was admitted to the Philippine Bar in 1989.

Atty. Dee is also a director and/or is corporate secretary in various publicly listed companies including Macay Holdings, Inc., MJC Investments Corp., and Alliance Select Foods International, Inc. where he is the Vice Chairman.

A Senior Lecturer at the U.P. College of Law, Mr. Dee is a member of the Financial Executives Institute of the Philippines (FINEX) and is also a sought-after resource person for various seminars on IPOs, listings, and estate planning.

The directors are elected by the stockholders entitled to vote. Each director holds office for a period of one (1) year and until the next annual election when his/her successor is duly elected and qualified, unless he/she resigns, dies, or is removed prior to said next annual election.

Nomination of Candidates for election to the Board of Directors

As provided under Section C(5) of the Company’s Manual on Corporate Governance, any stockholder, including any minority stockholders may nominate candidates for election to the Board of Directors, including independent Directors, by sending a nomination letter to the Corporate Governance Committee stating therein, among other things, the nominee’s name, age, principal occupation, number of shares of the Corporation owned, and interests in and positions held in other corporations.

After the submission of nominations, the Corporate Governance Committee determined whether the nominees have all the qualifications and none of the disqualifications pursuant to relevant laws, regulations, and Company policies.

The nominees for election to the Board of Directors on 8 June 2023 are as follows:

- 1. [Name to be supplied]
- 2. [Name to be supplied]

The profiles of the foregoing are provided below.

Name to be supplied

Profile to be supplied

Name to be supplied

Profile to be supplied

The nominees meet the qualifications and none of the disqualifications to serve as directors of the Corporation. Their election shall only take effect upon approval by the Securities and Exchange Commission of the Company’s application to amend its Articles of Incorporation to increase the number of directors from seven (7) to nine (9).

Attached as **Annex “B”** is the certification issued by the Assistant Corporate Secretary that none of the current members of the Board of Directors and officers are appointed/employed in any government agency.

Likewise attached hereto as **Annex “C,” Annex “D,” and Annex “E”** are the certifications of Mr. Cruz, Mr. Gatmaitan, and Mr. Espiritu, respectively, as to their compliance with Securities Regulation Code Rule 38 on the qualifications and disqualifications of independent directors.

Senior Advisor

The Corporation has also appointed a senior advisor who have for years been guiding the leadership of the Solar Philippines Group with the benefit of their perspective and expertise. They will advise the Corporation’s leadership in the execution of its strategic initiatives.

Danny Kennedy

Mr. Kennedy is the CEO of New Energy Nexus, a platform for funds and incubators, with chapters in the United States, China, Indonesia, Vietnam, Thailand, the Philippines, Uganda, and India. He acts as Managing Director of the California Clean Energy Fund and serves as President of CalCharge. He co-founded Sungevity in 2007, the Corporation that created remote solar design, and Powerhouse, an incubator and fund in Oakland, California. He was the first backer of Mosaic in 2011, a solar loan provider backed by Warburg Pincus. In various capacities, Mr. Kennedy has been campaigning for clean energy since 1989.

Significant Employees

No single person is expected to make a significant contribution to the business since the Issuer considers the collective efforts of all of its employees as instrumental to the overall success of the Issuer’s performance.

Family Relationships

There are no known family relationships up to the fourth civil degree either by consanguinity or affinity among the current members of the Board of Directors and key officers of the Issuer.

Involvement in Legal Proceedings

To the best of the Issuer’s knowledge, there has been no occurrence during the past five (5) years up to the date of this Information Statement of any of the following events that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, or executive officer:

- 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 (2) years prior to that time;
- 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;
- 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
- Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Certain Relationships and Related Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, the parties are subject to common control, or the party is an associate or a joint venture. Under SEC Memorandum Circular (“M.C.”) No. 24, series of 2019, the term “related parties” covers “the covered entity’s directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common law, and other persons if these persons have control, joint control, or significant influence over the covered entity,” and the covered entity’s parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture, or an entity that is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party.” “Related party transactions” mean a transfer of resources, services, or obligations between a reporting entity and a related party, regardless of whether a price is charged. The circular adds that this term “should be interpreted broadly to include not only transactions entered into with related parties but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.”

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

The following shows the Due to Related Party accounts as of 31 December 2018 to 2020, 30 June 2021, 30 June 2022,31 December 2022 and 31 March 2023:

SPNEC Due to Related Parties (Cash Advances)								
Amounts Pmillions	in	As of 31 Decembe r 2018	As of 31 Decembe r 2019	As of 31 Decembe r 2020	As of 30 June 2021	As of 30 June 2022	As of 31 Decembe r 2022	As of 31 March 2023

Ultimate Parent Company (SPPPHI)	₱44.03	₱10.67	₱17.39	₱22.79	₱22.79	₱22.77	₱22.77
Shareholder	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-
Due to Related Parties	₱44.03	₱10.67	₱17.39	₱22.79	₱22.79	₱22.77	₱22.77

**Differences in decimal numbers are due to rounding off*

These Due to Related Party accounts are all intended for working capital purposes. These are all non-interest bearing, unsecured, and payable in cash upon demand.

The following shows the Due from Related Party accounts as of 31 December 2018 to 2020, 30 June 2021, 30 June 2022, 31 December 2022 and 31 March 2023:

SPNEC Due From Related Parties							
Amounts in ₱millions	As of 31 December 2018	As of 31 December 2019	As of 31 December 2020	As of 30 June 2021	As of 30 June 2022	As of 31 December 2022	As of 31 March 2023
Ultimate Parent Company (SPPPHI)	-nil-	-nil-	-nil-	-nil-	-nil-	₱8.70	₱8.70
Affiliate (SPCRPI)	-nil-	-nil-	-nil-	-nil-	-nil-	₱19.10	₱19.10
Affiliate (SPHI)	-nil-	-nil-	-nil-	-nil-	-nil-	₱793.59	₱874.09
Shareholder	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-	-nil-
Due to Related Parties	-nil-	-nil-	-nil-	-nil-	-nil-	₱821.39	₱901.9

**Differences in decimal numbers are due to rounding off*

In 2019, the Parent Company rescinded, through various mutual rescission, the original Contracts to Sell between the Parent Company and landowners amounting to ₱34.9 million, since Management assessed that the said parcels of land are to be subsequently acquired by SPPPHI, the ultimate parent company. New Contracts to Sell were subsequently executed between SPPPHI and the same landowners. The deposits paid to the landowners amounting to ₱34.9 million were offset against what is due to the Parent Company as reimbursements for the rescinded contracts.

The Parent Company entered into a MOA on 20 February 2021 and was amended on 3 March 2021, with PIC, an affiliate, which agreed to sell certain parcels of land with a total land area of 68.621 hectares for a total consideration of ₱267.0 million.

Further, to secure land for future expansion, the Parent Company entered into a MOA on 19 April 2021, with LHHC, an affiliate, which agreed to sell certain parcels of land, with a total land area of 56.8064 hectares for a total consideration of ₱270.0 million.

The Parent Company did not employ any personnel from 31 December 2017 to 30 April 2021. During this period, the Parent Company’s administrative function and finance function were handled by SPPPHI. On 30 April 2021, the Parent Company entered into a Management Service Agreement with SPPPHI which covers all necessary administrative and advisory services on management, investment, and technical matters involving the Company’s operations for the period from 1 May 2021 to 30 April 2024, in which the parties upon mutual agreement may renew or extend. Total annual fee for the said agreement is ₱24,000,000.00, exclusive of VAT.

On 24 February 2022, the BOD approved the acquisition of 100% of the outstanding shares held by SPPPHI in the Solar Philippines Assets through an asset-for-share swap, with SPPPHI subscribing for 24,373,050,000 shares of SPNEC. The Share Swap would be enabled by the increase in authorized capital stock from 10 billion common shares to 50 billion common shares, which was approved by SPNEC’s BOD on 10 January 2022 and by SPNEC’s stockholders on 7 March 2022.¹⁰

The Asset acquisition is intended to expand SPNEC’s portfolio, from one solar project in Nueva Ecija to a portfolio that includes over 175 MW of operational projects as well as developments in various provinces of the Philippines, in support of its goal of developing 10 GW of solar projects by 2025.

On April 6, 2022, the Board of Directors (BOD) of the Parent Company, pursuant to the BOD approval on December 20, 2021, approved the allocation of IPO proceeds to advance the funding for pursuing off take agreements and developing projects for Terra Renewables Holdings, Inc. (Terra) and its associated developments to SP Holdings, Inc. (SPHI), given that SPHI is a shareholder in Terra and that SPHI is planned to be a subsidiary of SPNEC after the share swap, provided this would only be from the excess of

the amount needed by Phase 1A of the Nueva Ecija solar project and would form part of the expansion of the Company's projects. As of December 31, 2022, the due from SPHI is ₱793.59 million.

On September 29, 2022, the Parent Company entered into a Support Services Agreement with SMSC, an affiliate of the Parent Company, wherein SMSC shall provide support services during the construction and development of the Project. Manpower services recognized for the period from July 1, 2022 to December 31, 2022 and for the years ended June 30, 2022 and 2021, amounted to ₱21.7 million and nil, which was capitalized as part of construction in progress.

On September 30, 2022, the Parent Company entered into a Construction Support Services Agreement (“CSSA”) with SPPPHI wherein SPPPHI shall provide support services, including engineering, procurement and construction (“EPC”), logistics, warehousing and other contractor-related services during the construction of the Project. Construction support services recognized for the period from July 1, 2022 to December 31, 2022 and for the year ended June 30, 2022, amounted to ₱68.0 million, and nil, respectively, which were capitalized as part of construction in progress.

On September 30, 2022, the Parent Company entered into a Project Development Services Agreement (“PDSA”) with SPPPHI wherein SPPPHI shall provide project development services, including site identification, permitting and land acquisition, covering a total area of 925.61 hectares, for a consideration of ₱150.0 million, exclusive of VAT. On October 5, 2022, SPPPHI assigned all of its rights and obligations under the PDSA to SPCRPI. As of December 31, 2022, the Parent Company has fully paid the services rendered by SPCRPI and has presented this as part of “Deposits for land acquisition” in the consolidated statements of financial position.

On September 30, 2022, the Parent Company entered into a separate CSSA with SPCRPI wherein SPCRPI shall provide support services, including EPC, logistics, warehousing and other contractor-related services during the construction of the Project for a consideration of ₱100.0 million, exclusive of VAT. On October 5, 2022, the parties agreed to amend the consideration of the CSSA from ₱100.0 million to ₱219.5 million, exclusive of VAT. As of December 31, 2022, ₱219.5 million was capitalized as part of construction in progress.

On December 26, 2022, TNI entered into a Site Acquisition Services Agreement (“SASA”) with SPPPHI which will cover site acquisition services covering a total area of 992.77 hectares for a consideration of ₱150.0 million, exclusive of VAT, from October 1, 2022 to December 31, 2022. As of December 31, 2022, TNI has fully paid for the site acquisition services rendered by SPPPHI and has presented this as part of “Deposits for land acquisition” in the consolidated statement of financial position.

On December 26, 2022, TNI entered into an agreement (Deposit and Services Agreement) with SPPPHI, wherein SPPPHI shall provide assistance, representation, facilitation of documentation and submission of necessary documents and liaison with relevant government units, agencies and offices including government owned and controlled corporations to secure land use conversion orders from the Department of Agrarian Reform (“DAR”) for the 992.77 hectares acquired by TNI and the delivery to TNI of the relevant conversion orders from the date of the agreement until December 31, 2024. To facilitate and expedite the performance of the services by SPPPHI, TNI has provided SPPPHI a refundable deposit amounting to ₱500.0 million which is presented as “Deposits” as part of “Other noncurrent assets” in the consolidated statements of financial position.

Further, as stated in the Parent Company’s Material Related Party Transactions (“**RPT**”) Policy, the Related Party Transactions Committee shall review and consider the following factors for RPTs:

- The terms of the transaction;
- The aggregate value of the transaction;
- Whether the transaction is arm’s length;
- Whether the transaction will benefit the Company or expose it to unwarranted risks or contingencies, taking into account the size of the transaction and the overall financial position of the related party;
- The extent of the related party’s interest in the transaction;
- Whether the transaction is properly supported and documented through transfer pricing documentation; and
- Other factors the Related Party Transactions Committee deems relevant.

The RPT Committee is entitled to request for documentation and information it deems necessary to complete its review.

In the event of a favorable recommendation, the RPT Committee shall endorse the material RPT to the BOD for approval. The BOD should appoint an external independent party to evaluate the fairness of the terms of the material RPT. An external independent party may be an auditing/accounting firm, third-party consultant, or appraiser.

The Parent Company has no other transactions with other parties (outside the definition of “related parties”) that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm’s length basis.

Item 6. Compensation of Directors and Executive Officers

There are no matters or actions to be taken up in the meeting with regard to: (i) any bonus, profit sharing, or other compensation plan, contract, or arrangement in which any director, nominee for election as a director, or executive officer of the Issuer will participate, (iii) any pension or retirement plan in which any such person will participate, or (iii) the granting or extension to any such person of any option/s, warrant/s, or right/s to purchase any securities, other than warrants or rights issued to security holders as such, on a pro rata basis. Neither is a solicitation to be made on behalf of persons, including the Issuer.

Item 7. Independent Public Accountants

No action will be taken during the Stockholders’ Meeting as regards the election, approval, or ratification of the Issuer’s accountant.

Item 8. Compensation Plans

No action will be taken during the Stockholders’ Meeting as regards any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other Than for Exchange

The amendment of the Issuer’s Articles of Incorporation, including the approval by stockholders of the increase in the Issuer’s authorized capital stock, is part of the agenda during the Stockholders’ Meeting. The seventh article of the Issuer’s Articles of Incorporation will be amended to increase its authorized capital stock from Five Billion Pesos (PhP5,000,000,000.00) divided into Fifty Billion (50,000,000,000) common shares with a par value of Ten Centavos (PhP0.10) per share to Seven Billion Seven Hundred Fifty Million Pesos (PhP7,750,000,000.00), divided into: (i) Seventy-Five Billion (75,000,000,000) common shares with a par value of Ten Centavos (PhP0.10) per share and (ii) Twenty-Five Billion (25,000,000,000) new class of preferred shares with a par value of One Centavo (PhP0.01) per share, which shall be voting, redeemable, and preferred in payment in case of liquidation and subject to such returns on investment in such class of shares as may be determined by the Board of Directors.

On the other hand, the approval by the stockholders is not necessary as regards the issuance of the Issuer’s shares. No further authorization by the stockholders for as regards the terms of the securities to be authorized, including dividend or interest rates, conversion prices, voting rights, redemption prices, maturity dates and similar matters. If after the date of this Information Statement any decisions are taken by the Board or the Management as ratified by the Board, the Issuer shall make all necessary disclosures to the PSE and the SEC.

In any case, as part of the agenda during the Stockholders’ Meeting, the Issuer will seek from a majority of the minority stockholders the waiver of applicable mandatory rights offer in relation to or arising from the issuance of 15,700,000,000 common shares at the subscription price of PhP1.00 per share and 19,404,202,552 preferred shares at the subscription price of PhP0.01 per share out of Issuer’s increase in authorized capital stock.

Item 10. Modification or Exchange of Securities

No action will be taken during the Stockholders’ Meeting as regards the modification of any class of securities of the Issuer, or the issuance or authorization for issuance of one class of securities of the Issuer in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

A copy of the Consolidated Financial Statements of the Issuer as of and for the period ended 31 December 2022 and 30 June 2022 and for the year ended 30 June 2021, which include notes on the financial statements is attached as **Annex “F”**.

A copy of the Statement of Management’s Responsibility for Financial Statements is attached as **Annex “G”**.

A copy of the Index to Supplementary Schedules is attached as **Annex “H”**.

A copy of the Unaudited Interim Condensed Consolidated Financial Statements as of 31 March 2023 is attached as **Annex “I”**.

MANAGEMENT REPORT

COMPANY DESCRIPTION

SP New Energy Corporation (“**SPNEC**,” the “**Company**” or the “**Issuer**”), formerly Solar Philippines Nueva Ecija Corporation, was incorporated and registered with the Securities and Exchange Commission (“**SEC**”) on 23 November 2016, primarily to construct, erect, assemble, commission, operate, and maintain power-generating plants, installations, shops, laboratories, pipelines, repair shops, electrical works, powerhouses, warehouses, terminals, and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; to promote and undertake research, development, utilization, manufacture, sale, marketing, distribution, and commercial application of new, renewable, non-conventional, and environment-friendly energy sources and systems, including, but not limited to, solar, wind, water, heat, steam, ocean, tidal, biomass, biogas, chemical, mechanical, electrical, synthetic, agricultural, and other natural, fossil or non-fossil fuel-based, artificial, organic, or otherwise, and of energy systems that use new, renewable, and any energy resource applying new and efficient energy conversion and/or utilization technologies for commercial application, and to perform other ancillary and incidental activities as may be provided by and under contract with the government of the Republic of the Philippines or any subdivision, instrumentality, or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply, and distribution of renewable energy.

SPNEC holds 100% and, therefore, absolute controlling interest in Terra Nueva, Inc. (**TNI**). TNI was incorporated and registered with the SEC on August 31, 2022, primarily to purchase, or otherwise acquire the stocks, bonds, and other securities or evidence of indebtedness of any other corporation, association, firm or entity, domestic or foreign, and to issue in exchange therefor its own stocks, bonds, or other obligations or to pay therefor in cash, or otherwise; to hold or own, use, sell, issue, deal in, dispose of, and turn to account, any such stocks, warrants, options, bonds, or other securities, and while the owner or holder thereof, to exercise all the rights and powers of ownership including the right to vote thereon for any purpose; to acquire, take over, hold and control all or any part of the business, goodwill, property and other assets, and to assume or undertake the whole or any part of the liabilities and obligations of any person, firm, association, or corporation, whether domestic or foreign, and whether a going concern or not, engaging in or previously engaged in business which the corporation is or may become authorized to carry on or which may be appropriate or suitable for any and all of the purposes of the corporation or otherwise, and to pay for the same in cash or in stocks, bonds or securities of the corporation or otherwise, and to hold, manage, operate, conduct and dispose of, in any manner, the whole or part of any such acquisition, and to exercise all the powers necessary or convenient for the conduct and management thereof; provided that the corporation shall not act as dealer and broker of securities.

SPNEC is a subsidiary of Solar Philippines Power Project Holdings, Inc. (“**SPPPHI**” or the “**Parent Company**”), a corporation organized in the Republic of the Philippines.

Acquisition of Solar Philippines Assets

On 24 February 2022, the Company’s Board of Directors (“**BOD**”) approved the acquisition of 100% of the outstanding shares held by SPPPHI in various entities (“**Solar Philippines Assets**”) in exchange for SPPPHI’s subscribing for 24,373,050,000 shares of SPNEC (“**Share Swap**”), which the BOD approved on 10 January 2022, and by SPNEC’s stockholders on 7 March 2022, subject to regulatory approvals.

On 5 May 2023, the BOD of SPNEC approved the modified acquisition by SPNEC of 100% of the shares of SPPPHI in various entities (the Solar Philippines Assets) to be at cost and paid in cash, in lieu of a tax-free share swap, from the proceeds of SPPPHI subscribing in cash at par for 24.37 billion shares. This is being done, among other reasons, for the efficient implementation of the increase in authorized capital stock and the Option Agreement between MPIC, SPPPHI, and SPNEC.

On 15 May 2023, the SPNEC entered into a Contract to Sell to acquire 100% of the shares of SPPPHI in its certain entities using the proceeds of SPPPHI’s subscription of 24.37 billion shares of SPNEC, premised on the approval of SPNEC’s increase in authorized capital stock (ACS Increase).

On 31 May 2023, the Parent Company filed with the Securities and Exchange Commission (“**SEC**”) its application for an increase of the authorized capital stock and the corresponding Amended Articles of Incorporation of SPNEC increasing the authorized capital stock from One Billion Pesos (PhP1,000,000,000.00) divided into 10 billion common shares at par value of ₱0.10 per share to Five Billion Pesos (PhP5,000,000,000.00) divided into 50 billion common shares at par value of ₱0.10 per share.

On 1 June 2023, the SEC approved SPNEC’s application for an increase of its authorized capital stock.

On 15 May 2023, SPPPHI and SPNEC executed the Deed of Absolute Sale (“DOAS”) transferring the shares of SPPPHI in SPTC and SPRC. On 9 June 2023, the parties executed another DOAS transferring the shares of SPPPHI in other Solar Assets, excluding SPCC. And on 29 June 2023, SPPPHI and SPNEC executed another DOAS for the shares of SPPPHI in SPCC.

As of date, the shares of Mr. Leandro Leviste in SPCC have yet to be transferred pending approval by the Lenders of such transfer.

Investment by MPIC

On March 27, 2023, MPIC entered into a Share Purchase Agreement (SPA) with SPPPHI to acquire its rights, title and interest in and to SPNEC for a total of 1,600.0 million common shares (Sale Shares) or 16% equity stake, for a total consideration of ₱2,000.0 million.

On May 5, 2023, SPNEC entered into an Option Agreement with SPPPHI and MPIC, which grants the MPIC Group the option to acquire up to 17,400.0 million shares of the SPNEC, comprising up to 10,000.0 million primary shares for up to ₱12,500.0 million (Primary Option) and up to 7,400.0 million secondary shares for up to ₱9,250.0 million (Secondary Option), supported by the approval of SPNEC’s increase in authorized capital stock from 10,000.0 million to 50,000.0 million shares. Together with the initial acquisition by MPIC from SPPPHI of the Sale Shares, a full exercise of these options may result in the MPIC Group investing a total of ₱23,750.0 million for 19,000.0 million shares and becoming the largest shareholder with approximately 42.82% ownership in SPNEC.

On the same date, SPPPHI entered into a Sponsor Support Agreement with MPIC and the individual stockholder (Sponsor) whereby (a) MPIC has the right, privilege and option to require SPPPHI to re-purchase all and/or portion of the Sale Shares and (b) Sponsor agrees to assume solidary liability with the SPPPHI in respect of (i) any breach/inaccuracy of any warranties under the SPA, and (ii) breach by SPPPHI of its obligations, covenants and undertakings in connection with (a).

SPNEC, TNI, and Solar Philippines Assets are referred to herein as the “Group”.

Investment by MGEN

On 12 October 2023, SPNEC, SPPPHI, and Meralco Powergen Corporation (“MGEN”) entered into an Option Agreement of even date in place of the Option Agreement previously executed by SPNEC with SPPPHI and MPIC. Under said agreement, MGEN agreed to invest Php 15.9 billion to subscribe to 15.7 billion common shares and 19.4 billion redeemable preferred voting shares in the Company.

The 15.7 billion common shares would have a total subscription price of Php 15.7 billion and represent 31.35% of the issued and outstanding common shares of the Company (which, together with the Company’s existing 34.37305 billion common shares, would total 50.07305 billion common shares).

The 19.404202552 billion redeemable preferred voting shares would have a total subscription price of 194.04202552 million and will not have the ability to earn economic returns or dividends. Upon closing, the 15.7 billion common shares and 19.4 billion redeemable preferred voting shares will make MGreen the controlling shareholder of the Company with a total voting interest of 50.5%.

The issuance of these shares would come from an increase in authorized capital stock and fund the construction and expansion of the Company’s solar projects, including a planned 3.5 GW of solar and 4 GWh of battery storage. At its October 11 2023 meeting, the Board of Directors of the Company approved the amendment of its Articles of Incorporation to increase its authorized capital stock from 50 billion common shares to 75 billion shares and 25 billion preferred shares, the setting of a Special Stockholders’ Meeting for December 4 2023 with Record Date of November 14 2023 to approve this, and the conduct of a Follow-On Offering with an aim to support the expansion of the Company’s project portfolio and increase the public ownership of its shares.

In addition, and considering this, the Company is preparing to submit its plan to increase its public ownership to at least 20%, in compliance with the Minimum Public Ownership for companies listed in the Philippine Stock Exchange.

SPNEC’s disclosures may be viewed on the PSE Electronic Disclosure Generation Technology.

MANAGEMENT DISCUSSION AND PLAN OF OPERATION

As of the date of this Information, the Group has not yet started commercial operations, but construction has commenced and is continuing. The Company shall secure relevant permits for commercial operations.

The Company plans to undertake its solar power projects using a mix of debt and equity. The Company allocated ₱1,003 million to fund the construction and development of Phase 1A with a size of 50 MWdc and ₱200 million for the construction of the transmission line for the project. The remaining ₱3,649 million budget to complete the funding requirements of the construction and development of Phase 1 (i.e., Phase 1B) may be funded by debt financing. In case of funding shortfalls, the Company may coordinate with its group EPC contractor, a related party by virtue of common shareholders, to take advantage of preferable payment terms until cash flows of the Company improve. Alternatively, the Company may opt to fulfil any funding shortage from debt sources. The objective is to launch the commercial operations of Phase 1A sooner such that cash flows from this business activity may support the project financing and accompanying debt service relating to the construction and development of Phase 1B, as well as Phase 2.

The Company has sufficient working capital, despite being in the pre-operating stages, for expenses that include corporate office overhead, administrative expenses, and other costs in the normal course of business, which are funded by proceeds from the IPO.

The Company initially allocated ₱1,332 million of the net IPO proceeds toward land for future expansion. However, on 20 December 2021, the BOD resolved that pending the use of said allocated amount for future land acquisitions, effective 19 January 2022, the Company shall be authorized to allocate the same towards bid bonds, bid security, and other expenses for potential offtake agreements to enable the Company to be responsive to contracting opportunities as soon as they arise, in support of the Company's strategy to pursue such offtake arrangements on an opportunistic basis. Further, on 14 February 2022, the BOD approved the acquisition of land in support of the Company's plan to develop 10 GW of solar projects, to be funded from proceeds of a stock rights offering and proceeds from the IPO, as available, and the delegation of authority to the Company's President or his authorized representative to determine the location, particular parcels, and terms for such land acquisitions, and authority to execute contracts for this purpose. On even date, the BOD approved the conduct of the SRO, in accordance with existing law and regulations, and subject to the terms to be determined by Management, the increase of the authorized capital stock of the Company, and the requirements and relevant approvals of the SEC and the PSE.

On September 15, 2022, the Company completed its SRO and issued 1,875,649,995 new common shares for a total consideration of ₱2,813.5 million or at an offer price of ₱1.50. In pursuit of its business plans and strategies, the Company's management, pursuant to its delegated authority from the BOD, has allocated the net proceeds for project development and general corporate purposes.

In relation to construction activities, the Company, through its accredited contractor and management team, will deploy a crew of approximately 500 to complete the project.

As of 31 March 2023, the Company had spent ₱2,539.4 million of the IPO and ₱2,707.6 million of the SRO proceeds for development and other general expenses.

MANAGEMENT DISCUSSION AND ANALYSIS of FINANCIAL CONDITION & RESULTS of OPERATIONS

On 29 March 2021, the BOD approved the Company's change in fiscal year, which will start from 1 July and end on 30 June each year. On 14 April 2021, the SEC approved the Company's change in fiscal year. Accordingly, as the fiscal year ended 30 June 2021 is a transitional period, the "fiscal year ended 30 June 2021" for the Company comprised the six months from 1 January 2021 to 30 June 2021 coming from a calendar year ending on 31 December 2020.

On 8 August 2022, the BOD, upon the recommendation of the Audit and Risk Management Committee, approved the Company's change in corporate name from "Solar Philippines Nueva Ecija Corporation" to "SP New Energy Corporation" and change in fiscal year from July to June every year to January to December every year. The change in corporate name and change in fiscal year were approved by the Company's stockholders during their annual meeting held on 30 August 2022 and by the SEC on 24 October 2022.

The summary of financial information is based on the Audited Financial Statements of the Group, which were prepared in accordance with the Philippine Financial Reporting Standards ("PFRS") and should be read in conjunction with the auditor's reports and the financial statements and notes contained in this report.

The tables below present the summary of financial operations of the Group for the three-month period ended 31 March 2023 and 2022, for the years ended 31 December 2022, 30 June 2022, 2021, and for the year ended 31 December 2020 and 2019, and its financial position as of 31 March 2023, 31 December 2022, 30 June 2022, 2021, and as of 31 December 2020 and 2019.

Material Changes to the Consolidated Statements of Financial Position as of March 31, 2023, compared to the Consolidated Statement of Financial Position as of December 31, 2022

Horizontal and Vertical Analysis of Financial Position March 31, 2023 vs December 31, 2022							
Amounts in ₱0.00		March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	Horizontal Analysis		Vertical Analysis	
Increase/(Decrease)		March 2023	December 2022				
Amount	Percentage						
Assets							
Cash		288,116,317	37,232,084	250,884,233	673.84%	4.67%	0.60%
Subscription Receivable		1,319,056	651,115,661	(649,796,605)	-99.80%	0.02%	10.50%
Due from related parties		901,888,320	821,388,320	80,500,000	9.80%	14.61%	13.24%
Other current assets		18,302,798	18,638,843	(336,045)	-1.80%	0.30%	0.30%
TOTAL CURRENT ASSETS		1,209,626,491	1,528,374,908	(318,748,417)	-20.86%	19.60%	24.64%
Deposits for land acquisition		2,174,311,774	2,026,892,396	147,419,378	7.27%	35.23%	32.67%
Property, plant and equipment		1,527,146,881	1,389,743,501	137,403,380	9.89%	24.74%	22.40%
Investment properties		317,089,929	312,626,010	4,463,919	1.43%	5.14%	5.04%
Right-of-use assets		278,779,938	281,490,123	(2,710,185)	-0.96%	4.52%	4.54%
Other noncurrent assets		665,663,603	664,596,272	1,067,331	0.16%	10.78%	10.71%
TOTAL NONCURRENT ASSETS		4,962,992,125	4,675,348,302	287,643,823	6.15%	80.40%	75.36%
TOTAL ASSETS		6,172,618,616	6,203,723,210	(31,104,594)	-0.50%	100.00%	100.00%
Liabilities and Equity							
Accounts payable and accrued expenses		58,597,572	65,218,072	(6,620,500)	-10.15%	0.95%	1.05%
Due to related party		22,770,229	22,770,229	-	0.00%	0.37%	0.37%
Current portion of lease liabilities		4,538,676	4,538,676	-	0.00%	0.07%	0.07%
TOTAL CURRENT LIABILITIES		85,906,477	92,526,977	(6,620,500)	-7.16%	1.39%	1.49%
Lease liabilities - net of current portion		298,682,801	298,599,744	83,057	0.03%	4.84%	4.81%
TOTAL LIABILITIES		384,589,278	391,126,721	(6,537,443)	-1.67%	6.23%	6.30%
Capital Stock		1,000,000,000	1,000,000,000	-	0.00%	16.20%	16.12%
Additional paid-in capital		4,938,722,430	4,938,722,430	-	0.00%	80.01%	79.61%
Deficit		(150,693,092)	(126,125,941)	(24,567,151)	19.48%	-2.44%	-2.03%
TOTAL EQUITY		5,788,029,338	5,812,596,489	(24,567,151)	-0.42%	93.77%	93.70%
TOTAL LIABILITIES AND EQUITY		6,172,618,616	6,203,723,210	(31,104,594)	-0.50%	100.00%	100.00%

Cash

For the three-month period ended March 31, 2023, the Group made various deposits for land acquisition amounting to ₱147.4 million and incurred an amount of ₱140.7 million for the construction of the project.

The Parent Company made collections for subscription receivable amounting to ₱649.8 million. This resulted in a net increase in cash of 673.84% from ₱37.2 million as of December 31, 2022, to ₱288.1 million as of March 31, 2023.

Subscription Receivable

Subscription receivable represents shares of stock subscribed and issued by the Company but payment from the shareholders has not yet been received.

In relation to the Stock Rights Offering, the Company has offered two options for the payment of the total subscription price for the Rights Shares:

- a. Option 1 – full payment of the total subscription price upon submission of the Application; and
- b. Option 2 – installment payment, with a down payment of 25% of the total subscription price for the Rights Shares upon submission of the Application, and the balance of 75% of the total subscription price to be paid in full one time directly to the Company, or on its instructions, to its nominee for this purpose, on any day within three months from the end of the Offer Period for Eligible Shareholders (i.e., from 6 September 2022 to 5 December 2022); within three months from the end of the QB Take-Up for the Qualified Buyers; and within three months from the end of the Sweep Period for the Principal Shareholder.

For the three-month period ended March 31, 2023, the Parent Company made collections for subscription receivable amounting to ₱649.8 million.

Due from Related Parties

On April 6, 2022, the Board of Directors (BOD) of the Parent Company, pursuant to the BOD approval on December 20, 2021, approved the allocation of IPO proceeds to advance the funding for pursuing off take agreements and developing projects for Terra Renewables Holdings, Inc. (Terra) and its associated developments to SP Holdings, Inc. (SPHI), given that SPHI is a shareholder in Terra and that SPHI is planned to be a subsidiary of SPNEC through the share swap approved by SPNEC's stockholders on March 7 2022, provided this would only be from the excess of the amount needed by Phase 1A of the Nueva Ecija solar project and would form part of the expansion of the Company's projects. As of March 31, 2023, the Parent Company made additional advances amounting to ₱80.5 million to SPHI and presented as Due from A Related Party in the Group's consolidated financial statements.

Other Current Assets

Other Current Assets decreased by 1.80% from ₱18.6 million as of December 31, 2022 to ₱18.3 million as of March 31, 2023. This is primarily due to the amortization of the performance bond for Sta. Rosa Nueva Ecija 2 Solar Power Project amounting to ₱1.3 million, made additional advances to suppliers and advances to officers and employees amounting to ₱1.0 million which resulted in a net decrease of ₱0.3 million.

Deposits for Land Acquisition

For the three-month period ended March 31, 2023, the Group made deposits for land acquisition including land-related costs to various landowners amounting to ₱147.4 million. This caused the deposits for land acquisition to increase from ₱2,026.9 million as of December 31, 2022, to ₱2,174.3 million as of March 31, 2023.

Property, Plant and Equipment

Construction in progress increased by 9.89% from ₱1,389.7 million as of December 31, 2022, to ₱1,527.1 million as of March 31, 2023. As the construction for the Project continues, the Parent Company incurred costs for materials needed for the Project such as solar photovoltaic modules, mounting structures, and other construction materials, equipment rentals and manpower totaling to ₱133.6 million. The Parent Company also capitalized the interest accretion of lease liability and amortization of ROU assets for the three-month period ended March 31, 2023, totaling ₱3.8 million.

Investment Properties

As of March 31, 2023, investment properties primarily include parcels of land located in Nueva Ecija with a total area of 316.46 hectares. These properties were obtained by TNI from various landowners through various Deeds of Absolute Sale (DOAs) Agreements executed in 2022. The total cost of the investment properties, including land-related costs amounted to ₱312.6 million as at December 31, 2022. An additional ₱4.4 million in land-related costs were incurred for the three-month period ended March 31, 2023.

Right-of-Use (ROU) Assets

The Parent Company recognized ROU assets in this regard, which decreased by 0.96% from ₱281.5 million as of December 31, 2022, to ₱278.8 million as of March 31, 2023, due to amortization during the period

from January 1, 2023 to March 31, 2023, amounting to ₱2.7 million. Of this amount, ₱1.4 million was capitalized to Construction in Progress.

Other Noncurrent Assets

Increase in this account by 0.16% from ₱664.6 million as of December 31, 2022, to ₱665.7 million as of March 31, 2023, is primarily due in increase in Input VAT related to various related party transactions made by the Group for the project development and site acquisition services amounting to ₱1.0 million.

Accounts Payable and Accrued Expenses

Accounts Payable and Accrued Expenses decreased by 10.15% from ₱65.2 million as of December 31, 2022 to ₱58.6 million as of March 31, 2023. This was primarily due to payment of construction support services which was outstanding as of December 31, 2022 amounting to ₱8.8 million.

Lease Liabilities

Total lease liabilities increased by 0.03% from ₱303.1 million as of December 31, 2022 to ₱303.2 million as of March 31, 2023. The Parent Company made a lease payment amounting to ₱4.5 million and recognized accretion on interest amounting to ₱4.6 million which resulted in a net increase of ₱0.1 million. ₱2.4 million of the accretion interest was capitalized to Construction in Progress.

Deficit

The deficit increased by 19.48% from ₱126.1 million as of December 31, 2022 to ₱150.7 million as of March 31, 2023. This is primarily due to the net losses incurred during the period amounted to ₱24.6 million.

Material Changes to the Consolidated Statements of Comprehensive Income for the Three (3) - months ended March 31, 2023, compared to the Statement of Comprehensive Income for the Three (3) -months ended March 31, 2022.

Horizontal and Vertical Analysis of Comprehensive Income March 31, 2023 vs March 31, 2022						
Amounts in ₱0.00		March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)	Horizontal Analysis		Vertical Analysis
Increase/(Decrease)		March 2023	March 2022			
Amount	Percentage					
Interest Income		344,659	287,814	56,845	19.75%	2.28%
Expenses						
Management fee		6,300,000	6,000,000	300,000	5.00%	47.53%
Taxes and licenses		9,006,982	11,380,621	(2,373,639)	-20.86%	36.66%
Professional fees		2,556,941	3,565,000	(1,008,059)	-28.28%	10.41%
Interest accretion of lease liabilities		2,258,295	-	2,258,295	100.00%	9.19%
Amortization of right-of-use assets		1,292,096	-	1,292,096	100.00%	5.26%
Bid-related cost		1,272,790	-	1,272,790	100.00%	5.18%
Others		2,224,706	1,199,192	1,025,514	85.52%	9.06%
Total Expenses		24,911,810	22,144,813	2,766,997	12.50%	101.40%
LOSS BEFORE TAX		24,567,151	21,856,999	2,710,152	12.40%	100.00%
Benefit from deferred tax		-	(9,234,371)	9,234,371	-100.00%	0.00%
NET LOSS AFTER TAX		24,567,151	12,622,628	11,944,523	94.63%	100.00%

TOTAL COMPREHENSIVE LOSS	24,567,151	12,622,628	11,944,523	94.63%	100.00%	100.00%
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Management Fee

On April 30, 2021, the Parent Company entered into a Management Service Agreement with SPPPHI, its Ultimate Parent Company, to provide executive and leadership support and execute its strategic direction while managing its business operations for a period from May 1, 2021 to April 30, 2024, in which the parties upon mutual agreement may renew or extend. The monthly fee for the said agreement is ₱2.00 million, exclusive of value-added tax. For each new year starting from the first day of May of such year, the Service Fee shall be increased by five percent (5%) of the Service Fee of the immediately preceding year. For the three-month period ended March 31, 2023 and 2022, the management fees recorded amounted to ₱6.3 million and ₱6.0 million, respectively.

Interest and Amortization Expense

Interest accretion of lease liability amounting to ₱4.6 million and amortization of ROU asset amounting to ₱2.7 million are recognized for the three-month period ended March 31, 2023. Of this amount, ₱2.4 million for interest accretion and ₱1.4 million for amortization are capitalized to Construction-in-Progress.

Taxes and Licenses

For the three-month period ended March 31, 2023, the Group paid land related expenses such as real property taxes, CTC of titles, documentary stamp tax, tax clearance and business permit renewal amounting to ₱9.0 million.

Professional Fees

Professional fees consist of audit fees, directors’ fees, legal fees and appraisal services incurred by the Group. For the three-month period ended March 31, 2023 and 2022, the Professional fees amounted to ₱2.6 million and ₱3.6 million, respectively.

Bid-related Cost

This account pertains to the amortization of performance bond fees for Sta. Rosa Nueva Ecija 2 Solar Power Project amounting to ₱1.3 million.

Others

Other expenses pertain to expenses incurred on the facilities of the Project site such as utilities, repairs and maintenance, office supplies, staff house rentals and other miscellaneous expenses needed for the daily operations of the Group. For the three-month period ended March 31, 2023, and 2022, the other expenses amounted to ₱2.2 million and ₱1.2 million, respectively.

Net Loss

As the Company continues the construction of the Project, it recognized a higher net loss for the three-month ended March 31, 2023 amounting to ₱24.6 million, an increase of 94.63% from the net loss of ₱12.6 million recognized for the three-month period ended March 31, 2022.

Material Changes to the Consolidated Statements of Financial Position as of 31 December 2022, compared to the Statement of Financial Position as of 30 June 2022

Horizontal and Vertical Analysis of Consolidated Financial Position 31 December 2022 vs 30 June 2022						
Amounts in ₱0.00	31 December 2022	30 June 2022	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		Decemb er 2022	June 2022
			Amount	Percentag e		
Assets						
Cash	37,232,084	886,758,302	(849,526,218)	-95.80%	0.60%	26.05%
Subscription receivable	651,115,661	-	651,115,661	100.00%	10.50%	0.00%
Due from related parties	821,388,320	541,700,000	279,688,320	51.63%	13.24%	15.91%
Other current assets	18,638,843	20,789,388	(2,150,545)	-10.34%	0.30%	0.61%

TOTAL CURRENT ASSETS	1,528,374,908	1,449,247,690	79,127,218	5.46%	24.64%	42.58%
Deposits for land acquisition	2,026,892,396	621,499,933	1,405,392,463	226.13%	32.67%	18.26%
Property, plant and equipment	1,389,743,501	921,385,618	468,357,883	50.83%	22.40%	27.07%
Investment properties	312,626,010	-	312,626,010	100.00%	5.04%	0.00%
Right-of-use assets	281,490,123	286,910,493	(5,420,370)	-1.89%	4.54%	8.43%
Deferred income tax asset – net	10,201,126	10,466,264	(265,138)	-2.53%	0.16%	0.31%
Other noncurrent assets	654,395,146	114,218,372	540,176,774	472.93%	10.55%	3.36%
TOTAL NONCURRENT ASSETS	4,675,348,302	1,954,480,680	2,720,867,622	139.21%	75.36%	57.42%
TOTAL ASSETS	6,203,723,210	3,403,728,370	2,799,994,840	82.26%	100.00%	100.00%
Liabilities and Equity						
Accounts payable and accrued expenses	65,218,072	13,000,260	52,217,812	401.67%	1.05%	0.38%
Due to a related party	22,770,229	22,792,348	(22,119)	-0.10%	0.37%	0.67%
Current portion of lease liabilities	4,538,676	4,538,676	-	0.00%	0.07%	0.13%
TOTAL CURRENT LIABILITIES	92,526,977	40,331,284	52,195,693	129.42%	1.49%	1.18%
Lease liabilities – Net of current portion	298,599,744	289,340,172	9,259,572	3.20%	4.81%	8.50%
TOTAL LIABILITIES	391,126,721	329,671,456	61,455,265	18.64%	6.30%	9.69%
Capital stock	1,000,000,000	812,435,001	187,564,999	23.09%	16.12%	23.87%
Additional paid-in capital	4,938,722,430	2,347,338,02	2,591,384,409	110.40%	79.61%	68.96%
Deficit	(126,125,941)	(85,716,108)	(40,409,833)	47.14%	-2.03%	-2.52%
TOTAL EQUITY	5,812,596,489	3,074,056,914	2,738,539,575	89.09%	93.70%	90.31%
TOTAL LIABILITIES AND EQUITY	6,203,723,210	3,403,728,370	2,799,994,840	82.26%	100.00%	100.00%

Cash

In September 2022, the Company completed its Stock Rights Offering (SRO) and received partial proceeds totaling ₱1,971.9 million and paid SRO-related expenses amounting to ₱13.1 million. Additional collections amounting to ₱190.48 million were received as of 31 December 2022.

For the six-month period ended 31 December 2022, the Group made various deposits for land acquisition amounting to ₱1,405.4 million, ₱500.0 million for land conversions, and incurred an amount of ₱468.2 million for the construction of the project. This resulted in a net decrease in cash account by 95.80% from ₱886.8 million as of 30 June 2022 to ₱37.2 million as of 31 December 2022.

Subscription Receivable

Subscription receivable represents shares of stock subscribed and issued by the Company but payment from the shareholders has not yet been received.

In relation to the Stock Rights Offering, the Company has offered two options for the payment of the total subscription price for the Rights Shares:

- c. Option 1 – full payment of the total subscription price upon submission of the Application; and
- d. Option 2 – installment payment, with a down payment of 25% of the total subscription price for the Rights Shares upon submission of the Application, and the balance of 75% of the total subscription price to be paid in full one time directly to the Company, or on its instructions, to its

nominee for this purpose, on any day within three months from the end of the Offer Period for Eligible Shareholders (i.e., from 6 September 2022 to 5 December 2022); within three months from the end of the QB Take-Up for the Qualified Buyers; and within three months from the end of the Sweep Period for the Principal Shareholder.

As of 31 December 2022, subscription receivable resulting from those that subscribed on installment payment amounted to ₱651.1 million.

Due from Related Parties

On 6 April 2022, the BOD, pursuant to its approval on 20 December 2021, approved the allocation of IPO proceeds to advance the funding for pursuing offtake agreements and developing projects for Terra Renewables Holdings, Inc. (Terra) and its associated developments to SP Holdings, Inc. (SPHI), given that SPHI is a shareholder in Terra and that SPHI is planned to be a subsidiary of SPNEC through the share swap approved by SPNEC's stockholders on 7 March 2022, provided this would only be from the excess of the amount needed by Phase 1A of the Nueva Ecija-1 solar project and would form part of the expansion of the Company's projects. For the six-month period ended 31 December 2022, the Company made additional advances amounting to ₱279.69 million to its related parties.

SPNEC also made advances to SPPPHI for ₱8.7 million and SPCRPI for ₱19.1 million, to fund the payment of GEAP performance bonds.

Other Current Assets

Other Current Assets decreased by 10.34% from ₱20.8 million as of 30 June 2022 to ₱18.6 million as of 31 December 2022. This is primarily due to the amortization of bid security bond and performance bond for the Nueva Ecija-1 project amounting to ₱1.4 million.

Deposits for Land Acquisition

Furthermore, for the six-month period ended 31 December 2022, the Group made deposits for land acquisition including land-related costs to various landowners amounting to ₱1,405.4 million. This caused the deposits for land acquisition to increase from ₱621.5 million as of 30 June 2022, to ₱2,026.9 million as of 31 December 2022.

Property, Plant and Equipment

Construction in progress increased by 50.83% from ₱921.4 million as of 30 June 2022 to ₱1,389.7 million as of 31 December 2022. As the construction for the project continues, the Company incurred costs for materials needed for the project such as solar photovoltaic modules, mounting structures, and other construction materials, equipment rentals and manpower totaling to ₱468.4 million. The Company also capitalized the interest accretion of lease liability and amortization of ROU asset for the six-month period ended 31 December 2022 totaling to ₱7.5 million.

Investment Properties

As of 31 December 2022, investment properties primarily include parcels of land located in Nueva Ecija with a total area of 316.46 hectares. These properties were obtained by TNI from various landowners through various Deeds of Absolute Sale (DOAs) Agreements executed in 2022. The total cost of the investment properties, including land-related costs amounted to ₱312.6 million as at 31 December 2022.

Right-of-Use (ROU) Assets

SPNEC recognized ROU assets in this regard, which decreased by 1.89% from ₱286.9 million as of 31 June 2022 to ₱281.5 million as of 31 December 2022 due to amortization during the period from 1 July 2022 to 31 December 2022 amounting to ₱5.4 million.

Deferred Tax Asset/Deferred Tax Liability

The Group's net deferred tax asset as at 31 December 2022 and net deferred tax liability as at 30 June 2022 came from recognition on ROU assets and lease liabilities.

Other Noncurrent Assets

Increase in this account by 472.19% from ₱114.2 million as of fiscal year ended 30 June 2022 to ₱654.4 million as of 31 December 2022, is primarily due to the deposits made by TNI to SPPPHI to secure the land conversion orders for its acquired land and due to the increase in Input VAT related to various related party

transactions made by the Group for the project development and site acquisition services amounting to ₱36.0 million.

TNI entered into a Deposit and Services Agreement with SPPPHI, in which SPPPHI shall perform the following – provide assistance, representation, facilitation of documentation and submission of necessary documents and liaison with relevant government units, agencies and offices including government owned and controlled corporations to secure land use conversion orders from the Department of Agrarian Reform (“DAR”) for the 992.77 hectares acquired by TNI and the delivery to TNI of the relevant conversion orders from the date of the agreement until 31 December 2024 to the full satisfaction of the TNI. TNI has deposited ₱500.0 million in advance for this agreement.

Accounts Payable and Accrued Expenses

Accounts Payable and Accrued Expenses increased by 401.67% from ₱13.0 million as of 30 June 2022 to ₱65.2 million as of 31 December 2022. This was primarily due to increase in taxes withheld by the Group for the construction support and project development agreements amounting to ₱46.6 million.

Due to A Related Party

SPNEC, in the normal course of business, has transactions with SPPPHI, which are recorded as advances. These advances are unsecured, non-interest bearing, due and demandable. No movement in the account from 30 June 2022 to 31 December 2022.

Lease Liabilities

The increase in total lease liabilities of 3.20% from ₱293.9 million as of June 30, 2022 to ₱303.1 million as of 31 December 2022 is due to the accretion of interest during the period amounting to ₱9.3 million.

Common Stock and Additional Paid-in Capital

On 15 September 2022, the Company completed its SRO and issued 1,875,649,995 new common shares for a total consideration of ₱2,813.5 million or at a price of PhP1.50 per share. This resulted in an additional paid-in capital of ₱2,591.4 million, net of transaction costs of ₱34.5 million.

As of 31 December 2022, 10,000.0 million common shares are issued and outstanding with an amount of ₱1,000.0 million presented as Common Stock.

Deficit

Deficit increased by 47.14% from ₱85.7 million as of fiscal year ended 30 June 2022, to ₱126.1 million as of 31 December 2022. This is primarily due to the net losses incurred during the period amounted to ₱40.4 million.

Material Changes to the Consolidated Statements of Comprehensive Income for the Six (6) -months ended 31 December 2022 compared to the Statement of Comprehensive Income for the year ended 30 June 2022

Horizontal and Vertical Analysis of Comprehensive Income 31 December 2022 vs 30 June 2022						
Amounts in ₱0.00	31 December 2022 (six months)	30 June 2022 (one year)	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		December 2022	June 2022
			Amount	Percentage		
Interest Income	2,398,960	548,180	1,850,780	337.62%	5.94%	0.90%
Expenses						
Management fee	12,800,000	24,000,000	(11,200,000)	-46.67%	31.68%	39.62%
Taxes and licenses	6,848,628	10,592,654	(3,744,026)	-35.35%	16.95%	17.49%
Professional fee	6,401,289	6,540,000	(138,711)	-2.12%	15.84%	10.80%
Interest accretion of lease liabilities	4,532,695	9,142,009	(4,609,314)	-50.42%	11.22%	15.09%
Amortization of right-of-use asset	2,584,193	5,420,370	(2,836,177)	-52.32%	6.39%	8.95%
Penalties and surcharges	1,819,212	48,055	1,771,157	3685.69%	4.50%	0.08%

Supplies	1,395,501	409,081	986,420	241.13%	3.45%	0.68%
Advertising	784,398	-	784,398	100.00%	1.94%	0.00%
PSE Filing Fee	-	12,465,411	(12,465,411)	-100.00%	0.00%	20.58%
Bid-related cost	-	1,634,000	(1,634,000)	-100.00%	0.00%	2.70%
Others	5,377,739	2,246,603	3,131,136	139.37%	13.31%	3.71%
Total Expenses	42,543,655	72,498,183	(29,954,528)	-41.32%	105.28%	119.67%
LOSS BEFORE TAX	40,144,695	71,950,003	(31,805,308)	-44.20%	99.34%	118.77%
Benefit from deferred tax	265,138	(11,370,555)	11,635,693	-102.33%	0.66%	-18.77%
NET LOSS AFTER TAX	40,409,833	60,579,448	(20,169,615)	-33.29%	100.00%	100.00%
TOTAL COMPREHENSIVE LOSS	40,409,833	60,579,448	(20,169,615)	-33.29%	100.00%	100.00%

Management Fee

On 30 April 2021, the Company entered into a Management Service Agreement with SPPPHI, its parent company, to provide executive and leadership support and execute its strategic direction while managing its business operations for a period from 1 May 2021 to 30 April 2024, in which the parties upon mutual agreement may renew or extend. The monthly fee for the said agreement is ₱2.00 million, exclusive of value-added tax. For each new year starting from the first day of May of such year, the Service Fee shall be increased by five percent (5%) of the Service Fee of the immediately preceding year. For the six-month period ended 31 December 2022 and for the year ended 30 June 2022, the management fees recorded amounted to ₱12.8 million and ₱24.0 million, respectively.

Interest and Amortization Expense

Interest accretion of lease liability amounting to ₱9.3 million and amortization of ROU asset amounting to ₱5.4 million are recognized for the six-month period ended 31 December 2022. Of this amount, ₱4.7 million for interest accretion and ₱2.8 million for amortization are capitalized to Construction-in-Progress.

Taxes and Licenses

The Subsidiary paid its incorporation fees amounting to ₱2.0 million last August 2022. During the year, the Company also paid land related expenses such as real property taxes, CTC of titles, documentary stamp tax and tax clearance amounting to ₱3.9 million.

Professional Fees

Professional fees consist of audit fees, directors’ fees, legal fees and appraisal services incurred by the Group. For the six-month period ended 31 December 2022 and for the year ended 30 June 2022, the Professional fees amounted to ₱6.4 million and ₱6.5 million, respectively.

Advertising

This account pertains to expenses related to the Company public announcements such as notice of stockholders’ meeting and installation of billboards for the display of Company acquired properties. For the six-month period ended 31 December 2022 and for the year ended 30 June 2022, the advertising costs amounted to ₱0.8 million and nil, respectively.

Others

Other expenses pertain to expenses incurred on the facilities of the project site such as utilities, repairs and maintenance, office supplies, staff house rentals and other miscellaneous expenses needed for the daily operations of the Group. For the six-month period ended 31 December 2022 and for the year ended 30 June 2022, the other expenses amounted to ₱5.4 million and ₱2.2 million, respectively.

Benefit from Deferred Tax

The Company’s benefit from deferred tax came from recognition on right-of-use assets and lease liabilities as at 31 December 2022.

Net Loss

As the Company continues the construction of the project, it recognized lower net loss for the six-month ended 31 December 2022 amounting to ₱40.4 million, a decrease of 33.29% from the net loss of ₱60.6 million recognized for the year ended 30 June 2022.

Material Changes to the Statement of Financial Position as of 30 June 2022, compared to the Statement of Financial Position as of 30 June 2021

Amounts in ₱0.00	30 June 2022	30 June 2021	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		June 2022	June 2021
			Amount	Percentage		
Assets						
Cash	886,758,302	351,251	886,407,051	252357.16%	26.05%	0.04%
Due from a related party	541,700,000	-	541,700,000	100.00%	15.91%	0.00%
Other current assets	20,789,388	776,092	20,013,296	2578.73%	0.61%	0.09%
TOTAL CURRENT ASSETS	1,449,247,690	1,127,343	1,448,120,347	128454.28%	42.58%	0.13%
Construction in progress	921,385,618	-	921,385,618	100.00%	27.07%	0.00%
Deposit for land acquisition	621,499,933	537,000,000	84,499,933	15.74%	18.26%	64.14%
Right-of-use assets	286,910,494	297,751,234	(10,840,740)	-3.64%	8.43%	35.56%
Deferred income tax asset – net	10,466,264	-	10,466,264	100.00%	0.31%	0.00%
Other noncurrent assets	114,218,371	1,370,284	112,848,087	8235.38%	3.36%	0.16%
TOTAL NONCURRENT ASSETS	1,954,480,680	836,121,518	1,118,359,162	133.76%	57.42%	99.87%
TOTAL ASSETS	3,403,728,370	837,248,861	2,566,479,509	306.54%	100.00%	100.00%
Liabilities and Equity						
Accounts payable and accrued expenses	13,000,260	6,728,056	6,272,204	93.22%	0.38%	0.80%
Due to a related party	22,792,348	22,792,348	-	0.00%	0.67%	2.72%
Current portion of lease liabilities	4,538,676	14,004,465	(9,465,789)	-67.59%	0.13%	1.67%
TOTAL CURRENT LIABILITIES	40,331,284	43,524,869	(3,193,585)	-7.34%	1.18%	5.20%
Lease liabilities – Net of current portion	289,340,172	275,521,361	13,818,811	5.02%	8.50%	32.91%
Deferred tax liability	-	904,291	(904,291)	-100.00%	0.00%	0.11%
TOTAL NONCURRENT LIABILITIES	289,340,172	276,425,652	12,914,520	4.67%	8.50%	33.02%
TOTAL LIABILITIES	329,671,456	319,950,521	9,720,935	3.04%	9.69%	38.21%
Common stock	812,435,001	542,435,000	270,000,001	49.78%	23.87%	64.79%
Additional paid-in capital	2,347,338,021	-	2,347,338,021	100.00%	68.96%	0.00%
Deficit	(85,716,108)	(25,136,660)	-60,579,448	241.00%	-2.52%	-3.00%
TOTAL EQUITY	3,074,056,914	517,298,340	2,556,758,574	494.25%	90.31%	61.79%
TOTAL LIABILITIES AND EQUITY	3,403,728,370	837,248,861	2,566,479,509	306.54%	100.00%	100.00%

Cash

In July, August and November 2021, the Company received cash totaling to ₱18.0 million, as infusion of additional capital from SPPPHI. This is pursuant to the Memorandum of Agreement dated 29 July 2021 and 12 November 2021, where SPPPHI agreed to provide cash to SPNEC, and SPNEC agreed to record such capital infusion as additional paid-in capital. In December 2021, SPNEC completed its IPO and received proceeds totaling to ₱2,700 million. SPNEC paid various IPO-related expenses totaling ₱112.8 million.

In 2022, SPNEC made various deposits for land acquisition amounting to ₱84.5 million and incurred an amount of ₱906.8 million for the construction of the project. This resulted to a net increase of cash account by 252357.16 % from ₱0.35 million as of 30 June 2021 to ₱886.8 million as of 30 June 2022.

Due from A Related Party

On 6 April 2022, the BOD, pursuant to its approval on 20 December 2021, approved the allocation of IPO proceeds to advance the funding for pursuing off take agreements and developing projects for Terra Renewables Holdings, Inc. (Terra) and its associated developments to SP Holdings, Inc. (SPHI), given that SPHI is a shareholder in Terra and that SPHI is planned to become a subsidiary of SPNEC through its acquisition of the Solar Philippines Assets which approved by SPNEC's stockholders on 7 March 2022, provided this would only be from the excess of the amount needed by Phase 1A of the Nueva Ecija solar project and would form part of the expansion of the Company's projects.

As of 30 June 2022, the Company advanced ₱541.7 million to SPHI and presented as Due from A Related Party in the Corporation's audited financial statements.

Right-of-Use (ROU) Assets

On 11 January 2021 a Deed of Assignment was entered into between SPPPHI, as the assignor, and SPNEC, as the assignee, whereby the assignor assigned all of its rights and obligations under the original Lease Agreement dated 6 September 2016. The total annual lease payment is ₱9.4 million, net of tax.

On 31 May 2021, SPNEC entered into a land lease agreement with various landowners with a total area of 81.75 hectares. The land was made available for use on 1 May 2021, with a one (1) year rent-free period or until 30 April 2022. The lease will expire on 30 April 2047. Further, the lease is subject to renewal of five (5) years or for a reasonable period upon mutual agreement by parties. The total annual lease payment is ₱4.5 million, net of tax.

SPNEC recognized ROU assets in this regard, which decreased by 3.64% from ₱297.8 million as of 30 June 2021 to ₱286.9 million as of 30 June 2022 due to amortization during the period amounting to ₱10.8 million.

Deposit for Land Acquisition

On 20 February 2021, SPNEC entered into a MOA with an affiliate, PIC, which MOA was later amended on 3 March 2021, to secure land for future expansion in excess of the capacity contemplate for the project. The MOA covers certain parcels of land with a total area of 68.621 hectares. Through the MOA, PIC granted SPNEC the right to use the subject properties exclusively for the development and construction of a power generating plant. It is the intention of the parties to executive definitive agreements, e.g., DOAS, to transfer the parcels of land to SPNEC. Hence, at SPNEC's discretion, PIC undertakes to sell and transfer its rights over the parcels of land to SPNEC. Upon execution of the DOAS, the consideration for the sale and transfer of rights over the parcels of land shall be equal to the advance payments made by SPNEC in February and March 2021 totaling to ₱267.0 million, which represents the full payment.

On 19 April 2021, SPNEC entered into a MOA with an affiliate, LHHC, to secure land for future expansion in excess of the capacity contemplated for the project. The MOA covers certain parcels of land with a total area of 56.81 hectares. Through the MOA, LHHC granted SPNEC the right to use the subject properties exclusively for the development and construction of a power generating plant. It is the intention of the parties to execute definitive agreements, e.g., DOAS to transfer the parcels of land to SPNEC. Hence, at SPNEC's discretion, LHHC undertakes to sell and transfer its rights over the parcels of land to SPNEC. Upon execution of the DOAS, the consideration for the sale and transfer of rights over the parcels of land shall be equal to the advance payments made by SPNEC in April and May 2021 totaling to ₱270.0 million, which represents the full payment.

Furthermore, in 2022, SPNEC made deposits for land acquisition to various landowners amounting to ₱84.5 million. This caused the deposits for land acquisition to increase by 15.74% from ₱537.0 million as of 30 June 2021 to ₱621.5 million as of 30 June 2022.

Other Current Assets

Other Current Assets increased by 2578.73% from ₱0.8 million as of 30 June 2021 to ₱20.8 million as of 30 June 2022. This is primarily due to the performance bond, which is valid until May 2023, provided to Angeles Electric Corporation as required under the Renewable Power Supply Agreement and surety bond for the Green Energy Auction Program (GEAP) of the Department of Energy (DOE), where the Company was awarded as one of the winning bidders in the DOE's Green Energy Auction.

Construction in progress

Construction in progress increased by 100% from nil as of 30 June 2021 to ₱921.4 million as of 30 June 2022. As the construction for the project has begun last 27 December 2021, the Company incurred costs for materials needed for the project such as solar photovoltaic modules, mounting structures, and other construction materials and equipment totaling to ₱906.7 million. The Company also capitalized the interest accretion of lease liability and amortization of ROU asset during the construction period totaling to ₱14.6 million.

Deferred Tax Asset/Deferred Tax Liability

The Company's net deferred tax asset as at 30 June 2022 and net deferred tax liability as at 30 June 2021 came from recognition on ROU assets and lease liabilities.

Other Noncurrent Assets

Increase in this account by 8236.25% from ₱1.37 million as of fiscal year ended 30 June 2021 to ₱114.2 million as of 30 June 2022, is mainly attributed to the payment of taxes on importation amounted to ₱90.6 million and advances to contractors of ₱8.3 million for rental of equipment and project-related studies. The Company also recognized deferred input VAT related to the management fee and input VAT on professional fees totaling to ₱7.0 million.

Accounts Payable and Accrued Expenses

Accounts Payable and Accrued Expenses increased by 93.22% from ₱6.7 million as of 30 June 2021 to ₱13.0 million as of 30 June 2022. This was primarily due to additional payable related to management fee of ₱5.82 million which was subsequently paid by the Company in July 2022.

Due to A Related Party

SPNEC, in the normal course of business, has transactions with its parent company, SPPPHI, which are recorded as advances. These advances are unsecured, non-interest bearing, due and demandable. No movement in the account from 30 June 2021 to 30 June 2022.

Lease Liabilities

In 2019, SPNEC entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on 1 January 2019 with a one (1) year rent-free period plus 25-year term. Further, the lease is subject for renewal of five (5) years upon mutual agreement by parties. The total annual lease payment is ₱4.3 million, net of tax. As of 30 June 2022, the total lease liability recognized for this lease contract is ₱51.6 million.

On 11 January 2021 a Deed of Assignment was entered into between SPPPHI, as the assignor, and SPNEC, as the assignee, whereby the assignor assigned all of its rights and obligations under the original Lease Agreement dated 6 September 2016, among others, to the assignee, and the assignee accepted and assumed all of the said rights and obligations thus assigned, in pursuance of the said Deed of Assignment. In March 2021, SPNEC and the lessor executed an Addendum amending Section 4.1 (Annual Rental) and Section 4.2 (Advance Rental) to the 6 September 2016 lease agreement and agreed that the lease commencement date shall be on 31 March 2021, for the parcels of land with a total area of 169.86 hectares. The total annual lease payment is ₱9.4 million, net of tax. As of 30 June 2022, the total lease liability recognized for this lease contract is ₱161.8 million.

On 31 May 2021, SPNEC entered into a land lease agreement with various landowners with a total area of 81.75 hectares. The land was made available for use on 1 May 2021, with a one (1) year rent-free period or until 30 April 2022. The lease will expire on 30 April 2047. Further, the lease is subject to renewal of five

(5) years or for a reasonable period upon mutual agreement by parties. The total annual lease payment is ₱4.5 million, net of tax. As of 30 June 2022, the total lease liability recognized for this lease contract is ₱80.5 million.

The increase in total lease liabilities of 3.17% from ₱289.53 million as of 30 June 2021 to ₱293.9 million as of 30 June 2022, is due to the accretion of interest during the period amounting to ₱18.4 million, which was partially offset by the payment of annual rental amounted to ₱14.0 million. A portion of ₱14.0 million covers advance payment for the year 2023 resulting to a decrease in current portion of lease liabilities.

Common Stock and Additional Paid-in Capital

In July 2021, SPNEC issued five (5) shares to the new directors.

On 29 July 2021 and 12 November 2021, SPNEC entered into a Memorandum of Agreement with Parent Company, where the Parent Company obligated itself to pay SPNEC ₱16.0 million and ₱2.0 million, and SPNEC agreed to record such capital infusion as the Parent Company’s additional paid-in capital.

Moreover, on 17 December 2021, SPNEC undertook a public offering of its 2.70 billion common shares with a total par value of ₱270.0 million for a total consideration of ₱2,700 million pesos. As a result of the IPO, additional paid-in capital amounting to ₱2,329.34 million, net of share issuance costs of ₱100.66 million, has been recognized in the 30 June 2022 audited financial statements.

As of 30 June 2022, 8,124.4 million common shares are issued and outstanding with an amount of ₱812.4 million presented as Common Stock.

Deficit

Deficit increased by 241.0% from ₱25.1 million as of fiscal year ended 30 June 2021, to ₱85.7 million as of 30 June 2022. This is primarily due to the net losses incurred during the period amounted to ₱60.6 million.

Material Changes to the Statement of Comprehensive Income for the Fiscal Year Ended 30 June 2022 Compared to the Statement of Comprehensive Income for the Fiscal Year Ended 30 June 2021

Horizontal and Vertical Analysis of Comprehensive Income 30 June 2022 vs 30 June 2021						
Amounts in ₱0.00	30 June 2022	30 June 2021	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		June 2022	June 2021
			Amount	Percentage		
Interest income	548,180	6,090	542,090	8901.31%	0.90%	0.03%
Expenses						
Management fee	24,000,000	4,000,000	20,000,000	500.00%	39.62%	16.97%
Filing fees	12,465,411	-	12,465,411	100.00%	20.58%	0.00%
Taxes and licenses	10,589,980	1,453,987	9,135,993	628.34%	17.48%	6.17%
Interest expense	9,142,009	7,648,652	1,493,357	19.52%	15.09%	32.45%
Professional fee	6,540,000	2,652,032	3,887,968	146.60%	10.80%	11.25%
Amortization	5,420,370	4,038,265	1,382,105	34.23%	8.95%	17.13%
Bid-related cost	1,634,000	1,909,091	(275,091)	-14.41%	2.70%	8.10%
Others	2,706,413	972,966	1,733,447	178.16%	4.47%	4.13%
Total Expenses	72,498,183	22,674,993	49,823,190	219.73%	119.67%	96.19%
LOSS BEFORE TAX	71,950,003	22,668,903	49,281,100	217.40%	118.77%	96.16%
Provision for (Benefit from) deferred tax	(11,370,555)	904,291	(12,274,846)	-1357.40%	-18.77%	3.84%
NET LOSS AFTER TAX	60,579,448	23,573,194	37,006,254	156.98%	100.00%	100.00%
TOTAL COMPREHENSIVE LOSS	60,579,448	23,573,194	37,006,254	156.98%	100.00%	100.00%

Management Fee

On 30 April 2021, SPNEC entered into a Management Service Agreement with SPPPHI, for the latter to provide executive and leadership support and execute its strategic direction while managing its business operations for a renewable period starting 1 May 2021 to 30 April 2024 . The monthly fee for the said

agreement is ₱2.00 million, exclusive of value-added tax. For the fiscal year ended 30 June 2022 and 2021, the management fees recorded amounted to ₱24.0 million and ₱4.0 million, respectively.

Filing Fees

This account pertains to the payment of IPO and SRO filing fees and listing maintenance fee to the PSE during the fiscal year ended 30 June 2022.

Taxes and Licenses

With the additional leases entered in January 2021 and May 2021, SPNEC paid real property taxes and lease annotation fees amounting to ₱1.1 million and ₱1.2 million, respectively, for the fiscal year ended 30 June 2022. SPNEC also incurred construction-related permits totaling to ₱6.2 million.

Interest and Amortization Expense

The new two (2) lease agreements of SPNEC in 2021 resulted to increased lease-related expenses including interest and amortization expenses. Interest expense amounted to ₱9.1 million and ₱7.6 million for the fiscal year ended 30 June 2022, and 2021, respectively. In addition to this, SPNEC also recognized amortization expense of ROU assets amounted to ₱5.4 million and ₱4.0 million for the fiscal year ended 30 June 2022, and 2021, respectively.

As the construction for the project has begun last 27 December 2021, SPNEC also capitalized the interest accretion of lease liability and amortization of ROU asset from 1 January 2022 to 30 June 2022 totaling to ₱14.6 million.

Professional Fees

Professional fees increased by 146.60% from ₱2.7 million for the fiscal year ended 30 June 2021, as compared to ₱6.5 million for the fiscal year ended 30 June 2022, due to the payment of directors' and consultancy fees totaling to ₱3.7 million.

Others

As the construction for the project has begun last 27 December 2021, general and administrative expenses such as transportation and supplies also increased for the fiscal year ended 30 June 2022. SPNEC also paid trust fees to various banks during the period amounted to ₱0.6 million.

Benefit from Deferred Tax

SPNEC's benefit from deferred tax came from recognition on right-of-use assets and lease liabilities as at 30 June 2022 and 30 June 2021.

Net Loss

As SPNEC entered into new lease agreements and management contract in 2021, thereby increasing its expenses, it recognized higher net loss for the fiscal year ended 30 June 2022 amounting to ₱60.6 million, an increase of 156.98% from the net loss of ₱23.6 million recognized in the fiscal year ended 30 June 2021.

Material Changes to the Statement of Financial Position as of 30 June 2021 compared to the Statement of Financial Position as of 31 December 2020

Horizontal and Vertical Analysis of Financial Position 30 June 2021 vs 31 December 2020						
Amounts in ₱0.00	30 June 2021	31 December 2020	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		30 June 2021	31 December 2020
			Amount	Percentage		
Assets						
Cash	351,251	22,298,155	(21,946,904)	-98.42%	0.04%	33.54%
Other current assets	776,092	20,750	755,342	3,640.20%	0.09%	0.03%
Total Current Assets	1,127,343	22,318,905	(21,191,562)	-94.95%	0.13%	33.57%
Right-of-use assets	297,751,234	44,146,980	253,604,254	574.45%	35.56%	66.40%
Deposit for land acquisition	537,000,000	-	537,000,000	100.00%	64.14%	0.00%

Other noncurrent assets	1,370,284	15,885	1,354,399	8,526.28 %	0.16%	0.03%
Total Noncurrent Assets	836,121,518	44,162,865	791,958,653	1,793.27 %	99.87%	66.43%
TOTAL ASSETS	837,248,861	66,481,770	770,767,091	1,159.37 %	100.00%	100.00%
Liabilities and Equity						
Accounts payable and accrued expenses	6,728,056	578,288	6,149,768	1,063.44 %	0.80%	0.87%
Due to related parties	22,792,348	17,387,923	5,404,425	31.08%	2.72%	26.15%
Current portion of lease liabilities	14,004,465	4,311,742	9,692,723	224.80%	1.67%	6.49%
Total Current Liabilities	43,524,869	22,277,953	21,246,916	95.37%	5.20%	33.51%
Lease liabilities – Net of current portion	275,521,361	42,988,010	232,533,351	540.93%	32.91%	64.66%
Deferred income tax liability	904,291	-	904,291	100.00%	0.11%	0.00%
Total Noncurrent Liabilities	276,425,652	42,988,010	233,437,642	543.03%	33.02%	64.66%
Total Liabilities	319,950,521	65,265,963	254,684,558	390.23%	38.21%	98.17%
Common stock	542,435,000	1,000,000	541,435,000	54143.50 %	64.79%	1.50%
Additional paid-in capital	-	21,250,000	(21,250,000)	-100.00%	0.00%	31.96%
Deficit	(25,136,660)	(21,034,193)	(4,102,467)	19.50%	-3.00%	-31.64%
Total Equity (Capital Deficiency)	517,298,340	1,215,807	516,082,533	42447.73 %	61.79%	1.83%
TOTAL LIABILITIES AND EQUITY	837,248,861	66,481,770	770,767,091	1159.37%	100.00%	100.00%

Cash

In 2021, SPNEC received a total of ₱541.44 million cash from the Parent Company as an additional subscription. Moreover, the Company paid a total consideration of ₱267 million and ₱270 million to PIC and LHHC, respectively, and presented it as Deposit for Land Acquisition. Regarding the additional lease, the Company made a two-year advanced payment of ₱18.68 million. This resulted in a decrease of cash account by 98.42% from ₱22.3 million as of year-end 2020 to ₱0.35 million as of 30 June 2021. Other Current Assets

Other Current Assets increased by 3,640.20% from ₱20,750 as of year-end 2020 to ₱776,092 as of 30 June 2021. This was primarily due to the cash bond deposit recorded during the period in connection with the conversion of land titles under the Las Piñas Agro Industrial Corporation lease agreement.

Right-of-Use Assets

On 11 January 2021 a Deed of Assignment was entered into between SPPPHI, as the assignor, and SPNEC, as the assignee, whereby the assignor assigned all its rights and obligations under the 6 September 2016 Lease Agreement. The total annual lease payment is ₱9.4 million, net of tax.

On 31 May 2021, the Company entered into a land lease agreement with various landowners with a total area of 81.75 hectares. The land was made available for use on 1 May 2021, with a one-year rent- free period or until 30 April 2022. The lease will expire on 30 April 2047. Further, the lease is subject to renewal of five years or for a reasonable period upon mutual agreement by parties. The total annual lease payment is ₱4.5 million, net of tax.

The Company recognizes ROU assets in this regard, which increased by 574.45% in 2021, from ₱44.15 million as of year-end 2020 to ₱297.75 million as of 30 June 2021.

Deposit for Land Acquisition

On 20 February 2021, the Company entered into a MOA with an affiliate, PIC, which MOA was later amended on 3 March 2021, to secure land for future expansion in excess of the capacity contemplate for the project. The MOA covers certain parcels of land with a total area of 68.621 hectares. Through the MOA, PIC granted the Company the right to use the subject properties exclusively for the development and construction of a power generating plant. It is the intention of the parties to execute definitive agreements, e.g., DOAS, to transfer the parcels of land to the Company. Hence, at the Company's discretion, PIC undertakes to sell and transfer its rights over the parcels of land to the Company. Upon execution of the DOAS, the consideration for the sale and transfer of rights over the parcels of land shall be equal to the advance payments made by the Company in February and March 2021 totaling to ₱267 million, which represents the full payment.

On 19 April 2021, the Company entered into a MOA with an affiliate, LHHC, to secure land for future expansion in excess of the capacity contemplated for the project. The MOA covers certain parcels of land with a total area of 56.81 hectares. Through the MOA, LHHC granted the Company the right to use the subject properties exclusively for the development and construction of a power generating plant. It is the intention of the parties to execute definitive agreements, e.g., DOAS to transfer the parcels of land to the Company. Hence, at the Company's discretion, LHHC undertakes to sell and transfer its rights over the parcels of land to the Company. Upon execution of the DOAS, the consideration for the sale and transfer of rights over the parcels of land shall be equal to the advance payments made by the Company in April and May 2021 totaling to ₱270 million, which represents the full payment.

These advance payments for a total consideration of ₱537 million are presented as "Deposits for land acquisition" in the 30 June 2021 financial statements.

Other Noncurrent Assets

Increase in other noncurrent assets by 8,526.28% from ₱0.02 million as of year-end 2020 to ₱1.37 million as of 30 June 2021, is mainly attributed to the payment made by the Company on 6 May 2021, amounting to ₱0.82 million. The payment is for the gratuity fee on the new lease agreement entered in May 2021.

Accounts Payable and Accrued Expenses

In relation to the management contract entered in 2021, SPNEC recorded a payable to the Parent Company as of 30 June 2021, amounting to ₱3.88 million, net of applicable withholding tax. The Company also accrued documentary stamp tax related to the lease agreements with an amount of ₱1.21 million. These transactions contributed to the increase of this account by 1,063.44% from ₱0.58 million as of year-end 2020 to ₱6.73 million as of 30 June 2021.

Due to Related Parties

The Company, in the normal course of business, has transactions with its parent company, SPPPHI. This account increased by 31.08% in 2021 from ₱17.39 million as of year-end 2020 to ₱22.79 million as of 30 June 2021. The proceeds of the advances were used for payment of the Company's pre- operating expenses such as lease payments, taxes and licenses, research and development cost, audit fees, and other project-related costs. These advances are unsecured, non-interest bearing, due and demandable.

Lease Liabilities

In 2019, the Company entered into a land lease agreement dated 1 February 2019 with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on 1 January 2019 with a one-year rent-free period plus 25-year term. Further, the lease is subject for renewal of five years upon mutual agreement by parties. The total annual lease payment is ₱4.3 million, net of tax. As of 30 June 2021, the total lease liability recognized for the 1 February 2019 land lease agreement is ₱47.68 million.

On 11 January 2021 a Deed of Assignment was entered into between SPPPHI, as the assignor, and SPNEC, as the assignee, whereby the assignor assigned all of its rights and obligations under the 6 September 2016 Lease Agreement to the assignee. In April 2021, the Company and the lessor executed an Addendum amending Section 4.1 (Annual Rental) and Section 4.2 (Advance Rental) of the 6 September 2016 lease agreement and agreed that the lease commencement date shall be on 31 March 2021 for the parcels of land with a total area of 169.86 hectares. The total annual lease payment is ₱9.4 million, net of tax.

On 31 May 2021, the Company entered into a land lease agreement with various landowners with a total area of 81.75 hectares. The land was made available for use on 1 May 2021, with a one-year rent- free period or until 30 April 2022. The lease will expire on 30 April 2047. Further, the lease is subject to renewal of five years or for a reasonable period upon mutual agreement by parties. The total annual lease payment is ₱4.5 million, net of tax.

With the recognition of these additional leases during 2021, the lease liability has increased by 512.11% from ₱47.30 million to ₱289.53 million.

Deferred Tax Liability

With the recognition of the additional leases during 2021, the Company also recognized deferred tax liability of ₱0.9 million as of 30 June 2021, arising from the differences on between accounting and tax treatment of assets and liabilities that resulted in future taxable differences.

Capital Stock and Additional Paid-in Capital

On 14 December 2020, the Board of Directors approved the decrease in the par value from One Peso (₱1.00) per share to Ten Centavos (₱0.10) per share without decrease in ACS and without returning any portion of the subscribed capital to the Company’s stockholders, thereby making the ACS to One Million Pesos (₱1,000,000.00) divided into Ten Million (10,000,000) shares.

On 14 December 2020, the Board of Directors also approved the increase in its ACS from One Million Pesos (₱1,000,000.00) divided into One Million (1,000,000) common shares to One Billion Pesos (₱1,000,000,000.00) divided into Ten Billion (10,000,000,000) common shares.

In February and March 2021, the Company received from its Parent Company a total subscription of ₱268.44 million or 2,684.4 million shares with ₱0.10 par value.

On 3 March 2021, the Board of Directors approved to apply the APIC of ₱21.25 million against the deficit as of 31 December 2020 amounting to ₱21.03 million.

On 18 March 2021, the Company has filed with the SEC the following:

- Decrease in par value of common stock from ₱1.00 per share to ₱0.10 per share;
- Increase authorized common stock from ₱1.0 million to ₱1,000 million; and
- Application of APIC to deficit amounting to ₱21.03 million.

On 11 May 2021, SEC approved the Company’s application to fully wipe-out the deficit as of 31 December 2020, in the amount of ₱21.03 million against the APIC of ₱21.25 million. Subsequently, on 25 May 2021, the Company received SEC approval to decrease the par value from ₱1.00 per share to ₱0.10 per share and increase its authorized common stock from ₱1 million to ₱1,000 million.

In April and May 2021, the Company received additional subscription from its Parent Company totaling to ₱273 million for 2,730 million shares at par value of ₱0.10 per share.

As of 30 June 2021, 5,424.4 million common shares are issued and outstanding with an amount of ₱542.44 million presented as Capital Stock. Total stock issuance cost incurred amounted to ₱7.4 million of which ₱0.22 million was applied against APIC while the remaining ₱7.22 million was charged against deficit.

Deficit

In 2021, deficit deteriorated by 19.50% from ₱21.03 million as of year-end 2020 to ₱25.14 million as of 30 June 2021. This is primarily due to the net losses incurred during the period and stock issuance costs directly charged against deficit amounting to ₱17.91 million and ₱7.22 million, respectively

On 3 March 2021, the Board approved to apply the APIC of ₱21.25 million to deficit as of 31 December 2020, amounting to ₱21.03 million and was approved by SEC on 11 May 2021.

Material Changes to the Statement of Comprehensive Income for the Fiscal Year Ended 30 June 2021 Compared to the Statement of Comprehensive Income for the Fiscal Year Ended 30 June 2020

Horizontal and Vertical Analysis of Comprehensive Income 30 June 2021 vs 30 June 2020						
Amounts in ₱0.00	30 June 2021	30 June 2020	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		June 2021	June 2020
			Amount	Percentage		
Interest income	6,090	698	5,392	772.49%	0.01%	0.00%
Expenses						
Interest expense	7,648,652	2,023,771	5,624,881	277.94%	12.63%	8.59%

Amortization	4,038,265	2,717,551	1,320,714	48.60%	6.67%	11.53%
Management fee	4,000,000	-	4,000,000	100.00%	6.60%	0.00%
Professional fee	2,652,032	2,611,471	40,561	1.55%	4.38%	11.08%
Bid-related cost	1,909,091	-	1,909,091	100.00%	3.15%	0.00%
Taxes and licenses	1,453,987	87,530	1,366,457	1561.13%	2.40%	0.37%
Others	972,966	1,096,265	(123,299)	-11.25%	1.61%	4.65%
Total Expenses	22,674,993	8,536,588	14,138,405	165.62%	37.43%	36.21%
LOSS BEFORE TAX	22,668,903	8,535,890	14,133,013	165.57%	37.42%	36.21%
Provision for (Benefit from) deferred tax	904,291	-	904,291	100.00%	1.49%	0.00%
NET LOSS AFTER TAX	23,573,194	8,535,890	15,037,304	176.17%	38.91%	36.21%
TOTAL COMPREHENSIVE LOSS	23,573,194	8,535,890	15,037,304	176.17%	38.91%	36.21%

Interest and Amortization Expense

In January and May 2021, SPNEC entered into two (2) land lease agreements with various landowners, which increase lease-related expenses including interest and amortization expenses. Interest expense amounted to ₱7.6 million and ₱2.0 million for the fiscal year ended 30 June 2021 and 2020, respectively. In addition to this, SPNEC also recognized amortization expense of ROU assets amounted to ₱4.0 million and ₱2.7 million for the fiscal year ended 30 June 2021 and 2020, respectively.

Management Fee

On 30 April 2021, SPNEC entered into a Management Service Agreement with SPPPHI, for the latter to provide executive and leadership support and execute its strategic direction while managing its business operations for an extendible period from 1 May 2021 to 30 April 2024. The monthly fee for the said agreement is ₱2.00 million, exclusive of value-added tax. For the fiscal year ended 30 June 2021 and 2020, the management fees recorded amounted to ₱4.0 million and nil, respectively.

Taxes and Licenses

With the additional leases entered in January 2021 and May 2021, SPNEC recognized documentary stamp taxes amounting to ₱1.2 million.

Others

Other expenses decreased by 11.25% from ₱1.1 million for the fiscal year ended 30 June 2020, as compared to ₱0.9 million for the fiscal year ended 30 June 2021, due to the pandemic which resulted to a decrease in amount of general and administrative expenses such as transportation and per diem.

Provision for Deferred Income Tax

SPNEC 's provision for deferred income tax came from recognition on right-of-use assets and lease liabilities as at 30 June 2021.

Net Loss

As SPNEC entered into new lease agreements and management contract in 2021, SPNEC recognized higher net loss for the fiscal year ended 30 June 2021 amounting to ₱23.6 million, an increase of 176.17% from the net loss of ₱8.5 million recognized in the fiscal year ended 30 June 2020.

Material Changes to the Statement of Financial Position as of 31 December 2020 compared to the Statement of Financial Position as of 31 December 2019

Horizontal and Vertical Analysis of Financial Position 31 December 2020 and 31 December 2019						
Amounts in ₱0.00	31 December 2020	31 December 2019	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		31 December 2020	31 December 2019
			Amount	Percentage		
Assets						
Cash	22,298,155	713,743	21,584,412	3,024.12 %	33.54%	1.53%

Other current assets	25,370	20,750	4,620	22.27%	0.04%	0.04%
Total Current Assets	22,323,525	734,493	21,589,032	2,939.31%	33.58%	1.57%
Right-of-use assets	44,146,980	45,986,437	(1,839,457)	(4.00%)	66.40%	98.40%
Other noncurrent assets	11,265	11,265	-	0.00%	0.02%	0.02%
Total Noncurrent Assets	44,158,245	45,997,702	(1,839,457)	-4.00%	66.42%	98.43%
TOTAL ASSETS	66,481,770	46,732,195	19,749,575	42.26%	100.00%	100.00%
Liabilities and Equity						
Accounts payable and accrued expenses	578,288	583,084	(4,796)	(0.82%)	0.87%	1.25%
Due to related parties	17,387,923	10,668,623	6,719,300	62.98%	26.15%	22.83%
Current portion of lease liabilities	4,311,742	4,311,742	-	0.00%	6.49%	9.23%
Total Current Liabilities	22,277,953	15,563,449	6,714,504	43.14%	33.51%	33.30%
Lease liabilities – Net of current portion	42,988,010	43,252,212	(264,202)	-0.61%	64.66%	92.55%
Total Noncurrent Liabilities	42,988,010	43,252,212	(264,202)	-0.61%	64.66%	92.55%
Total Liabilities	65,265,963	58,815,661	6,450,302	10.97%	98.17%	125.86%
Capital stock	1,000,000	62,500	937,500	1,500.00%	1.50%	0.13%
Additional paid-in capital	21,250,000	-	21,250,000	100.00%	31.96%	0.00%
Deficit	(21,034,193)	(12,145,966)	(8,888,227)	73.18%	-31.64%	-25.99%
Total Equity (Capital Deficiency)	1,215,807	(12,083,466)	13,299,273	-110.06%	1.83%	-25.86%
TOTAL LIABILITIES AND EQUITY	66,481,770	46,732,195	19,749,575	42.26%	100.00%	100.00%

Cash

Cash increased by 3,024.12% during the year from ₱713,743 as of year-end 2019 to ₱22,298,155 as of year-end 2020. This is mainly due to the cash subscription received by the Company from SPPPHI on 14 December 2020 for the issuance of 750,000 common shares.

Other Current Assets

Other Current Assets increased by 22.27% during the year from ₱20,750 as of year-end 2019 to ₱25,370 as of year-end 2020. This is primarily due to the deferred input VAT booked during the year amounting to ₱4,620 relating to audit fees.

Right-of-Use Assets

In 2019, SPNEC entered into a land lease agreement dated 1 February 2019 with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on 1 January 2019 with a one-year rent-free period plus 25 years term. Further, the lease is subject to renewal of five years upon mutual agreement by parties. The total annual lease payment is ₱4.3 million, net of tax. The Company recognizes ROU assets in this regard, which declined by 4% in 2020 due to the amortization made in the asset for the year, from ₱45.99 million as of year-end 2019 to ₱44.15 million as of year-end 2020.

Due to Related Parties

SPNEC, in the normal course of business, has transactions with its parent company, SPPPHI. This account increased by 62.98% in 2020 from ₱10.67 million as of year-end 2019 to ₱17.39 million as of year-end

2020. The proceeds of the advances were used for payment of SPNEC’s leases, permits and licenses, and audit fees. These advances are unsecured, non-interest bearing, due and demandable.

Lease Liabilities

This was related to the adoption of PFRS 16 for the Company’s land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The account decreased by 0.56%, which was caused by the lease payments during the year which amounted to ₱4.3 million and was partially offset by the accretion of interest on lease liabilities which amounted to ₱4 million.

Capital Stock

Capital stock increased by 300.00% from ₱250,000 as of year-end 31 December 2019 to ₱1 million as of 31 December 2020. This represents the payment of subscription receivable amounting to ₱187,500 during the year ending 2020 as well as the issuance of 750,000 shares during the period.

Additional Paid-in Capital (APIC)

On 14 December 2020, the BOD approved the issuance of 750,000 shares for a total amount of ₱22 million for an issue price of ₱29.33 per share to the Parent Company. The amount in excess of the par value totaling to ₱21.25 million is presented under this account.

Subscription Receivable

In December 2020, the Company collected the outstanding subscription receivable amounting to ₱187,500 from the Parent Company. As of 31 December 2020, this account is zero.

Deficit

As of 31 December 2020, deficit worsened by 73.1% from ₱12.15 million as of year-end 2019 to ₱21.03 million as of year-end 2020. This is primarily due to the net losses incurred during the period amounting to ₱8.89 million.

Material Changes to the Statement of Comprehensive Income for the year ended 31 December 2020 compared to the Statement of Comprehensive Income for the year ended 31 December 2019

Horizontal and Vertical Analysis of Comprehensive Income 31 December 2020 vs. 31 December 2019						
Amounts in ₱0.00	31 December 2020	31 December 2019	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		31 December 2020	31 December 2019
			Amount	Percentage		
Interest Income	286	895	(609)	-68.04%	0.00%	0.01%
Expenses						
Interest accretion of lease liabilities	4,047,540	4,049,803	(2,263)	-0.06%	45.54%	38.93%
Bid Related Cost	1,909,091	-	1,909,091	100.00%	21.48%	0.00%
Amortization of ROU assets	1,839,457	1,839,457	-	0.00%	20.70%	17.68%
Professional fee	913,889	2,429,971	(1,516,082)	-62.39%	10.28%	23.36%
Provision for impairment loss	109,091	14,243	94,848	665.93%	1.23%	0.14%
Taxes and licenses	8,615	28,634	(20,019)	-69.91%	0.10%	0.28%
Transportation and travel	150	796,506	(796,356)	-99.98%	0.00%	7.66%
Meals and per diem	-	450,267	(450,267)	-100.00%	0.00%	4.33%
Rent expense	-	628,628	(628,628)	-100.00%	0.00%	6.04%
Representation	-	35,453	(35,453)	-100.00%	0.00%	0.34%
Others	60,680	130,998	(70,318)	-53.68%	0.68%	1.28%
Total Expenses	8,888,513	10,403,960	(1,515,447)	-14.57%	100.00%	100.01%
LOSS BEFORE INCOME TAX	8,888,227	10,403,065	(1,514,838)	-14.56%	100.00%	100.00%
Deferred income tax	-	-	-	0.00%	0.00%	0.00%
NET LOSS	8,888,227	10,403,065	(1,514,838)	-14.56%	100.00%	100.00%

TOTAL COMPREHENSIVE LOSS	8,888,227	10,403,065	(1,514,838)	-14.56%	100.00%	100.00%
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Interest Income

As the Company was still in the pre-operational stage in 2019 and 2020, the Company’s cash was parked in banks from which it earns interest. As cash balances were mostly lower in 2020 than in 2019, except for when it received the subscription subject of the increase in ACS on 14 December 2020, interest income declined by 68.04% during the year.

Expenses

In 2019, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on 1 January 2019 with one-year rent-free period plus 25 years term. Further, the lease is subject to renewal of five years upon mutual agreement by parties. The total annual lease payment is ₱4.3 million, net of tax. In this regard, the Company recognizes ROU assets and in effect, recognizes non- cash expenses relating to these ROU assets. Interest expense and amortization amounted to ₱4.05 million and ₱1.84 million in both full years 2019 and 2020, respectively.

During 2019, the Company incurred a one-time cost of ₱2.4 million recorded as professional fee for the system impact study on the proposed solar power plant in Peñaranda, Nueva Ecija. In 2020, the Company paid Engineering and Environmental Services an amount of ₱0.9 million for the Environmental Compliance Certificate. This resulted in a decrease of the professional fee account by 62.39%.

Net Loss

As the Company has not yet started commercial operations in 2020, the Company booked net losses amounting to ₱8.89 million, an improvement of 14.56% against the ₱10.4 million booked in 2019.

Key Performance Indicators

As of the date of this Information Statement, the Company has yet to start commercial operations. As such, its key performance indicators are limited to the following:

Financial Ratios	March 2023	December 2022	June 2022	June 2021	December 2020	December 2019
Current Ratio (x)	14.08	16.51	35.93	0.0259	1.00	0.0472
Debt to Equity Ratio (x)	0.07	0.06	0.11	0.62	53.68	N/A

Notes:

- 1) Current ratio is obtained by dividing the current assets of the Company by its current liabilities. This ratio is used as a test of the Company’s liquidity.
- 2) The debt-to-equity ratio is used to evaluate the Company’s financial leverage and is calculated by dividing the Company’s total liabilities by its shareholder’s equity. It is a measure of the degree to which a corporation is financing its operations through debt versus wholly owned funds.

Other Relevant Information

Any known trends, events or uncertainties (material impact on liquidity)

As of March 31, 2023, the Company is not aware of any known trends, or any known demands, commitments, events, or uncertainties that will result in or that are reasonably likely to result in the Company’s liquidity increasing or decreasing in any material way.

Any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation

The Company is not aware of any event that would trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period

The Company did not enter into any material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons during the reporting period.

Any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures

The Project is a 500megawatt peak (“MWdc”) solar power plant project located in Nueva Ecija and is divided into two (2) Phases. The first phase of the Project is a 225 MWdc solar powerplant (“Phase 1”) planned for completion by the end of 2023. The second phase of the Project is a 275 MWdc solar power plant (“Phase 2”) is planned for completion by the end of 2024. On December 27, 2021, the Parent Company began construction of Phase 1A, which are funded by proceeds from the IPO. The construction is still on going as of March 31, 2023.

Any known trends, events or uncertainties (material impact on sales)

There are no known trends, events, or uncertainties that have had or that are reasonably expected to have materially favorable or unfavorable impact on net revenues or profit from continuing operations.

Any significant elements of income or loss that did not arise from the Company’s continuing operations

The Company is not aware of any significant elements of profit and loss that did not arise from the Company’s continuing operations.

Any seasonal aspects that had a material effect on the financial condition or results of operations

The Company is not aware of any seasonal aspects that had a material effect on its financial condition or results of operations.

Changes and Disagreements with Accounts on Accounting and Financial Disclosure

SGV, a member firm of Ernst & Young Global Limited, has acted as the Company’s external auditor since its incorporation. The Audited Financial Statements of the Company as of 31 December 2019, and 2020, and 30 June 2021, and 30 June 2022, and 31 December 2022, and for the years ended 31 December 2019, and 2020, and for the six-month periods ended 30 June 2020, and 2021, and for the years ended 30 June 2022 and 2021 and for the six-month period ended 31 December 2022, were audited by SGV, as set forth in their report appearing herein.

The Group has not had any material disagreements on accounting matters or financial disclosure matters with SGV.

There are no plans to replace SGV as external auditor for the succeeding years.

Audit and Non-Audit Related Fees

The following table sets out the aggregate fees billed for each of the last three (3) calendar years, for the 30 June 2021 and 2022 fiscal year, for professional services rendered by SGV & Co.:

Table 1: Audit and Non-Audit Related Fees						
<i>Amounts in ₱thousands</i>	December 31, 2019	December 31, 2020	June 30, 2021	June 30, 2022	December 31, 2022	March 31, 2023
Audit and Audit-Related Fees ⁽¹⁾	35	25	1,500	5,905	3,695	-
Non-Audit Services ⁽²⁾	-	-	-	-	-	-
Total	35	25	1,500	5,905	3,695	-

Notes:

- (1) *Audit and Audit-Related Fees.* This category includes the audit of annual and interim financial statements and services and issuance of comfort letters in respect to the IPO and SRO that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years. The fees presented above include out-of-pocket expenses incidental to the independent auditors’ work, the amounts of which do not exceed 15% of the agreed-upon engagement fees.
- (2) *Non-Audit Services.* There were no non-audit services rendered by SGV for the last three (3) calendar years, for the 30 June 2022 and 31 December 2022 fiscal year.

Audit Committee's Approval Policies and Procedures for the Above Services

The Audit and Risk Management Committee's approval of the fees to be paid to the external auditor for the six-month period ended 31 December 2022 has been secured.

It is provided in the Issuer's Manual on Corporate Governance and Charter of the Audit and Risk Management Committee that the Audit and Risk Management Committee shall be responsible for recommending the appointment of external auditors whose report they shall review, monitoring the system of internal controls and Issuer's compliance with laws, regulations, and codes of ethics, and serving as a direct channel of communications between the Board of Directors and the internal auditors.

Further, the Audit and Risk Management Committee shall perform oversight functions over the Issuer's external auditors. It shall ensure that the external auditors act independently of each other and that they are given unrestricted access to all records, properties, and personnel to enable them to perform their respective audit functions. It shall review the reports submitted by the internal and external auditors.

Prior to the commencement of the audit, the Audit and Risk Management Committee shall discuss with the external auditor the nature, scope, and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts. It shall likewise evaluate and pre-approve non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Issuer's overall consultancy expenses.

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Securities

As of date of this Information Statement, the Issuer has an authorized capital stock of ₱5,000,000,000.00 divided into 50,000,000,000 common shares with a par value ₱0.10 per share.

The total issued and subscribed capital stock of the Corporation is ₱3,437,305,000.00, divided into 34,373,050,000 common shares with a par value of ₱0.10 per share. Of the 34,373,050,000 common shares, 2,700,000,000 shares were sold and acquired during the Initial Public Offering ("IPO") in December 2021 for ₱1.00 per share while 1,875,649,995 common shares were issued and subscribed during the Stock Rights Offering ("SRO") in August and September 2022 for ₱1.50 per share. After the IPO, the Issuer's total additional paid-in capital ("APIC") amounted to ₱2,448,000,000.00 (includes the additional capital infusions of SPPPHI in July and November 2021 amounting to ₱16,000,000.00 and ₱2,000,000.00, respectively). After the SRO, the Issuer's APIC increased to ₱5,072,072,939.63.

Except for those exempt from the registration requirement under the Securities Regulation Code ("SRC"), no sales of unregistered securities were made in the past three (3) years.

No debt securities were registered or contemplated to be registered.

No securities subject to redemption or call existed or were planned to be issued.

On 10 January 2022, the BOD approved the increase of the Issuer's authorized capital stock from ₱1,000,000,000.00 divided into 10,000,000,000 common shares with a par value ₱0.10 per share to ₱5,000,000,000.00 divided into 50,000,000,000 common shares with a par value ₱0.10 per share. On 1 June 2023, SEC approved the Company's application for increase in its authorized capital stock.

In a meeting held on 14 February 2022, the BOD authorized the SRO of the Issuer and delegated to the Issuer's President and Chief Executive Officer the determination of the terms and conditions of the SRO.

On 24 February 2022, the BOD approved the acquisition of 100% of the outstanding shares held by SPPPHI in various entities in exchange for SPPPHI's subscribing for 24,373,050,000 shares of SPNEC, which the BOD approved on 10 January 2022, and by the Issuer's stockholders on 7 March 2022, subject to regulatory approvals.

On 28 March 2022, pursuant to a previous approval of its BOD, the Issuer disclosed that it was confirming the plan to source the shares for the SRO from its unissued capital stock of 1,875,649,995 shares. The Issuer likewise disclosed that the entitlement ratio shall be one (1) Rights Share for every 1.28 common shares held.

On 8 April 2022, the Issuer filed with the SEC an application seeking confirmation that the SRO is a transaction exempt from the registration requirement of the SRC.

On 19 July 2022, the SEC issued a Confirmation of Exempt Transaction confirming that the Issuer's planned SRO is exempt from the registration requirement of the SRC.

On 28 July 2022, the PSE issued a Notice of Approval for the Issuer's application to list 1,875,649,995 shares as part of its SRO to eligible stockholders, based on the Ex-Date of 22 August 2022 and Record Date of 25 August 2022. The PSE thereafter approved the proposed SRO timetable.

On 18 August 2022, the Issuer informed the PSE that the final Offer Price of its SRO will be PhP1.50 per Rights Share. The Offer Price represented a 14% discount to the 15-day volume-weighted average price of the Issuer's common shares as of 17 August 2022.

On 25 August 2022, the PSE approved the publication of the Final Prospectus for the Issuer's SRO.

The Offer Period for the SRO for Eligible Shareholders was from 30 August 2022 to 5 September 2022. There was neither an occasion for the QB Take-Up nor any need for the Principal Shareholder, SPPPHI, to sweep unsubscribed Rights Shares as all Rights Shares were subscribed during the First and Second Mandatory Rounds of the Rights Offer.

The fully paid Rights Shares were listed on 15 September 2022.

On 1 December 2022, the Issuer extended the payment period for partially paid Rights Shares for a period of three (3) months or from 5 December 2022 to 5 March 2023.

As of 10 March 2023, only 1,171,603 Rights Shares remain partially paid. The Issuer deems the remaining partially paid shares as delinquent shares in accordance with the terms of the Final Prospectus for the Rights Offer and the Revised Corporation Code. Specifically, all delinquent shares will be sold at auction pursuant to law. In case there are no bidders at such auction, the Issuer may purchase the delinquent shares, in which case they will become its treasury shares. Downpayments made on delinquent shares shall be forfeited in favor of the Issuer (collectively, the **"Delinquency Process"**).

As of the date of this Information Statement, 9,998,828,397 of the Issuer's common shares are listed with the PSE.

On 28 March 2023, MPIC disclosed, and the Company confirmed in its disclosure, the "execution of an agreement to acquire shares in SP New Energy Corporation from Solar Philippines Power Projects Holdings, Inc. by Metro Pacific Investments Corporation".

The Board of Directors of SPNEC, at its 5 May 2023 meeting, approved the following: (i) Approval of the Option Agreement between Metro Pacific Investments Corporation ("MPIC"), Solar Philippines Power Project Holdings, Inc. ("SPPPHI"), and SPNEC, granting MPIC or its affiliates the option to acquire up to 17.4 billion SPNEC shares ("Shares"), comprising up to 10 billion primary Shares for up to PhP 12.5 billion and up to 7.4 billion secondary Shares for up to PhP 9.25 billion, supported by the approval of SPNEC's increase in Authorized Capital Stock from 10 billion to 50 billion Shares ("ACS Increase"). Together with the initial acquisition by MPIC from SPPPHI of 1.6 billion Shares for PhP 2 billion (as disclosed on March 28 2023), a full exercise of these options may result in the MPIC Group investing a total of PhP 23.75 billion for 19 billion Shares and becoming the largest shareholder with approximately 42.82% of SPNEC; and (ii) Approval of the modified acquisition by SPNEC of 100% of the shares of SPPPHI in various entities (the "Solar Philippines Assets") to be at cost and paid in cash, in lieu of a tax-free share swap, from the proceeds of SPPPHI subscribing in cash at par for 24.37305 billion Shares. This is being done, among other reasons, for the efficient implementation of the ACS Increase and the Option Agreement between MPIC, SPPPHI, and SPNEC.

On 10 May 2023, MPIC consummated its acquisition of 1.6 billion shares from SPPPHI equal to 16% percent of the Company's outstanding capital stock, which was previously disclosed on 28 March 2023.

SPNEC entered into a Contract to Sell on 15 May 2023 to acquire 100% of the shares of SPPPHI in certain entities using the proceeds of SPPPHI's subscription of 24.37305b shares of SPNEC, premised on the approval of SPNEC's increase in authorized capital stock (ACS Increase).

On 15 May 2023, SPPPHI and SPNEC executed the Deed of Absolute Sale ("DOAS") transferring the shares of SPPPHI in SPTC and SPRC. On 9 June 2023, the parties executed another DOAS transferring the shares of SPPPHI in other Solar Assets, excluding SPCC. And on 29 June 2023, SPPPHI and SPNEC executed another DOAS for the shares of SPPPHI in SPCC.

Market Information

The Issuer's shares are traded on the PSE.

Since its market debut on 17 December 2021, the high and low stock prices of the Issuer’s common shares were as follows:

Period	High (in PhP)	Low (in PhP)
Q4 2021 (from 17 December 2021)	1.50	0.76
Q1 2022	2.34	1.17
Q2 2022	1.94	1.46
Q3 2022	1.82	1.12
Q4 2022	1.42	0.99
Q1 2023	1.79	1.17

The closing price of the Issuer’s common shares as of 2 June 2023 is P1.46 per share.

Holders

Based on the report of the Stock Transfer Agent for the period ended 30 September 2023, the Issuer has a total of twenty (20) stockholders of record. Said stockholders are as follows:

Count	Name	Nationality	No. of Shares with Option 1 (100% full payment)	No. of Shares with Option 2 (25% partial payment)	No. of Shares with Option 1 (100% full payment) & Option2 (25% partial payment)	Percentage (based on issued shares)
1	SOLAR PHILIPPINES POWER PROJECT HOLDINGS, INC.	FILIPINO	25,323,050,000		25,323,050,000	73.6712337136
2	PCD NOMINEE CORPORATION - FILIPINO	FILIPINO	6,977,620,347	1,171,603	6,978,791,950	20.3030919572
3	METRO PACIFIC INVESTMENTS CORPORATION	FILIPINO	1,600,000,000		1,600,000,000	4.6548095092
4	PCD NOMINEE CORPORATION - NON FILIPINO	NON FILIPINO	470,311,264		470,311,264	1.3682558400
5	JOSE IVAN T. JUSTINIANO OR MA. JEMA V. JUSTINIANO	FILIPINO	200,000		200,000	0.0005818512
6	MYRA P. VILLANUEVA	FILIPINO	210,125		210,125	0.0006113074
7	ELVIRA M. CRUZ OR BERNARDO A. CRUZ	FILIPINO	150,000		150,000	0.0004363884
8	JOHANNA THERESA AUSTRIA CID	FILIPINO	100,000		100,000	0.0002909256
9	MYRNA P. VILLANUEVA	FILIPINO	89,062		89,062	0.0002591042
10	MILAGROS P. VILLANUEVA	FILIPINO	89,062		89,062	0.0002591042
11	MARIETTA V. CABREZA	FILIPINO	44,531		44,531	0.0001295521
12	JOSEMARIA GABRIEL D. FADRI	FILIPINO	5,000		5,000	0.0000145463
13	OFELIA R. BLANCO	FILIPINO	5,000		5,000	0.0000145463
14	JENNIFER T. RAMOS	FILIPINO	4,000		4,000	0.0000116370
15	J. CARLOS G. CRUZ	FILIPINO	1		1	0.0000000029
16	BENJAMIN I. ESPIRITU	FILIPINO	1		1	0.0000000029
17	CARLOS JOSE P. GATMAITAN	FILIPINO	1		1	0.0000000029
18	ARESTY M. LAPITAN	FILIPINO	1		1	0.0000000029
19	MARTIN CHARLES CROTTY	AMERICAN	1		1	0.0000000029
20	LEANDRO ANTONIO L. LEVISTE	FILIPINO	1		1	0.0000000029
	Total		34,371,878,397	1,171,603	34,373,050,000	100.0000000000

The public float of the Issuer as of 30 September 2023 is 13.82%.

Note that the agenda for the Annual Stockholders’ Meeting does not relate to an acquisition, business combination, or other reorganization. Also, no securities will be issued in connection with an acquisition, business combination, or other reorganization.

Background of Shareholders Owning At Least 10% of the Total Outstanding Stock

1. Solar Philippines Power Project Holdings, Inc.

SPPPHI is a domestic holding corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 112 Legaspi Street, Legaspi Village, Barangay San Lorenzo, Makati City. Among others, it was primarily created to invest in, hold, purchase, acquire, lease, contract, or otherwise, within the limits allowed by law, any and all real and personal properties of every kind and description whatsoever which it may deem necessary or appropriate. However, SPPPHI shall not act as dealer and broker of securities.

SPPPHI is the parent Corporation of the Issuer.

2. PCD Nominee Corporation

PCD Nominee Corporation is a wholly owned subsidiary of the PDTC, a corporation established to improve operations in securities transactions and to provide a fast, safe, and highly efficient system for securities settlement in the Philippines. PCD Nominee Corporation acts as trustee-nominee for all shares lodged in the PDTC system, where trades effected on the PSE are finally settled with the PDTC.

PDTC is a private institution established in March 1995 to improve operations in securities transactions. Regulated by the SEC, PDTC is owned by major capital market players in the Philippines, namely the PSE, Bankers Association of the Philippines, Financial Executives Institute of the Philippines, Development Bank of the Philippines, Investment House Association of the Philippines, Social Security System, and Citibank N.A.

All PSE-member brokers are participants of the PDTC. Other participants include custodian banks, institutional investors, and other corporations or institutions that are active players in the Philippine equities market.

Dividends

The Issuer is authorized to distribute dividends out of its surplus profit, in cash, properties of the Issuer, shares of stock, and/or securities of other companies belonging to the Issuer. Dividends paid in the form of cash or property is subject to approval of the Board of Directors. Dividends paid in the form of additional shares are subject to the approval of the Board of Directors and stockholders that own at least two-thirds (2/3) of the outstanding capital stock of the Issuer. In case the stock dividends will be coming from an increase in authorized capital stock, such declaration shall be subject to SEC approval. Holders of outstanding common shares as of a dividend record date will be entitled to full dividends declared without regard to any subsequent transfer of such shares.

On 6 September 2021, the Board of Directors approved its dividend policy that gave the Board of Directors the discretion to declare dividends as they see fit after considering the funding requirements for future projects subject to the requirements of applicable laws and regulations, capital expenditure requirements, compliance with the Issuer's covenants, if any, and other circumstances that may restrict the payment of dividends. There can be no guarantee that the Issuer will pay any dividends in the future. Dividends may be declared only from the Issuer's unrestricted retained earnings. The Issuer intends to maintain an annual dividend payment ratio of 10% to 30% of net income after tax for the preceding fiscal year.

The Issuer has not declared any kind of dividend to its shareholders since its incorporation.

Exempt Transactions

On 24 February 2021 and 1 March 2021, the Issuer received ₱249,750,000.00 and ₱18,685,000.00 from SPPPHI as deposit for future subscription in 2,684,350,000 common shares of the Issuer.

Subsequently, in April and May 2021, the Issuer received additional subscription from SPPPHI totaling ₱273,000,000.00 for 2,730,000,000 common shares of the Issuer. These shares were issued on 25 May 2021, the date of the approval of the SEC of the Issuer's application for the increase of its authorized capital stock.

Pursuant to Section 10.1(k) of the Securities Regulation Code, as amended, the foregoing share issuances are exempt from the requirement of registration since these are sales of securities to fewer than twenty (20) persons within a twelve (12)-month period. The Issuer paid the taxes involved in the issuance of the shares listed above.

On 19 July 2022, the Corporation received a letter from the SEC confirming that its planned SRO as described above is a transaction exempt from the registration requirements of the SRC, pursuant to Sections 10.1I and 10.1(l) of the said law.

CORPORATE GOVERNANCE

Plan to Improve the Corporate Governance of the Corporation

The Issuer intends to abide by all applicable laws, rules, regulations and rules and requirements of the Philippine Stock Exchange. To this end, the Issuer has constituted the various working committees as disclosed in the Prospectus for its listing, and fully expects the said committees to do their work as designed.

In all its dealings that affect shareholder interest, the Issuer has been and will be very careful and meticulous in complying not only with legal requirements but also with ethical standards as are observed by leading listed companies in the Philippines, including any conflict of interest with its affiliates, officers and directors.

All matters that may raise concerns in respect of regulatory and market compliance shall be submitted for careful consideration of the relevant committees and those as may be required by the Board of Directors, including related party transactions.

In hiring personnel, the Issuer requires that applicants are thoroughly checked for competence, integrity and diligence. Counterparties to contracts of the Issuer shall also be subject to the same professional and ethical standards.

In conducting business, corruption and non-compliance with applicable law is and shall not be tolerated.

Officers, directors and other members of the management team are expected to comply with the requirements of applicable law in attending to and completing the work of the Issuer, particularly the members of the Board and the executive officers in whose hands the conduct of the Issuer's business is entrusted.

To date, there has been no deviation from the company's Manual of Corporate Governance.

Continuous training is being undertaken by members of the Board of Directors, Management, officers, and personnel to fully acquaint themselves with the Corporation's Manual on Corporate Governance, policies, and related corporate governance matters.

Item 12. Mergers, Consolidations, Acquisitions, and Similar Matters

There is no action or matter to be taken up in the Stockholders' Meeting with respect to merger, consolidation, acquisition, sale, or other transfer of all or substantially all the assets of the Issuer, liquidation, dissolution, and similar matters.

Item 13. Acquisition or Disposition of Property

There is no action or matter to be taken up in the Stockholders' Meeting with respect to the acquisition or disposition that constitutes all or substantially all the assets or property of the Issuer.

Item 14. Restatement of Accounts

There is no action or matter to be taken up with respect to the restatement of any asset, capital, or surplus account of the Issuer.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The Minutes of the Annual Meeting of the Stockholders held on 8 June 2023 will be presented to the stockholders present or represented at the meeting for them to take note of and/or approve.

The Company undertakes to provide without charge to each person solicited, on the written request of any such person, a copy of the registrant's annual report on SEC Form 17-A and shall indicate the name and address of the person to whom such a written request is to be directed. At the discretion of management, a charge may be made for exhibits, provided such charge is limited to reasonable expenses incurred by the registrant in furnishing such exhibits.

Item 16. Matters Not Required to be Submitted

None.

Item 17. Amendment of Charter, Bylaws, or Other Documents

The amendment pertains to the sixth and seventh articles of the Issuer's Articles of Incorporation. This is done pursuant to the Issuer's entry into the Option Agreement, as amended, with Solar Philippines Power Project Holdings, Inc. and MERALCO PowerGen Corporation. By way of background, the Corporation entered into an Option Agreement dated 5 May 2023 with SPPPHI and Metro Pacific Investments Corporation.

There ensued a restructuring of the original Option Agreement, where now, the Option Holder is MGEN in lieu of MPIC. Further, the Option Shares now consist of 15,700,000,000 common shares at the subscription price of PhP1.00 per share and 19,404,202,552 preferred shares at the subscription price of PhP0.01 per share.

To support the Option Agreement, as amended, the seventh article of the Corporation's Articles of Incorporation will be amended to increase its authorized capital stock from Five Billion Pesos (PhP5,000,000,000.00) divided into Fifty Billion (50,000,000,000) common shares with a par value of Ten Centavos (PhP0.10) per share to Seven Billion Seven Hundred Fifty Million Pesos (PhP7,750,000,000.00), divided into: (i) Seventy-Five Billion (75,000,000,000) common shares with a par value of Ten Centavos (PhP0.10) per share and (ii) Twenty-Five Billion (25,000,000,000) new class of preferred shares with a par value of One Centavo (PhP0.01) per share which shall be voting, redeemable, and preferred in payment in case of liquidation and subject to such returns on investment in such class of shares as may be determined by the Board of Directors.

Similarly in relation to the Option Agreement, as amended, the sixth article of the Corporation's Articles of Incorporation will be amended to increase the number of directors from seven (7) to nine (9).

Item 18. Other Proposed Action

1. Ratification of Acts, Resolutions, and Decisions of the Board of Directors and Management beginning 9 June 2023

Item 19. Voting Procedures

The following are the rules of conduct and procedures for the meeting to be conducted in virtual format:

1. Stockholders may attend the meeting remotely through <https://conveneagm.com/ph/SPNEC2023SSM>. Questions and comments may be sent on or before 29 November 2023 to spnec@solarphilippines.ph or <https://conveneagm.com/ph/SPNEC2023SSM> and shall be limited to the items in the Agenda.
2. Each of the proposed resolutions will be shown on the screen in the venue and during the livestreaming as the same is taken up at the meeting.
3. Stockholders must notify the Corporation on or before 24 November 2023 of their intention to participate in the meeting by remote communication to be included in determining quorum, together with the stockholders who intend to vote *in absentia* and by proxy.
4. Voting shall only be allowed for stockholders registered to be voting *in absentia* via <https://conveneagm.com/ph/SPNEC2023SSM> or by authorizing the Chairman of the meeting as proxy.
5. Stockholders voting *in absentia*, who have registered at <https://conveneagm.com/ph/SPNEC2023SSM> prior to the meeting, may cast their votes electronically at any time using the system prior to or during the meeting.
6. All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present or represented at the meeting, unless the law or the Corporation's Articles of Incorporation or By-Laws require otherwise.
7. The Issuer's accredited service provider will tabulate all votes received and the Stock Transfer Agent and Corporate Secretary or Assistant Corporate Secretary will validate the results. The Corporate Secretary or Assistant Corporate Secretary shall report the results of voting during the meeting.
8. The meeting proceedings should be recorded in audio and video format

Votes Required for the Amendment of the Issuer's Articles of Incorporation

Approval by the stockholders representing at least two-thirds (2/3) of the outstanding capital stock present or represented at the meeting will be required for the amendment of the Issuer's Articles of Incorporation to implement such change.

Votes Required for the Waiver of Applicable Rights Offer or Other Public Offering in relation to the Issuance of Shares to MERALCO PowerGen Corporation

Approval by the stockholders representing at least a majority of the outstanding capital stock present or represented at the meeting held by the minority stockholders will be required for the waiver of applicable rights offer or other public offering in relation to issuance of shares to MERALCO PowerGen Corporation.

Votes Required for Other Items in the Agenda

Approval by the stockholders representing at least a majority of the outstanding capital stock present or represented at the meeting will be required for other items in the agenda.

Item 20. Participation of Stockholders by Remote Communication

See notes on Agenda items on voting.

[Signature page follows]


SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Information Statement are true, complete, and correct.

Makati City, Philippines; 13 October 2023.

SP NEW ENERGY CORPORATION

By:


HAZEL IRIS P. LAFUENTE
Assistant Corporate Secretary and
Chief Information Officer

ANNEXES

1. ANNEX A – signed Minutes of the Annual Stockholders' Meeting Held on 8 June 2023
2. ANNEX B – Assistant Corporate Secretary's Certification
3. ANNEX C – Independent Director's Certification
4. ANNEX D – Independent Director's Certification
5. ANNEX E – Independent Director's Certification
6. ANNEX F - Consolidated Financial Statements of the Issuer as of and for the period ended 31 December 2022 and 30 June 2022 and for the year ended 30 June 2021, which include notes on the financial statements
7. ANNEX G –Statement of Management's Responsibility for Financial Statements for Financial Statements as of 31 December 2022
8. ANNEX H – Index to Supplementary Schedules
9. ANNEX I – Unaudited Interim Condensed Consolidated Financial Statements as of 31 March 2023

ANNEX "A"

*The Issuer shall submit the signed Minutes of the Annual Stockholders' Meeting dated 8 June 2023
upon submission of the Definitive Information Statement*

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

CERTIFICATION

I, **HAZEL IRIS P. LAFUENTE**, of legal age, Filipino, with office address at the 20th Floor AIA Tower (formerly Philamlife Tower), 8767 Paseo de Roxas, Barangay Bel-Air, Makati City 1226, Philippines, after having been duly sworn in accordance with law do hereby certify that:

1. I am the duly elected and qualified Assistant Corporate Secretary of **SP NEW ENERGY CORPORATION** (formerly **Solar Philippines Nueva Ecija Corporation**) (the "Company"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 112 Legaspi Street, Legaspi Village, Barangay San Lorenzo, Makati City 1229, Philippines.

2. As Assistant Corporate Secretary, I have access to the corporate records of the Company.

3. Based on available corporate records, I certify that none of the members of the Board of Directors, including the independent directors and officers of the Company, are appointed/employees in any government agency as of the date of this Certification. I further certify that none of the nominees to the Board of Directors in the 2023 Special Stockholders' Meeting, including the independent directors and officers of the Company, are appointed to or are employees in any government agency as of the date of this Certification.

4. I am issuing this Certification on behalf of the Corporate Secretary as he is not available to sign the same.


5. This Certification is being issued in compliance with the directives of the Markets and Securities Regulation Department of the Securities and Exchange Commission.

~~OCT 10 2023~~ **WITNESS WHEREOF**, I have hereunto set my hand this OCT 15, 2023 day of _____ in MAKATI CITY, Philippines.

H. Lafuente
HAZEL IRIS P. LAFUENTE
Assistant Corporate Secretary

MAKATI CITY SUBSCRIBED AND SWORN TO before me on this 0CT 13 2023 day of 0CT 13 2023 in MAKATI CITY, Philippines, affiant appeared and exhibited to me her competent evidence of identity bearing her photograph and signature, Passport No. PO333462B, issued by the Department of Foreign Affairs in the City of Manila on 21 January 2019.

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Book No. 1
Series of 2023.


ATTY. KIMBERLY L. CASTAÑEDA
NOTARY PUBLIC UNTIL 31 DECEMBER 2024
Appointment No. M-497
20th Floor AIA Tower, Paseo De Roxas, Makati City
PTR No. 9569315 - 01/05/23 - Makati City
IBP No. 293776 - 01/10/23 - Makati City
Roll of Attorneys No. 63002
MCLE Compliance No. VII-0013095 03/23/2022

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

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CARLOS JOSE P. GATMAITAN**, of legal age, Filipino, and a resident of 1903 Sineguelas Street, Dasmariñas Village, Makati City 1222, Philippines, after having been duly sworn in accordance with law do hereby declare:

1. I am a nominee for independent director of **SP NEW ENERGY CORPORATION (formerly Solar Philippines Nueva Ecija Corporation)** (the "Company"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 112 Legaspi Street, Legaspi Village, Barangay San Lorenzo, Makati City 1229, Philippines, and have been its independent director since 2 July 2021.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Institute of Corporate Directors	Chief Executive Officer	2015 to Present
Global Power Solutions Asia, Inc.	Chairman	Up to Present
HG Empire, Inc.	Chairman	2012 to Present
Life Savings Bank	Independent Director Chairman of the Audit Committee	2018 to Present 2021 to Present
Ateneo Graduate School of Business	Faculty	2019 to Present
Jose Rizal University	Faculty	2020 to Present
University of Perpetual Help	Faculty	2021 to Present
Southeast Asian Interdisciplinary Development Institute	Faculty	2020 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of the Company, as provided for in Section 38 of the Securities Regulation Code ("SRC"), its Implementing Rules and Regulations ("IRR"), and other issuances of the Securities and Exchange Commission ("SEC").

4. To the best of my knowledge, I am not related in any capacity or degree to any director, officer, or substantial shareholder of the Company, any of its related companies, or any of its substantial shareholders.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service nor affiliated with a government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, the Code of Corporate Governance for Publicly Listed Companies, and other SEC issuances.


8. I shall inform the Corporate Secretary of the Company of any changes in the above-mentioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I have hereunto set my hand this OCT 13 2023 in MAKATI CITY, Philippines.


CARLOS JOSÉ P. GATMAITAN
Affiant

SUBSCRIBED AND SWORN TO before me in MAKATI CITY, Philippines this OCT 13 2023 day of OCT 13 2023 affiant appeared and exhibited to me his competent evidence of identity bearing his photograph and signature, Unified Multi-Purpose ID No. CRN-0111-7409731-7, issued by the Social Security System in Quezon City.

Doc. No. 295 :
Page No. 62 :
Book No. 1 :
Series of 2023.


ATTY. KIMBERLY L. CASTAÑEDA
NOTARY PUBLIC UNTIL 31 DECEMBER 2024
Appointment No. M-497
20th Floor AIA Tower, Paseo De Roxas, Makati City
PTR No. 9569315 - 01/05/23 - Makati City
IBP No. 293776 - 01/10/23 - Makati City
Roll of Attorneys No. 63002
MCLE Compliance No. VII-0013095 03/23/2022

ANNEX "D"

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

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **J. CARLITOS G. CRUZ**, of legal age, Filipino, and a resident of 27 Amsterdam Street, Merville Park Subdivision, Parañaque City 1709, Philippines, after having been duly sworn in accordance with law do hereby declare:

1. I am a nominee for independent director of **SP NEW ENERGY CORPORATION (formerly Solar Philippines Nueva Ecija Corporation)** (the "Company"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 112 Legaspi Street, Legaspi Village, Barangay San Lorenzo, Makati City 1229, Philippines, and have been its independent director since 2 July 2021.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
MPIC Beneficial Trust Fund	Independent Trustee	Less than 1 Year
MarCoPay Inc.	Independent Director	1 Year
Vivant Corporation	Independent Director	1 Year
MCP Finance Inc.	Independent Director	1 Year
MCP Insurance Management and Agency, Inc.	Independent Director	1 Year
Asialink Finance Corporation	Independent Director	1 Year
Global Dominion Financing Incorporated	Independent Director	1 Year
South Asialink Finance Corporation	Independent Director	1 Year
Solar Philippines Power Project Holdings, Inc.	Independent Director	2 Years
Transitional Diversified Group, Inc.	Independent Director	2 Years
Federal Land, Inc.	Independent Director	2 Years
SM Prime Holdings, Inc.	Independent Director	2 Years
Makati Business Club	Board of Trustee	3 Years and 6 Months
Philippine Institute of Certified Public Accountants	Member	40 Years
Management Association of the Philippines	Member	22 Years
Association of CPAs in Public Practice	Member	12 Years
Global Cebuana Finance Inc.	Independent Director	1 Month
Cebuana Cycle Financing Inc.	Independent Director	1 Month
AFC SME Finance Inc.	Independent Director	1 Month
Wisefund Finance Corp.	Independent Director	1 Month
Cepat Kredit Financing Inc.	Independent Director	1 Month
Annapolis Finance Inc.	Independent Director	1 Month

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of the Company, as provided for in Section 38 of the Securities Regulation Code ("SRC"), its Implementing Rules and Regulations ("IRR"), and other issuances of the Securities and Exchange Commission ("SEC").

4. To the best of my knowledge, I am not related in any capacity or degree to any director, officer, or substantial shareholder of the Company, any of its related companies, or any of its substantial shareholders.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service nor affiliated with a government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, the Code of Corporate Governance for Publicly Listed Companies, and other SEC issuances.

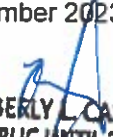
8. I shall inform the Corporate Secretary of the Company of any changes in the above-mentioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of OCT 13 2023 in MAKATI CITY, Philippines.


CARLITOS G. CRUZ
Affiant

SUBSCRIBED AND SWORN TO before me in MAKATI CITY, Philippines this ____ day of OCT 13 2023 affiant appeared and exhibited to me his competent evidence of identity bearing his photograph and signature, PRC ID No. 0049053, issued by the Professional Regulation Commission, valid until 30 November 2023.

Doc. No. 294
Page No. 12
Book No. 1
Series of 2023.


ATTY. KIMBERLY L. CASTAÑEDA
NOTARY PUBLIC UNTIL 31 DECEMBER 2024
Appointment No. M-497
20th Floor AIA Tower, Paseo De Roxas, Makati City
PTR No. 9569315 - 01/05/23 - Makati City
IBP No. 293776 - 01/10/23 - Makati City
Roll of Attorneys No. 63002
MCLE Compliance No. VII-0013095 03/23/2022

ANNEX "E"

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

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **BENJAMIN I. ESPIRITU**, of legal age, Filipino, and a resident of 6 Fernsville Street, White Plains, Quezon City 1110, Philippines, after having been duly sworn in accordance with law do hereby declare:

1. I am a nominee for independent director of **SP NEW ENERGY CORPORATION (formerly Solar Philippines Nueva Ecija Corporation)** (the "Company"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 112 Legaspi Street, Legaspi Village, Barangay San Lorenzo, Makati City 1229, Philippines, and have been its independent director since 2 July 2021.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Change Management International, Inc.	President and Chief Executive Officer	1998 to Present
Banco de Mindoro, Inc.	Chairman	2005 to Present
Risks, Opportunities, Assessment & Management (ROAM), Inc.	President	2014 to Present
Central Azucarera de Tarlac, Inc.	Independent Director	2013 to Present
Ormin Realty Corporation	Chairman and President	2000 to Present
Konstruktura Development Resources Corp.	Chairman and President	2015 to Present
Intrastrata Assurance Corporation	Director	2015 to Present
The Laudibus League Holdings, Inc.	Chairman	2014 to Present
B5 Group Corporation	Chairman and President	2006 to Present
EC Ventures Corporation	President	2006 to Present
A&A Realty Development Enterprises, Inc.	Director Managing Director	2005 to November 2021 November 2021 to Present
Gov. Arturo Arce Ignacio, Sr. Foundation, Inc.	Chairman and President	2005 to Present
Doña Lilia San Agustin Foundation, Inc.	Chairman and President	2006 to Present
Dizon Copper Silver Mines, Inc.	Independent Director	2014 to Present
Mindoro Chamber of Commerce & Industry, Inc.	President	2018 to Present

Philippine Marine Corps Board of Advisers	Chairman	2017 to Present
Philippine Marine Corps Foundation, Inc.	Trustee	2018 to Present
NiHao Mineral Resources International, Inc.	Independent Director	2019 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of the Company, as provided for in Section 38 of the Securities Regulation Code ("SRC"), its Implementing Rules and Regulations ("IRR"), and other issuances of the Securities and Exchange Commission ("SEC").

4. To the best of my knowledge, I am not related in any capacity or degree to any director, officer, or substantial shareholder of the Company, any of its related companies, or any of its substantial shareholders.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service nor affiliated with a government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, the Code of Corporate Governance for Publicly Listed Companies, and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the above-mentioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I have hereunto set my hand this OCT 05 2023 day of MAKATI CITY, Philippines.


BENJAMIN I. ESPIRITU
Affiant

MAKATI CITY

SUBSCRIBED AND SWORN TO before me in _____, Philippines this _____ day of OCT 05 2023 affiant appeared and exhibited to me his competent evidence of identity bearing his photograph and signature, Passport No. P7362258A, issued by the DFA NCR Central, valid until 28 May 2028.

Doc. No. 104
Page No. 32
Book No. 39
Series of 2023.



ATTY. SHERLUCK JUN C. VILLEGAS
Notary Public for Makati City
Appl. No. M-274 until Dec. 31, 2024
Unit 3C LTA Building, 118 Peron St.
Legaspi Village, Makati City
Roll No. 70942
IBP No. 180225/ 11-22-2020 Pasig City
PTR No. 9583991 / 01-17-2023/ Makati City
MCLE Compliance No. VII-0020669/April 14, 2025

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	6	2	7	3	0	0
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COMPANY NAME

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m	e	r	l	y			S	o	l	a	r			P	h	i	l	i	p	p	i	n	e	s		N	u	e	v	a		
E	c	i	j	a			C	o	r	p	o	r	a	t	i	o	n	,		a		S	u	b	s	i	d	i	a	r		
y		o	f				S	o	l	a	r			P	h	i	l	i	p	p	i	n	e	s		P	o	w	e	r		
r	o	j	e	c	t			H	o	l	d	i	n	g	s			I	n	c	.)			A	N	D		S	U	B	S
I	D	I	A	R	Y																											

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

1	1	2		L	E	G	A	S	P	I		S	T	R	E	E	T	,		L	E	G	A	S	P	I		V	I
L	L	A	G	E	,		B	A	R	A	N	G	A	Y		S	A	N		L	O	R	E	N	Z	O	,		
M	A	K	A	T	I		C	I	T	Y		1	2	2	9														

Form Type

A	C	F	S
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Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

Certificate of Permit to Offer Securities for Sale

COMPANY INFORMATION

Company's Email Address

spnec@solarphilippines.ph

Company's Telephone Number

(02) 8817-2585

Mobile Number

(+63) 998 888 9326

No. of Stockholders

19

Annual Meeting (Month / Day)

First Monday of May

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATIONThe designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Hazel Iris P. Lafuente

Email Address

corsec@solarphilippines.ph

Telephone Number/s

(02) 8817-2585

Mobile Number

(+63) 917 881 6684

CONTACT PERSON'S ADDRESS

20th Floor, AIA Tower (formerly Philamlife Tower), 8767 Paseo de Roxas, 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
SP New Energy Corporation
20th Floor AIA Tower
8767 Paseo de Roxas
Makati City

Opinion

We have audited the consolidated financial statements of SP New Energy Corporation (formerly Solar Philippines Nueva Ecija Corporation, a subsidiary of Solar Philippines Power Project Holdings, Inc.) (the Parent Company) and its subsidiary (collectively referred to as “the Group”), which comprise the consolidated statements of financial position as at December 31, 2022 and June 30, 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the period from July 1, 2022 to December 31, 2022 and for the years ended June 30, 2022 and 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 financial position of the Group as of December 31, 2022, and June 30, 2022, and its financial performance and its cash flows for the period from July 1, 2022 to December 31, 2022 and for the years ended June 30, 2022 and 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 the 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 matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment Assessment of Deposits for Land Acquisition

As of December 31, 2022, the Group has deposits for land acquisition with a carrying value of ₱2,026.9 million for the acquisition of parcels of land. Under PAS 36, *Impairment of Assets*, an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. Management's assessment of impairment considers information from various sources, including those about the land acquisition process and the related requirements, the current status of land acquisition, the timeline of activities and factors that may affect the timing of completion of the transaction. We considered this as a key audit matter because of the materiality of the amount involved, and the significant management judgment required in assessing whether there is any indication of impairment.

The related disclosures on the Group's deposits for land acquisition are included in Notes 3, 8 and 11 to the consolidated financial statements.

Audit Response

We obtained management's assessment on whether there is any indication that the deposits for land acquisition may be impaired. We read the contracts entered into by the Group and obtained an understanding of the significant provisions relevant to the assessment, such as the subject properties, payment terms, and rights and obligations of the contracting parties. In addition, we obtained supporting documents on the payments made by the Group, and inquired of the land acquisition process and the related requirements, the current status of land acquisition, the timeline of activities and factors that may affect the timing of completion of the transaction, and evaluated how management considered these information in their impairment assessment.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2022 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2022, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and 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.



If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 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
Jhoanna Feliza C. Go.

SYCIP GORRES VELAYO & CO.



Jhoanna Feliza C. Go

Partner

CPA Certificate No. 0114122

Tax Identification No. 219-674-288

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

SEC Partner Accreditation No. 114122-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. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025

PTR No. 9564628, January 3, 2023, Makati City

April 17, 2023



SP NEW ENERGY CORPORATION
(Formerly Solar Philippines Nueva Ecija Corporation,
A Subsidiary of Solar Philippines Power Project Holdings, Inc.)
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2022	June 30, 2022
ASSETS		
Current Assets		
Cash (Notes 4 and 16)	₱37,232,084	₱886,758,302
Subscription receivable (Notes 12 and 16)	651,115,661	–
Due from related parties (Notes 11 and 16)	821,388,320	541,700,000
Other current assets (Note 5)	18,638,843	20,789,388
Total Current Assets	1,528,374,908	1,449,247,690
Noncurrent Assets		
Deposits for land acquisition (Note 8)	2,026,892,396	621,499,933
Property, plant and equipment (Notes 1 and 7)	1,389,743,501	921,385,618
Investment properties (Note 6)	312,626,010	–
Right-of-use assets (Note 15)	281,490,123	286,910,494
Deferred income tax asset - net (Note 14)	10,201,126	10,466,264
Other noncurrent assets (Note 9)	654,395,146	114,218,371
Total Noncurrent Assets	4,675,348,302	1,954,480,680
TOTAL ASSETS	₱6,203,723,210	₱3,403,728,370
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 10, 11 and 16)	₱65,218,072	₱13,000,260
Due to a related party (Notes 11 and 16)	22,770,229	22,792,348
Current portion of lease liabilities (Notes 15 and 16)	4,538,676	4,538,676
Total Current Liabilities	92,526,977	40,331,284
Noncurrent Liabilities		
Lease liabilities - net of current portion (Notes 15 and 16)	298,599,744	289,340,172
Total Liabilities	391,126,721	329,671,456
Equity (Note 12)		
Capital stock	1,000,000,000	812,435,001
Additional paid-in capital	4,938,722,430	2,347,338,021
Deficit	(126,125,941)	(85,716,108)
Total Equity	5,812,596,489	3,074,056,914
TOTAL LIABILITIES AND EQUITY	₱6,203,723,210	₱3,403,728,370

See accompanying Notes to Consolidated Financial Statements.



SP NEW ENERGY CORPORATION

(Formerly Solar Philippines Nueva Ecija Corporation,
A Subsidiary of Solar Philippines Power Project Holdings, Inc.)

AND SUBSIDIARY**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****FOR THE PERIOD FROM JULY 1, 2022 TO DECEMBER 31, 2022 AND****FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	December 31, 2022 (Six Months)	June 30, 2022 (One Year)	June 30, 2021 (One Year)
INTEREST INCOME (Note 4)	₱2,398,960	₱548,180	₱6,090
EXPENSES (Note 13)	42,543,655	72,498,183	22,674,993
LOSS BEFORE INCOME TAX	40,144,695	71,950,003	22,668,903
PROVISION FOR (BENEFIT FROM) INCOME TAX - DEFERRED (Note 14)	265,138	(11,370,555)	904,291
NET LOSS	40,409,833	60,579,448	23,573,194
OTHER COMPREHENSIVE INCOME	—	—	—
TOTAL COMPREHENSIVE LOSS	₱40,409,833	₱60,579,448	₱23,573,194
Basic/Diluted Loss Per Share (Note 17)	₱0.0043	₱0.0087	₱0.0511

See accompanying Notes to Consolidated Financial Statements.

SP NEW ENERGY CORPORATION
(Formerly Solar Philippines Nueva Ecija Corporation,
A Subsidiary of Solar Philippines Power Project Holdings, Inc.)
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD FROM JULY 1, 2022 TO DECEMBER 31, 2022 AND FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	Capital Stock		Additional		
	Subscribed	Subscription Receivable	Paid-in Capital	Deficit	Total
Balances at June 30, 2020	₱250,000	(₱187,500)	₱—	(₱15,374,983)	(₱15,312,483)
Collection of subscription receivable (Note 12)	—	187,500	—	—	187,500
Issuance of shares of stock (Note 12)	542,185,000	—	21,250,000	—	563,435,000
Application of APIC against deficit (Note 12)	—	—	(21,034,193)	21,034,193	—
Stock issuance costs (Note 12)	—	—	(215,807)	(7,222,676)	(7,438,483)
Total comprehensive loss for the year	—	—	—	(23,573,194)	(23,573,194)
Balances at June 30, 2021	542,435,000	—	—	(25,136,660)	517,298,340
Issuance of shares of stock, net of stock issuance costs (Note 12)	270,000,001	—	2,329,338,021	—	2,599,338,022
Additional paid-in capital (Note 12)	—	—	18,000,000	—	18,000,000
Total comprehensive loss for the year	—	—	—	(60,579,448)	(60,579,448)
Balances at June 30, 2022	812,435,001	—	2,347,338,021	(85,716,108)	3,074,056,914
Issuance of shares of stock, net of stock issuance costs (Note 12)	187,564,999	—	2,591,384,409	—	2,778,949,408
Total comprehensive loss for the period	—	—	—	(40,409,833)	(40,409,833)
Balances at December 31, 2022	₱1,000,000,000	₱—	₱4,938,722,430	(₱126,125,941)	₱5,812,596,489

See accompanying Notes to Consolidated Financial Statements.



SP NEW ENERGY CORPORATION
(Formerly Solar Philippines Nueva Ecija Corporation,
A Subsidiary of Solar Philippines Power Project Holdings, Inc.)
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD FROM JULY 1, 2022 TO DECEMBER 31, 2022 AND
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	December 31, 2022 (Six Months)	June 30, 2022 (One Year)	June 30, 2021 (One Year)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	(P40,144,695)	(P71,950,003)	(P22,668,903)
Adjustments for:			
Interest accretion of lease liabilities (Note 15)	4,532,695	9,142,009	7,648,652
Amortization of right-of-use assets (Note 15)	2,584,193	5,420,370	4,038,265
Interest income (Note 4)	(2,398,960)	(548,180)	(6,090)
Unrealized foreign exchange loss (gain)	(545,388)	274,709	—
Provision for impairment of input VAT	—	—	109,091
Operating loss before working capital changes	(35,972,155)	(57,661,095)	(10,878,985)
Decrease (increase) in other current assets	2,150,545	(20,013,297)	(869,053)
Increase in accounts payable and accrued expenses	52,217,812	6,272,205	6,269,885
Cash used in operations	18,396,202	(71,402,187)	(5,478,153)
Interest received	2,398,960	548,180	6,090
Net cash flows from (used in) operating activities	20,795,162	(70,854,007)	(5,472,063)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Deposits for land acquisition (Note 8)	(1,405,392,463)	(541,700,000)	(537,000,000)
Other noncurrent assets (Note 9)	(540,176,775)	(112,848,087)	(802,361)
Property, plant and equipment (Note 7)	(460,794,829)	(906,749,770)	—
Investment properties (Note 6)	(312,626,010)	—	—
Due from related parties (Note 11)	(279,710,439)	(84,499,933)	—
Right-of-use assets (Note 15)	—	—	(20,121,600)
Cash flows used in investing activities	(2,998,700,516)	(1,645,797,790)	(557,923,961)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares of stock, net of subscription receivable and transaction costs (Note 12)	2,127,833,748	2,599,338,022	555,996,517
Additional capital contribution (Note 12)	—	18,000,000	—
Payment of lease liabilities (Note 15)	—	(14,004,465)	—
Net advances from related parties	—	—	7,425,725
Collection of subscription receivable (Note 12)	—	—	187,500
Net cash flows from financing activities	2,127,833,748	2,603,333,557	563,609,742
EFFECTS OF EXCHANGE RATE CHANGES ON CASH			
	545,388	(274,709)	—
NET INCREASE (DECREASE) IN CASH	(849,526,218)	886,407,051	213,718
CASH AT BEGINNING OF PERIOD	886,758,302	351,251	137,533
CASH AT END OF PERIOD (Notes 4 and 16)	P37,232,084	P886,758,302	P351,251

See accompanying Notes to Consolidated Financial Statements.



SP NEW ENERGY CORPORATION
(Formerly Solar Philippines Nueva Ecija Corporation,
A Subsidiary of Solar Philippines Power Project Holdings, Inc.)
AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

(a) Organization

SP New Energy Corporation (formerly Solar Philippines Nueva Ecija Corporation) (the “Parent Company” or “SPNEC”) was incorporated and registered with the Philippine Securities and Exchange Commission (“SEC”) on November 23, 2016, primarily to construct, erect, assemble, commission, operate and maintain power-generating plants, installations, shops, laboratories, pipelines, repair shops, electrical works, power houses, warehouses, terminals, and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; to promote and undertake research, development, utilization, manufacture, sale, marketing, distribution and commercial application of new, renewable, non-conventional and environment-friendly energy sources and systems including but not limited to solar, wind, water, heat, steam, ocean, tidal, biomass, biogas, chemical, mechanical, electrical, synthetic, agricultural, and other natural, fossil or non-fossil fuel based, artificial, organic or otherwise, and of energy systems that use new, renewable and any energy resources applying new and efficient energy conversion and/or utilization technologies for commercial application; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy. As of April 17, 2023, the Parent Company has not yet started commercial operations [see details in (b) The Project below].

The Parent Company and Terra Nueva, Inc. (“TNI”), its subsidiary, are hereby collectively referred to as the “Group”.

Solar Philippines Power Project Holdings, Inc. (“SPPPHI”), a company incorporated in the Philippines, is the ultimate parent company of SPNEC. As of December 31, 2022, SPPPHI holds 54.24% ownership of SPNEC’s outstanding common shares.

(b) The Project

On August 22, 2017, Solar Philippines Commercial Rooftop Projects, Inc. (“SPCRPI”), an affiliate of the Parent Company, was awarded Solar Energy Service Contract (“SESC”) No. 2017-06-404 for the exclusive right to explore and develop the Sta. Rosa Nueva Ecija 2 Solar Power Project (“the Project”), wherein SPCRPI shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in Santa Rosa, Peñaranda and San Leonardo, Nueva Ecija. On December 29, 2017, SPCRPI executed a Deed of Assignment transferring all its rights and obligations provided under the SESC No. 2017-06-404 to the Parent Company.



On February 23, 2018, the Department of Energy (“DOE”) acknowledged and approved the Deed of Assignment between SPCRPI and the Parent Company. Further, on that same day, the DOE issued and approved a new Certificate of Registration (“COR”) under the name of the Parent Company which recognizes the Parent Company as a Renewable Energy (“RE”) developer.

The Project is a 500 megawatt peak (“MWdc”) solar power plant project located in Nueva Ecija and is divided into two (2) Phases. The first phase of the Project is a 225 MWdc solar power plant (“Phase 1”) in Barangay Las Piñas, Peñaranda, Nueva Ecija with sub-phases of Phase 1A at 50 MWdc and Phase 1B at 175 MWdc. The Parent Company targets that Phase 1A shall be commissioned by mid-2023 while Phase 1B is planned to be commissioned by end of 2025. The second phase of the Project is a 275 MWdc solar power plant (“Phase 2”).

On August 20, 2019, the Parent Company has declared commerciality which the DOE confirmed via the release of the Certificate of Confirmation of Commerciality (“COCOC”) last November 15, 2021.

On December 27, 2021, the Parent Company began construction of Phase 1A (see Note 7).

(c) Initial Public Offering (“IPO”)

The Parent Company filed an application with the SEC for the registration and an application with the Philippine Stock Exchange, Inc. (“PSE”) for the listing of all its issued and outstanding stock on July 29, 2021 and August 20, 2021, respectively.

On November 29, 2021, the SEC and the PSE approved the application of the Parent Company for the listing of its 8,124,350,005 common shares on the Main Board of the PSE.

The common shares of the Parent Company consisting of 8,124,350,005 shares, inclusive of the primary offering of 2,700,000,000 common shares and the issued and outstanding shares of 5,424,350,005 common shares, were listed on the Main Board of the PSE on December 17, 2021 and are currently being traded under the stock symbol “SPNEC” (see Note 12).

(d) Stock Rights Offering (“SRO”)

On February 14, 2022, the Board of Directors (“BOD”) of the Parent Company approved the conduct of an SRO where eligible stockholders would have the opportunity to subscribe to shares, subject to terms to be determined by management and relevant regulatory requirements and approvals.

On August 25, 2022, the SEC and the PSE approved the application of the Parent Company for the listing of its 1,875,649,995 common shares on the Main Board of the PSE.

On September 15, 2022, the primary offering of 1,875,649,995 common shares were listed on the Main Board of the PSE (see Note 12).

(e) Share Swap

On February 24, 2022, the BOD of the Parent Company approved the acquisition of 100% of the outstanding shares of SPPPHI and affiliates in various entities (“Solar Philippines Assets”) (see Note 12).



On July 4, 2022, the BOD of the Parent Company approved the authorization to accept the transfer by way of donation of shares in Solar Philippines entities owned by Leandro Antonio L. Leviste (“LLL”), the Chairman, President and Chief Executive Officer of the Parent Company, or Countryside Investments Holdings Corporation (“CIHC”), including shares in SP Holdings, Inc. (“SPHI”), which are not directly held by SPPPHI.

(f) Change in Corporate Name and Fiscal Year

On August 8, 2022, the BOD of the Parent Company approved a resolution to amend the Articles of Incorporation and By-Laws to (1) change the corporate name from Solar Philippines Nueva Ecija Corporation to SP New Energy Corporation; and (2) change the Parent Company’s fiscal year from July 1 to June 30 of each year to January 1 to December 31 of each year. This was subsequently approved by the Parent Company’s stockholders on August 30, 2022.

On October 24, 2022, the SEC approved the application for amendment of the Parent Company’s Articles of Incorporation and By-Laws.

On October 28, 2022, the complete requirements for the change in accounting period for tax purposes were submitted to the Bureau of Internal Revenue (“BIR”). The BIR approved the change in accounting period on January 11, 2023.

(g) Principal Office Address

The registered business address of the Parent Company is at 20th Floor, AIA Tower (formerly Philamlife Tower), 8767 Paseo de Roxas, Makati City, Philippines 1226. The principal place of business based in the Articles of Incorporation is 112 Legaspi Street, Legaspi Village, Brgy. San Lorenzo, Makati City.

(h) Authorization for the Issuance of the Consolidated Financial Statements

The consolidated financial statements of the Group as of December 31, 2022 and June 30, 2022 and for the period from July 1, 2022 to December 31, 2022 and for the years ended June 30, 2022 and 2021 were authorized for issue by the BOD on April 17, 2023.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

Basis of Preparation

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

The amounts presented in the consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows and the related notes, which are for the six months ended December 31, 2022 and for the years ended June 30, 2022 and 2021, respectively, are not comparable.



Statement of Compliance

The consolidated financial statements 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.

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 starting July 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these new standards did not have an impact on the consolidated financial statements.

- 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, *Property, 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 which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. 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 Group's consolidated financial statements, based on the Group'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.

- Amendments to PAS 41, *Agriculture*, *Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary as at December 31, 2022 and June 30, 2022.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investees 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.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and 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 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 statements of comprehensive income from the date the Group gains control until the date the Parent Company ceases to control the subsidiary.



Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the NCI, even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and 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 a 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. Any investment retained is recognized at fair value.

Subsidiary

The Parent Company and its wholly owned subsidiary Terra Nueva, Inc. ("TNI"), were separately incorporated and registered with the Philippine SEC.

TNI was incorporated on August 31, 2022 primarily to invest in, purchase, or otherwise acquire, own, and hold on assets purely for investment purposes.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements 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;
- expected to be realized within twelve months after the reporting period;
- held primarily for the purpose of trading; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve 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 twelve (12) months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity do not affect its classification.

The Group classifies all other liabilities as noncurrent.

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

Cash

Cash in the consolidated statements of financial position comprise cash on hand and cash in banks.



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 financial assets at amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVPL). 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. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs.

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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four 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 FVPL

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 ("EIR") method and are subject to impairment. Gains and losses are recognized in the consolidated statements of comprehensive income when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash in banks, subscription receivable, due from related parties, surety and performance bond and cash bond deposit included under other current assets, as of December 31, 2022 and June 30, 2022 (see Notes 4, 5, 9, 11 and 16).



The Group has no financial assets at FVOCI and FVPL.

Financial liabilities

Loans and borrowings

Financial liabilities are classified in this category if these are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings.

Loans and borrowings are initially recognized at fair value of the consideration received, less directly attributable transaction costs. After initial recognition, such loans and borrowings are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any related issue costs, discount or premium. Gains and losses are recognized in the consolidated statements of comprehensive income when the liabilities are derecognized, as well as through the amortization process.

The Group's loans and borrowings include accounts payable and accrued expenses (excluding payable to employees and government agencies), due to a related party and lease liabilities as of December 31, 2022 and June 30, 2022 (see Notes 10, 11, 15 and 16).

As of December 31, 2022 and June 30, 2022, the Group has no financial liabilities at FVPL.

Derecognition of Financial Assets and Liabilities

Financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed obligation to pay them 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 the risks and rewards of the asset but has transferred the control of the asset.

Where the Group has transferred its right to receive cash flows from an asset or has entered into a "pass-through" arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

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

Financial liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where 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 exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.



Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (“ECLs”) for all financial assets except debt instruments held at FVPL. 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).

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position, if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an 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.

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 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.

Advances to Contractors

Advances to contractors pertain to advance payments made for purchases of construction materials, other services, and rental of equipment. Advances to contractors is measured on initial recognition at cost, and is reclassified to the proper asset or expense account and deducted from the contractor's billings as specified on the provision of the contract.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation, amortization and impairment in value, if any. The initial cost of property, plant and equipment consist of the purchase price including import duties, borrowing costs (during construction period) and other costs directly attributable to bringing the assets to its working condition and location for its intended use. Cost also includes the cost of replacing part of the property, plant and equipment, and the borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives, depreciation and amortization. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the 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 and amortization of an item of property, plant and equipment begin when it becomes 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. Depreciation and amortization cease at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized. Leasehold improvements are amortized over the lease term or the economic life of the related asset, whichever is shorter.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

An item of property, plant and equipment, and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.



The useful lives of property, plant and equipment are reviewed at each financial year-end and adjusted, prospectively, if appropriate.

Construction in progress represents structures under construction and is stated at cost, net of accumulated impairment losses, if any. This includes costs of construction and other direct costs. Costs also include interest on lease liability and amortization of right-of-use (“ROU”) assets incurred during the construction period. Construction in progress is not depreciated until such time that the assets are put into operational use.

It is the Group’s policy to classify ROU assets as part of property, plant and equipment. The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, 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 ROU assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. ROU assets are subject to impairment (refer to Impairment of Nonfinancial Assets policy).

Investment Properties

Investment properties include parcel of lands held by the Group for capital appreciation and are measured initially at cost less any impairment in value. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

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

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

Input Value-Added Tax (“VAT”)

Input VAT represents the VAT due or paid on purchases of goods and services that the Group can claim against any future liability to the BIR for output VAT from sale of goods and services. Input VAT is stated at cost less accumulated impairment losses, if any.



Deposits for Land Acquisition

Deposits for land acquisition pertain to non-refundable deposits and payments made in relation to the acquisition of parcels of land that are intended for future expansion, and are stated at the amount paid less any impairment in value. Upon successful transfer of title, the deposits for land acquisition will be reclassified to land as part of either investment property or property, plant and equipment.

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 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. An impairment loss is charged to profit or loss in the year in which it arises. In the case of input VAT, an allowance is provided for any portion of the input VAT that cannot be claimed against output VAT or recovered as tax credit against future income tax liability.

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 statements of comprehensive income.

Capital Stock

Capital stock is measured at par value and is classified as equity for all shares of stocks issued.

Additional paid-in capital ("APIC")

When the shares of stock are sold at premium, the difference between the proceeds and the par value is credited to the APIC account.

Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to the APIC account. If APIC is not sufficient, the excess is charged against the "Equity reserve" account.

Subscription Receivable

Subscription receivable represents shares of stock subscribed and issued by the Parent Company but payment from the shareholders has not yet been received. Subscription receivable is presented as current assets when it is expected to be collected within twelve months after the financial reporting date. Otherwise, this is presented as reduction from equity.



Retained Earnings (Deficit)

Retained earnings (deficit) represent the cumulative balance of periodic net income or loss, prior period adjustments, effect of changes in accounting policy and other capital adjustments. When the retained earnings account has a debit balance, it is called “deficit”. A deficit is not an asset but a deduction from equity.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Group assesses at contract inception all arrangements to determine whether it is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) ROU assets

Refer to ROU assets policy.

ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. 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.

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of vehicle (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). Lease payments on short-term leases is recognized as expense on a straight-line basis over the lease term.



Interest Income

Interest income is recognized as interest accrues, using the EIR method, which is 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.

Expenses

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

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 expenses relating to any provision are 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 profit or loss. Management periodically evaluates positions taken in the income tax returns with respect to situations in which applicable income tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax

Deferred income tax is provided using the balance sheet liability method on temporary differences between the income 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.

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.

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 (“OCI”) or directly in equity.

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

Earnings (Loss) Per Share (“EPS”)

Basic EPS is computed by dividing net income for the year attributable to common shareholders of the Group with the weighted average number of common shares outstanding during the year, after giving retroactive effect to any stock dividends or stock splits, if any, declared during the year.

Diluted EPS is computed in the same manner, with the net income for the year attributable to common shareholders of the Group and the weighted average number of common shares outstanding during the year, adjusted for the effect of all dilutive potential common shares. As of December 31, 2022 and June 30, 2022, the Group does not have any dilutive potential common shares. Hence, diluted EPS is the same as basic EPS.

Operating Segments

The Group has no operating segments as it has not yet commenced its commercial operations as of December 31, 2022 and June 30, 2022.

Contingencies

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

Events After the Financial Reporting Date

Events after the financial reporting date that provide additional information about the Group’s position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Events after the financial reporting date that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Future Changes in Accounting Policies

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements to have a significant impact on the consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

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*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

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*

3. Significant Accounting Estimate and Assumption

The consolidated financial statements prepared in accordance with PFRSs 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 consolidated financial statements. Actual results could differ from such estimates.

Judgments 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 items are those matters which the Group assess to have significant risks arising from estimation uncertainties:

Judgment

In the process of applying the Group's accounting policies, management has made the following judgment, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements. This judgment is based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements.

Determination of Control Over an Investee Company

Control is presumed to exist when an investor 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. The Group has established that it has the ability to control its subsidiary by virtue of 100% voting interest in the investee company.

Assessing Impairment of Deposits for Land Acquisition

The Group assesses at each financial reporting date whether there is indication that the deposits for land acquisition may be impaired. Management's assessment of impairment considers information from various sources, including those from the land acquisition process and the related requirements, the current status of land acquisition, the timeline of activities and factors that may affect the timing of completion of the transaction.

As of December 31, 2022 and June 30, 2022, management has assessed that there were no indicators that the deposits for land acquisition may be impaired. The carrying value of deposits for land acquisition amounted to ₱2,026.9 million and ₱621.5 million as of December 31, 2022 and June 30, 2022, respectively (see Notes 8 and 11).



Estimates

Estimating Useful Lives of ROU Assets

The Group estimates the useful lives of ROU assets based on the period over which each asset is expected to be available for use and on the collective assessment of industry practices, internal evaluation and experience with similar arrangements. The estimated useful life is revisited at the end of each financial reporting period and updated if expectations differ materially from previous estimates.

The carrying amount of ROU assets amounted to ₱281.5 million and ₱286.9 million as of December 31, 2022 and June 30, 2022, respectively (see Note 15).

Estimating Impairment of Financial Assets

The measurement of impairment losses under PFRS 9 across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows, including collectability, collateral values and other credit enhancements, when determining impairment losses. Increases or decreases to the allowance balance are recorded as general and administrative expenses in the consolidated statements of comprehensive income.

Under PFRS 9, *Financial Instruments*, additional judgments are also made in assessing a significant increase in credit risk in the case of financial assets measured using the general approach. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's impairment calculations are outputs of statistical models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the impairment models that are considered accounting judgments and estimates include:

- The Group's criteria for defining default and for assessing if there has been a significant increase in credit risk;
- The segmentation of financial and contract assets when impairment is assessed on a collective basis;
- The choice of inputs and the various formulas used in the impairment calculation;
- Determination of relationships between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and,
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the impairment models.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Measurement of expected credit losses

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- *Financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.



- *Financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

The Group leverages existing risk management indicators (e.g., internal credit risk classification and restructuring triggers), credit risk rating changes and reasonable and supportable information which allows the Group to identify whether the credit risk of financial assets has significantly increased.

No provision for ECL was recognized by the Group for the period from July 1, 2022 to December 31, 2022 and for the years ended June 30, 2022 and 2021. The aggregate carrying values of cash in banks, subscription receivable, due from related parties, performance bond and cash bond amounted to ₱1,525.2 million and ₱1,445.3 million as of December 31, 2022 and June 30, 2022, respectively (Notes 4, 5, 11, 12, and 16).

Estimating Impairment of Nonfinancial Assets

The Group assesses impairment of nonfinancial 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 including impact of COVID-19 pandemic.

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.

The carrying amounts of assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, or other external indicators) are as follows:

	December 31, 2022	June 30, 2022
Deposits for land acquisition (Note 8)	₱2,026,892,396	₱621,499,933
Property, plant and equipment (Notes 1 and 7)	1,389,743,501	921,385,618
Investment properties (Note 6)	312,626,010	–
Right-of-use assets (Note 15)	281,490,123	286,910,493
Other noncurrent assets (Note 9)	654,395,146	114,218,372
Balances at end of year	₱4,665,147,176	₱1,944,014,416

There were no indicators of impairment of nonfinancial assets for the period from July 1, 2022 to December 31, 2022 and for the years ended June 30, 2022 and 2021.



Estimating the Realizability of Deferred Income 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 carrying value of recognized deferred income tax assets amounted to ₱30.2 million and ₱31.0 million as of December 31, 2022 and June 30, 2022, respectively (see Note 14). The Group did not recognize deferred income tax assets on the carryforward benefits of unused net operating loss carryover (“NOLCO”) amounting to ₱254.4 million and ₱190.6 million as of December 31, 2022 and June 30, 2022, respectively, as management believes that there is no sufficient future taxable income to allow all or part of the deductible temporary difference to be utilized before its expiration (see Note 14).

4. Cash

	December 31, 2022	June 30, 2022
Cash in banks	₱37,132,084	₱886,658,302
Cash on hand	100,000	100,000
	₱37,232,084	₱886,758,302

Cash in banks earn interest at the respective bank deposit rates. Total interest earned on cash in banks, net of final tax, amounted to ₱2.4 million, ₱0.5 million and ₱6,090 for the period from July 1, 2022 to December 31, 2022 and for the years ended June 30, 2022 and 2021, respectively.

Cash in banks include the balance of escrow account where the net proceeds of the IPO and SRO of the Parent Company are deposited. As provided in the escrow agreement, the escrow agent shall release to the Parent Company the offer proceeds within five banking days from the receipt of an instruction letter from the Parent Company directing such release and certifying that the amount released shall be used solely in accordance with the purpose stated in the use of proceeds of IPO and/or SRO.

In the event of any change in the use of proceeds, the Parent Company shall provide the escrow agent with a copy of the certification by the Parent Company’s corporate secretary of the board resolution approving such new use of proceeds and a certification by the Parent Company’s corporate secretary that the new use of proceeds has been disclosed to the PSE in accordance with applicable PSE rules.

5. Other Current Assets

	December 31, 2022	June 30, 2022
Surety and performance bond (Note 20)	₱15,000,000	₱15,000,000
Prepaid premiums (Notes 13 and 20)	2,969,843	1,350,000
Cash bond deposit (Note 15)	552,038	552,038
Others	116,962	3,887,350
	₱18,638,843	₱20,789,388



As part of the bid requirements for the Contract Capacity of 280MWdc under the Green Energy Auction Program (“GEAP”) of DOE, the Parent Company acquired bid security bond and performance bond. In 2022, the Parent Company paid premiums exclusive of VAT and other charges of ₱1.35 million for the bid security bond which was valid until September 15, 2022, and ₱7.5 million for the performance bond which shall be valid until August 2, 2023 (see Note 20).

Premiums recognized for the period from July 1, 2022 to December 31, 2022 and for the years ended June 30, 2022 and 2021 amounted to ₱2.1 million and nil, respectively, presented in “Others” as part of “Expenses” in the consolidated statements of comprehensive income (see Note 13).

Others include advances to employees of SPPPHI used for the operations that are subject for liquidation within 30 days.

6. Investment Properties

As of December 31, 2022, investment properties primarily include parcels of land located in Nueva Ecija with a total area of 316.46 hectares. These properties were obtained by TNI from various landowners through various Deeds of Absolute Sale (“DOAs”) Agreements executed in 2022.

The total cost of the investment properties, including land-related costs amounted to ₱312.6 million as at December 31, 2022.

The Group did not recognize any rental income and direct operating expenses arising from the investment properties for the period from July 1, 2022 to December 31, 2022. As of December 31, 2022, the carrying amount of the investment properties approximate their fair values.

7. Property, Plant and Equipment

	December 31, 2022		
	Transportation Equipment	Construction in progress	Total
Cost:			
Balance at beginning of the period	₱–	₱921,385,618	₱921,385,618
Additions (Notes 9 and 15)	207,600	468,164,123	468,371,723
Balances at end of the period	207,600	1,389,549,741	1,389,757,341
Accumulated depreciation, amortization and impairment losses:			
Depreciation (Note 13)	13,840	–	13,840
Balances at end of the period	13,840	–	13,840
Net book value	₱193,760	₱1,389,549,741	₱1,389,743,501

	June 30, 2022
	Construction in progress
Cost:	
Balance at beginning of the period	₱–
Additions (Notes 9 and 15)	921,385,618
Balance at end of period	₱921,385,618

The construction in progress pertains to costs capitalized for the Project of the Parent Company (see Note 1).



8. Deposits for Land Acquisition

Memorandum of Agreements (“MOA”)

a) Provincia Investments Corporation (“PIC”)

On February 20, 2021, the Parent Company entered into a MOA with an affiliate, PIC, which MOA was later amended on March 3, 2021, to secure land for future expansion in excess of the capacity contemplated for the Project. The MOA covers certain parcels of land with a total area of 68.62 hectares.

In October 2022, PIC filed with the National Irrigation Authority (“NIA”) for the issuance of certificate of non-irrigation coverage for approximately 18.0 hectares. As of April 17, 2023, PIC is still awaiting the release of the NIA certification and is in the process of preparing the application for the next batch of lands that will be filed with NIA in 2023.

b) Lupang Hinirang Holdings Corporation (“LHHC”)

On April 19, 2021, the Parent Company entered into a MOA with an affiliate, LHHC, to secure land for future expansion in excess of the capacity contemplated for the Project. The MOA covers certain parcels of land with a total area of 56.81 hectares.

LHHC is finalizing the collation of all the necessary documentary requirements to be submitted to the DOE and Local Government Unit for the issuance of certification as priority project, and to the NIA for the issuance of certificate of non-irrigation coverage. LHHC aims to submit these documentary requirements to the appropriate government agencies in 2023.

As of December 31, 2022 and June 30, 2022, deposits for land acquisition related to these MOAs amounted to ₱537.0 million which represent full payment (see Note 11).

Contracts to Sell with Various Landowners

In 2022, the Group entered into Contracts to Sell (“CTS”) with various landowners for the acquisition of parcels of land intended for future expansion. These CTS with a total contract price of ₱2,600.8 million, including land-related costs, covers certain parcels of land with a total area of 1,601.93 hectares.

As of December 31, 2022 and June 30, 2022, deposits for land acquisition to various landowners, including land-related costs amounted to ₱1,489.9 million and ₱84.5 million, respectively (see Note 11). The remaining balance will be settled when the conditions under the CTS are satisfied.

9. Other Noncurrent Assets

	December 31, 2022	June 30, 2022
Deposits (Notes 11 and 16)	₱500,000,000	₱—
Input VAT	144,640,016	96,601,001
Deferred input VAT	480,000	1,200,000
Advances to contractors	—	8,295,392
Others (Note 15)	9,403,298	8,250,146
	654,523,314	114,346,539
Less allowance for impairment of input VAT	(128,168)	(128,168)
	₱654,395,146	₱114,218,371



Deposits pertain to the refundable deposit amounting to ₱500.0 million that TNI has provided to SPPPHI to facilitate and expedite the performance of services by SPPPHI under the Deposits and Services Agreement entered into by both parties (see Note 11).

Advances to contractors pertain to advance payments for the purchase of goods and services in connection with the construction of the Project (see Note 1).

10. Accounts Payable and Accrued Expenses

	December 31, 2022	June 30, 2022
Accounts payable (Note 11)	₱15,039,314	₱9,766,610
Withholding tax payable	47,298,615	691,094
Accrued expenses	2,836,359	2,538,034
Other payables	43,784	4,522
	₱65,218,072	₱13,000,260

Accounts payable are non-interest bearing and are normally settled within one year. Withholding tax payable pertains to withholding taxes on professional fees. Accrued expenses includes accrual of professional fees.

11. Related Party Transactions

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.

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

- a. Following are the Group's related party transactions for the period from July 1, 2022 to December 31, 2022 and for the years ended June 30, 2022 and 2021, and the related outstanding balances as of December 31, 2022 and June 30, 2022:



	Transactions during the periods ended			Outstanding balances as of		Terms	Conditions
	December 31, 2022 (Six Months)	June 30, 2022 (One Year)	June 30, 2021 (One Year)	December 31, 2022	June 30, 2022		
<i>Deposits (Note 9)</i>							
SPPPHI	₱500,000,000	₱–	₱–	₱500,000,000	₱–	Refundable, non-interest bearing	Unsecured; Not impaired
<i>Deposits for land acquisition (Note 8)</i>							
LHHC	₱–	₱–	₱270,000,000	₱270,000,000	₱270,000,000	Deposits; non-interest bearing	Unsecured; Not impaired
PIC	–	–	267,000,000	267,000,000	267,000,000	-do-	-do-
				₱537,000,000	₱537,000,000		
<i>Due from related parties</i>							
Ultimate Parent Company						Due and demandable; non-interest bearing	Unsecured; Not impaired
SPPPHI	₱8,700,000	₱–	₱–	₱8,700,000	₱–		
Affiliates:							
SPHI	251,890,000	–	–	793,590,000	541,700,000	-do-	-do-
SPCRPI	19,098,320	–	–	19,098,320	–	-do-	-do-
				812,688,320	541,700,000		
				₱821,388,320	₱541,700,000		
<i>Due to a related party</i>							
SPPPHI	₱–	₱6,966,300	₱4,945,000	₱22,770,229	₱22,792,348	Due and demandable; non-interest bearing	Unsecured
<i>Accounts payable (Note 10)</i>							
SPPPHI	₱80,800,000	₱24,000,000	₱4,000,000	₱12,700,000	₱9,700,000	Due and demandable; non-interest bearing	Unsecured
SMSC	23,450,790	–	–	2,339,094	–	-do-	-do-
				₱15,039,094	₱9,700,000		

a. SPPPHI

Deed of Assignment with SPPPHI

On January 11, 2021, a Deed of Assignment was entered into by the Parent Company, as the assignee, and SPPPHI, as the assignor, whereby, SPPPHI assigned to the Parent Company all of its rights and obligations under the September 6, 2016 lease agreement covering a total land area of 169.9 hectares, among others, and the Parent Company accepted and assumed all of the said rights and obligations thus assigned, pursuant to the said Deed of Assignment (see Note 15).

Management Services Agreement (“MSA”) with SPPPHI

On April 30, 2021, the Parent Company entered into a MSA with SPPPHI to provide executive and leadership support and execute its strategic direction while managing its business operations for a period from May 1, 2021 to April 30, 2023, renewable upon mutual agreement of both parties, for a monthly fee of ₱2.0 million, subject to 5% annual escalation.



The MSA covers all necessary administrative and advisory services on management, investment and technical matters involving the Parent Company's operations, including but not limited to human resources, legal, finance, and information technology.

Prior to May 2021, the administrative and finance functions of the Parent Company were being handled by SPPPHI at no cost to the Parent Company. Starting May 2021, the key administrative and finance functions are performed by SPPPHI through the MSA. Management fee recognized for the period from July 1, 2022 to December 31, 2022 and for the years ended June 30, 2022 and 2021 amounted to ₱12.8 million, ₱24.0 million and ₱4.0 million, respectively, presented as "Management fee" under "Expenses" in the consolidated statements of comprehensive income (see Note 13).

Construction Support Services Agreement ("CSSA") with SPPPHI

On September 30, 2022, the Parent Company entered into a CSSA with SPPPHI wherein SPPPHI shall provide support services, including engineering, procurement and construction ("EPC"), logistics, warehousing and other contractor-related services during the construction of the Project.

Construction support services recognized for the period from July 1, 2022 to December 31, 2022 and for the year ended June 30, 2022, amounted to ₱68.0 million, and nil, respectively, which were capitalized as part of construction in progress (see Note 7).

Site Acquisition Services Agreement ("SASA") between TNI and SPPPHI

On December 26, 2022, TNI entered into a SASA with SPPPHI which will cover site acquisition services covering a total area of 992.77 hectares for a consideration of ₱150.0 million, exclusive of VAT, from October 1, 2022 to December 31, 2022.

As of December 31, 2022, TNI has fully paid for the site acquisition services rendered by SPPPHI and has presented this as part of "Deposits for land acquisition" in the consolidated statement of financial position (see Note 8).

Deposit and Services Agreement between TNI and SPPPHI

On December 26, 2022, TNI entered into an agreement with SPPPHI, wherein SPPPHI shall provide assistance, representation, facilitation of documentation and submission of necessary documents and liaison with relevant government units, agencies and offices including government owned and controlled corporations to secure land use conversion orders from the Department of Agrarian Reform ("DAR") for the 992.77 hectares acquired by TNI and the delivery to TNI of the relevant conversion orders from the date of the agreement until

December 31, 2024. To facilitate and expedite the performance of the services by SPPPHI, TNI has provided SPPPHI a refundable deposit amounting to ₱500.0 million which is presented as "Deposits" as part of "Other noncurrent assets" in the consolidated statements of financial position (see Note 9).

b. LHHHC

MOA with LHHHC

On April 19, 2021, the Parent Company entered into a MOA with LHHHC to secure land covering a total area of 56.81 hectares for a total amount of ₱270.0 million (see Note 8).



c. PIC

MOA with PIC

On February 20, 2021, the Parent Company entered into a MOA with PIC, which was later amended on March 3, 2021, to secure land covering a total area of 68.62 hectares for a total amount of ₱267.0 million (see Note 8).

d. SPCRPI

Project Development Services Agreement (“PDSA”) and Amendment Agreement with SPCRPI

On September 30, 2022, the Parent Company entered into a PDSA with SPPPHI wherein SPPPHI shall provide project development services, including site identification, permitting and land acquisition, covering a total area of 925.61 hectares, for a consideration of ₱150.0 million, exclusive of VAT.

On October 5, 2022, SPPPHI assigned all of its rights and obligations under the PDSA to SPCRPI.

As of December 31, 2022, the Parent Company has fully paid the services rendered by SPCRPI and has presented this as part of “Deposits for land acquisition” in the consolidated statements of financial position (see Note 7).

CSSA with SPCRPI

On September 30, 2022, the Parent Company entered into a separate CSSA with SPCRPI wherein SPCRPI shall provide support services, including EPC, logistics, warehousing and other contractor-related services during the construction of the Project for a consideration of ₱100.0 million, exclusive of VAT.

On October 5, 2022, the parties agreed to amend the consideration of the CSSA from ₱100.0 million to ₱219.5 million, exclusive of VAT.

As of December 31, 2022, ₱219.5 million was capitalized as part of construction in progress (see Note 7).

e. Solar Maintenance Services Corporation (“SMSC”)

Support Services Agreement with SMSC

On September 29, 2022, the Parent Company entered into a Support Services Agreement with SMSC, an affiliate of the Parent Company, wherein SMSC shall provide support services during the construction and development of the Project. Manpower services recognized for the period from July 1, 2022 to December 31, 2022 and for the years ended June 30, 2022 and 2021, amounted to ₱23.5 million and nil, which was capitalized as part of construction in progress (see Note 7).



12. Equity

Capital Stock and Additional Paid-in Capital

The details of the Parent Company's capital stock as of December 31, 2022 and June 30, 2022 are as follows:

	December 31, 2022		June 30, 2022	
	Number of Shares	Amount	Number of Shares	Amount
Common shares - ₱0.1 par value per share				
Authorized	10,000,000,000	₱1,000,000,000	10,000,000,000	₱1,000,000,000
Issued and outstanding:				
Balances at beginning of period	8,124,350,005	₱812,435,001	5,424,350,000	₱542,435,000
Issuance of shares during the period	1,875,649,995	187,564,999	2,700,000,005	270,000,001
Balances at end of period	10,000,000,000	₱1,000,000,000	8,124,350,005	₱812,435,001

In July 2021, the Parent Company issued five (5) shares to the new directors.

In July 2021 and November 2021, the Parent Company entered into a Memorandum of Agreement with SPPPHI, whereby SPPPHI provided ₱16.0 million and ₱2.0 million, respectively, representing additional payment for shares previously issued. This was recognized as additional paid-in capital under equity.

IPO

On December 17, 2021, the Parent Company completed its IPO and was listed in the PSE under the stock symbol "SPNEC". The Parent Company issued 2,700,000,000 new common shares for a total consideration of ₱2,700.0 million, or at ₱1.00 per share. This resulted to an additional paid-in capital of ₱2,329.3 million, net of transaction costs amounting to ₱100.7 million.

Increase in Authorized Capital Stock

On January 10, 2022, the BOD of the Parent Company approved amendments in the Parent Company's Articles of Incorporation to increase the authorized capital stock from ₱1.0 billion divided into 10.0 billion common shares at ₱0.1 per share, to ₱5.0 billion divided into 50.0 billion common shares at ₱0.1 per share. This was subsequently approved by the stockholders of the Parent Company on March 7, 2022. The proposal to increase the Parent Company's authorized capital stock would enable the Parent Company to acquire other solar projects and fund the expansion of its portfolio.

As of April 17, 2023, the Parent Company is in the process of filing the required documents with the SEC.

SRO

On February 14, 2022, the BOD of the Parent Company approved the conduct of a SRO where eligible stockholders would have the opportunity to subscribe to shares, subject to terms to be determined by management and relevant regulatory requirements and approvals.



On March 28, 2022, pursuant to the approval of its BOD, the Parent Company confirmed its plan to file the SRO based on its current unissued authorized capital stock of 1,875,649,995 shares, at an entitlement ratio of 1 share for every 1.28 shares held (from its current public float of 2,399,614,000 shares), at an offer price range that has been fixed at ₱1.60 to ₱1.76 per share, with the middle of this range being ₱1.68 per share.

On April 8, 2022, the Parent Company filed with the SEC an application for Confirmation of Exempt Transaction covering the common shares to be issued relative to the SRO, pursuant to Section 10.1(e) (in respect of the Rights Offer) and 10.1(l) (in respect of the QB Take-Up) of the Securities Regulation Code (“SRC”) under which the exemption is based. The SEC issued the Confirmation of Exempt Transaction on July 19, 2022.

On August 18, 2022, the Parent Company notified the PSE of the final offer price of ₱1.50 per share, and offered the option to pay in installments, with a down payment of 25% and the balance of 75% within three months of the offer period.

On September 15, 2022, the Parent Company completed its SRO and issued 1,875,649,995 new common shares for a total consideration of ₱2,813.5 million or at ₱1.50 par value. This resulted to an additional paid-in capital of ₱2,591.4 million, net of transaction costs of ₱34.5 million.

On December 1, 2022, the Parent Company extended the payment period for partially paid Right Shares for a period of three months, from December 5, 2022 to March 5, 2023.

As of December 31, 2022, subscription receivable resulting from those that subscribed on installment payment amounted to ₱651.1 million. As of April 17, 2023, the Company has already received at least 99.84% of the payments and is currently coordinating with the relevant parties for the completion of the requirements of its SRO.

Share Swap

On February 24, 2022, the BOD of the Parent Company approved the acquisition of 100% of the outstanding shares of SPPPHI and affiliates in various entities (“Solar Philippines Assets”) including but not limited to:

- Solar Philippines Calatagan Corporation
- Solar Philippines Tarlac Corporation
- Solar Philippines Batangas Baseload Corporation
- Solar Philippines Batangas Corporation
- Solar Philippines Central Luzon Corporation
- Solar Philippines Central Visayas Corporation
- Solar Philippines Eastern Corporation
- Solar Philippines Retail Electricity, Inc.
- Solar Philippines Rooftop Corporation
- Solar Philippines South Luzon Corporation
- Solar Philippines Southern Mindanao Corporation
- Solar Philippines Southern Tagalog Corporation
- Solar Philippines Tarlac Baseload Corporation
- Solar Philippines Visayas Corporation
- Solar Philippines Western Corporation
- Laguna Solar Rooftop Corporation
- Solar Philippines Tanauan Corporation
- Terra Solar Philippines, Inc.



- SP Holdings, Inc.
- Solar Philippines Commercial Rooftop Projects, Inc.

The Parent Company would acquire the Solar Philippines Assets through an asset-for-share swap, with SPPPHI subscribing to 24,373,050,000 shares of the Parent Company at ₱2.50 per share (“Share Swap”). This Share Swap is supported by a third-party valuation and fairness opinion by an independent valuation and fairness opinion provider accredited with the SEC and PSE. The Solar Philippines Assets would serve as the Parent Company’s subscription payment for the increase in its authorized capital stock from 10 billion common shares to 50 billion common shares.

Pledge of Parent Company’s Shares owned by SPPPHI

On June 25, 2021, SPPPHI executed a pledge over all the Parent Company’s shares it holds to secure a loan by its affiliate, PIC, from AC Energy Corporation (“ACEN”). The pledged stock certificates of the Parent Company’s shares were delivered to and is in the custody of the lender. The lender has agreed to provisionally return the stock certificates representing the pledged shares and to have the same placed under escrow for the exclusive purpose of enabling the IPO.

On January 25, 2023, SPPPHI executed definitive agreements with ACEN to provide 500 million shares of SPNEC as pre-payment for part of the loan’s principal and payment of interest, other fees, and in consideration of ACEN releasing its pledge over shares owned by SPPPHI in SPNEC.

13. Expenses

	December 31, 2022 (Six Months)	June 30, 2022 (One Year)	June 30, 2021 (One Year)
Management fee (Note 11)	₱12,800,000	₱24,000,000	₱4,000,000
Taxes and licenses	6,848,628	10,592,654	1,453,987
Professional fees	6,401,289	6,540,000	2,652,032
Interest accretion of lease liabilities (Note 15)	4,532,695	9,142,009	7,648,652
Amortization of right-of-use assets (Note 15)	2,584,193	5,420,370	4,038,265
Penalties and surcharges	1,819,212	48,055	—
Supplies	1,395,501	409,081	—
Advertising	784,398	—	—
PSE Filing Fee	—	12,465,411	—
Bid-related costs	—	1,634,000	1,909,091
Others (Notes 5 and 7)	5,377,739	2,246,603	972,966
	₱42,543,655	₱72,498,183	₱22,674,993

For the period from July 1, 2022 to December 31, 2022, other expenses include premiums, notarial fees, trust fees, utilities, depreciation expense and travel expenses.



14. Income Taxes

There is no provision for current income tax for the periods ended December 31, 2022 and June 30, 2022 due to the Group's net taxable loss positions.

The reconciliation of income tax benefit at the statutory income tax rates to the provision for (benefit from) income tax are as follows:

	December 31, 2022 (Six Months)	June 30, 2022 (One Year)	June 30, 2021 (One Year)
Income tax benefit at statutory income tax rate	(P4,170,289)	(P7,195,000)	(P2,266,890)
Adjustments for:			
Movements in unrecognized deferred income tax assets	8,254,469	5,908,169	3,849,747
Transaction costs charged to APIC and retained earnings	(3,452,558)	(10,066,198)	(743,848)
Interest income subject to final tax	(744,149)	(54,818)	(609)
Nondeductible expenses	377,665	37,292	65,891
Provision for (benefit from) deferred income tax	P265,138	(P11,370,555)	P904,291

The components of the Group's recognized deferred income tax assets and liabilities follow:

	December 31, 2022	June 30, 2022
Deferred income tax asset on lease liability	P30,219,583	P31,026,757
Deferred income tax liability on ROU asset	(20,018,457)	(20,560,493)
Net deferred income tax asset	P10,201,126	P10,466,264

As of December 31, 2022, the Group has NOLCO for which no deferred income tax assets have been recognized as follows:

Period Incurred	Valid Until	Amount
July 1, 2022 to December 31, 2022	December 31, 2025	P68,221,542
July 1, 2021 to June 30, 2022	June 30, 2027	172,229,330
January 1 to June 30, 2021	June 30, 2026	6,762,211
January 1 to December 31, 2020	December 31, 2025	7,162,169
		P254,375,252



The movements in NOLCO are as follows:

	For the six-month period ended*	For the year ended
Balances at beginning of period	₱190,618,674	₱19,078,574
Additions	68,221,542	172,229,330
Expirations	(4,464,964)	(689,230)
Balances at end of period	₱254,375,252	₱190,618,674

*The beginning of period applicable for December 31, 2022 is July 1, 2022 as a result of the change in fiscal year (see Note 1).

No deferred income tax asset was recognized on the carryforward benefits of NOLCO as of December 31, 2022 and June 30, 2022 amounting to ₱254.8 million and ₱190.6 million, respectively, as management estimates that there would be no sufficient future taxable income yet to allow all or part of the deductible temporary difference to be utilized prior to their expiration.

Bayanihan to Recover as One Act (Bayanihan 2)

On September 30, 2020, the BIR issued Revenue Regulations (“RR”) No. 25-2020 implementing Section 4 of Bayanihan 2 which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

15. Leases

- In 2019, the Parent Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on January 1, 2019 with a one (1) year rent-free period plus 25-year term. Further, the lease is subject for renewal of 5 years upon mutual agreement by the parties.
- On January 11, 2021, a Deed of Assignment was entered between the Parent Company, as the assignee, and SPPPHI, as the assignor, whereby, SPPPHI assigned all of its rights and obligations under the September 6, 2016 lease agreement for certain parcels of land with a total area of 179.6 hectares in Peñaranda, Nueva Ecija. The Parent Company accepted and assumed all of the said rights and obligations thus assigned, in pursuance of the said Deed of Assignment. Further, as agreed by the parties, the lease of the updated total land area of 169.9 hectares commenced in March 2021.
- In May 2021, the Parent Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 81.75 hectares. The land was made available for use on the execution date of the contract with a one (1) year rent-free period plus 25-year term. Further, the lease is subject for renewal of five (5) years upon mutual agreement by the parties.
- ROU assets as of December 31, 2022 and June 30, 2022 are as follows:

	December 31 2022	June 30, 2022
Balances at beginning of period	₱286,910,494	₱297,751,234
Amortization capitalized to construction in progress*	(2,836,178)	(5,420,370)
Amortization during the period (Note 13)	(2,584,193)	(5,420,370)
Balances at end of period	₱281,490,123	₱286,910,494

*Incurred during the construction period (see Notes 1 and 7)



- e. Lease liabilities as of December 31, 2022 and June 30, 2022 are as follows:

	December 31 2022*	June 30, 2022
Balances at beginning of period	₱293,878,848	₱289,525,826
Interest expense capitalized to construction in progress *	4,726,877	9,215,478
Interest expense (Note 13)	4,532,695	9,142,009
Payments	—	(14,004,465)
Total lease liabilities	303,138,420	293,878,848
Current portion of lease liabilities	(4,538,676)	(4,538,676)
Noncurrent portion of lease liabilities	₱298,599,744	₱289,340,172

*Incurred during the construction period (see Notes 1 and 7)

- f. The following are the amounts recognized for the period from July 1, 2022 to December 31, 2022 and for the years ended June 30, 2022 and 2021 in the consolidated statements of comprehensive income:

	December 31, 2022 (Six Months)	June 30, 2022 (One Year)	June 30, 2021 (One Year)
Interest accretion of lease liabilities	₱4,532,695	₱9,142,009	₱7,648,652
Amortization of ROU assets	2,584,193	5,420,370	4,038,265
Total amount recognized in the consolidated statements of comprehensive income	₱7,116,888	₱14,562,379	₱11,686,917

- g. As of December 31, 2022 and June 30, 2022, cash bond deposit amounting to ₱0.6 million, pertain to cash bond deposits paid to DAR for the conversion of leased land from agricultural to industrial land.
- h. On April 30, 2021, the Parent Company received the DAR order for the conversion of 169.9 hectares of leased land. On October 11, 2021, the DAR issued the Certificate of Finality to the Parent Company to effectively cause the conversion of said land from agricultural to industrial classification.
- i. On December 28, 2022, the Parent Company received the DAR order for the conversion of 83.8 hectares of leased lands.

16. Financial Instruments and Financial Risk Management

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash, subscription receivable, due from related parties, performance bond, cash bond deposit, accounts payable and accrued expenses, due to a related party and lease liabilities. The main purpose of these financial instruments is to finance the Group's operations.



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

The Group has exposure to liquidity and credit risks from the uses of its financial instruments. The BOD reviews and approves the policies for managing this risk as summarized below:

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.

With respect to the credit risk arising from other financial assets of the Group, which comprise cash in banks, due from related parties, performance bond and cash bond deposit, the Group's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The Group's cash in banks, subscription receivable, due from related parties, performance bond and cash bond deposit amounted to ₱1,525.2 million and ₱1,445.3 million as of December 31, 2022 and June 30, 2022, respectively.

Cash in banks

For cash in banks, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Due from related parties, performance bond and cash bond deposit

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. The credit quality is further classified and assessed by reference to historical information about each of the counterparty's historical default rates. Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, the Group has assessed that the outstanding balances are exposed to low credit risk. ECL on these balances have therefore been assessed as insignificant.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Group's credit standing.

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



The tables below show the maturity profile as of December 31, 2022 and June 30, 2022 of the Group's financial assets used for liquidity purposes based on contractual undiscounted cash flows, and financial liabilities based on contractual undiscounted payments:

	December 31, 2022				
	On Demand	< 1 Year	1 to 5 Years	More than 5 Years	Total
	(In Thousand Pesos)				
Financial assets at amortized cost:					
Cash in banks	₱37,132	₱—	₱—	₱—	₱37,132
Subscription receivable	651,116	—	—	—	651,116
Due from related parties	821,388	—	—	—	821,388
Performance bond and cash bond deposit	15,552	—	—	—	15,552
	₱1,525,188	₱—	₱—	₱—	₱1,525,188
Financial liabilities at amortized cost:					
Accounts payable	₱15,039	₱—	₱—	₱—	₱15,039
Accrued expenses	2,836	—	—	—	2,836
Due to a related party	22,770	—	—	—	22,770
Lease liabilities	4,539	4,539	101,981	567,270	678,329
	₱45,185	₱4,539	₱101,981	₱567,270	₱718,975

	June 30, 2022				
	On Demand	< 1 Year	1 to 5 Years	More than 5 Years	Total
	(In Thousand Pesos)				
Financial assets at amortized cost:					
Cash in banks	₱886,658	₱—	₱—	₱—	₱886,658
Due from related parties	541,700	—	—	—	541,700
Performance bond and cash bond deposit	15,552	—	—	—	15,552
	₱1,443,910	₱—	₱—	₱—	₱1,443,910
Financial liabilities at amortized cost:					
Accounts payable	₱9,767	₱—	₱—	₱—	₱9,767
Accrued expenses	2,538	—	—	—	2,538
Due to a related party	22,792	—	—	—	22,792
Lease liabilities	4,539	4,539	91,597	577,654	678,329
	₱39,636	₱4,539	₱91,597	₱577,654	₱713,426

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 in banks, subscription receivable, due from related parties, performance bond, cash bond, accounts payable and accrued expenses and due to a related party

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

Lease liabilities

The fair values for the Group's lease liabilities are estimated using the discounted cash flow methodology adjusted for credit risk (Level 3 of the fair value hierarchy). The discount rates used are 8.59% and 7.46% as at December 31, 2022 and June 30, 2022, respectively. The fair value of the lease liabilities amounted to ₱233.1 million and ₱253.4 million as of December 31, 2022 and June 30, 2022 respectively, while the carrying value of the lease liabilities amounted to ₱303.1 million and ₱293.9 million as of December 31, 2022 and June 30, 2022, respectively.

As of December 31, 2022 and June 30, 2022, the fair value of lease liabilities are measured using Level 3 valuation technique. For the years ended December 31, 2022 and June 30, 2022, there were no transfers into and out of Level 3 fair value measurements.



Capital Management

The Group manages its capital structure and makes adjustments to it, in light of changes in business and economic conditions. To maintain or adjust the capital structure, the Group may issue new shares. No significant changes have been made in the objectives, policies and processes of the Group for the for the period from July 1, 2022 to December 31, 2022 and for the years ended June 30, 2022 and 2021.

The Group considers the following as its core capital:

	December 31, 2022	June 30, 2022
Capital stock	₱1,000,000,000	₱812,435,001
Additional paid-in capital	4,938,722,430	2,347,338,021
Deficit	(126,125,941)	(85,716,108)
	₱5,812,596,489	₱3,074,056,914

As of December 31, 2022 and June 30, 2022, the Group was able to meet its capital management objectives.

17. **Basic/Diluted Loss Per Share**

The basic/diluted loss per share amounts were computed as follows:

	December 31, 2022 (Six Months)	June 30, 2022 (One Year)	June 30, 2021 (One Year)
(a) Net loss attributable to equity holders of the Parent Company	₱40,409,833	₱60,579,448	₱23,573,194
(b) Weighted average number of common shares outstanding	9,374,783,335	6,999,350,005	461,195,834
Basic/diluted loss per share (a/b)	₱0.0043	₱0.0087	₱0.0511

The Group does not have any dilutive potential common shares as at December 31, 2022 and June 30, 2022.

18. **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:

- 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, 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.

In November 2022, the DOE issued Department Circular No. 2022-11-0034 which amends the Implementing Rules and Regulations of the Act. The amendment removes the nationality requirement imposed on the business engaged in the exploration, development, and utilization of solar, wind, hydropower and ocean energy, thereby allowing the entry of foreign capital into the country’s renewable energy industry.

19. Changes in Liabilities Arising From Financing Activities

December 31, 2022

	July 1, 2022	Cash flows	Others	December 31, 2022
Due to a related party	₱22,792,348	₱–	(₱22,119)	₱22,770,229
Lease liabilities	293,878,848	–	9,259,572	303,138,420
Total liabilities from financing activities	₱316,671,196	₱–	₱9,237,453	₱325,908,649

June 30, 2022

	July 1, 2021	Cash flows	Others	June 30, 2022
Due to a related party	₱22,792,348	₱–	₱–	₱22,792,348
Lease liabilities	289,525,826	(14,004,465)	18,357,487	293,878,848
Total liabilities from financing activities	₱312,318,174	(₱14,004,465)	₱18,357,487	₱316,671,196

June 30, 2021

	July 1, 2020	Cash flows	Others	June 30, 2021
Due to a related party	₱15,366,623	₱7,425,725	₱–	₱22,792,348
Lease liabilities	45,275,983	–	244,249,843	289,525,826
Total liabilities from financing activities	₱60,642,606	₱7,425,725	₱244,249,843	₱312,318,174



20. Other Matters

Change in Allocation of IPO Proceeds

On December 20, 2021, the BOD of the Parent Company approved the following:

- a) Pending the use of IPO proceeds for future land acquisitions and capital expenditures, effective by January 19, 2022, to allow the Parent Company to allocate such IPO proceeds towards bid bonds, bid security, and other expenses for potential off-take agreements, to enable the Parent Company to be responsive to contracting opportunities as soon as they arise, in support of the Parent Company's strategy to pursue off-take on an opportunistic basis.
- b) The authority to transact with financial institutions to secure bid bonds and bid security for the projects of the Parent Company.
- c) Subject to applicable law, rules and regulations to be clarified, the incorporation and funding of wholly-owned subsidiaries to hold the IPO's use of proceeds and to receive instructions from the Parent Company for the use of such proceeds.
- d) The authority to file and submit all compliance, disclosures and any other reportorial requirements of the Parent Company to the relevant regulatory agencies and the PSE.
- e) Other ancillary powers and authorities necessary and proper for the execution of the above approvals.

On February 14, 2022, the BOD of the Parent Company approved the acquisition of land in support of the Parent Company's plan to develop ten (10) gigawatt of solar projects, to be funded from proceeds of a rights offering and the proceeds from its IPO, as available, and the delegation of authority to the Parent Company's President or his authorized representative to determine the location, particular parcels and terms for such land, and authority to execute contracts for this purpose.

On April 6, 2022, the BOD of the Parent Company approved the authorization to allocate IPO proceeds to advance funding for pursuing off-take agreements and developing projects for Terra Renewables Holdings, Inc. ("Terra") and its associated developments to SPHI, given that SPHI is a shareholder in Terra and that SPHI is to be a subsidiary by the Parent Company, provided this would only be from the excess of the amount needed by Phase 1A of the Nueva Ecija solar project and would form part of the expansion of the Parent Company's projects.

Renewable Power Supply Agreement with Angeles Electric Corporation ("AEC")

On October 14, 2021, the Parent Company expressed its interest to participate in the Competitive Selection Process ("CSP") of AEC, a distribution utility in Pampanga Province for the supply of renewable energy to AEC.

On December 7, 2021, the Parent Company was determined to be the winning supplier for the said bidding.

On February 7, 2022, the Parent Company secured a 10-year Offtake Agreement with AEC, under which the Parent Company will supply AEC 97.8 MWh daily, representing a portion of the Project's capacity to supply energy once completed. The Offtake Agreement awarded is for a term of ten (10) years commencing on March 26, 2023, or upon ERC approval, whichever comes later. Since the Parent Company has excess capacity beyond this Offtake Agreement, the Parent Company intends to continue to pursue additional Offtake Agreements through contracting on an opportunistic basis with RESs, and/or Distribution utilities ("DUs") by participating in further CSPs. In the absence of additional Offtake Agreements, the Parent Company intends to supply its excess generation power through the Wholesale Electricity Spot Market.



On January 23, 2023, the Parent Company and AEC jointly filed the PSA with the ERC. As of April 17, 2023, the Parent Company and AEC are still awaiting approval from the ERC.

The Parent Company provided a performance bond in relation to the project amounting to ₱15.0 million valid until May 25, 2023. The performance bond is presented as part of “Other current assets” in the consolidated statements of financial position (see Note 5).

Green Energy Auction Program (“GEAP”)

On June 24, 2022, the Parent Company was awarded as one of the winning bidders by the DOE on its First Green Energy Auction Round. The Parent Company will supply the electricity from the 280MWdc Santa Rosa Nueva Ecija 2 Solar Power Project. The winning bids under the GEAP, which are expected to commence operations between 2023 and 2025, will be awarded 20-year power supply agreements. In 2022, the Parent Company submitted a surety bond as one of the requirements for the bidding process, and a performance bond pursuant to the requirements of the program.

As of December 31, 2022 and June 30, 2022, prepaid premiums amounted to ₱2.8 million and ₱1.35 million, respectively, presented as part of “Other current assets” in the consolidated statements of financial position (see Note 5).

21. Events After the Financial Reporting Date

Investment by Metro Pacific Investments Corporation (“MPIC”) in SPNEC

In March 2023, MPIC has entered into a sale and purchase agreement with SPPPHI to acquire 16% equity stake or 1,600,000,000 shares in SPNEC for an aggregate consideration of ₱2.0 billion.

The completion of the transaction is subject to the satisfaction of certain conditions precedent, including the procurement of regulatory approvals and execution of a separate agreement which will, among others, grant the MPIC Group the option to increase its interest in SPNEC to 43% of its outstanding shares after SPNEC increases its authorized capital stock from ₱10.0 billion to ₱50.0 billion through an asset-for-share swap which involves the infusion of SPPPHI assets into SPNEC.

Memorandum of Agreements (“MOA”) between SPPPHI and Prime Infrastructure, Inc. (“Prime”)

On February 9, 2023, the BOD of SPNEC approved the MOAs between SPPPHI and Prime for their joint ventures in Terra Solar Philippines, Inc. (“TSPI”), Solar Tanauan Corporation (“Solar Tanauan”), and Solar Philippines Tarlac Corporation (“Solar Tarlac”). The MOAs cover the following:

- a) Amendments to the Shareholders’ Agreement of TSPI between SPPPHI and Prime to streamline the decision-making process and reach agreements efficiently and commercially via deadlock resolution mechanisms. On this basis, the parties agreed to continue their joint venture in TSPI. TSPI has signed a 850 MWac Mid-Merit Power Supply Agreement (“PSA”) with Manila Electric Company (“Meralco”) with a scheduled delivery date by the first quarter of 2026, and plans to break ground within 2023.
- b) Sale of common shares in Solar Tanauan by SPPPHI to Prime for ₱1.0 billion upon execution of the agreements, which would result in Prime owning 100% of Solar Tanauan (with the proceeds of this sale going to SPNEC after the share swap, subject to regulatory approval). Solar Tanauan has a PSA with Meralco for 50 MWac, has secured over 140 hectares of land, and is currently under construction.



- c) Redemption or purchase of preferred shares in Solar Tarlac of Prime by Solar Tarlac or SPPPHI for ₱1.5 billion plus accrued dividends by or before March 31 2024, which, with additional equity, would result in SPPPHI (or SPNEC after the share swap) owning 100% of Solar Tarlac. Solar Tarlac has a PSA with Meralco for 85 MWac, has secured over 140 hectares of land, and currently has 100 MW operating and 50 MW under construction.

Terms of the MOAs will apply to SPNEC upon the completion of its share swap with SPPPHI.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
SP New Energy Corporation
20th Floor AIA Tower
8767 Paseo de Roxas
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of SP New Energy Corporation (formerly Solar Philippines Nueva Ecija Corporation, a subsidiary of Solar Philippines Power Project Holdings, Inc.) and its subsidiary (collectively referred to as the "Group") as at December 31, 2022 and June 30, 2022, and for the period from July 1, 2022 to December 31, 2022 and for the years ended June 30, 2022 and 2021, included in this Form 17-A, and have issued our report thereon dated April 17, 2023. Our audits were made for the purpose of forming an opinion on the 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 consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Jhoanna Feliza C. Go

Partner

CPA Certificate No. 0114122

Tax Identification No. 219-674-288

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

SEC Partner Accreditation No. 114122-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. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025

PTR No. 9564628, January 3, 2023, Makati City

April 17, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
SP New Energy Corporation
20th Floor AIA Tower
8767 Paseo de Roxas
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of SP New Energy Corporation (formerly Solar Philippines Nueva Ecija Corporation, a subsidiary of Solar Philippines Power Project Holdings, Inc.) and its subsidiary (collectively referred to as the "Group") as at December 31, 2022 and June 30, 2022, and for the period from July 1, 2022 to December 31, 2022 and for the years ended June 30, 2022 and 2021, and have issued our report thereon dated April 17, 2023. Our audits were made for the purpose of forming an opinion on the 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 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 December 31, 2022 and June 30, 2022, and for the period from July 1, 2022 to December 31, 2022 and for the years ended June 30, 2022 and 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Jhoanna Feliza C. Go

Partner

CPA Certificate No. 0114122

Tax Identification No. 219-674-288

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

SEC Partner Accreditation No. 114122-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. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025

PTR No. 9564628, January 3, 2023, Makati City

April 17, 2023



SP NEW ENERGY CORPORATION
(Formerly Solar Philippines Nueva Ecija Corporation,
a Subsidiary of Solar Philippines Power Project Holdings, Inc.)
AND SUBSIDIARY

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2022

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

SP NEW ENERGY CORPORATION
(Formerly Solar Philippines Nueva Ecija Corporation,
a Subsidiary of Solar Philippines Power Project Holdings, Inc.)

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2022

Deficit, July 1, 2022		(P85,716,108)
Add: Deferred tax assets		(10,466,264)
Deficit, July 1, 2022, as adjusted		(96,182,372)
Net loss during the year closed to deficit	(P36,002,217)	
Less: Non-actual/unrealized income (net of tax)		
Benefit from income tax - deferred	265,138	
Net loss actually incurred for the year		(35,737,079)
TOTAL DEFICIT, December 31, 2022		(P131,919,451)



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **SP New Energy Corporation (Consolidated)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as of December 31, 2022 and June 30, 2022 and for the Period from July 1, 2022 to December 31, 2022 and for the Years Ended June 30, 2022 and 2021 in accordance with Philippine Financial Reporting Standards, 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 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 & Co., the independent auditors, 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.

A handwritten signature in blue ink, appearing to be "L. Leviste", written over a horizontal line.

LEANDRO L. LEVISTE
Chairman of the Board/CEO

Passport No.: P0049385C
Expiry date: May 12, 2032

A handwritten signature in blue ink, appearing to be "H. Lafuente", written over a horizontal line.

HAZEL IRIS P. LAFUENTE
Assistant Treasurer

Passport No.: P0333462B
Expiry date: January 20, 2029

Signed this ____ day of _____ 2023.

SUBSCRIBED AND SWORN TO BEFORE ME, this 17 APR 2023 at
MAKATI CITY, Affiants exhibiting their Competent Evidence of Identity:

Leandro L. Leviste	Passport P0049385C	Expiring 12 May 2032
Hazel Iris P. Lafuente	Passport P0333462B	Expiring on 20 January 2029

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Book
Series of 2023

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NOTARY PUBLIC

AL B. NATIVIDAD
Commission No. M-173
Notary Public for Makati City
Until December 31, 2023
Unit 202, IDC Plaza Building,
Zapote cor. Kalayaan Ave., Makati City
Roll No. 66626 / 06-23-16
PTR No. 9565565; 01/03/23; Makati
IBP Lifetime No. 015123; 06-13-16; Manila IV
MCLE Compliance No. VII-0013294; 03-24-22

Solar Philippines Nueva Ecija Corporation

INDEX TO SUPPLEMENTARY SCHEDULES
Form 17-A, Item 7

Supplementary Schedules

- A. Financial Assets
- B. Amounts Receivable from Directors, Officers, Employees,
and Principal Stockholders (Other than Related Parties)
- C. Amounts Receivable from Related Parties which are Eliminated
during the Consolidation of Financial Statements
- D. Long-Term Debt (*not applicable*)
- E. Indebtedness to Related Parties
- F. Guarantees of Securities of Other Issuers (*not applicable*)
- G. Capital Stock

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION**SCHEDULE A - FINANCIAL ASSETS**

As of December 31, 2022

FINANCIAL ASSETS	Name of Issuing Entity & association of each use	Amount shown in the balance sheet	Income received and accrued
Loans and receivables: Cash and cash equivalents Trade Receivables Due from related parties Loans and notes receivables Advances to employees Non-trade Accounts Receivables Long term receivables Debt Service Reserve Account Financial assets at FVOCI Equity Investments Debt investments Financial asset at FVPL Derivative Assets		37,232,084 821,388,320	2,398,960
TOTAL		858,620,404	2,398,960

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION**SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**

As of December 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Accounts Written-off	Current	Not Current	Balance at End of Period
Employees	17,923	978,082	(916,807)	-	79,198	-	79,198
Directors							
TOTAL	17,923	978,082	(916,807)	-	79,198	-	79,198

Note: The Company keeps the information on the name & designation of employees and other details confidential. As per written agreement with the concerned employees, any outstanding balance at the time of retirement shall be deducted from the retirement benefit proceeds.

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION

SCHEDULE C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

As of December 31, 2022

Name of Related Party	Balance at July 1, 2022	Additions	Amounts Collected	Offsetting	Reclassification	Cumulative Translation Adjustment	Current	Non- Current	Amount Eliminated
Terra Nueva, Inc.	-	1,603,059,243	-	-	-	-	1,603,059,243	-	1,603,059,243
TOTAL	-	1,603,059,243	-	-	-	-	1,603,059,243	-	1,603,059,243

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION
SCHEDULE D - LONG-TERM DEBT
As of December 31, 2022

Title of Issue and Type of Obligation	Amount Authorized by Indenture		Balance at		Current Portion of Long-Term Debt		Long-Term Debt (Net of Current Portion)		Interest Rate	Amount and Number of Periodic Payments				Maturity Date
	(In original currency)	(In PhP)	(In original currency)	(In PhP)	(In original currency)	(In PhP)	(In original currency)	(In PhP)		(In original currency)		(Approx in PhP)	Periodic Payments	
TOTAL		-		-		-		-						

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES
As of December 31, 2022

Name of Related Parties	Balance at beginning of period	Balance at end of period
SOLAR PHILIPPINES POWER PROJECT HOLDINGS, INC.	22,792,348.00	22,770,229.00

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION
SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS
As of December 31, 2022

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Nature of guarantee

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION
SCHEDULE G - CAPITAL STOCK
As of December 31, 2022

Title of Issue	Number of shares authorized	Number of shares outstanding	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Number of shares held by Directors and key executive officers
Common Share	10,000,000,000	10,000,000,000		5,424,349,998	6

ANNEX "I"

SP New Energy Corporation
(formerly Solar Philippines Nueva Ecija Corporation, a Subsidiary of Solar Philippines Power Project Holdings, Inc.)
and Subsidiary

Unaudited Interim Condensed Consolidated
Financial Statements
March 31, 2023
(With Comparative Audited Figures as of
December 31, 2022)
and For the Three-Month Periods Ended
March 31, 2023 and 2022

SP NEW ENERGY CORPORATION
(Formerly Solar Philippines Nueva Ecija Corporation,
A Subsidiary of Solar Philippines Power Project Holdings, Inc.)
AND SUBSIDIARY

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS
OF FINANCIAL POSITION

As at March 31, 2023

(With Comparative Audited Figures as at December 31, 2022)

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash (Notes 3 and 14)	₱288,116,317	₱37,232,084
Subscription receivable (Note 11 and 14)	1,319,056	651,115,661
Due from related parties (Notes 10 and 14)	901,888,320	821,388,320
Other current assets (Note 4)	18,302,798	18,638,843
Total Current Assets	1,209,626,491	1,528,374,908
Noncurrent Assets		
Deposits for land acquisition (Notes 7 and 10)	2,174,311,774	2,026,892,396
Property, plant and equipment (Notes 1 and 6)	1,527,146,881	1,389,743,501
Investment properties (Note 5)	317,089,929	312,626,010
Right-of-use assets (Note 13)	278,779,938	281,490,123
Other noncurrent assets (Note 8)	665,663,603	664,596,272
Total Noncurrent Assets	4,962,992,125	4,675,348,302
TOTAL ASSETS	₱6,172,618,616	₱6,203,723,210
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 9, 10 and 14)	₱58,597,572	₱65,218,072
Due to a related party (Notes 10 and 14)	22,770,229	22,770,229
Current portion of lease liabilities (Notes 13 and 14)	4,538,676	4,538,676
Total Current Liabilities	85,906,477	92,526,977
Noncurrent Liabilities		
Lease liabilities - net of current portion (Notes 13 and 14)	298,682,801	298,599,744
Total Liabilities	384,589,278	391,126,721
Equity (Note 11)		
Capital stock	1,000,000,000	1,000,000,000
Additional paid-in capital	4,938,722,430	4,938,722,430
Deficit	(150,693,092)	(126,125,941)
Total Equity	5,788,029,338	5,812,596,489
TOTAL LIABILITIES AND EQUITY	₱6,172,618,616	₱6,203,723,210

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

SP NEW ENERGY CORPORATION
(Formerly Solar Philippines Nueva Ecija Corporation,
A Subsidiary of Solar Philippines Power Project Holdings, Inc.)
AND SUBSIDIARY

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022

	2023	2022
INTEREST INCOME (Note 3)	₱344,659	₱287,814
EXPENSES (Note 12)	24,911,810	22,144,813
LOSS BEFORE INCOME TAX	24,567,151	21,856,999
BENEFIT FROM DEFERRED INCOME TAX	—	(9,234,371)
NET LOSS	24,567,151	12,622,628
OTHER COMPREHENSIVE INCOME	—	—
TOTAL COMPREHENSIVE LOSS	₱24,567,151	₱12,622,628
Basic/Diluted Loss Per Share (Note 15)	₱0.0025	₱0.0016

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

SP NEW ENERGY CORPORATION
(Formerly Solar Philippines Nueva Ecija Corporation,
A Subsidiary of Solar Philippines Power Project Holdings, Inc.)
AND SUBSIDIARY

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022**

	Capital Stock	Additional Paid-in Capital	Deficit	Total
Balances at January 1, 2023	₱1,000,000,000	₱4,938,722,430	(₱126,125,941)	₱5,812,596,489
Total comprehensive loss for the period	—	—	(24,567,151)	(24,567,151)
Balances at March 31, 2023	₱1,000,000,000	₱4,938,722,430	(150,693,092)	₱5,788,029,338
Balances at January 1, 2022	₱812,435,001	₱2,362,016,064	(₱60,781,142)	₱3,113,669,923
Transaction costs charged against APIC	—	(14,678,043)	—	(14,678,043)
Total comprehensive loss for the period	—	—	(12,622,628)	(12,622,628)
Balances at March 31, 2022	₱812,435,001	₱2,347,338,021	(₱73,403,770)	₱3,086,369,252

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

SP NEW ENERGY CORPORATION**(Formerly Solar Philippines Nueva Ecija Corporation,
A Subsidiary of Solar Philippines Power Project Holdings, Inc.)****AND SUBSIDIARY****UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF
CASH FLOWS****FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(₱24,567,151)	(₱21,856,999)
Adjustments for:		
Interest accretion of lease liabilities (Note 13)	2,258,295	–
Amortization of right-of-use assets (Note 13)	1,292,096	–
Unrealized foreign exchange loss (gain)	(417,332)	10,385
Interest income (Note 3)	(344,659)	(287,814)
Operating loss before working capital changes	(21,778,751)	(22,134,428)
Decrease (increase) in other current assets	336,045	(14,052)
Increase in accounts payable and accrued expense	(6,620,500)	(77,485,570)
Cash used in operations	(28,063,206)	(99,634,050)
Interest received	344,659	287,814
Net cash flows used in operating activities	(27,718,547)	(99,346,236)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Deposits for land acquisition (Note 7)	(147,419,378)	(27,686,591)
Property, plant and equipment (Note 6)	(133,621,853)	(2,520,149)
Due from related parties (Note 10)	(80,500,000)	–
Investment properties (Note 5)	(4,463,919)	–
Advances to contractors (Note 8)	–	(382,640,706)
Other noncurrent assets (Note 8)	(1,067,331)	(18,051,889)
Cash flows used in investing activities	(367,072,481)	(430,899,335)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collection of subscription receivable (Note 11)	649,796,605	–
Transaction cost from issuance of shares (Note 11)	–	(14,678,043)
Payments of lease liabilities (Note 13)	(4,538,676)	(4,538,676)
Net cash flows from (used in) financing activities	645,257,929	(19,216,719)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	417,332	(10,385)
NET INCREASE (DECREASE) IN CASH	250,884,233	(549,472,675)
CASH AT JANUARY 1	37,232,084	2,684,140,206
CASH AT MARCH 31 (Notes 3 and 14)	₱288,116,317	₱2,134,667,531

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

SP NEW ENERGY CORPORATION
(Formerly Solar Philippines Nueva Ecija Corporation,
A Subsidiary of Solar Philippines Power Project Holdings, Inc.)
AND SUBSIDIARY

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

1. Corporate Information

(a) Organization

SP New Energy Corporation (formerly Solar Philippines Nueva Ecija Corporation) (the “Parent Company” or “SPNEC”) was incorporated and registered with the Philippine Securities and Exchange Commission (“SEC”) on November 23, 2016, primarily to construct, erect, assemble, commission, operate and maintain power-generating plants, installations, shops, laboratories, pipelines, repair shops, electrical works, power houses, warehouses, terminals, and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; to promote and undertake research, development, utilization, manufacture, sale, marketing, distribution and commercial application of new, renewable, non-conventional and environment-friendly energy sources and systems including but not limited to solar, wind, water, heat, steam, ocean, tidal, biomass, biogas, chemical, mechanical, electrical, synthetic, agricultural, and other natural, fossil or non-fossil fuel based, artificial, organic or otherwise, and of energy systems that use new, renewable and any energy resources applying new and efficient energy conversion and/or utilization technologies for commercial application; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy. As of May 12, 2023, the Parent Company has not yet started commercial operations [see details in (b) The Project below].

The Parent Company and Terra Nueva, Inc. (“TNI”), its subsidiary, are hereby collectively referred to as the “Group”.

Solar Philippines Power Project Holdings, Inc. (“SPPPHI”), a company incorporated in the Philippines, is the ultimate parent company of SPNEC. As of May 12, 2023, SPPPHI holds 33.24% ownership of SPNEC’s outstanding common shares.

(b) The Project

On August 22, 2017, Solar Philippines Commercial Rooftop Projects, Inc. (“SPCRPI”), an affiliate of the Parent Company, was awarded Solar Energy Service Contract (“SESC”) No. 2017-06-404 for the exclusive right to explore and develop the Sta. Rosa Nueva Ecija 2 Solar Power Project (“the Project”), wherein SPCRPI shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in Santa Rosa, Peñaranda and San Leonardo, Nueva Ecija. On December 29, 2017, SPCRPI executed a Deed of Assignment transferring all its rights and obligations provided under the SESC No. 2017-06-404 to the Parent Company.

On February 23, 2018, the Department of Energy (“DOE”) acknowledged and approved the Deed of Assignment between SPCRPI and the Parent Company. Further, on that same day, the DOE issued and approved a new Certificate of Registration (“COR”) under the name of the Parent Company which recognizes the Parent Company as a Renewable Energy (“RE”) developer.

The Project is a 500 megawatt peak (“MWdc”) solar power plant project located in Nueva Ecija and is divided into two (2) Phases. The first phase of the Project is a 225 MWdc solar power plant (“Phase 1”) planned for completion by the end of 2023. The second phase of the Project is a 275 MWdc solar power plant (“Phase 2”) is planned for completion by the end of 2024.

On August 20, 2019, the Parent Company has declared commerciality which the DOE confirmed via the release of the Certificate of Confirmation of Commerciality (“COCOC”) last November 15, 2021.

On December 27, 2021, the Parent Company began construction of Phase 1A (see Note 7).

(c) Initial Public Offering (IPO)

The Parent Company filed with the SEC and the Philippine Stock Exchange, Inc. (PSE) for the registration and application for the listing of all its issued and outstanding stock on July 29, 2021 and August 20, 2021, respectively.

On November 29, 2021, the SEC and the PSE approved the application of the Parent Company for the listing of its 8,124,350,005 common shares on the Main Board of the PSE.

The common shares of the Parent Company consisting of 8,124,350,005 shares, inclusive of the primary offering of 2,700,000,000 common shares and the issued and outstanding shares of 5,424,350,005 common shares, were listed on the Main Board of the PSE on December 17, 2021 and are currently being traded under the stock symbol "SPNEC" (see Note 10).

(d) Stock Rights Offering (SRO)

On February 14, 2022, the BOD of the Parent Company approved the conduct of an SRO where eligible stockholders would have the opportunity to subscribe to shares, subject to terms to be determined by management and relevant regulatory requirements and approvals.

On August 25, 2022, the SEC and the PSE approved the application of the Parent Company for the listing of its 1,875,649,995 common shares on the Main Board of the PSE.

On September 15, 2022, the primary offering of 1,875,649,995 common shares were listed on the Main Board of the PSE (see Note 10).

(e) Share Swap

On February 24, 2022, the BOD of the Parent Company approved the acquisition of 100% of the outstanding shares of SPPPHI and affiliates in various entities (“Solar Philippines Assets”) (see Note 11).

On July 4, 2022, the BOD of the Parent Company approved the authorization to accept the transfer by way of donation of shares in Solar Philippines entities owned by Leandro Antonio L. Leviste (“LLL”), the Chairman, President and Chief Executive Officer of the Parent Company, or

Countryside Investments Holdings Corporation (“CIHC”), including shares in SP Holdings, Inc. (“SPHI”), which are not directly held by SPPPHI.

On May 5, 2023, the BOD of the Parent Company approved the modified acquisition by the Parent Company of 100% of the Solar Philippines Assets to be at cost and paid in cash, in lieu of a tax-free share swap, from the proceeds of SPPPHI subscribing in cash at par for 24.37305 billion shares. This is being done, among other reasons, for the efficient implementation of the increase in authorized capital stock and the Option Agreement between MPIC, SPPPHI, and SPNEC (see Note 17).

(f) Change in Corporate Name and Fiscal Year

On August 8, 2022, the BOD of the Parent Company approved a resolution to amend the Articles of Incorporation and By-Laws to (1) change the corporate name from Solar Philippines Nueva Ecija Corporation to SP New Energy Corporation; and (2) change the Parent Company’s fiscal year from July 1 to June 30 of each year to January 1 to December 31 of each year. This was subsequently approved by the Parent Company’s stockholders on August 30, 2022.

On October 24, 2022, the SEC approved the application for amendment of the Parent Company’s Articles of Incorporation and By-Laws.

On October 28, 2022, the complete requirements for the change in accounting period for tax purposes were submitted to the Bureau of Internal Revenue (“BIR”). The BIR approved the change in accounting period on January 11, 2023.

(g) Principal Office Address

The registered business address of the Parent Company is at 20th Floor, AIA Tower (formerly Philamlife Tower), 8767 Paseo de Roxas, Makati City, Philippines 1226. The principal place of business based in the Articles of Incorporation is 112 Legaspi Street, Legaspi Village, Brgy. San Lorenzo, Makati City.

(h) Authorization for the Issuance of the Financial Statements

The unaudited interim condensed consolidated financial statements of the Group as of March 31, 2023 and for the three-month periods ended March 31, 2023 and 2021 were authorized for issue by the BOD on May 12, 2023.

2. Basis of Preparation and Changes to the Group’s Accounting Policies

Basis of Preparation

The unaudited interim consolidated financial statements of the Group as of March 31, 2023 and for the three-month periods ended March 31, 2023 and 2021 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at December 31, 2022.

The unaudited interim condensed consolidated financial statements of the Group 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 ₱, unless otherwise indicated.

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of new standards effective as of January 1, 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the unaudited interim condensed consolidated financial statements of the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments had no impact on the Group's unaudited interim condensed consolidated financial statements.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments had no impact on the Group's unaudited interim condensed consolidated financial statements.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

The amendments had no impact on the Group's unaudited interim condensed consolidated financial statements.

3. Cash

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash in banks	₱288,016,317	₱37,132,084
Cash on hand	100,000	100,000
	₱288,116,317	₱37,232,084

Cash in banks earn interest at the respective bank deposit rates. Total interest earned on cash in banks, net of final tax, amounted to ₱344,659 and ₱287,814 for the three-month periods ended March 31, 2023 and 2022, respectively.

Cash in banks include the balance of escrow account where the net proceeds of the IPO and SRO of the Parent Company are deposited. As provided in the escrow agreement, the escrow agent shall release to the Parent Company the offer proceeds within five banking days from the receipt of an instruction letter from the Parent Company directing such release and certifying that the amount released shall be used solely in accordance with the purpose stated in the use of proceeds of IPO and/or SRO.

In the event of any change in the use of proceeds, the Parent Company shall provide the escrow agent with a copy of the certification by the Parent Company's corporate secretary of the board resolution approving such new use of proceeds and a certification by the Parent Company's corporate secretary that the new use of proceeds has been disclosed to the PSE in accordance with applicable PSE rules.

4. Other Current Assets

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Surety and performance bond (Notes 13 and 16)	₱15,000,000	₱15,000,000
Prepaid premiums (Note 12 and 16)	1,697,053	2,969,843
Cash bond deposit (Note 13)	552,038	552,038
Others	1,053,707	116,962
	₱18,302,798	₱18,638,843

As part of the bid requirements for the Contract Capacity of 280MWdc under the Green Energy Auction Program ("GEAP") of DOE, the Parent Company acquired bid security bond and performance bond. In 2022, the Parent Company paid premiums exclusive of VAT and other charges of ₱1.35 million for the bid security bond which was valid until September 15, 2022, and ₱7.5 million for the performance bond which shall be valid until August 2, 2023 (see Note 16).

Others include advances to employees of the Parent Company used for the operations that are subject for liquidation within 30 days.

5. Investment Properties

As of March 31, 2023, investment properties primarily include parcels of land located in Nueva Ecija with a total area of 316.46 hectares. These properties were obtained by TNI from various landowners through various Deeds of Absolute Sale (“DOAs”) Agreements executed in 2022.

As of March 31, 2023 and December 31, 2022, the total cost of the investment properties, including land-related costs amounted to ₱317.1 million and ₱312.6 million, respectively.

The Group did not recognize any rental income and direct operating expenses arising from the investment properties for the period from January 1, 2023 to March 31, 2023. As of March 31, 2023 and December 31, 2022, the carrying amount of the investment properties approximate their fair values.

6. Property, Plant and Equipment

	March 31, 2023 (Unaudited)		
	Transportation Equipment	Construction in progress	Total
Cost:			
Balance at beginning of the period	₱207,600	₱1,389,549,741	₱1,389,757,341
Additions (Notes 8 and 13)	–	137,413,760	137,413,760
Balances at end of the period	207,600	1,526,963,501	1,527,171,101
Accumulated depreciation, amortization and impairment losses:			
Balance at beginning of the period	₱13,840	₱–	₱13,840
Depreciation (Note 12)	10,380	–	10,380
Balances at end of the period	24,220	–	24,220
Net book value	₱183,380	₱1,526,963,501	₱1,527,146,881

	December 31, 2022 (Audited)		
	Transportation Equipment	Construction in progress	Total
Cost:			
Balance at beginning of the period	₱–	₱921,385,618	₱921,385,618
Additions (Notes 8 and 13)	207,600	468,164,123	468,371,723
Balances at end of the period	207,600	1,389,549,741	1,389,757,341
Accumulated depreciation, amortization and impairment losses:			
Depreciation (Note 12)	13,840	–	13,840
Balances at end of the period	13,840	–	13,840
Net book value	₱193,760	₱1,389,549,741	₱1,389,743,501

The construction in progress pertains to costs capitalized for the Project of the Parent Company (see Note 1).

7. Deposits for Land Acquisition

Memorandum of Agreements (“MOA”)

a) Provincia Investments Corporation (“PIC”)

On February 20, 2021, the Parent Company entered into a MOA with an affiliate, PIC, which MOA was later amended on March 3, 2021, to secure land for future expansion in excess of the capacity contemplated for the Project. The MOA covers certain parcels of land with a total area of 68.62 hectares.

In October 2022, PIC filed with the National Irrigation Authority (“NIA”) for the issuance of certificate of non-irrigation coverage (“CNIC”) for approximately 18.0 hectares. The Parent Company aims to accomplish the collation of the necessary documents for the CNIC application no later than July 2023. As of May 12, 2023, PIC is still awaiting the release of the NIA certification and is in the process of preparing the application for the next batch of lands that will be filed with NIA within 2023.

b) Lupang Hinirang Holdings Corporation (“LHHC”)

On April 19, 2021, the Parent Company entered into a MOA with an affiliate, LHHC, to secure land for future expansion in excess of the capacity contemplated for the Project. The MOA covers certain parcels of land with a total area of 56.81 hectares.

LHHC is finalizing the collation of all the necessary documentary requirements to be submitted to the DOE and Local Government Unit for the issuance of certification as priority project, and to the NIA for the issuance of certificate of non-irrigation coverage. LHHC aims to submit these documentary requirements to the appropriate government agencies within 2023.

As of March 31, 2023 and December 31, 2022, deposits for land acquisition related to these MOAs amounted to ₱537.0 million which represent full payment (see Note 10).

Contracts to Sell with Various Landowners

In 2022, the Group entered into Contracts to Sell (“CTS”) with various landowners for the acquisition of parcels of land intended for future expansion. These CTS with a total contract price of ₱2,600.8 million, including land-related costs, covers certain parcels of land with a total area of 1,601.93 hectares.

In 2023, the Group entered into additional CTS with various landowners. These additional CTS has a total contract price of ₱154.6 million, including land-related costs, covers certain parcels of land with a total area of 100.2 hectares.

As of March 31, 2023 and December 31, 2022, deposits for land acquisition to various landowners, including land-related costs amounted to ₱1,637.3 million and ₱1,489.9 million, respectively (see Note 10). The remaining balance will be settled when the conditions under the CTS are satisfied.

8. Other Noncurrent Assets

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Deposits (Note 10 and 14)	₱500,000,000	₱500,000,000
Input VAT	145,707,347	144,640,016
Deferred income tax asset - net	10,201,126	10,201,126
Deferred input VAT	480,000	480,000
Others (Note 13)	9,403,298	9,403,298
	665,791,771	664,724,440
Less allowance for impairment of input VAT	(128,168)	(128,168)
	₱665,663,603	₱664,596,272

Deposits pertain to the refundable deposit amounting to ₱500.0 million that TNI has provided to SPPPHI to facilitate and expedite the performance of services by SPPPHI under the Deposits and Services Agreement entered into by both parties (see Note 10).

Advances to contractors pertain to advance payments for the purchase of goods and services in connection with the construction of the Project (see Note 1).

9. Accounts Payable and Accrued Expenses

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Accounts payable (Note 10)	₱6,219,324	₱15,039,314
Withholding tax payable	47,936,919	47,298,615
Accrued expenses	4,332,397	2,836,359
Other payables	108,932	43,784
	₱58,597,572	₱65,218,072

Accounts payable are non-interest bearing and are normally settled within one year. Withholding tax payable pertains to withholding taxes on professional fees. Accrued expenses consist of accrual for professional fees.

10. Related Party Transactions

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.

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

The Group, in the normal course of business, has cash advances transactions with its Ultimate Parent Company, and affiliates for various business requirements.

	Transactions during the three-month periods ended March 31 (Unaudited)		Outstanding balance as of			
	2023	2022	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	Terms	Conditions
<i>Deposits (Note 8)</i>						
SPPPHI	₱–	₱–	₱500,000,000	₱500,000,000	Refundable, non-interest bearing	Unsecured; Not impaired
<i>Deposits for land acquisition (Note 7)</i>						
LHHC	₱–	₱–	₱270,000,000	₱270,000,000	Deposits; non-interest bearing	Unsecured; Not impaired
PIC	–	–	267,000,000	267,000,000	-do-	-do-
			₱537,000,000	₱537,000,000		
<i>Due from related parties</i>						
Ultimate Parent Company						
Parent:						
SPPPHI	₱–	₱–	₱8,700,000	₱8,700,000	Due and demandable; non-interest bearing	Unsecured; Not impaired
Affiliates:						
SPHI	₱80,500,000	₱–	₱874,090,000	₱793,590,000	Due and demandable; non-interest bearing	Unsecured; Not impaired
SPCRPI	–	–	19,098,320	19,098,320	-do-	-do-
			893,188,320	812,688,320		
			₱901,888,320	₱812,688,320		
<i>Due to a related party</i>						
Parent:						
SPPPHI	₱–	₱–	₱22,770,229	₱22,770,229	Due and demandable; non-interest bearing	Unsecured
<i>Accounts payable (Note 9)</i>						
SPPPHI	₱6,300,000	₱6,000,000	₱4,000,000	₱12,700,000	Due and demandable; non-interest bearing	Unsecured
SMSC	3,668,977	–	–	2,339,094	-do-	-do-
			₱4,000,000	₱15,039,094		

a. SPPPHI

Deed of Assignment with SPPPHI

On January 11, 2021, a Deed of Assignment was entered into by the Parent Company, as the assignee, and SPPPHI, as the assignor, whereby, SPPPHI assigned to the Parent Company all of its rights and obligations under the September 6, 2016 lease agreement covering a total land area of 169.9 hectares, among others, and the Parent Company accepted and assumed all of the said rights and obligations thus assigned, pursuant to the said Deed of Assignment (see Note 13).

Management Services Agreement ("MSA") with SPPPHI

On April 30, 2021, the Parent Company entered into a MSA with SPPPHI to provide executive and leadership support and execute its strategic direction while managing its business operations

for a period from May 1, 2021 to April 30, 2023, renewable upon mutual agreement of both parties, for a monthly fee of ₱2.0 million, subject to 5% annual escalation.

The MSA covers all necessary administrative and advisory services on management, investment and technical matters involving the Parent Company's operations, including but not limited to human resources, legal, finance, and information technology.

Prior to May 2021, the administrative and finance functions of the Parent Company were being handled by SPPPHI at no cost to the Parent Company. Starting May 2021, the key administrative and finance functions are performed by SPPPHI through the MSA. Management fee recognized for the three months ended March 31, 2023 and 2022 amounted to ₱6.3 million and ₱6.0 million, respectively, presented as "Management fee" under "Expenses" in the consolidated statements of comprehensive income (see Note 12).

Construction Support Services Agreement ("CSSA") with SPPPHI

On September 30, 2022, the Parent Company entered into a CSSA with SPPPHI wherein SPPPHI shall provide support services, including engineering, procurement and construction ("EPC"), logistics, warehousing and other contractor-related services during the construction of the Project.

Construction support services recognized for the three months ended March 31, 2023 and 2022 amounted to ₱9.0 million and nil, respectively, which were capitalized as part of construction in progress (see Note 6).

Site Acquisition Services Agreement ("SASA") between TNI and SPPPHI

On December 26, 2022, TNI entered into a SASA with SPPPHI which will cover site acquisition services covering a total area of 992.77 hectares for a consideration of ₱150.0 million, exclusive of VAT, from October 1, 2022 to December 31, 2022.

As of March 31, 2023 and December 31, 2022, TNI has fully paid for the site acquisition services rendered by SPPPHI and has presented this as part of "Deposits for land acquisition" in the consolidated statement of financial position (see Note 7).

Deposit and Services Agreement between TNI and SPPPHI

On December 26, 2022, TNI entered into an agreement with SPPPHI, wherein SPPPHI shall provide assistance, representation, facilitation of documentation and submission of necessary documents and liaison with relevant government units, agencies and offices including government owned and controlled corporations to secure land use conversion orders from the Department of Agrarian Reform ("DAR") for the 992.77 hectares acquired by TNI and the delivery to TNI of the relevant conversion orders from the date of the agreement until December 31, 2024. To facilitate and expedite the performance of the services by SPPPHI, TNI has provided SPPPHI a refundable deposit amounting to ₱500.0 million which is presented as "Deposits" as part of "Other noncurrent assets" in the consolidated statements of financial position (see Note 8).

b. LHHC

MOA with LHHC

On April 19, 2021, the Parent Company entered into a MOA with LHHC to secure land covering a total area of 56.81 hectares for a total amount of ₱270.0 million (see Note 7).

c. PIC

MOA with PIC

On February 20, 2021, the Parent Company entered into a MOA with PIC, which was later amended on March 3, 2021, to secure land covering a total area of 68.62 hectares for a total amount of ₱267.0 million (see Note 7).

d. SPCRPI

Project Development Services Agreement (“PDSA”) and Amendment Agreement with SPCRPI

On September 30, 2022, the Parent Company entered into a PDSA with SPPPHI wherein SPPPHI shall provide project development services, including site identification, permitting and land acquisition, covering a total area of 925.61 hectares, for a consideration of ₱150.0 million, exclusive of VAT.

On October 5, 2022, SPPPHI assigned all of its rights and obligations under the PDSA to SPCRPI.

As of March 31, 2023 and December 31, 2022, the Parent Company has fully paid the services rendered by SPCRPI and has presented this as part of “Deposits for land acquisition” in the consolidated statements of financial position (see Note 6).

CSSA with SPCRPI

On September 30, 2022, the Parent Company entered into a separate CSSA with SPCRPI wherein SPCRPI shall provide support services, including EPC, logistics, warehousing and other contractor-related services during the construction of the Project for a consideration of ₱100.0 million, exclusive of VAT.

On October 5, 2022, the parties agreed to amend the consideration of the CSSA from ₱100.0 million to ₱219.5 million, exclusive of VAT.

As of December 31, 2022, ₱219.5 million was capitalized as part of construction in progress (see Note 6).

e. Solar Maintenance Services Corporation (“SMSC”)

Support Services Agreement with SMSC

On September 29, 2022, the Parent Company entered into a Support Services Agreement with SMSC, an affiliate of the Parent Company, wherein SMSC shall provide support services during the construction and development of the Project. Manpower services recognized for the three months ended March 31, 2023 and 2022, amounted to ₱3.7 million and nil, which was capitalized as part of construction in progress (see Note 6).

11. Equity

Capital Stock and Additional Paid-in Capital

The details of the Parent Company's capital stock as of March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Shares	Amount	Shares	Amount
Common shares - ₱0.1 par value per share				
Authorized:	10,000,000,000	₱1,000,000,000	10,000,000,000	₱1,000,000,000
Issued and outstanding:				
Balances at beginning of period	10,000,000,000	₱1,000,000,000	8,124,350,005	₱812,435,001
Issuance of shares during the period	—	—	1,875,649,995	187,564,999
Balances at end of period	10,000,000,000	₱1,000,000,000	10,000,000,000	₱1,000,000,000

In July 2021, the Parent Company issued five (5) shares to the new directors.

In July 2021 and November 2021, the Parent Company entered into a Memorandum of Agreement with SPPPHI, whereby SPPPHI provided ₱16.0 million and ₱2.0 million, respectively, representing additional payment for shares previously issued. This was recognized as additional paid-in capital under equity.

IPO

On December 17, 2021, the Parent Company completed its IPO and was listed in the PSE under the stock symbol "SPNEC". The Parent Company issued 2,700,000,000 new common shares for a total consideration of ₱2,700.0 million, or at ₱1.00 per share. This resulted to an additional paid-in capital of ₱2,329.3 million, net of transaction costs amounting to ₱100.7 million.

Increase in Authorized Capital Stock

On January 10, 2022, the BOD of the Parent Company approved amendments in the Parent Company's Articles of Incorporation to increase the authorized capital stock from ₱1.0 billion divided into 10.0 billion common shares at ₱0.1 per share, to ₱5.0 billion divided into 50.0 billion common shares at ₱0.1 per share. This was subsequently approved by the stockholders of the Parent Company on March 7, 2022. The proposal to increase the Parent Company's authorized capital stock would enable the Parent Company to acquire other solar projects and fund the expansion of its portfolio.

As of May 12, 2023, the Parent Company is in the process of filing the required documents with the SEC.

SRO

On February 14, 2022, the BOD of the Parent Company approved the conduct of a SRO where eligible stockholders would have the opportunity to subscribe to shares, subject to terms to be determined by management and relevant regulatory requirements and approvals.

On March 28, 2022, pursuant to the approval of its BOD, the Parent Company confirmed its plan to file the SRO based on its current unissued authorized capital stock of 1,875,649,995 shares, at an

entitlement ratio of 1 share for every 1.28 shares held (from its current public float of 2,399,614,000 shares), at an offer price range that has been fixed at ₱1.60 to ₱1.76 per share, with the middle of this range being ₱1.68 per share.

On April 8, 2022, the Parent Company filed with the SEC an application for Confirmation of Exempt Transaction covering the common shares to be issued relative to the SRO, pursuant to Section 10.1(e) (in respect of the Rights Offer) and 10.1(l) (in respect of the QB Take-Up) of the Securities Regulation Code (“SRC”) under which the exemption is based. The SEC issued the Confirmation of Exempt Transaction on July 19, 2022.

On August 18, 2022, the Parent Company notified the PSE of the final offer price of ₱1.50 per share, and offered the option to pay in installments, with a down payment of 25% and the balance of 75% within three months of the offer period.

On September 15, 2022, the Parent Company completed its SRO and issued 1,875,649,995 new common shares for a total consideration of ₱2,813.5 million or at ₱1.50 par value. This resulted to an additional paid-in capital of ₱2,591.4 million, net of transaction costs of ₱34.5 million.

On December 1, 2022, the Parent Company extended the payment period for partially paid Right Shares for a period of three months, from December 5, 2022 to March 5, 2023.

As of March 31, 2023 and December 31, 2022, subscription receivable resulting from those that subscribed on installment payment amounted to ₱1.3 million and ₱651.1 million, respectively.

As of May 12, 2023, the Parent Company has already received at least 99.84% of the payments and is currently coordinating with the relevant parties for the completion of the requirements of its SRO.

Share Swap

On February 24, 2022, the BOD of the Parent Company approved the acquisition of 100% of the Solar Philippines Assets including but not limited to:

- Solar Philippines Calatagan Corporation
- Solar Philippines Tarlac Corporation
- Solar Philippines Batangas Baseload Corporation
- Solar Philippines Batangas Corporation
- Solar Philippines Central Luzon Corporation
- Solar Philippines Central Visayas Corporation
- Solar Philippines Eastern Corporation
- Solar Philippines Retail Electricity, Inc.
- Solar Philippines Rooftop Corporation
- Solar Philippines South Luzon Corporation
- Solar Philippines Southern Mindanao Corporation
- Solar Philippines Southern Tagalog Corporation
- Solar Philippines Tarlac Baseload Corporation
- Solar Philippines Visayas Corporation
- Solar Philippines Western Corporation
- Laguna Solar Rooftop Corporation
- Solar Philippines Tanauan Corporation
- Terra Solar Philippines, Inc.
- SP Holdings, Inc.

- Solar Philippines Commercial Rooftop Projects, Inc.

The Parent Company would acquire the Solar Philippines Assets through an asset-for-share swap, with SPPPHI subscribing to 24,373,050,000 shares of the Parent Company at ₱2.50 per share (“Share Swap”). This Share Swap is supported by a third-party valuation and fairness opinion by an independent valuation and fairness opinion provider accredited with the SEC and PSE. The Solar Philippines Assets would serve as the Parent Company’s subscription payment for the increase in its authorized capital stock from 10 billion common shares to 50 billion common shares.

Pledge of Parent Company’s Shares owned by SPPPHI

On June 25, 2021, SPPPHI executed a pledge over all the Parent Company’s shares it holds to secure a loan by its affiliate, PIC, from AC Energy Corporation (“ACEN”). The pledged stock certificates of the Parent Company’s shares were delivered to and is in the custody of the lender. The lender has agreed to provisionally return the stock certificates representing the pledged shares and to have the same placed under escrow for the exclusive purpose of enabling the IPO.

On January 25, 2023, SPPPHI executed definitive agreements with ACEN to provide 500 million shares of SPNEC as pre-payment for part of the loan’s principal and payment of interest, other fees, and in consideration of ACEN releasing its pledge over shares owned by SPPPHI in SPNEC.

12. Expenses

	For the Three-Month Periods Ended March 31 (Unaudited)	
	2023	2022
Taxes and licenses	₱9,006,982	₱11,380,621
Management fee (Note 10)	6,300,000	6,000,000
Professional fees	2,556,941	3,565,000
Interest accretion of lease liabilities (Note 13)	2,258,295	—
Amortization of right-of-use assets (Note 13)	1,292,096	—
Bid-related cost	1,272,790	—
Others	2,224,706	1,199,192
	₱24,911,810	₱22,144,813

Others include supplies, utilities and travel expenses.

13. Leases

- In 2019, the Parent Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on January 1, 2019 with a one year rent-free period plus a 25-year term. Further, the lease is subject for renewal of 5 years upon mutual agreement by parties. The land lease agreement has an annual rent of ₱45,000 per hectare, net of tax, and is subject to an increase of 5% in rental payments after every five years.
- On January 11, 2021, a Deed of Assignment was entered between the Parent Company, as the assignee, and SPPPHI, as the assignor, whereby, SPPPHI assigned all of its rights and obligations under the September 6, 2016 lease agreement for certain parcels of land with a total area 179.6

hectares in Peñaranda, Nueva Ecija, which was accepted and assumed by the Parent Company. The annual rent increased from ₱50,000 per hectare per year, net of tax, to ₱55,000 per hectare per year, net of tax, which shall be subject to an escalation of 10.0% every five years from the start date. Further, as agreed by the parties, the lease of the updated total land area of 169.9 hectares commenced in March 2021.

- c. In May 2021, the Parent Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 81.75 hectares. The land was made available for use on the execution date of the contract with a one year rent-free period plus a 25-year term. Further, the lease is subject for renewal of 5 years upon mutual agreement by the parties. The land lease agreement has an annual rent of ₱55,000 per hectare, net of tax, and is subject to an increase of 8% in rental payments after every three years.
- d. Right-of-use (ROU) assets as of March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at beginning of year	₱281,490,123	₱286,910,494
Amortization charged to expense	(1,292,096)	(2,584,193)
Amortization capitalized to construction in progress*	(1,418,089)	(2,836,178)
Balances at end of period	₱278,779,938	₱281,490,123

*Incurred during the construction period (see Notes 1 and 6)

- e. Lease liabilities as of March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at beginning of period	₱303,138,420	₱293,878,848
Interest expense charged to expense	2,258,295	4,532,695
Interest expense capitalized to construction in progress*	2,363,438	4,726,877
Payments	(4,538,676)	—
Total lease liabilities	303,221,477	303,138,420
Current portion of lease liabilities	(4,538,676)	(4,538,676)
Noncurrent portion of lease liabilities	₱298,682,801	₱298,599,744

*Incurred during the construction period (see Notes 1 and 6)

- f. The following are the amounts recognized for the three-month periods ended March 31, 2023 and 2022 in the consolidated statements of comprehensive income:

	For the Three-Month Periods Ended March 31 (Unaudited)	
	2023	2022
Interest expense	₱2,258,295	₱—
Amortization of ROU assets	1,292,096	—
Total amount recognized in the consolidated statements of comprehensive income	₱3,550,391	₱—

- g. As of March 31, 2023 and December 31, 2022, cash bond deposit amounting to ₱0.6 million, pertain to cash bond deposits paid to Department of Agrarian Reform (DAR) for the conversion of leased land from agricultural to industrial land.
- h. On April 30, 2021, the Parent Company received the DAR order for the conversion of 169.9 hectares of leased land. On October 11, 2021, the DAR issued the Certificate of Finality to the Parent Company to effectively cause the conversion of said land from agricultural to industrial classification.
- i. On December 28, 2022, the Parent Company received the DAR order for the conversion of the 83.8 hectares of leased lands.

14. Financial Instruments and Financial Risk Management

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash in banks, subscription receivable, due from related parties, performance bond, cash bond deposit, accounts payable and accrued expenses and due to a related party. 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 and credit risks from the uses of its financial instruments. The BOD reviews and approves the policies for managing this risk as summarized below:

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.

With respect to the credit risk arising from other financial assets of the Group, which comprise cash (excluding cash on hand), the Group exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The Group's cash in banks amounted to ₱288.1 million and ₱37.2 million as of March 31, 2023 and December 31, 2022, respectively (see Note 3).

Cash in banks

For cash in banks, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Due from related parties, performance bond and cash bond deposit

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. The credit quality is further classified and assessed by reference to historical

information about each of the counterparty's historical default rates. Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, the Group has assessed that the outstanding balances are exposed to low credit risk. ECL on these balances have therefore been assessed as insignificant.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Group's credit standing.

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

The tables below show the maturity profile as of March 31, 2023 and December 31, 2022 of the Group's financial assets used for liquidity purposes based on contractual undiscounted cash flows, and financial liabilities based on contractual undiscounted payments:

March 31, 2023 (Unaudited)					
	On Demand	< 1 Year	1 to 5 Years	More than 5 Years	Total
<i>(In Thousand Pesos)</i>					
Financial assets at amortized cost:					
Cash in banks	P288,016	P-	P-	P-	P288,016
Subscription receivable	-	1,319	-	-	1,319
Due from related parties	901,888	-	-	-	901,888
Performance bond and cash bond deposit	15,552	-	-	-	15,552
	P1,205,456	P1,319	P-	P-	P1,206,775
Financial liabilities at amortized cost:					
Accounts payable	P-	P6,219	P-	P-	P6,219
Accrued expenses	-	4,332	-	-	4,332
Due to a related party	22,770	-	-	-	22,770
Lease liabilities	-	4,766	102,220	562,266	669,252
	P22,770	P15,317	P102,220	P562,266	P702,573

December 31, 2022 (Audited)					
	On Demand	< 1 Year	1 to 5 Years	More than 5 Years	Total
<i>(In Thousand Pesos)</i>					
Financial assets at amortized cost:					
Cash in banks	P37,132	P-	P-	P-	P37,132
Subscription receivable	-	651,116	-	-	651,116
Due from a related party	821,388	-	-	-	821,388
Performance bond and cash bond deposit	15,552	-	-	-	15,552
	P874,072	P651,116	P-	P-	P1,525,188
Financial liabilities at amortized cost:					
Accounts payable	P-	P15,039	P-	P-	P15,039
Accrued expenses	-	2,836	-	-	2,836
Due to a related party	22,770	-	-	-	22,770
Lease liabilities	4,539	4,539	101,981	567,270	678,329
	P27,309	P22,414	P101,981	P567,270	P718,974

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 in banks, subscription receivable, due from related parties, performance bond, cash bond deposit, accounts payable and accrued expenses and due to a related party

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

Lease liabilities

The fair values for the Group's lease liabilities are estimated using the discounted cash flow methodology adjusted for credit risk (Level 3 of the fair value hierarchy). The discount rates used are 7.89% and 8.59% as at March 31, 2023 and December 31, 2022, respectively. The fair value of the lease liabilities amounted to ₱250.0 million and ₱233.1 million as of March 31, 2023 and December 31, 2022, respectively, while the carrying value of the lease liabilities amounted to ₱303.4 million and ₱303.1 million as of March 31, 2023 and December 31, 2022, respectively.

As of March 31, 2023 and December 31, 2022, the fair value of lease liabilities are measured using Level 3 valuation technique. For the three-month period ended March 31, 2023 and for the year ended December 31, 2022, there were no transfers into and out of Level 3 fair value measurements.

Capital Management

As the Group has not started commercial operations, it ensures that the minimum capital infused by the shareholders is properly managed. The Group manages its capital structure and makes adjustments to it, in light of changes in business and economic conditions.

No changes were made in the objectives, policies or processes for the three-month period ended March 31, 2023 and for the year ended December 31, 2022.

The Group considers the following as its core capital:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Capital stock	₱1,000,000,000	₱1,000,000,000
Additional paid-in capital	4,938,722,430	4,938,722,430
Deficit	(150,693,092)	(126,125,941)
	₱5,788,029,338	₱5,812,596,489

15. Basic/Diluted Loss Per Share

The basic/diluted loss per share amounts were computed as follows:

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
(a) Net loss attributable to equity holders of the Parent Company	₱24,567,151	₱12,622,630
(b) Weighted average number of common shares outstanding	10,000,000,000	8,124,350,005
Basic/diluted loss per share (a/b)	₱0.0025	₱0.0016

The Group does not have any dilutive potential common shares as at March 31, 2023 and 2022.

16. Other Matters

Change in Allocation of IPO Proceeds

On December 20, 2021, the BOD of the Parent Company approved the following:

- a) Pending the use of IPO proceeds for future land acquisitions and capital expenditures, effective by January 19, 2022, to allow the Parent Company to allocate such IPO proceeds towards bid bonds, bid security, and other expenses for potential off-take agreements, to enable the Parent Company to be responsive to contracting opportunities as soon as they arise, in support of the Parent Company's strategy to pursue off-take on an opportunistic basis.
- b) The authority to transact with financial institutions to secure bid bonds and bid security for the projects of the Parent Company.
- c) Subject to applicable law, rules and regulations to be clarified, the incorporation and funding of wholly-owned subsidiaries to hold the IPO's use of proceeds and to receive instructions from the Parent Company for the use of such proceeds.
- d) The authority to file and submit all compliance, disclosures and any other reportorial requirements of the Parent Company to the relevant regulatory agencies and the PSE.
- e) Other ancillary powers and authorities necessary and proper for the execution of the above approvals.

On February 14, 2022, the BOD of the Parent Company approved the acquisition of land in support of the Parent Company's plan to develop 10 GW of solar projects, to be funded from proceeds of a rights offering and the proceeds from its IPO, as available, and the delegation of authority to the Parent Company's President or his authorized representative to determine the location, particular parcels and terms for such land, and authority to execute contracts for this purpose.

On April 6, 2022, the BOD of the Parent Company approved the authorization to allocate IPO proceeds to advance funding for pursuing offtake agreements and developing projects for Terra and its associated developments to SPHI, given that SPHI is a shareholder in Terra and that SPHI is to be a subsidiary by the Parent Company, provided this would only be from the excess of the amount needed by Phase 1A of the Nueva Ecija solar project and would form part of the expansion of the Parent Company's projects.

Renewable Power Supply Agreement with Angeles Electric Corporation ("AEC")

On October 14, 2021, the Parent Company expressed its interest to participate in the Competitive Selection Process ("CSP") of AEC, a distribution utility in Pampanga Province for the supply of renewable energy to AEC.

On December 7, 2021, the Parent Company was determined to be the winning supplier for the said bidding.

On February 7, 2022, the Parent Company secured a 10-year Offtake Agreement with AEC, under which the Parent Company will supply AEC 97.8 MWh daily, representing a portion of the Project's capacity to supply energy once completed. The Offtake Agreement awarded is for a term of ten (10) years commencing on March 26, 2023, or upon ERC approval, whichever comes later. Since the Parent Company has excess capacity beyond this Offtake Agreement, the Parent Company intends to continue to pursue additional Offtake Agreements through contracting on an opportunistic basis with

REs, and/or Distribution utilities (“DUs”) by participating in further CSPs. In the absence of additional Offtake Agreements, the Parent Company intends to supply its excess generation power through the Wholesale Electricity Spot Market.

On January 23, 2023, the Parent Company and AEC jointly filed the PSA with the ERC. As of May 12, 2023, the Parent Company and AEC are still awaiting approval from the ERC.

The Parent Company provided a performance bond in relation to the project amounting to ₱15.0 million valid until May 25, 2023. The performance bond is presented as part of “Other current assets” in the consolidated statements of financial position (see Note 4).

Green Energy Auction Program (GEAP)

On June 24, 2022, the Parent Company was awarded as one of the winning bidders by the DOE on its First Green Energy Auction Round. The Parent Company will supply the electricity from the 280MWdc Santa Rosa Nueva Ecija 2 Solar Power Project. The winning bids under the GEAP, which are expected to commence operations between 2023 and 2025, will be awarded 20-year power supply agreements. In 2022, the Parent Company submitted a surety bond as one of the requirements for the bidding process, and a performance bond pursuant to the requirements of the program.

As of March 31, 2023 and December 31, 2022, prepaid premiums amounted to ₱1.7 million and ₱2.8 million, respectively, presented as part of “Other current assets” in the consolidated statements of financial position (see Note 4).

Investment by Metro Pacific Investments Corporation (“MPIC”) in SPNEC

In March 2023, MPIC has entered into a sale and purchase agreement with SPPPHI to acquire 16% equity stake or 1,600,000,000 shares in SPNEC for an aggregate consideration of ₱2.0 billion.

The completion of the transaction is subject to the satisfaction of certain conditions precedent, including the procurement of regulatory approvals and execution of a separate agreement which will, among others, grant MPIC or its affiliates (“MPIC Group”) the option to increase its interest in SPNEC to 43% of its outstanding shares after SPNEC increases its authorized capital stock from ₱10.0 billion to ₱50.0 billion through an asset-for-share swap which involves the infusion of SPPPHI assets into SPNEC.

Memorandum of Agreements (“MOA”) between SPPPHI and Prime Infrastructure, Inc. (“Prime”)

On February 9, 2023, the BOD of SPNEC approved the MOAs between SPPPHI and Prime for their joint ventures in Terra Solar Philippines, Inc. (“TSPI”), Solar Tanauan Corporation (“Solar Tanauan”), and Solar Philippines Tarlac Corporation (“Solar Tarlac”). The MOAs cover the following:

- a. Amendments to the Shareholders’ Agreement of TSPI between SPPPHI and Prime to streamline the decision-making process and reach agreements efficiently and commercially via deadlock resolution mechanisms. On this basis, the parties agreed to continue their joint venture in TSPI. TSPI has signed a 850 MWac Mid-Merit Power Supply Agreement (“PSA”) with Manila Electric Company (“Meralco”) with a scheduled delivery date by the first quarter of 2026, and plans to break ground within 2023.
- b. Sale of common shares in Solar Tanauan by SPPPHI to Prime for ₱1.0 billion upon execution of the agreements, which would result in Prime owning 100% of Solar Tanauan (with the proceeds of this sale going to SPNEC after the share swap, subject to regulatory approval). Solar Tanauan has a PSA with Meralco for 50 MWac, has secured over 140 hectares of land, and is currently under construction.

- c. Redemption or purchase of preferred shares in Solar Tarlac of Prime by Solar Tarlac or SPPPHI for ₱1.5 billion plus accrued dividends by or before March 31 2024, which, with additional equity, would result in SPPPHI (or SPNEC after the share swap) owning 100% of Solar Tarlac. Solar Tarlac has a PSA with Meralco for 85 MWac, has secured over 140 hectares of land, and currently has 100 MW operating and 50 MW under construction.

Terms of the MOAs will apply to SPNEC upon the completion of its share swap with SPPPHI.

Operating Segment

The Group's operating segments are organized and managed separately according to the business units. The Group has no operating segments as it has not yet commenced its operations as of March 31, 2023.

Seasonality of Operations

The Group has not started commercial operations as of March 31, 2023. As such, there were no operations subject to seasonality and cyclicity.

Repurchases, and Repayments of Debt and Equity Securities

There are no repurchases and repayments of debt and equity securities during the current period.

Changes in Estimates and Amounts Reported in Prior Financial Years

The key assumptions concerning the future and other key sources of estimation uncertainty used in preparation of the unaudited interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements as of March 31, 2023.

Changes in Contingent Liabilities or Contingent Assets Since the Last Annual Reporting Date

There are no material changes in the contingent liabilities or contingent assets since the last annual reporting date.

Changes in the Composition of the Group During the Interim Period

There were no material changes in the composition of the Group during the period.

17. Events After the Financial Reporting Date

Option Agreement with SPPPHI and MPIC

On May 5, 2023, SPNEC entered into an Option Agreement with SPPPHI and MPIC, which grants the MPIC Group the option to acquire up to 17.4 billion shares of the SPNEC, comprising up to 10 billion primary shares for up to ₱12.5 billion and up to 7.4 billion secondary shares for up to ₱9.25 billion, supported by the approval of SPNEC's increase in authorized capital stock from 10.0 billion to 50.0 billion Shares. Together with the initial acquisition by MPIC from SPPPHI of 1.6 billion Shares for ₱2.0 billion, a full exercise of these options may result in the MPIC Group investing a total of ₱23.75 billion for 19.0 billion shares and becoming the largest shareholder with approximately 42.82% ownership in SPNEC.

Subscription Agreement with SPPPHI

On May 10, 2023, SPNEC entered into a Subscription Agreement with SPPPHI to subscribe for 24,373,050,000 common shares at ₱0.10 par value, intended to support SPNEC's application for the increase in authorized capital stock with the SEC. On the same date, SPNEC received partial payment for the subscription shares which amounted to ₱1,985.7 million.